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SHUI-MU International Co., Ltd.

2024

Annual Report

Website to inquire the annual report

Market Observation Post System Website: <http://mops.twse.com.tw>

The Company's website <http://www.asogroup.com.tw>

May 15, 2025

# SHUI-MU International Co., Ltd.

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## **One. Letter to Shareholders**

### **Operation of the Company**

SHUI-MU was founded on November 5, 1952, and started out as a tiny shoe shine booth. It has now been there for Taiwanese consumers for 72 years. In the spirit of “genuine quality one stitch at a time,” the Company has been able to expand its business from shoe-making and shoe shops to foot health and the healthcare industry. We are not only the leading dress shoe brand in Taiwan but are also continuing to strengthen our corporate niche as “experts in foot health.” The Company not only sells products, but also cares for the physical and mental health of consumers. We are now promoting holistic healthcare through our focus on podiatry.

In 2024, SHUI-MU made further enhancements to the Dynamic Foot Pressure Measurement System by accumulating nearly 500,000 records on foot measurement and using AI analysis to offer personalized health advice. The data can be used to provide personalized health management services and will also allow the development of new medical products including therapeutic shoes, insoles, socks and protective equipment under the new ASO+ brand. Having more complete product lines will pave the way for our expansion into the therapeutic technology industry and open up new business possibilities. This will not only boost the unit price of orders but will also turn our stores into community health care stations. The service model of the A-Health Care Station has gradually matured and has now been expanded to more stores, so that consumers can receive more comprehensive health management services.

In October 2024, SHUI-MU and Wanfang Hospital signed a memorandum of cooperation on cross-industry cooperation. This was not only the brand’s first entry into medical clinical applications, but also an important step for expansion of the foot health strategy. The cooperation integrates the medical expertise of Wanfang Hospital with SHUI-MU’s foot measurement data and experience in footwear development. The two parties will carry out clinical research to further optimize the scope of Dynamic Foot Pressure Measurement, and jointly promote the research, development and testing of approved medical products for diabetic foot health, flat foot correction, and gait aids. This cooperation not only strengthens the Company's position in the medical market, but also prepares the brand for the development of medical grade products in the future.

Through this cooperation, SHUI-MU plans to further expand its approved medical product line, and expands its network of partner hospitals to build comprehensive foot health solutions. At the same time, the Company will further promote the health management plan for employees through medical grade foot measurement technology, so that foot health can become an important health management tool for the elderly and chronically ill.

We not only strengthen our medical grade product lines and improved the service experience at our brick-and-mortar stores. Bottlenecks from the online and offline (OMO) transformation process over the past few years were also optimized. Online and offline sales are no longer two parallel tracks, but are now truly integrated at the data level so that members can receive consistent health consulting services from different channels. Brand management strategy was also upgraded to ensure that customers can enjoy a consistent and professional brand experience during the shopping process, foot health testing, or at our medical partners.

These changes did not happen overnight but are the result of progressive implementation after many years of strategic adjustments and data verification. We believe that these efforts will lead to a new era of “comprehensive growth” for SHUI-MU in 2025, and mark our transition from “Foot

Health Expert” to “Holistic Health Management.”

### **Key operating data**

The consolidated operating revenue for the whole year of 2024 was NT\$1,136,445 thousand, a decrease of 3.54% from NT\$1,178,163 thousand in 2023; the consolidated gross operating profit was NT\$621,290 thousand, a decrease of 9.97% compared to NT\$690,094 thousand in 2023. The consolidated net profit (loss) for the period was NT\$(48,481) thousand, a decrease of 385% compared to NT\$17,011 thousand in 2023. The consolidated net profit (loss) attributed to the owners of the parent company was NT\$(48,480) thousand, a decrease of 384.84% from NT\$17,020 thousand in 2023.

### **Development strategies and operating guideline:**

In 2024, the core reform in the market environment was no longer the digitization of the retail model, but the reshaping of the corporate role. Consumer demand has shifted from “purchase of products” to “obtaining of solutions.” The value of a brand is no longer just in the product, but the management of long-term relationship and the provision of scenario services. The current trend means enterprises need to re-think their own position. “Sales” alone is no longer sufficient to support long-term growth. It is now being replaced by “data-driven personalized service” and how to become a part of daily health management for consumers.

This change comes from two key drivers: the maturing of AI applications, and fundamental demographic changes in Taiwan. Generative AI and machine learning are no longer just tools to assist with decision-making. They are now core technologies driving a revolution in business operations and consumer experience through personalized health management, smart supply chain, dynamic pricing and predictive operation model. Taiwan is now an aging society, and over 50% of the population is now over 45 years old. Consumption behavior has gradually shifted towards into health, preventive medicine, and mobility management. If enterprises still follow the traditional commodity-oriented business model, they will not be able to adapt to the structural changes in market demand.

Given the market trend, SHUI-MU is no longer just a “shoe brand,” but now an “Foot Health Expert” and “Partner for Holistic Health Management.” Data and the healthcare field are now connected to promote all-new health solutions. We have invested extensively in foot measurement data, medical grade product development, and member health management. We also expanded our influence in the medical and long-term care market in 2024. The memorandum of cooperation with Wanfang Hospital means foot measurement data is now being formally used in a clinical setting, increasing the value of foot health in the podiatric care of diabetic patients, gait analysis, and physiotherapy aids. At the same time, we formed the “Health Care Services Alliance” with Lapangu to connect long-term care institutions with health management specialist partners. Through the sharing of data, professional exchanges and product innovation, we can provide a more comprehensive care service to the elderly, enhancing the reach and continuity of SHUI-MU services in the seniors market.

This is not just a product extension, but a step towards re-defining the role of SHUI-MU in the market. We not only provide customers with a pair of shoes, but also become their long-term health management partner through the integration of data, AI and medical resources. Through personalized health advice, intelligent supply chain management, and precision customer management, SHUI-MU is creating a comprehensive operating model based on “Foot Measurement Data → Health Management → Product Service” that not only satisfies the needs of the customers, but also makes

us a trusted long-term health partner. Under this premise, our key strategies and guidelines are as follows:

### **(I) Implementation of OMO transformation and enhanced membership management**

In recent years, retailers have all rushed to invest in the digital transformation but the market is still stuck at the “O2O (Online to Offline)” or “Omnichannel retail” stage without truly achieving “OMO (Online-Merge-Offline)” - that is, the seamless integration of online and offline. The challenge for the traditional retail industry is that even though it has collected a great deal of data, they have not been able to convert these into the driving force for business growth, resulting in poor performance in customer management, as well as limited increases in price per customer and repeat purchase rate.

The key to the development of OMO is not the application of technology tools, but the use of data as the “foundation of membership.” Every customer interaction within the brand system can then be used to accumulate a more complete personalized health management history, and achieve “data-driven personalized service”. This is not just a technological upgrade, but a digital extension of the “genuine quality one stitch at a time” spirit. Since its establishment in 1952, the Company has always adhered to the spirit of craftsmanship and customer care. From the manufacturing of shoes to the foot health management, every transformation was aimed at providing services that better meets demand. At the end of 2024, we officially launched the in-depth application of OMO so that membership data has now evolved from “static records” to “dynamic applications.” The move only enhanced sales conversions but also enhanced the customer lifetime value (CLV) of members.

The traditional retail industry is experiencing difficulties in the transformation to the new “OMO” system. The problems are “data isolation, lack of member management, and continued channel-centric sales focus.” Even the introduction of CRM, POS or AI analysis tools have failed to effectively increase customer stickiness and consumption value. How can SHUI-MU break through the OMO transformation bottleneck? For SHUI-MU, the key lay in changing the core of OMO from “channel flow diversion” to “membership relationship management.” The in-depth integration of mobile POS and membership data allowed sales consultants at stores to access data from customers' foot measurements, health needs and shopping history in a timely manner, and provide professional advice to help shift sales from “product-driven” to “customer health management.” This not only improved the conversion rate for stores but also provide customers with the same professional advice during online shopping to ensure a consistent and personalized shopping experience.

The key to the OMO transformation is therefore not just the introduction of technology, but how to transform data into operating results. In 2025, SHUI-MU will further deepen its application. AI optimization of membership segmentation and personalized recommendations will provide customers with a more personalized shopping experience every time, and realize the value conversion from “retail as a service.”

We believe that technological progress should serve people and not replace people. The role of “foot health expert” is not just a provider of products, but a customer's lifelong partner for health. The successful implementation of OMO will allow the Company to continue to build its core brand value in the digital era, and let the spirit of “genuine quality one stitch at a time” continue to shine in customer relations of a new era.

### **(II) Optimization of the brand structure to improve brand clarity**

As the leader of the Taiwanese shoe industry, SHUI-MU has always embraced the spirit of “genuine quality one stitch a time” since its creation. We cultivate the market, engage in steady

development, while continuing to constantly improve our product innovation and customer experience. As the market changes, consumers no longer just identify the “brand name”, but are more concerned about whether the brand can precisely satisfy their specific needs. For a long time, the diverse product lines of SHUI-MU were all marketed under the “A.S.O.” brand. The unified brand structure once produced economies of scale for the enterprise.

Greater segmentation of market demand and in-depth membership management gradually exposed challenges in such a model. For example, high-end consumers may not be willing to share the same brand as the mainstream market, and professional health groups hope that the brand can provide more focused value proposition, instead of just being one of the many products. This is a brand management bottleneck faced by many retailers. If the brand value cannot be clearly differentiated, the market penetration will be affected, and even consumer loyalty will be reduced. Optimization of the brand structure not only affects the clarity of brand positioning, but also the overall membership management strategy. How different customer groups can find the most suitable products and services for themselves within the A.S.O. brand system will be the key to future development.

Data-driven precision segmentation allowed us to see clearly the different levels of consumer brand awareness and expectations. The Company began to optimize our brand structure in response. Data analysis was used to distinguish the needs of different groups, and the market segmentation between brands was strengthened to reinforce the niche for different product lines. This ensured that consumers can receive consistent and professional experience from suitable brands.

During this optimization, we did not just break up the brand but instead made market role of each brand more obvious with an emphasis on “close integration of brands and members.” We found that different consumer groups differed in their expectations on brand experience. For example:

1. Professional health groups (e.g. foot health management, seniors) are looking for “professional services of medical grade.” What they care about is clinical testing of products, benefits of foot orthotics, and long-term health benefits.
2. The design, light weight, and daily wearability of products are of most concern to the style & comfort group (such as urban commuters, young professionals).
3. The outdoor and functional groups (such as hikers, sports groups) value the anti-slip, durability, support, and comfort during long walks.

International market trends have shown that successful brand strategies are not just product line expansions, but data-driven management methods that enable each brand to respond to the needs of specific customer groups, further strengthening their brand loyalty and competitive advantage in the market. Through data analysis of market demand, brand positioning was re-organized to make the market roles of each product line more distinct, and ensure that consumers can receive a professional and consistent shopping experience. Meanwhile, the application of AI analysis combined with membership data provided us with a deeper understanding of the shopping process for different consumer groups to ensure that the brand positioning is more focused. Consumers could then find products and services that meet their needs in terms of health requirements, comfort, and professional medicine.

The optimization of the brand structure went beyond adjustments of names and categories. It was also an upgrade to the overall business strategy. Greater clarity on market positioning allowed SHUI-MU to strengthen the market differentiation of its brands, avoided overlaps in the direction of brand development, and achieved more consistency in brand experience. Through the restructuring

of the brand and the focusing of market strategies, we are convinced that this not only improved the competitiveness of our corporate brand, but was also one of the key strategies that helped SHUI-MU maintain our market leadership.

### **(III) Deepening of medical market and expansion of long-term value**

Taiwan is now an aging society with over 50% of the population being aged over 45. It is expected that by 2030, the population of people over 65 years old will exceed 5.5 million, so Taiwan is aging at a far faster rate than the global average. With the current trend, health care and mobility management for the elderly have become the key health issues. The market's demand for medical grade foot care products, senior health management plans and preventive medicine services has increased significantly. This is not only an industry revolution, but also a significant opportunity for retailers to ally with medical services.

SHUI-MU leveraged our years of accumulated data and health management experience to obtain a medical device permit and enter the medical industry in 2022. Through medical grade products, data applications and clinical collaborations, the Company began promoting the upgrade of the foot health industry. In 2024, we signed a memorandum of cooperation with Taipei Municipal Wanfang Hospital, and officially introduced the foot measurement data into clinical applications. The two parties jointly promote foot health testing, gait analysis and sports medicine research. Health seminars and medical grade services also serve to deepen the application of foot health in sports physiotherapy, long-term care, and personalized health management applications. At the same time, we formed the “Health Care Services Alliance” with Lapangu to connect long-term care institutions with health management specialist partners. Through the sharing of data, professional exchanges and product innovation, we can provide a more comprehensive care service to the elderly.

These strategic moves not only strengthened the influence of the Company in the medical market, but also brought visible business value. As consumers value health management, the market penetration rate of these products will continue to increase. Customer order price and gross margin are also higher than general footwear products. SHUI-MU also identifies the needs of senior consumers through analysis of membership data. Data and AI technology are integrated to provide more precise health management suggestions and improve customer lifetime value (CLV).

Our next step is to increase our presence in the medical market. Through cooperation with hospitals and long-term care institutions, the Company will improve the penetration rate of approved medical products and promote health management plans for the elderly. SHUI-MU can then transform from a “shoe brand” into a “foot health management expert” and develop a new market for “preventive medicine x health retail” that ensures the Company's long-term competitiveness and market leadership.

### **(IV) Building a sustainable foot health ecology from eco-friendly manufacturing to market-orientation**

The global industry is moving towards sustainable operations and circular economic development. ESG is no longer just corporate social responsibility, but a core element of brand competitiveness. For SHUI-MU, the essence of sustainable development is not just reducing carbon footprints and environmental impacts, but more importantly, on combining the concept of “foot health” with our ESG strategy to build a sustainable foot health ecology that generates even more value so that corporate growth and social responsibility can complement each other.

In terms of eco-friendly manufacturing, SHUI-MU is actively exploring low-carbon



technologies and introducing a design philosophy that combines environmental protection with functionality through the ASO+ product lines. In 2023, we obtained the Online Shopping Packaging Reduction Mark. We also pushed for the recycling and reuse of cartons in stores to continue reducing packaging waste. Supply chain optimization and the application of green materials are now being evaluated as well. In the future, the Company will move towards more environmentally friendly and sustainable footwear materials and manufacturing processes, so that the sustainability of the production end can be realized.

However, the key to ESG promotion is not only optimizing product manufacturing, but rather the value conversion on the market side. The Company not only pays attention to environmental friendliness, but also provides consumers with a more comprehensive health management and sustainable consumption model through ASO+ medical grade products and member health data applications. We formed the “Health Care Services Alliance” with Lapangu to connect long-term care institutions with health management specialist partners. Together, we promote foot health management services to reduce the risk of degraded mobility due to foot health problems and improve the quality of life for seniors.

In addition, the Company is also evaluating the introduction of a members recycling mechanism to enable consumers to participate in footwear recycling programs, reward schemes, and sustainable consumption models. These will encourage the practice of the circular economy while also aligning consumption behavior with the ESG development goals. This will not only reduce waste, but also promotes the spread of environmental values through the interaction between brands and consumers, improving the linkage between ESG, brands and markets.

In terms of corporate governance, the Company has strengthened the implementation of ESG principles to ensure transparent management of the supply chain. We actively promote ESG information disclosure to improve corporate credibility and ensure the long-term competitiveness of the brand. In the future, we will combine the ASO+ medical products, data applications and ESG strategies to promote the commercialization and sustainable development of the foot health industry. ESG will then become not just an environmental initiative, but a driver for corporate growth as well.

The Company has embraced the spirit of “genuine quality one stitch at a time” in order to develop eco-friendly manufacturing and health management solutions that meet market needs through technological innovation and a sustainable mindset. We believe that the future competitiveness will come from the dual values of “health x sustainability.” SHUI-MU will continue to build a sustainable and healthy ecology to ensure that enterprises, society and consumers can grow together in the ESG era and move towards an even more valuable future.

**Prospects: 2025 will be the transformation and harvest period.**

**SHUI-MU’s investment in OMO transformation, medical market development, brand strategy optimization and ESG sustainable development in recent years means we are now moving beyond limited breakthroughs into a new era of total growth. 2025 will be a key year during which SHUI-MU will validate the success of our transformation and realize long-term growth.**

**In the past, most retailers were still limited to the old model, and it was difficult to integrate data and market dynamics. However, the OMO model has been able to break through the traditional retail constraints and effectively drive the growth in CLV. Our competitive advantage comes from our profound insights of market changes and active application of digital value, ensuring that the enterprise can maintain its leadership in a changing market**

environment.

The in-depth cultivation of the medical market will become the driving force for future increases in brand value of SHUI-MU by the year's end. We not strengthened our integration of approved medical products and clinical data, but also further expanded the application scenarios for senior health care, long-term care, and preventive medicine. The brand influence of SHUI-MU has now been extended from the consumer market to the more advanced health management industry.

In terms of brand strategy, the Company will further improve our market segmentation and consumer awareness, ensuring that customers from different groups can receive more professional and precise services and experiences. This not only strengthens the brand's competitiveness, but will also let membership management strategy and market dynamics become a long-term growth driver. At the same time, ESG is now not just internal optimization, but a extension of market value. The promotion of eco-friendly shoe manufacturing, low-carbon supply chain, and circular economy has transformed our sustainable strategy into market growth momentum. We will not only meet the ESG standards, but take them even further to drive the simultaneous growth of corporate revenue and brand credibility through sustainable value.

“2025 will not just be a continuation of strategy, but time to harvest the fruits of transformation.”

No longer will we be just the witness the revolution. Instead, we will define the new paradigm for the industry from a leadership position to ensure that SHUI-MU can continue to create value in this new competitive era and lead the Company to new heights.

Chairman: Lo, Jung-Yueh

Managerial Officer: Kuo, Hsin-Yi

Accounting Officer: Li, Ching-Feng

March 12, 2025

## Two. Company Profile

I. Background information of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches

### 1. Information about directors and supervisors

April 15, 2025 Unit: shares

Title	Nationality of place of domicile	Name	Gender and age	Date of appointment	Term of office	Date first elected	Shareholding as of elected date		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Major academic and career achievements	Current positions in the Company and other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Remarks
							Number of shares	Percentage held	Number of shares	Percentage held	Number of shares	Percentage held	Number of shares	Percentage held			Title	Name	Relationship	
Chairman	Taiwan	Jung-Yueh Lo	Male 61-70 years old	2024/6/18	Three years	2007/11/13	7,392,500	11.07%	6,892,500	10.32%	79,271	0.12%	8,410,452	12.59%	EMBA, National Taiwan University Bachelor, Department of Architecture, Chung Yuan Christian University Chairman, SHUI-MU International Co., Ltd. Director, GIANT DA LI CONSULTING (SAMOA) CO., LTD. Director, Shuan Yue Shoemaking Ltd. Chairman, Yueh Ya Chuan CO., LTD. Chairman, SHUI-MU Culture and Art Foundation Chairman, Taiwan Chain Stores and Franchise Association (TCFA)	Chairman, SHUI-MU International Co., Ltd. Director, GIANT DA LI CONSULTING (SAMOA) CO., LTD. Director, Shuan Yue Shoemaking Ltd. Chairman, Yueh Ya Chuan CO., LTD.	Director	Shui-Mu Lo	Father	
Director Independent Director	Taiwan	Representative : A-Tou Lin	Female 81-90 years old	2024/6/18	Three years	2024/6/18	6,410,452	9.60%	6,910,452	10.34%	0	0%	0	0%	None	Legal Director of SHUI-MU International Co., Ltd.	None	None	None	
		Yueh Ya Chuan CO., LTD			Three years	2024/6/18	352,682	0.53%	352,682	0.53%	297,682	0.45%	0	0%	Literate Director, SHUI-MU International Co., Ltd. Supervisor, SHUI-MU International Co., Ltd. Director, Yueh Ya Chuan CO., LTD. Chairman, Sister Fellowship, Tianmu Church, the Presbyterian Church in Taiwan	Supervisor, Chian-Hua Construction Co., Ltd. Director, Yueh Ya Chuan CO., LTD.	Chairman	Joseph Lo	Son	
Independent Director	Taiwan	Hsin-Hsiung Lu	Male 61-70 years old	2024/6/18	Three years	2018/06/21	0	0%	0	0%	0	0%	0	0%	PhD of Public Health, Saint Louis University, the U.S. Master of Integrated Health Care, Arizona State University Bachelor, Department of Business Administration, Soochow University CEO, Taitung Christian Hospital Superintendent, Taitung Christian Hospital Independent Director, SHUI-MU International Co., Ltd.	CEO, Taitung Christian Hospital Independent Director, SHUI-MU International Co., Ltd.	None	None	None	

Title	Nationality of place of domicile	Name	Gender	Date of election	Term of office	Date first elected	No. of shares held at time of election		No. of shares currently held		Shares held by spouse and underage children		Shares held in the names of others		Major academic and career achievements	Current positions in the Company and other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Remarks
							Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Independent Director	Taiwan	Li, Pei-Yuan	Male 61-70 years old	2024/6/18	Note	2023/6/19	0	0%	0	0%	0	0%	0	0%	PhD, Department of Biomedical Engineering, National Cheng Kung University Bachelor, Department of Medicine, National Yang-Ming Medical College Honorable Superintendent, Show Chwan Memorial Hospital Governor, Taiwan Orthopaedic Association Chairman, Taimei Investment Co., Ltd. Supervisor, AIBEDA HealthTech Consulting Co., Ltd. Supervisor, Cogni NU Technologies Co.,Ltd. Chairman, BioDoc Capital Ltd. Director, Hepius Care Inc.	Chairman, Taimei Investment Co., Ltd. Supervisor, AIBEDA HealthTech Consulting Co., Ltd. Supervisor, Cogni NU Technologies Co.,Ltd. Chairman, BioDoc Capital Ltd. Director, Hepius Care Inc.	None	None	None	
Independent Director	Taiwan	Pan, Chin-Shu	Male 51-60 years old	2024/06/18	Note	2024/6/18/19	0	0%	0	0%	0	0%	0	0%	Education: EMBA, College of Management, National Cheng Kung University Work experience/current position : CPA, Crowe (TW) CPAs Director, Eagle Flutter International Co., Ltd. Director, Shinewing Technology Co., Ltd. Chairman, Great River and Endless Ocean Co., Ltd.	CPA, Crowe (TW) CPAs Director, Eagle Flutter International Co., Ltd. Director, Shinewing Technology Co., Ltd. Chairman, Great River and Endless Ocean Co., Ltd.	None	None	None	

2. Major shareholders of corporate shareholders: As shown in the following table

**Table 1: Major shareholders of corporate shareholders**

Name of legal shareholder	Major shareholders of corporate shareholders
Yueh Ya Chuan CO., LTD	Jung-Yueh Lo
	KUANG,SHU-YING

3. Major shareholders of major shareholders who are corporate: not applicable.

4. Disclosure of the directors' professional qualifications and independence of the independent directors

Name	Qualifications	Professional qualifications and experience	Independence analysis	Number of positions as an Independent Director in other public companies
Jung-Yueh Lo	Representative of Yueh Ya Chuan CO., LTD : A-Tou Lin	Please refer to Three, II, I. Information of Directors for the professional qualifications and experience of each director (P.8-P.9) None of the director is in any of the circumstances in the subparagraphs of Article 30 of the Company Act (Note 1)	N/A	0
				0
Hsin-Hsiung Lu			All independent directors meeting the following conditions: 1. Compliance with Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission, and the related requirement of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) 2. Not holding the Company's shares by him/herself (or in others' names), the spouse, or minor children. 3. Not receiving amount of compensations by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the most recent two years.	0
Li, Pei-Yuan				0
Pan, Chin-Shu				0

Note 1: A person who is under any of the following circumstances shall not act as a managerial personnel of a company. If he has been appointed as such, he shall certainly be discharged:

1. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
2. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
3. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
6. Having no or only limited disposing capacity;
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2:

1. Not the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.
2. Not serving as an independent director of more than three other public companies.
3. During the two years before being elected or during the term of office, not having been or be any of the following:
  - (1) An employee of the company or any of its affiliates.
  - (2) A director or supervisor of the company or any of its affiliates.
  - (3) 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 of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
  - (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3).
  - (5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27 of the Company Act.
  - (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
  - (7) If the Chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
  - (8) 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) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof Provided, this restriction does not apply to a member of the remuneration committee of the Company.

## 5. Diversity and independence of the board of directors

### (1) Diversity of the board of directors

The Company has a Nomination Committee. The nomination and selection of board members comply with the Company's Articles of Incorporation and adopt the candidate nomination system. In addition to evaluating the qualifications of each candidate's education and experience, the opinions of stakeholders are referred to, and the "Procedures for Election of Directors" and the "Corporate Governance Best Practice Principles" are complied with to ensure the diversity and independence of directors.

### Succession planning of board members and operation

(I) The Company's "Articles of Incorporation" specify that the election of directors adopts the candidate nomination system in a comprehensive manner, and in the "Corporate Governance Best Practice Principles" and "Procedures for Election of Directors" that the composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the two general standards, namely basic requirements and values, and professional knowledge and skills.

(II) The Company conducts director succession plan continuously, and builds a database of director candidates according to the following standards:

Ethic, responsibility, innovation and decision-making capability; in line with the Company's core values, with professional knowledge and skills that are helpful to the Company's operation and management. Having the experience related to the Company's business, or the professional experience required for future development goals. Expected to provide the Company with a board of directors diverse and meeting the needs of the Company. At least one female director is required, and the overall board of directors' expertise needs to include business management, leadership and decision-making, industry knowledge, information technology, marketing management, finance and accounting, law, and environmental protection. Please refer to page 13 for the implementation of the diversity of the current directors

The selection process of the Company's director candidate list must comply with qualification review and related regulations, to ensure that suitable new director candidates can be selected.

(III) The Company has stipulated the "Rules for Performance Evaluation of Board of Directors;" through the measurement items of performance evaluation, including the alignment of the goals and missions of the company, awareness of the duties, participation in the operation, management of internal relationship and communication, professionalism and continuing education, and internal control, to verify the effective operation of the board of directors while evaluating the performance of directors as a reference for future selection of directors.

### **Diversity policy of the board of directors**

Corporate Governance Best Practice Principles

Article 20

The composition of the board of directors shall be determined by taking diversity into

consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- I. Basic requirements and values: Gender, age, nationality, and culture; it is advisable that the number of female directors accounts for at least one-third of all the directors.
- II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- I. Ability to make operational judgments.
- II. Ability to perform accounting and financial analysis.
- III. Ability to conduct management administration.
- IV. Ability to conduct crisis management.
- V. Knowledge of the industry.
- VI. An international market perspective.
- VII. Ability to lead.
- VIII. Ability to make policy decisions.

The specific management objectives and achievements of the Company's diversity policy are summarized below:

Management Objectives	Achievement of the situation
At least one-third of the Board of Directors has expertise in the computer industry, marketing or technology	achieve
At least one-third of the independent directors have legal, financial or scientific expertise.	achieve

**Implementation of the diversity of board members are as the following table:**

Core item of diversity  Name of director	Composition									Industry experience			Professional abilities				
	Gender	Age				Nationality	Concurrent employee in the Company	Length of terms as Independent Director		Management administration	Leadership and decision-making	Knowledge of the industry.	Information technology	Marketing management	Finance and accounting	Legal	Environmental protection
		51 to 60	61 to 70	71 to 80	81 to 90			Less than 3 years	7~9 years								
Jung-Yueh Lo	Male			V		Taiwan	V			V	V	V		V	V		V
Representative of Yueh Ya Chuan CO., LTD : A-Tou Lin	Female				V	Taiwan				V		V					V
Hsin-Hsiung Lu	Male		V			Taiwan			V	V	V	V	V	V	V	V	V
Li, Pei-Yuan	Male		V			Taiwan		V		V	V	V	V	V		V	V
Pan, Chin-Shu	Male	V				Taiwan		V		V	V	V	V	V	V	V	V
Proportion of the directors (quantified data)	Female: 20%						Concurrent employees 20%	Independent directors 60%		100%	100%	100%	60%	80%	60%	60%	100%

Note 1: The current board of directors consists of five directors (including three independent directors). All of them are outstanding professionals with rich professional and practical experience, and have the abilities of decision-making, business management, operational judgment, crisis management, industry knowledge, and international market outlook. The three independent directors have expertise in financial accounting, law, and marketing management, and the two directors have backgrounds and expertise in financial accounting, technology, and industrial marketing. The implementation of the board diversity policy helps improve corporate governance efficiency and business management performance.

Note 2: Distribution of the tenure and years of service of independent directors: Director Hsin-Hsiung Lu has served as the incumbent for 7 years since June 21, 2018; Director Pei-Yuan Li has served as the incumbent for 2 years since June 19, 2023. Director Chin-Shu Pan served as the incumbent for one year since June 18, 2024. All independent directors have not served for more than three consecutive terms.

The Company's board members are all nationals of the Republic of China, with one independent directors and one female director (accounting for 20% of all directors, respectively). In the future, the Company plans to add more female directors for gender equality. As of the end of 2024, there were one directors aged between 51-60, three director aged between 61-70, one director aged between 81-90. All independent directors have met the requirements of the Securities and Futures Bureau, Financial Supervisory Commission on independent directors. For the educational background, gender, professional qualification, work experience, and other relevant information of each director, please refer to Page 8-9.



(2) Independence of the board of directors

A. For all the members of the board of directors, none of the circumstances listed in Article 30 of the Company Act apply. director Jung-Yueh Lo is a first-degree relative of Director Representative of Yueh Ya Chuan CO., LTD : A-Tou Lin 、 For the remaining three directors, none of the circumstances listed in Article 26-3 of the Securities and Exchange Act (where more than half of directors are spouses or relatives within the second degree of kinship) apply.

B. All independent directors meet the requirements set by the Financial Supervisory Commission on independent directors, and their independence is stated as follows:

Name	Does the independent director, his/her spouse or relative within the second degree of kinship serve as a director, supervisor, or employee of the Company or its affiliated enterprises	Number and percentage of shares held by the independent director, his/her spouse or relatives within the second degree of kinship (or in the name of another person) in the Company	Does the independent director serve as a director, supervisor, or employee of a company specifically related to the Company	Amount of remuneration received for providing commercial, legal, financial, accounting services to the Company or its affiliated enterprises in the most recent two years
Hsin-Hsiung Lu	No	None	No	None
Li, Pei-Yuan	No	None	No	None
Pan, Chin-Shu	No	None	No	None

## (II) General manager, assistant general managers, deputy assistant general managers, and the supervisors of all divisions and branches

April 15, 2025; Unit: shares

Title	Nationality	Name	Gender	Date elected / appointed	at time of election		Shares held by spouse and underage children		Shares held in the names of others		Major academic and career achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Remarks
					Number of shares	Percent age held	Number of shares	Percent age held	Number of shares	Percent age held			Title	Name	Relationship	
President	Taiwan	Michelle Kuo	Female	105/07/07	8,000	0.01%	0	0%	0	0%	EMBA, National Chengchi University President, SHUI-MU International Co., Ltd.	Chairman, Yishen International Co., Ltd. Director of Shuan Yue Co., Ltd.	Chairman	Joseph Lo	Second degree of kinship	
VP	Taiwan	Li-Ling Lo	Female	99/06/01	100,275	0.15%	0	0%	0	0%	EMBA, National Chiao Tung University Vice President, Finance Division, SHUI-MU International Co., Ltd. Administrative Manager, OLD FARMER (Shanghai) LANDSCAPE ARCHITECTURE CO. Vice Manager, Department of Procurement, SUNPENTOWN INT'L INC.	Supervisor, Shuan Yue Co., Ltd. Director, Chian Hua Enterprise Co., Ltd. Director, Wensu Asset Co., Ltd.	None	None	None	
VP	Taiwan	Mei-Lan Chang	Female	99/06/01	63,298	0.09%	0	0%	0	0%	EMBA, National Taiwan University Vice President, HR Division, SHUI-MU International Co., Ltd.	Supervisor, Yueh Ya Chuan CO., LTD. Director of Shuan Yue Co., Ltd.	None	None	None	
VP	Taiwan	Ssu-Yu Chen	Female	113/11/01	0	0%	0	0%	0	0%	M.S., Graduate School of Business, Nihon University Department of Industrial Economics, Tamkang University Chief Operating Officer, A-Shou Enterprise Co. Special Assistant to the CEO of Cambo Group General Manager, Yubia Lifestyle Business Co. Senior Consultant, Nomura Research Institute, Inc.	None	None	None	None	
associate	Taiwan	Chai Hongde	Male	112/09/01	38,194	0.06%	19,599	0.03%	0	0%	Department of Management Science, National Chiao Tung University Associate, Intelligent Development Division, A-Shou Industrial Co.	None	None	None	None	
associate	Taiwan	LAU SHUI CHEUNG	Male	112/09/01	23,314	0.03%	0	0%	0	0%	Department of Political Science, National Chung Cheng University Assistant Manager, Direct Marketing Division, A-Shou Enterprise Co.	None	None	None	None	
associate	Taiwan	Jung-Hua Chen	Male	113/11/07	15,000	0.02%	0	0%	0	0%	National Caotun Commercial & Industrial Vocational Senior High School Assistant Vice President of Direct Sales Department and Business Development Department, Shui-Mu International Co., Ltd.	None	None	None	None	

### (III) Remuneration to directors, supervisors, President and Vice Presidents

#### 1. Remuneration to Ordinary Directors and Independent Directors for 2024

Unit: NT\$ thousand; shares; %

Title	Name	Director's remuneration								The sum of A, B, C and D as a percentage of after tax profit		Remuneration received as a staff								The sum of A, B, C, D, E, F, and G as a percentage of net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company		
		Compensation (A)		Retirement Pension (B)		Director remuneration (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc (E)		Retirement pension (F)		Employee remuneration (G)								
		The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company		All companies included in the consolidated statements		The Company	All companies included in the consolidated statements					
Chairman	Jung-Yueh Lo	0	0	0	0	0	0	0	0	-7.59%	-7.59%	4,100	4,100	0	0	0	0	0	0	-18.21%	-18.21%	Note		
Director	Shui-Mu Lo	0	0	0	0	0	0	0	0			1,049	1,049	0	0	0	0	0	0					
Director	A-Tou Lin	0	0	0	0	0	0	0	0			0	0	0	0	0	0	0	0					
Director	Tsung-Hsien Chen	325	325	0	0	0	0	16	16			0	0	0	0	0	0	0	0					
Independent Director	Wen-Chih Wu	464	464	0	0	0	0	38	38			0	0	0	0	0	0	0	0					
Independent Director	Hsin-Hsiung Lu	1,000	1,000	0	0	0	0	108	108			0	0	0	0	0	0	0	0					
Independent Director	Pei-Yuan Li	1000	1000	0	0	0	0	108	108			0	0	0	0	0	0	0						
Independent Director	Pan, Chin-Shu	551	551	0	0	0	0	70	70			0	0	0	0	0	0	0						

Note: The Company's shareholders' meeting on June 18, 2024 approved a full re-election of directors (including independent directors). The new directors include Director Jung-Yueh Lo, Independent Director Hsin-Hsiung Lu, Independent Director Pei-Yuan Li, Director Yueh Ya Chuan Co., Ltd. (Representative: A-Tou Lin, formerly the natural person director), and Independent Director Chin-Shu Peng. Director Shui-Mu Lo, Director Tsung-Hsien Chen and Independent Director Wen-Chih Wu were relieved of duty. Director Luo Shui mu's remuneration only discloses his salary during his tenure as a director.

1. Please describe the policy, system, standards and structure in place for paying remuneration to independent directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: please refer to page 20.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company / any consolidated entities / invested enterprises):

Remuneration scale table

Ranges of remuneration paid to the Company's directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements
Less than NT\$1,000,000	Jung-Yueh Lo, Shui-Mu Lo, A-Tou Lin, Tsung-Hsien Chen, Wen-Chih Wu , Pan, Chin-Shu	Jung-Yueh Lo, Shui-Mu Lo, A-Tou Lin, Tsung-Hsien Chen, Wen-Chih Wu , Pan, Chin-Shu	A-Tou Lin, Tsung-Hsien Chen, Wen-Chih Wu, Pan, Chin-Shu	A-Tou Lin, Tsung-Hsien Chen, Wen-Chih Wu, Pan, Chin-Shu i
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)	Hsin-Hsiung Lu, Pei-Yuan Li	Hsin-Hsiung Lu, Pei-Yuan Li	Shui-Mu Lo, Hsin-Hsiung Lu, Pei-Yuan Li	Shui-Mu Lo, Hsin-Hsiung Lu, Pei-Yuan Li
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)				
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)			Jung-Yueh Lo	Jung-Yueh Lo
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (excl.)				
NT\$10,000,000 (incl.) ~ NT\$15,000,000 (excl.)				
NT\$15,000,000 (incl.) ~ NT\$30,000,000 (excl.)				
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (excl.)				
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (excl.)				
NT\$100,000,000 and above				
Total	Eight	Eight	Eight	Eight

2. Remuneration paid to supervisor for 2024: the Company has established the Audit Committee to replace the supervisors and thus not applicable.

### 3. Remuneration to President and Vice Presidents for 2024

Unit: NT\$ thousand; %

Title	Name	Salary (A)		Retirement pay and pension (B) (Note)		Rewards and special disbursements (C)		Employee remuneration (D)				The sum of A, B, C and D as a percentage of after tax profit (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company		All companies included in the consolidated statements		The Company	All companies included in the consolidated statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Michelle Kuo	2, 860	2, 860	108	108	850	850	0	0	0	0	-7.88%	-7.88%	None
VP	Li-Ling Lo	1, 672	1, 672	106	106	220	220	0	0	0	0	-4.12%	-4.12%	None
VP	Mei-Lan Chang	1, 614	1, 614	106	106	220	220	0	0	0	0	-4.00%	-4.00%	None
VP	Hung-Hsiang Chen(note2)	1, 840	1, 840	72	72	0	0	0	0	0	0	-3. 94%	-3. 94%	None
VP	Wei-Shu Kao(note3)	58	58	2	2	0	0	0	0	0	0	-0. 12%	-0. 12%	None
VP	Su-Yu Chen(note4)	550	550	18	18	0	0	0	0	0	0	-1. 17%	-1. 17%	None

Note1: including the contribution of pension for 2024

Note2: Mr. Hung-Hsiang Chen has assumed the position of the Company's COO since February 1, 2024, and resigned on September 1, 2024.

Note3: Mr. Wei-Shun Kao has assumed the position of the Vice President of Company's Business Center since November 1, 2024, and resigned on November 7, 2024.

Note4: Mr. Su-Yu Chen has assumed the position of the Vice President of Company's Marketing Center since November 1, 2024.

#### Remuneration scale table

Range of remunerations to the President and Vice Presidents	Name of President and Vice Presidents	
	The Company	All companies included in the consolidated statements
Less than NT\$1,000,000	Wei-Shu Kao, Su-Yu Chen	Wei-Shu Kao, Su-Yu Chen
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)	Li-Ling Lo, Mei-Lan Chang, Hung-Hsiang Chen	Li-Ling Lo, Mei-Lan Chang, Hung-Hsiang Chen
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)	Michelle Kuo	Michelle Kuo
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)		
NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)		
NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)		
NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)		
NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)		
NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)		
NT\$100,000,000 and above		
Total	Six	Six

#### 4. 2024 Remuneration to the Five Highest Remunerated Management Personnel

Unit: NTD thousand

Title	Name	Salary (A)		Retirement pay and pension (B) (Note1)		Bonus and Rewards and special disbursements (C)		Employee remuneration (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company		All companies included in the consolidated statements		The Company	All companies included in the consolidated statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman	Jung-Yueh Lo	3,950	3,950	0	0	150	150	0	0	0	0	-8.46%	-8.46%	None
Director	Shui-Mu Lo(Note2)	2,172	2,172	0	0	100	100	0	0	0	0	-4.69%	-4.69%	None
President	Michelle Kuo	2,860	2,860	108	108	850	850	0	0	0	0	-7.88%	-7.88%	None
VP	Li-Ling Lo	1,672	1,672	106	106	220	220	0	0	0	0	-4.12%	-4.12%	None
VP	Mei-Lan Chang	1,614	1,614	106	106	220	220	0	0	0	0	-4.00%	-4.00%	None

Note: including the contribution of pension for 2024

5. Names of managers entitled to employee remuneration and amount entitled: none.

- (IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:
1. Analysis of the total remuneration paid by the Company and by all consolidated entities, as a percentage of net income after taxes in the parent-only or individual financial report, during the most recent 2 years to directors, supervisors, president, and vice presidents

Unit: NT\$ thousand; %

Title	2024 total remuneration as a percentage of net income after tax (%)		2023 total remuneration as a percentage of net income after tax (%)	
	The Company	Companies included	The Company	Companies included
Director	-18.21%	-18.21%	59.03%	59.03%
Supervisor	0%	0%	0%	0%
Presidents and VPs	-21.24%	-21.24%	38.82%	38.82%

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

A. Directors and supervisors

Pursuant to Article 22 of the Articles of Incorporation, the board of directors is authorized to determine the remunerations to all directors based on their participation and contributions to the Company's operations, while referring to the common level among the peers. The remunerations are paid regardless of the profit or loss, and the traveling subsidy is also disbursed based on the common level among the peers.

Pursuant to Article 27 of the Articles of Incorporation, upon the special resolution adopted by the board meeting to provide no more than 2% of the profit of the year as the director remuneration; the director remuneration shall be paid in cash and reported to the shareholders meeting. The Company's directors' remuneration is paid pursuant to the Company's "Regulations Governing Payment of Remuneration to Directors and Functional Committee." The procedure for determining remuneration is based on the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Board of Directors." In addition to referring to the Company's overall operating performance, future operating risks and development trends of the industry, the individual performance achievement rates and the contribution to the Company's performance are also referred to, for offering reasonable remuneration. The relevant performance evaluation and the reasonableness of remuneration are reviewed by the Remuneration Committee and the board of directors, and the remuneration system is reviewed at any time depending on the actual operating conditions and relevant laws and regulations, to achieve the sustainable operation of the Company and the balance of risk control. The Company's directors' remunerations of 2024 and 2023 were only paid with fixed compensations, such as attendance fees and travel expenses, without any variable remuneration.

B. President and Vice President

The remunerations for president and vice president(s) includes salary, retirement pension, reward and special expenses, and employee's profit-sharing bonuses. It is determined based on the position held, the responsibility assumed, and the contribution to the Company, while referring to the industry standard.

The various salary and remuneration items implemented by the Company's directors and managers are submitted to the Remuneration Committee and the Board of Directors for approval on a regular basis each year.

The salary payment items for the directors and managers of the Company are handled in accordance with the current salary items for the directors and managers of the Company. It is determined based on the current business scale of the Company and the salary and remuneration payment in previous years. However, if the current remuneration system needs to be adjusted due to changes in the business environment in the future, the management level may formulate a plan, submit it to the Remuneration Committee for special review, and then submit it to the Board of Directors for implementation.

The salary and remuneration items for directors and managers in 2024 have been approved by the Compensation Committee on December 15, 2024 and the Board of Directors on December 26, 2024.



## II. Corporate governance

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

The number of board meetings held in the most recent fiscal year was Seven (A), the attendance by the directors and supervisors was as follows:

Title	Name	No. of meetings attended in person (B)	Proxy Attendance	In-person attendance rate (%) 【B/A】 (Note)	Remarks
Chairman	Jung-Yueh Lo	6	1	85.71%	Re-elected after the full re-election on June 18, 2024
Director	Shui-Mu Lo	3	0	100%	Discharged after the full re-election on June 18, 2024
Legal representative	Representative of Yueh Ya Chuan CO., LTD : A-Tou Lin	7	0	100%	Newly elected after the full re-election on June 18, 2024 (formerly a natural person director)
Director	Tsung-Hsien Chen	3	0	100%	Discharged after the full re-election on June 18, 2024
Independent Director	Wen-Chih Wu	2	0	66.67%	Discharged after the full re-election on June 18, 2024
Independent Director	Hsin-Hsiung Lu	7	0	100%	Re-elected after the full re-election on June 18, 2024
Independent Director	Pei-Yuan Li	7	0	100%	Re-elected after the full re-election on June 18, 2024
Independent Director	Pan, Chin-Shu	4	0	100%	Newly elected after the full re-election on June 18, 2024

Board of Directors (Session)	Content of proposal and subsequent treatment	Any matter under Article 14-3 of the Securities and Exchange Act.	Dissenting or qualified opinion of independent director
	Proposal to renew the financing limit from Bank of Kaohsiung	V	
	Proposal to purchase liability insurance for the Company's directors	V	
	Independent director's opinion: None.		
	Company's disposition on independent director's opinion: None.		
	Resolution result: unanimously approved by the present directors		
The 7th board meeting The 18th meeting 2024/05/07	Loan of funds for the Company to Shuangyue Co.	V	
	Independent director's opinion: None.		
	Company's disposition on independent director's opinion: None.		
The 8th board	Proposal to cancel the loan funds to Comphy International Co., Ltd.	V	

The 2nd meeting 2024/11/05	Proposal to amend the Company's "Internal Control System" and "Internal Audit Implementation Rules"	V	
	Independent director's opinion: None.		
	Company's disposition on independent director's opinion: None.		
	Resolution result: unanimously approved by the present directors		
The 8th board The 3rd meeting 2024/12/27	Proposal to reappoint the Company's financial officer	V	
	Independent director's opinion: None.		
	Company's disposition on independent director's opinion: None.		

(II) For the operation of the board of directors, none of documented objections or qualified opinions raised by independent director against board resolution in relation to matters other than those described above.

I. Directors' avoidance of motions which involves conflict of interest; the names of directors, details of the motions, reasons to avoid conflict of interest, and the participation in voting must be disclosed:

(I) The Company has established the "Rules of Procedure for Board of Directors Meetings," and Article 17 of the Rules specifies that if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

(II) The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest for 2024nd up to the publication date of the annual report:  
From 2024 until the date of publication of the annual report, in consideration of the full re-election of the directors (including independent directors) in 2024, the proposal 1 discussed by the Board of Directors on April 23, 2024 was related to the nomination of director candidates (including independent director candidates) pursuant to laws. The candidates including Director Yueh Ya Chuan Co., Ltd. (Representative: A-Tou Lin), Director Hsin-Hsiung Lu and Director Pei-Yuan Li recused themselves from the discussion and voting of this proposal due to the conflict of interest with the proposal or themselves, in order to prevent the concerns about impairment on the Company's interest.

III. Evaluation cycle, period, scope, method and content of the self (or peer) evaluation of the board of directors:

(I) Regarding the performance evaluation of the Company's board of directors, individual board members and functional committees, the main evaluation cycle and period, evaluation scope and method, evaluation execution unit, evaluation procedures and other matters to be complied with shall be based on the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Board of Directors."

(II) Implementation of Evaluations of the Board of Directors

<p>III. Evaluation cycle, period, scope, method and content of the self (or peer) evaluation of the board of directors:</p> <p>(I) Regarding the performance evaluation of the Company's board of directors, individual board members and functional committees, the main evaluation cycle and period, evaluation scope and method, evaluation execution unit, evaluation procedures and other matters to be complied with shall be based on the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Board of Directors."</p> <p>(II) Implementation of Evaluations of the Board of Directors</p> <p>A. Internal self-evaluation</p>					
Evaluation cycle	Evaluation period	Evaluation scope	Evaluation approach	Evaluation content	
Internal self-evaluation: once per year to be completed before the first board meeting in the next year.	Evaluated the performance between January 1, 2024 and December 31, 2023.	The performance evaluations for the board, and individual board member.	Internal self-evaluation of the board of directors, self-evaluation of board members, self-evaluation of functional committees.	<p>I. Their degree of participation in the company's operations.</p> <p>II. The quality of the board of directors' (functional committees) decision making</p> <p>III. Composition and structure of the board of directors (functional committees)</p> <p>IV. Election and continuing education of the directors (functional committees)</p> <p>V. Internal control</p> <p>VI. Alignment of the goals and missions of the company</p> <p>VII. Their management of internal relationships and communication</p> <p>VIII. Awareness of the duties of the board of directors (functional committees)</p>	After the performance evaluation conducted by the Board of Directors and individual directors' self-evaluation, the Board of Directors and individual directors of the Company are considered operating well in 2024 and meeting the corporate governance, per the resolution rendered by the Board of Directors on December 27, 2024.

#### B. External professional evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation approach	Evaluation content	
External professional evaluation: once every three years, to be completed before the first board meeting in the next year	Evaluated the performance between January 1, 2024 and December 31, 2024.	individual board member, and functional committees are included.	Internal self-evaluation of the board of directors, self-evaluation of board members, self-evaluation of functional committees, appointment of external professional institutions, experts or other appropriate methods are adopted for the performance evaluation.	II. Their degree of participation in the company's operations. II. The quality of the board of directors' (functional committees) decision making III. Composition and structure of the board of directors (functional committees) IV. Election and continuing education of the directors (functional committees) V. Internal control VI. Alignment of the goals and missions of the company VII. Their management of internal relationships and communication VIII. Awareness of the duties of the board of directors (functional committees)	The Company appointed Taiwan Institute of Ethical Business (TIEB) to conduct the performance evaluation on the Board of Directors in 2024. Upon the evaluation, the Board of Directors and individual directors of the Company are considered operating well in 2024 and meeting the corporate governance, per the resolution rendered by the Board of Directors on December 27, 2024.

#### IV. Goals of strengthening the functions of the board of directors in the current year and the most recent year, and implementation evaluation:

The Company has seven directors (including three independent directors), and all independent directors form the Audit Committee, Remuneration Committee and Nomination Committee, to deliberate the board of directors' proposals, as the performance of the supervisory duties and to achieve the goal of strengthening the functions of the board of directors. On November 5, 2024, the company established a Sustainable Development Committee, with an independent director serving as a member to oversee the implementation of the company's sustainable development work. Review the board of directors' proposals to fulfill the supervisory responsibility and achieve the goal of strengthening the board of directors' functions. The implementation of strengthening the functions of the board of directors in the most recent year is as follows:

- (I) On March 12, 2024, the board of directors approved upon the resolution to review the independence evaluation of independent directors to improve the performance of the board of directors.
- (II) the board meeting on March 12, 2024, it was resolved to review the directors' continuing education in 2023; all directors completed the continuing education for the hours required by the "Directions for the Implementation of Continuing Education for Directors and

Supervisors of TWSE Listed and TPEX Listed Companies.”

- (III) On March 12, 2024, the board of directors approved upon the resolution to purchase directors' liability insurance to reduce and diversify the risk of material losses to the Company and shareholders caused by directors' errors or negligence.
- (IV) On April 23, 2024, the Board of Directors nominated candidates for directors (including independent directors). The director candidates include management team members and independent directors. The independent directors have backgrounds in finance, public health management, medical and other fields and can provide diversified opinions from different perspectives.
- (V) On November 5, 2024, the Board of Directors passed a resolution to establish a "Sustainable Development Committee" and formulate the "Sustainable Development Committee Organizational Charter" and "Sustainable Report Preparation and Verification Operating Procedures" so that the members of the Board of Directors can effectively grasp the overall operational information and risks of the company and supervise the implementation of the company's internal control.
- (VI) In the board meeting on December 27, 2024, it was resolved to approve the review of the 2024 performance evaluations for the board of directors, and establishment of the 2024 directors' continuing education plans to improve the performance of the Board.
- (VII) On March 12, 2025, the board of directors resolved to review the independence assessment of independent directors to improve the performance of the board of directors.
- (VIII) On March 12, 2025, the board of directors approved upon the resolution to purchase directors' liability insurance to reduce and diversify the risk of material losses to the Company and shareholders caused by directors' errors or negligence.

Note: The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.

(II) Operation of the Audit Committee

1. Qualification and experience of the Audit Committee members

There are total of three members in the Audit Committee, and all of them are independent directors. Please refer to page 8-9 for their professional qualifications and experience.

2. Operation of the Audit Committee

The number of audit committee meetings held in the most recent fiscal year was Six (A);

The attendance by the independent directors was as follows:

Title	Name	Actual Attendance (B)	Proxy Attendance	Percentage of actual (proxy) attendance (%) (B/A)(Note)	Remarks
Independent director (convener)	Pan, Chin-Shu	4	0	100%	Newly elected after the full re-election on June 18, 2024
Independent director	Wen-Chih Wu	2	0	100%	Discharged after the full re-election on June 18, 2024
Independent Director	Pei-Yuan Li	6	0	100%	Re-elected after the full re-election on June 18, 2024
Independent Director	Hsin-Hsiung Lu	6	0	100%	Re-elected after the full re-election on June 18, 2024

Other remarks:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(I) Any matter under Article 14-5 of the Securities and Exchange Act.

Audit Committee	Content of proposal and subsequent treatment	Any matter under Article 14-5 of the Securities and Exchange Act.	Any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors.
The 4th Audit Committee 13th 2024/03/04	Proposal of 2023 business report and financial report	V	
	Revised "Procedures for processing asset acquisition or disposition"	V	
	Proposal to amend the Company's "Internal Control System" and "Internal Audit Implementation Rules"	V	
	Proposal to present the 2023 "Declaration of Internal Control System"	V	
	Proposal to engage the attesting CPAs to audit the Company and subsidiaries' financial statements and the compensation thereof	V	
	Proposal to renew the financing limit from Bank of Kaohsiung	V	

	Proposal to purchase liability insurance for the Company’s directors	V	
	Proposal to purchase liability insurance for the Company’s directors		
	The Company’s treatment to the Audit Committee’ opinion: unanimously approved by the present directors		
The 4th Audit Committee The 14th meeting 2024/04/26	Proposal of consolidated financial report of Q1, 2024	V	
	Loan of funds for the Company to Shuangyue Co.	V	
	Audit Committee resolution result: unanimously approved by all members of the Audit Committee.		
	The Company’s treatment to the Audit Committee’ opinion: unanimously approved by the present directors		
The 5th Audit Committee The 1st meeting 2024/07/26	Proposal of consolidated financial report of Q2, 2024	V	
	Audit Committee resolution result: unanimously approved by all members of the Audit Committee.		
	The Company’s treatment to the Audit Committee’ opinion: unanimously approved by the present directors		
The 5th Audit Committee The 2nd meeting 2024/10/25	Proposal of consolidated financial report of Q3, 2024	V	
	Proposal to cancel the loan funds to Comphy International Co., Ltd.	V	
	Audit Committee resolution result: unanimously approved by all members of the Audit Committee.		
	The Company’s treatment to the Audit Committee’ opinion: unanimously approved by the present directors		
The 5th Audit Committee The 3rd meeting 2024/12/18	Proposal to reappoint the Company's financial officer	V	
	Audit Committee resolution result: unanimously approved by all members of the Audit Committee.		
	The Company’s treatment to the Audit Committee’ opinion: unanimously approved by the present directors		

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: during 2023 and up to the publication date of the annual report, there was no motion involved interests of any independent director, and thus not applicable.

III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company’s finances and business and the method(s) and outcomes of the communication.):

(I) The Company's internal auditors regularly communicate the results of the audit report with the members of the Audit Committee, and make the internal audit reports at the board meetings. If there is any special situation, it will immediately report to the members of the Audit Committee. In 2024, there was no such specific circumstance. Communication between the Audit Committee and the internal audit officer is good.

(II) The CPAs report the results of their quarterly audit or review and matters regarding legal compliance in the quarterly audit committee meetings. When necessary, the accountants also speak to the committee members in a timely matter. In 2024, there was no such specific circumstance. Communication between the Audit Committee and the attesting CPAs is good.

(III) Communications between independent directors, internal audit officer and the CPAs are as follows:

Dates of the Audit Committee meetings (sessions)	Material matters communicated with the internal audit officer	Material matters communicated with the attesting CPAs
2024/03/04 (The 13th meeting of the 4th Audit Committee)	Proposal to present the 2023 “Declaration of Internal Control System”	Proposal of 2023 business report and financial report
2024/04/26 (The 14th meeting of the 4th Audit Committee)	None	Proposal of consolidated financial report of Q1, 2024

Dates of the Audit Committee meetings (sessions)	Material matters communicated with the internal audit officer	Material matters communicated with the attesting CPAs
2024/07/26 (The 1st meeting of the 5th Audit Committee)	None	Proposal of consolidated financial report of Q2, 2024
2024/10/25 (The 2nd meeting of the 5th Audit Committee)	None	Proposal of consolidated financial report of Q3, 2024
2024/12/18 (The 3rd meeting of the 5th Audit Committee)	Proposal to formulate the 2025 internal audit plan	None

IV. Key tasks and operation of the Audit Committee in 2024:

Key tasks	Actual governance	
	Resolution result	The Company's treatment to the members' opinions
Ratification of business report and consolidated financial statements.	Approved	Submitted to the board and unanimously approved by the present directors
The hiring or dismissal of a certified public accountant, or their compensation.	Approved	Submitted to the board and unanimously approved by the present directors
The appointment or discharge of the internal audit officer.	Approved	Submitted to the board and unanimously approved by the present directors
Assessment of the effectiveness of the internal control system.	Approved	Submitted to the board and unanimously approved by the present directors
Material loans of funds, endorsements, or provision of guarantees.	Approved	Submitted to the board and unanimously approved by the present directors

V. Evaluation cycle, period, scope, method and content of the self (or peer) evaluation of the Audit Committee:

- (I) Regarding the performance evaluation of the Audit Committee, individual board members and functional committees, the main evaluation cycle and period, evaluation scope and method, evaluation execution unit, evaluation procedures and other matters to be complied with shall be based on the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Audit Committee"

(II) Implementation of Evaluations of the Audit Committee

A. Internal self-evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation approach	Evaluation content	Evaluation results
Internal self-evaluation: once per year To be completed before the first board meeting in the next year.	Evaluate the performance of the Audit Committee between January 1, 2024 and December 31, 2024.	Include the performance evaluation on the Audit Committee.	Self-evaluation of the Audit Committee, or performance evaluation performed in any other appropriate manner.	I. Their degree of participation in the company's operations. II. The quality of Remuneration Committee's decision-making quality. III. The composition and structure of the Remuneration Committee.	After the self-evaluation of the independent directors of the Audit Committee, the functional committees are considered operating well in 2024 and meeting the corporate



Evaluation cycle	Evaluation period	Evaluation scope	Evaluation approach	Evaluation content	Evaluation results
				IV. Election, expertise and continuing education of the Remuneration Committee members V. Internal control VI. Awareness of the duties of the Remuneration Committee;	governance, per the resolution rendered by the Board of Directors on December 27, 2024

Note: The percentage of actual (proxy) attendance (%) will be calculated based on the number of Audit Committee's meetings held during active duty and the number of actual (proxy) attendance.

(III) Deviation and causes of deviation of the Company's actual governance from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
I. Does the Company base on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" to set up and disclose the Company's corporate governance best-practice principles?	V		The Company has established the Corporate Governance Best Practice Principles, and the related information is disclosed in the MOPS and the Company's website.	No significant deviation
II. The shareholding structure and shareholders' equity of the Company				
(I) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; in addition, have the procedures implemented accordingly?	V		(I) The Company has set up spokespersons, acting spokespersons and shareholder service unit, with dedicated personnel to handle shareholders' suggestions or disputes.	No significant deviation
(II) Is the company constantly informed of the identities of its major shareholders and the ultimate controller?	V		(II) The Company appoints a shareholder service agency to take the charge, and has dedicated personnel to handle related matters, to grasp the list of major shareholders who actually control the Company.	No significant deviation
(III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(III) In addition to internal control operations related to long-term equity investment in the internal control system, the Company has established the "Procedures for the Supervision and Management of Subsidiaries," "Operational Procedures for Transactions between the Group Companies, Specific Companies, and Related Parties," and the "Regulations Governing Intercompany Finance and Business between	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(IV) Does the Company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities?	V		Affiliated" and other related management regulations to implement and manage accordingly. (IV) The Company has established the "Procedures for Handling Material Inside Information and Preventing Insider Trading," to prohibit the insiders from utilizing the undisclosed information to trade securities.	No significant deviation
III. The constitution and obligations of the Board of Directors (I) Does the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	V		(I) Article 20 of the Company's "Corporate Governance Best Practice Principles" specifies that the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated. The board of directors' diversity policy for its composition is disclosed in the Company's website and the MOPS.	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		<p>Please refer to page 13 for the implementation of the diversity policy of the current board of directors of the Company.</p> <p>(II) The Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, also has established the Nomination Committee and Sustainable Development Committee . Please refer to page58~60or the members and operation of the Nomination Committee and page60~61 of the Sustainable Development Committee.</p>	No significant deviation
(III) Does the company stipulate the Self-Evaluation on the Performance of the Board of Directors and the evaluation approach, implement the performance evaluation on a regular basis every year, and report the evaluation result to the Board of Directors as the reference of individual director remuneration and nomination for term renewal?	V		<p>(III) On March 25, 2015, the board of directors approved the "Regulations Governing Self-evaluation or Peer Evaluation for the Board of Directors." The 2024 performance evaluation of the board of directors, the performance evaluation of board members and the performance evaluation of functional committees were completed in December 2024. The evaluation aspects are described as follows:</p> <p>➤ The criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects:</p> <ol style="list-style-type: none"> <li>1. Participation in the operation of the company;</li> <li>2. Improvement of the quality of the board of directors' decision making</li> <li>3. Composition and structure of the board of directors;</li> </ol>	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			<p>4. Election and continuing education of the directors; and</p> <p>5. Internal control.</p> <p>➤ The criteria for evaluating the performance of the board members should cover, at a minimum, the following six aspects:</p> <ol style="list-style-type: none"> <li>1. Alignment of the goals and missions of the company;</li> <li>2. Awareness of the duties of a director;</li> <li>3. Participation in the operation of the company;</li> <li>4. Management of internal relationship and communication;</li> <li>5. The director's professionalism and continuing education; and</li> <li>6. Internal control.</li> </ol> <p>➤ The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects:</p> <ol style="list-style-type: none"> <li>1. Participation in the operation of the company;</li> <li>2. Awareness of the duties of the functional committee;</li> <li>3. Improvement of quality of decisions made by the functional committee;</li> <li>4. Makeup of the functional committee and election of its members and</li> <li>5. Internal control.</li> </ol> <p>After collecting and aggregating the questionnaires</p>	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			<p>of this evaluation (2024), the results have been submitted to the board of directors on December 27, 2024 for review and discussion. The aforesaid procedures and evaluation results are also disclosed on the Company's official website.</p> <p>Meanwhile, the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Board of Directors" specify that an external evaluation shall be performed at least once every three years. The Company has appointed Taiwan Institute of Ethical Business (TIEB) to conduct the performance evaluation on the Board of Directors. The Institute adopted questionnaires and on-site interviews to evaluate based on the following four aspects:</p> <ol style="list-style-type: none"> <li>1. Professional functions of the board of directors (composition and structure of the board of directors, election and appointment of directors and continuing education): Evaluation indicators include: the diversity of the board of directors, directors' continuing education, utilization of external resources, among other things.</li> <li>2. Decision-making effectiveness of the board of directors (the participation in the Company's operations; improving the quality of the board of directors' decision-making): Evaluation indicators include: directors'</li> </ol>	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(IV) Are external auditors' independence assessed on a regular basis?	V		<p>participation in meetings, directors' grasp of the Company's operations, directors' management of company risks, and the adequacy of information for directors to make decisions, among other things.</p> <p>3. The Board's emphasis on and supervision of internal control: Evaluation indicators include: formulation and implementation of employee codes of conduct, supervision of internal audits, smooth communication and reporting channels, disclosure and avoidance of conflicts of interest, etc.</p> <p>4. The board of directors' attitude towards sustainable operation: Evaluation indicators include: disclosure of ESG information, planning of talent development and succession plans, actions towards sustainable operations, etc.</p> <p>The aforesaid procedures and evaluation results are also disclosed on the Company's official website.</p> <p>(IV) The Company has formulated the "Procedures for Selection and Evaluation of CPAs," and regularly (at least once a year) evaluates the independence and competence of attesting CPAs as the criteria for selection and evaluation of attesting CPAs. In 2024, in addition to the Company's self-prepared evaluation form, the items for evaluating the CPAs' independence also referred to the Audit Quality Indicators (AQIs), to</p>	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			<p>assess the independence and competence of the hired CPAs, and submitted the evaluation results to the Audit Committee on March 4, 2025 and the board of directors resolved the approval on March 12, 2025</p> <p>Upon the assessment of the Company's Finance Division, Chen, Pei-Chi, CPA and Yu, Chi-Long, CPA from KPMG Taiwan meet the Company's criteria of independence. In addition, the Company also obtained the statements of independence from Chen, Pei-Chi, CPA and Yu, Chi-Long, CPA of KPMG Taiwan. Please refer to pages48~50 for the evaluation criteria of CPAs' independence and the evaluation aspects of the Audit Quality Indicators (AQIs).</p>	
IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		<p>The Company has established the shareholder service unit under the Finance Division, There is also a Head of Corporate Governance (filed to the MOPS already), in charge of corporate governance related affairs, including:</p> <ol style="list-style-type: none"> <li>1. Handle matters related to meetings of the Board of Directors and shareholders in accordance with the law.</li> <li>2.Prepare minutes of board meetings and shareholders meetings.</li> <li>3. Assisting directors in taking office and continuing their studies.</li> <li>4.Provide information necessary for directors to carry out their duties.</li> <li>5.Assist directors and supervisors in complying with laws and regulations.</li> </ol>	No significant deviation



Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			<p>6.Report to the Board of Directors the results of its review of whether the qualifications of independent directors at the time of nomination, election and during their term of office comply with relevant laws and regulations.</p> <p>7.Handle matters related to changes in directors.</p> <p>8.Other matters stipulated in the company's articles of association or contract.</p> <p>The implementation in 2024 is as follows:</p> <p>1. Assisted independent directors and ordinary directors to perform their duties, furnished required information and arranged directors' continuing education:</p> <p>(1) Regularly notified board members of the latest amendment to and development of the laws and regulations related to the Company's business and corporate governance.</p> <p>(2) Review the confidentiality level of relevant information and provide directors with required company information, to maintain smooth communication and exchange between directors and executives.</p> <p>(3) In accordance with the Corporate Governance Best Practice Principles, assist the independent directors in arranging relevant meetings when the individual meetings with the internal audit officer or attesting CPAs are required to understand the Company's finance and business.</p> <p>(4) Assisted independent directors and ordinary directors</p>	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			<p>in formulating annual continuing education plans and arranging courses based on the Company's industrial characteristics, and director's education and experience background.</p> <p>2. Assisted the agenda procedures of board and shareholders' meetings and legal compliance for resolutions:</p> <p>(1) Confirmed whether the convention of the shareholders' meetings and board meetings comply with relevant laws and Corporate Governance Best Practice Principles.</p> <p>(2) Assisted and reminded the directors of the laws and regulations to be observed when performing business or making formal resolutions of the board meetings.</p> <p>(3) After the meetings, took charge of reviewing the release of material information on important resolutions of the board meetings, to ensure the legality and correctness of the material information, for ensuring the equivalence of investor transaction information.</p> <p>3. Maintained investor relations: arranged directors to communicate and exchange with major shareholders, institutional investors, or general shareholders as needed, so that investors can obtain sufficient information to evaluate and determine the reasonable capital market value of the Company, and ensure that shareholders' equity are well maintained.</p>	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			<p>4. Prepared the agenda of board meetings and notified the directors, convene meetings and provided meeting materials seven days in advance. If any motion required recusal due to conflict of interest, a reminder was furnished in advance, and the minutes of the board meeting were completed within 20 days after the meeting.</p> <p>5. Handled the prior registration of the date of the shareholder meeting pursuant to laws, prepared the meeting notice, the agenda handbook, the annual report, the meeting minutes within the statutory period, and handled the change registration affairs for any amendment to the Articles of Incorporation or the re-election of directors.</p> <p>6. Assisted independent directors and ordinary directors in formulating annual continuing education plans and arranging courses based on the Company's industrial characteristics, and director's education and experience background.</p>	
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social	V		<p>The Company spares no effort to provide the best "products" and "services," and helps the Company to hear the true voices of stakeholders through multiple communication channels. The main communication channels are as follows:</p> <p>1. Issues concerned by consumers: Product quality/ after-sales service/ service quality/ personal data protection</p>	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
responsibility issues?			<p>(1) Official website and customer service e-mail and hotline 0800027688</p> <p>(2) Social community sites</p> <p>(3) Instant messaging software</p> <p>(4) Satisfaction survey</p> <p>2. Issues concerned by shareholders/investors:</p> <p>Information Security/ Integrity management/economic performance/brand image/internal audit and control</p> <p>(1) Regular shareholder meetings are held every year, financial reports are released quarterly, operating revenue is disclosed monthly, investor conference are held from time to time, and the important finance and business-related information of the Company are disclosed on the MOPS.</p> <p>(2) The Company has a spokesperson and an acting spokesperson in place and sets up a shareholder contact window on the Company's website. Investors can express their opinions through this channel, and the Company will have a dedicated personnel to reply. Investor Service Team: ir@mail.aso.com.tw, Ms. Li</p> <p>3. Issues concerned by employees:</p> <p>Welfare and wages/ talent cultivation/ career development/ equality of human rights</p> <p>(1) Production, sales, and marketing meetings, internal training courses, performance appraisals</p> <p>(2) Labor-management meetings, Employee Welfare Committees, employee complaint hotline and mailbox</p> <p>Employee Services Team</p>	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			<p>Contact number: 02-66189999, Ms. Chang Mail: anny@mail.aso.com.tw</p> <p>4. Issues concerned by suppliers: Integrity management/customer satisfaction/brand image/economic performance/employee rights/information security (1) Supplier audit (semi-annual) (2) Quality meetings (monthly/quarterly) (3) Customer complaint channel (irregular) Contact number: 02-66189999, Extension 19 Merchandise Department</p> <p>5. Issues concerned by neighboring communities: Information security/employee rights/supplier human rights management/labor-management relations/workplace safety and health (1) Community care (2) Public welfare and charity (3) Participation in neighboring community activities Contact Number: 0800027688, Mr. Yang, Customer Service Center</p> <p>The Company's website has a dedicated section for stakeholders, and each section is equipped with dedicated personnel to properly respond to important corporate social responsibility issues concerned by stakeholders, and has the spokesperson and acting spokesperson system in place to establish communication channels with stakeholders.</p>	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company has engaged the Shareholder Service Agent Department of KGI Securities Co., Ltd. to handle the affairs of shareholders' meetings.	No significant deviation
VII. Information disclosure				
(I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		(I) The Company's website has a dedicated section for investors and a dedicated section for corporate governance, with a dedicated department to regularly discloses information on finance, business and corporate governance; various information can be inquired at the MOPS.	No significant deviation
(II) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	V		(II) The Company has set up a website with a dedicated department responsible for the collection and release of various information of the Company, and has set up spokesperson and acting spokesperson pursuant to regulations, to handle matters such as outward speeches and information disclosure. The briefings and audio-visual materials of the investor conferences held by the Company or invited to participate have been disclosed on the Company's website for inquiries from everyone.	No significant deviation
(III) Does the company publish and report the annual financial report 2 months after the end of the fiscal year and publish and report the Q1, Q2 and Q3 financial reports and monthly operation report before the deadline?		V	(III) The Company's financial report are announced and reported within three months after the end of each fiscal year as required by laws, and the quarterly financial reports are announced and reported within 45 days after the end of the first quarter, second quarter, and third quarter of each fiscal year. Before the tenth day of each month, the operation status of the previous month is announced and reported.	Currently, the Company's financial report and monthly operating status have been announced and reported before the statutory deadline pursuant to laws. In the

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
				future, the announcement and reporting time will be adjusted pursuant to the amendment to laws
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		<p>1. Employee rights and care to employee: The Company values and protects the rights and interests of employees. In addition to handling various insurances for employees, contributing pensions, and providing good benefit measures pursuant to laws, it also establishes smooth communication channels and creates a harmonious working environment.</p> <p>2. Investor relations: The Company discloses corporate information pursuant to laws and regulations, treats all shareholders fairly to protect the rights and interests of investors, and fulfills corporate responsibilities to shareholders, and announces relevant finance, business and corporate governance information on the MOPS as required by regulations. The minutes of the Company's regular shareholders' meeting are recorded pursuant to the Company Act and relevant laws and regulations. The minutes of the regular shareholders' meeting have been disclosed on the Company's website and are permanently retained in the Company.</p> <p>3. Relationships with suppliers: The Company insists the ethical principles to establish</p>	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			<p>partnerships with suppliers and maintain good interactions, to establish a stable supply chain to ensure quality.</p> <p>4. Stakeholders' rights:</p> <p>A. Responsibility to customers: The Company provides safe and high-quality products, values customer opinions, and immediately takes actions to take care of customer complaints to meet customer needs.</p> <p>B. Responsibilities to shareholders: The goal of the Company is to fully protect the rights and interests of shareholders.</p> <p>C. Responsibility for store leasing: The Company maintains a good relationship with full communication in a long run to ensure a safe and excellent store environment.</p> <p>5. Directors and supervisors' continuing education: The Company actively encourages directors to participate in continuing education, and has successively organized courses related to corporate governance. The directors of the Company have fulfilled the legal hours in 2024. Please refer to pages 51~53 for their continuing education.</p> <p>6. Risk management policies and risk assessments: For the risks that the Company may be exposed to in operations, the Company clearly divides the scope and responsibilities of risk management for each department, and the management issues are discussed through</p>	



Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			<p>monthly management meetings, to cope with and ensures customers' needs, and maintains stable and good relationships with them.</p> <p>The Company also emphasizes the information security and stipulates information security policy and concrete management policies with the disclosure of such on the company website.</p> <p>7. Implementation of customer policy: In the Company's internal control system, there are compliance regulations for the protection of customers' rights and interests, and a customer service department is established to take charge of handling and assisting sales units in dealing with customer rights and complaints. The Company actively cares about how customers wear the shoes after purchase from time to time. For the main customers who have not repurchased for a long time, the Company takes a questionnaire survey to understand the reasons why the customers did not repurchase as the reference for the Company, to improve the Company's products, quality and personnel service, to meet the needs of customers' demands, to achieve the policy of respecting customers.</p> <p>8. Liability insurance purchased by the Company for directors and supervisors: The Company has approved upon the resolution of the board of directors on March 12, 2025 to purchase liability insurance for all directors and managerial</p>	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies										
	Yes	No	Summary											
			<p>officers, and renewed the insurance on April 1, 2025. The status of directors' liability insurance is as follows:</p> <table border="1"> <thead> <tr> <th>Insured personnel</th><th>Insurance company</th><th>Insurance amount (NT\$: thousand)</th><th>Insurance period</th><th>Insurance status</th></tr> </thead> <tbody> <tr> <td>All directors and managerial officers</td><td>Fubon Insurance Co., Ltd.</td><td>166,000</td><td>           Starting from: 2025/04/01            Ending at: 2026/04/01         </td><td>Insurance renewed</td></tr> </tbody> </table> <p>Note: The insured amount is calculated based on the average USD spot exchange rate of the Bank of Taiwan on April 1, 2025.</p>	Insured personnel	Insurance company	Insurance amount (NT\$: thousand)	Insurance period	Insurance status	All directors and managerial officers	Fubon Insurance Co., Ltd.	166,000	Starting from: 2025/04/01 Ending at: 2026/04/01	Insurance renewed	
Insured personnel	Insurance company	Insurance amount (NT\$: thousand)	Insurance period	Insurance status										
All directors and managerial officers	Fubon Insurance Co., Ltd.	166,000	Starting from: 2025/04/01 Ending at: 2026/04/01	Insurance renewed										
<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.</p> <p>Pursuant to the results of the 8th Corporate Governance Evaluation results published by TWSE Corporate Governance Center in April 2024, the improvements made, and proposed enhancement measures for any issues that are yet to be rectified are described below:</p> <p>A. Improvements made:</p> <ol style="list-style-type: none"> <li>1. The Company's 2023 and 2024 greenhouse gas emissions have been certified by a third-party organization.</li> <li>2. The Company has prepared the 2024 Sustainability Report as required and with the assistance of professional consultants.</li> <li>3. The Company has implemented the ISO 27001 information security management system in 2024, and is expected to obtain the third-party certification in Q3 of 2025.</li> <li>4. The Company has complied with the Resource and Environmental Regulations of the Ministry of Environment in 2024 to report the number of cases via the online sale and the weight of packaging materials of the goods shipped online.</li> </ol> <p>B. Improvements to be made: Propose a company succession plan and report it to the board of directors to strengthen corporate governance.</p>														

### Evaluation form for CPA evaluation

<b>One. Review of independence requirements (tick "Yes" for any of the following items, the specific facts shall be further understood)</b>					
Item No.	Description of appraisal	Please tick			Remarks
		Yes	No	N/A	
01	Do the CPAs themselves or their spouses or minor children invest in or share financial interests with the Company?		V		
02	Do the CPAs themselves or their spouses or minor children have any loan with the Company? However, this is not applicable if the Company is a financial institution with the normal business transactions.		V		
03	Are the CPAs or audit services team members currently or in the past two years serving as directors, managerial officers, or positions that have a significant impact on audit cases in the Company?		V		
04	Do the CPAs or audit services team members promote or broke the shares or other securities issued by the Company?		V		
05	Do the CPAs or audit services team members represent the Company to defense in legal cases or other disputes between the Company and third parties in addition to the business permitted by law?		V		
06	Do the CPAs or audit services team members have any relationship with the Company's directors, managerial officers, or personnel with positions that have a significant impact on audit cases such as spouses, lineal blood relatives, lineal relatives by marriage, or blood relatives within the second degree of kinship?		V		
07	Is any joint CPAs who has retired/resigned within one year serving as a director, managerial officer, or a position of the Company that has a significant impact on the audit case?		V		
08	Do the CPAs or audit services team members accept gifts or special offers of great value from the Company or directors, managerial officers or major shareholders?		V		
09	Are the CPAs currently employed by the client or the auditee with a regular job, receive a fixed salary, or serves as a director or supervisor?		V		

**2. Independent operation review (check "No" for any of the following items, the specific facts shall be further understood)**

Item No.	Description of appraisal	Please tick			Remarks
		Yes	No	N/A	
01	Have the CPAs recused themselves from undertaking any engagement that has a direct or material indirect interest relationship with the CPAs and affects their impartiality and independence?	V			
02	When the CPAs provide audit, review, or special review of financial statements and prepares an opinion, in addition to maintaining independence in substance, do they also maintain independence?	V			
03	Are the audit services team members, other jointly practicing CPAs or shareholders of corporate accounting firms, accounting firms, affiliates of the firm and alliance firms also maintaining independence from the Company?	V			
04	Do the CPAs perform professional services with integrity and rigor?	V			
05	Do the CPAs maintain a fair and objective position when performing professional services, and do they avoid prejudice, conflicts of interest or interests affecting their professional judgment?	V			

**Three. Review of competence**

Item No.	Description of appraisal	Please tick			Remarks
		Good	Normal	Poor	
01	Have the CPAs had any disciplinary records from the CPA Discipline Committee in the past two years? Has this accounting firm been involved in any major lawsuits in the past two years or now?	V			
02	Does the accounting firm have sufficient scale, resources and geographic coverage to handle corporate audit services?	V			
03	Does the accounting firm have clear quality control procedures? Does it cover the levels and key points of the audit procedures, ways of handling audit issues and judgments, independent quality control inspections, and risk management.	V			
04	Does the accounting firm notify the board of directors of any significant issues and developments regarding risk management, corporate governance, finance and accounting and related risk control in a timely manner?	V			

**Four. Review opinion of assessment**

☒ Passed the review, and the recommendation is to engage/ maintain the engagement

☐ Others

Description of reason: none.

Audit Quality Indicators (AQIs)					
Audit Quality Indicators	Aspect 1	Aspect 2	Aspect 3	Aspect 4	Aspect 5
	Professionalism	Quality control	Independence	Supervision	Innovation capability
	(1-1) Audit experience	(2-1) CPAs' workload	(3-1) Non-audit service fees	(4-1) Deficiencies in external inspection and disposition	(5-1) Innovative planning or initiative
	(1-2) Training hours	(2-2) Audit input	(3-2) Customer familiarity	(4-2) The improvement required by the competent authority by issuing letters	
	(1-3) Mobility	(2-3) EQCR review status			
	(1-4) Professional support	(2-4) Ability to support quality control			

Evaluation review opinion: After referring to the inspection deficiencies of the competent authority and the comparison with the industry average, the audit quality is generally better than other industry averages.

## Directors and supervisors' continuing education

Title	Name	Date of appointment	Training date	Course name	Organizers	Training hours	Whether the continuing education meets the requirements
Chairman	Jung-Yueh Lo	2012/05/08	2013/02/19	Corporate governance and securities-related laws and regulations	Taiwan Corporate Governance Association	3	Yes
			2013/04/11	Types of Financial Crisis and Case Analysis	Taiwan Corporate Governance Association	3	Yes
			2013/04/18	Practice of Corporate M&A	Taiwan Corporate Governance Association	3	Yes
			2013/04/25	Corporate Governance and Internal Control	Taiwan Corporate Governance Association	3	Yes
			2013/05/02	Corporate Governance and Operation of Shareholders' Meeting Agenda	Taiwan Corporate Governance Association	3	Yes
			2013/11/28	The 9th Taipei Corporate Governance Forum	Taiwan Corporate Governance Association	6	Yes
			2014/03/25	Corporate governance and securities-related laws and regulations	Taiwan Corporate Governance Association	3	Yes
			2015/03/25	From Operational Practices of the Board of Directors to Corporate Social Responsibility	Taiwan Corporate Governance Association	3	Yes
			2015/08/14	Compliance with Labor Laws and the Legal Responsibilities of Persons in Charge of Enterprises	Taiwan Corporate Governance Association	3	Yes
			2016/03/22	How to Perform Well for Trade Secret Protection and Prevention of Fraud, and Strengthen Corporate Governance	Taiwan Corporate Governance Association	3	Yes
			2016/08/09	Awareness that Directors Should Have Regarding Compliance with Labor Laws and Legal Responsibilities	Taiwan Corporate Governance Association	3	Yes
			2017/03/13	Introduction to Electronic Voting for Shareholders' Meeting Current Status of International Corporate Governance and Corporate Social Responsibility Development	Taiwan Corporate Governance Association	3	Yes
			2017/08/02	Group governance	Taiwan Corporate Governance Association	3	Yes
			2018/03/21	C2B Reverse Commercial Era	Taiwan Corporate Governance Association	3	Yes
			2018/08/07	Influence of Corporate Governance, Internal Control and Responsibilities of Directors and Supervisors from the Latest Amendment to the Company Act	Taiwan Corporate Governance Association	3	Yes
			2019/03/19	Grasp the Global Economic Situation and the Pulse of Technology Key Issues of Enterprises	Taiwan Corporate Governance Association	3	Yes
			2019/08/06	Corporate Governance and Enterprise Development	Taiwan Corporate Governance Association	3	Yes
			2020/03/24	Key Points of Corporate Governance Regulation Updates and Ideal Board of Directors	Taiwan Corporate Governance Association	3	Yes
			2020/08/11	Accountability and Leadership	Taiwan Corporate Governance Association	3	Yes
			2021/03/23	Analysis of Corporate Social Responsibility and Remuneration System	Taiwan Corporate Governance Association	3	Yes
			2021/08/09	Challenges, Opportunities and Strategic Thinking in the Pandemic Era	Taiwan Corporate Governance Association	3	Yes
			2022/03/22	Basic Concepts and Applications of Metaverse, NFT, Web 3.0 and Community	Taiwan Corporate Governance Association	3	Yes
			2022/08/09	Accelerators for Corporate Sustainability - CSR, ESG and SDGs	Taiwan Investor Relations Institute	3	Yes
			2023/08/08	New Trends in the Post-Pandemic Digital Market	Taiwan Investor Relations Institute	3	Yes
			2023/11/09	Paradigm Shift of Management Mindset	Taiwan Investor Relations Institute	3	Yes
			2024/05/07	Digital Era Management and Innovation Trend	Taiwan Investor Relations Institute	3	Yes
			2024/11/05	Innovation of the Second Curve	Taiwan Investor Relations Institute	3	Yes
Legal representative	A-Tou Lin	2024/06/18	2015/08/14	Compliance with Labor Laws and the Legal Responsibilities of Persons in Charge of Enterprises	Taiwan Corporate Governance Association	3	Yes
			2015/10/16	How to Perform Well for Trade Secret Protection and Prevention of Fraud, and Strengthen Corporate Governance	Taiwan Corporate Governance Association	3	Yes
			2015/11/20	Directors'/Supervisors' Responsibility in Information Disclosures and Misstatements	Taiwan Corporate Governance Association	3	Yes

Title	Name	Date of appointment	Training date	Course name	Organizers	Training hours	Whether the continuing education meets the requirements
			2015/12/22	Detection Skills for Fraud in Financial Reports	Taiwan Corporate Governance Association	3	Yes
			2016/03/22	How to Perform Well for Trade Secret Protection and Prevention of Fraud, and Strengthen Corporate Governance	Taiwan Corporate Governance Association	3	Yes
			2016/08/09	Awareness that Directors Should Have Regarding Compliance with Labor Laws and Legal Responsibilities	Taiwan Corporate Governance Association	3	Yes
			2017/03/13	Introduction to Electronic Voting for Shareholders' Meeting Current Status of International Corporate Governance and Corporate Social Responsibility Development	Taiwan Corporate Governance Association	3	Yes
			2017/08/02	Group governance	Taiwan Corporate Governance Association	3	Yes
			2018/03/21	C2B Reverse Commercial Era	Taiwan Corporate Governance Association	3	Yes
			2018/08/07	Influence of Corporate Governance, Internal Control and Responsibilities of Directors and Supervisors from the Latest Amendment to the Company Act	Taiwan Corporate Governance Association	3	Yes
			2019/03/19	Grasp the Global Economic Situation and the Pulse of Technology Key Issues of Enterprises	Taiwan Corporate Governance Association	3	Yes
			2019/08/06	Corporate Governance and Enterprise Development	Taiwan Corporate Governance Association	3	Yes
			2020/03/24	Key Points of Corporate Governance Regulation Updates and Ideal Board of Directors	Taiwan Corporate Governance Association	3	Yes
			2020/08/11	Accountability and Leadership	Taiwan Corporate Governance Association	3	Yes
			2021/03/23	Analysis of Corporate Social Responsibility and Remuneration System	Taiwan Corporate Governance Association	3	Yes
			2021/08/09	Challenges, Opportunities and Strategic Thinking in the Pandemic Era	Taiwan Corporate Governance Association	3	Yes
			2022/03/22	Basic Concepts and Applications of Metaverse, NFT, Web 3.0 and Community	Taiwan Corporate Governance Association	3	Yes
			2022/08/09	Accelerators for Corporate Sustainability - CSR, ESG and SDGs	Taiwan Investor Relations Institute	3	Yes
			2023/08/08	New Trends in the Post-Pandemic Digital Market	Taiwan Investor Relations Institute	3	Yes
			2023/11/09	Paradigm Shift of Management Mindset	Taiwan Investor Relations Institute	3	Yes
			2024/05/07	Digital Era Management and Innovation Trend	Taiwan Corporate Governance Association	3	Yes
			2024/11/05	Innovation of the Second Curve	Taiwan Corporate Governance Association	3	Yes
Independent Director	Hsin-Hsiung Lu	2018/06/21	2018/07/24	Directors and supervisors (including independent directors) Best-Practice Workshops Taipei	Securities and Futures Institute	12	Yes
			2018/08/07	Influence of Corporate Governance, Internal Control and Responsibilities of Directors and Supervisors from the Latest Amendment to the Company Act	Taiwan Corporate Governance Association	3	Yes
			2019/03/19	Grasp the Global Economic Situation and the Pulse of Technology Key Issues of Enterprises	Taiwan Corporate Governance Association	3	Yes
			2019/08/06	Corporate Governance and Enterprise Development	Taiwan Corporate Governance Association	3	Yes
			2020/03/24	Key Points of Corporate Governance Regulation Updates and Ideal Board of Directors	Taiwan Corporate Governance Association	3	Yes
			2020/08/11	Accountability and Leadership	Taiwan Corporate Governance Association	3	Yes
			2021/03/23	Analysis of Corporate Social Responsibility and Remuneration System	Taiwan Corporate Governance Association	3	Yes
			2021/08/09	Challenges, Opportunities and Strategic Thinking in the Pandemic Era	Taiwan Corporate Governance Association	3	Yes
			2023/08/08	New Trends in the Post-Pandemic Digital Market	Taiwan Investor Relations Institute	3	Yes
			2023/11/09	Paradigm Shift of Management Mindset	Taiwan Investor Relations Institute	3	Yes
			2024/05/07	Digital Era Management and Innovation Trend	Taiwan Corporate Governance Association	3	Yes
			2024/11/05	Innovation of the Second Curve	Taiwan Corporate Governance Association	3	Yes

Title	Name	Date of appointment	Training date	Course name	Organizers	Training hours	Whether the continuing education meets the requirements
Independent Director	Li, Pei-Yuan	2023/06/19	2023/07/13	Talent Development and Corporate Sustainability	Securities and Futures Institute	3	Yes
			2023/07/14	Talking about Corporate Governance Blueprint 3.0 and Directors' Responsibilities	Securities and Futures Institute	3	Yes
			2023/08/08	New Trends in the Post-Pandemic Digital Market	Taiwan Investor Relations Institute	3	Yes
			2023/11/09	Paradigm Shift of Management Mindset	Taiwan Investor Relations Institute	3	Yes
			2024/05/07	Digital Era Management and Innovation Trend	Taiwan Corporate Governance Association	3	Yes
			2024/11/05	Innovation of the Second Curve	Taiwan Corporate Governance Association	3	Yes
Independent Director	Pan, Chin-Shu	2024/06/18	113/07/23	Types and Scope of Carbon Inventory	The National Federation of CPA Associations of the R.O.C.	3	是
			113/07/23	Production of the process flow chart	The National Federation of CPA Associations of the R.O.C.	3	是
			113/10/08	Money Laundering Types to be Noted by CPAs and Case Study on Tax Crime	The National Federation of CPA Associations of the R.O.C.	3	是
			113/11/05	Innovation of the Second Curve	The National Federation of CPA Associations of the R.O.C.	3	是
			113/11/08	Understanding of the Key Elements of ESG report	The National Federation of CPA Associations of the R.O.C.	3	是



(IV) If a remuneration committee is established within the Company, the composition, responsibilities, and functioning of such a committee must be disclosed

On August 10, 2012, the Company's board of directors resolved to approve the Charter of Remuneration Committee, and establish the Remuneration Committee. The Remuneration Committee aims to assist the board of directors in implementing and evaluating the Company's overall remuneration and welfare policies, the remuneration of directors and managerial officers; the relevant proposals are resolved by the board of directors. The Remuneration Committee operates as the Charter requires to improve the corporate governance.

#### 1. Information about remuneration committee members

Status	Qualifications Name	Professional qualifications and experience	Independence analysis	Number of positions as Remuneration Committee member in other public companies
Independent Director (Convener)	Hsin-Hsiung Lu	The Remuneration Committee consists of all three independent directors. Please refer to page 8~9 for their professional qualifications and experience.	All members of the Remuneration Committee comply with the following: 1. Meeting the requirements of Article 14-6 of the Securities and Exchange Act, and 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" (Note 1) promulgated by the Financial Supervisory Commission. 2. Not holding the Company's shares by him/herself (or in others' names), the spouse, or minor children. 3. Not receiving amount of compensations by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the most recent two years.	0
Independent Director	Li, Pei-Yuan			0
Independent Director	Pan, Chin-Shu			0

Note1: Those who are employed on the date of the annual report stamp.

Note 2: During the two years before being elected or during the term of office, not having been or be any of the following:

- (1) An employee of the company or any of its affiliates.
- (2) A director or supervisor of the Company or any of its affiliated companies.
- (3) 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 of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3).
- (5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27 of the Company Act.
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
- (7) If the Chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
- (8) 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) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof Provided, this restriction does not apply to a member of the remuneration committee of the Company.

## 2. Duties of the Remuneration Committee

- (1) Periodically reviewing this Charter and making recommendations for amendments.
- (2) Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors, supervisors, and managerial officers of this Corporation, and disclose the contents of the performance assessment standards in the annual report.
- (3) Periodically assessing the degree to which performance goals for the directors, supervisors, and managerial officers of this Corporation have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards.

## 3. Operations of Remuneration Committee

- (1) The Company's Remuneration Committee consists of three (3) members.
- (2) The term of the current members is from June 18, 2024 to June 17, 2027. The number of remuneration committee meetings held in the most recent fiscal year was three. The attendance by the members was as follows:

Title	Name	Actual Attendance	Proxy Attendance	Percentage of actual (proxy) attendance (%)	Remarks
Convener	Hsin-Hsiung Lu	4	0	100%	Reappointed on June 18, 2024
Committee member	Wen-Chih Wu	1	0	100%	Discharged after the full re-election on June 18, 2024
Committee member	Li, Pei-Yuan	4	0	100%	Reappointed on June 18, 2024
Committee member	Pan, Chin-Shu	3	0	100%	Newly elected after the full re-election on June 18, 2024

Other remarks:

- I. The board of directors does not accept, or amends, any recommendation of the remuneration committee: none.
- II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing: none.
- III. Cause of discussion by the Remuneration Committee, the resolutions adopted, and the measures taken by the Company with respect to the members' opinion:

Meeting date (session and term)	Cause of discussion	Resolution result	The Company's treatment to the members' opinions
The 7nd meeting of the 5th Remuneration Committee 2024/03/04	Proposal not to distribute the employee and director remuneration for 2024	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
The 1st meeting of the 6th Remuneration Committee temporary 2024/06/18	To elect the convener and chair of the Committee for this term	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors

Meeting date (session and term)	Cause of discussion	Resolution result	The Company's treatment to the members' opinions
The 2nd meeting of the 6th Remuneration Committee 2024/10/25	Proposal to discuss the promotion of the Company's new managerial officers	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to discuss the appointment of the Company's new managerial officers	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to discuss the appointment of the Company's new managerial officers	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
The 3rd meeting of the 6th Remuneration Committee 2024/12/18	Proposal to discuss the remuneration to the Company's new Vice President	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to discuss the remuneration to the Company's new Vice President	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to discuss the remuneration to the Company's new Assistant Vice President	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to discuss the 2024 working plan of the Remuneration Committee	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to distribute the 2023 year-end bonus managerial officers	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to review various remunerations intended to be implemented in 2024	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to review the extent of managerial officers applicable to the pre-review of their remunerations required to be submitted to the Remuneration Committee	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors

IV. Evaluation cycle, period, scope, method and content of the self (or peer) evaluation of the Remuneration Committee:

(I) Regarding the performance evaluation of the Remuneration Committee, individual board members and functional committees, the main evaluation cycle and period, evaluation scope and method, evaluation execution unit, evaluation procedures and other matters to be complied with shall be based on the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Remuneration Committee"

(II) Implementation of Evaluations of the Remuneration Committee

A. Internal self-evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation approach	Evaluation content	Evaluation results
Internal self-evaluation: once per year To be completed before the first board meeting in the next year.	Evaluate the performance of the Remuneration Committee between January 1, 2024 and December 31, 2024.	Include the performance evaluation on the Remuneration Committee.	Self-evaluation of the Remuneration Committee, or performance evaluation performed in any other appropriate manner.	<p>I. Their degree of participation in the company's operations.</p> <p>II. The quality of Remuneration Committee's decision-making quality.</p> <p>III. The composition and structure of the Remuneration Committee.</p> <p>IV. Election, expertise and continuing education of the Remuneration Committee members</p> <p>V. Internal control</p> <p>VI. Awareness of the duties of the Remuneration Committee;</p>	After the self-evaluation of the Remuneration Committee, the Remuneration Committee is considered operating well in 2024 and meeting the corporate governance, per the resolution rendered by the Board of Directors on December 27, 2024.

Note: The in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.

(V) The foundation, responsibilities, and functionality of the Nomination Committee:

On March 25, 2015, the Company's board of directors resolved to approve the Charter of Nomination Committee, and establish the Nomination Committee. The Nomination Committee aims to assist the board of directors in searching, reviewing, and nominating the director candidates, establishing and developing the organizational structure of board of directors, to ensure the proper composition of the board of directors. Relevant proposals have been resolved by the board of directors. The Nomination Committee operates as the Charter requires to improve the corporate governance.

1. Information of Nomination Committee members

Status	Name of member	Expertise
Independent Director	Li, Pei-Yuan (Note )	Healthcare management, public health, and Business management
Independent Director	Hsin-Hsiung Lu	Healthcare management, public health, and industrial management
Independent Director	Pan, Chin-Shu	Business management, finance and accounting, and Sustainable development

Note : Those who are employed on the date of the annual report stamp.

2. Key responsibilities of the Nomination Committee

With authorization from the board of directors (below, "the board"), the Committee shall exercise the due care of a good administrator to faithfully perform the following duties and shall submit its proposals to the board for discussion:

- (1) Laying down the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of members of the board, and finding, reviewing, and nominating candidates for directors based on such standards.
- (2) Establishing and developing the organizational structure of the board and each committee, and evaluating the performance of the board, each committee, and each director and senior executive and the independence of the independent directors. The Committee shall undertake the following tasks:
  - A. Prescribing standards for establishment and qualifications for members and recommending an organizational charter for each committee under the board of directors, reviewing these standards and charters at least once every year, and presenting timely recommendations to the board regarding amendments.
  - B. Reviewing the qualifications of member candidates for each board committee and any potential conflict of interests, and recommending to the board new members and candidates for the conveners of each committee.
  - C. Evaluating the performance of each director, the convener and the members of each board committee, and the senior executives every year and providing recommendations to the board on the necessity of replacements. The terms of the convener and the members of each board committee shall be consistent with the terms of the directors and supervisors, and in principle shall be three-year terms.
- (3) Establishing and reviewing on a regular basis programs for director continuing education and the succession plans of directors and senior executives.

### 3. Operation of the Nomination Committee:

(1) The Company's Nomination Committee consists of three members.

(2) The term of the current members is from August 4, 2021 to August 3, 2024. The number of nomination committee meetings held in the most recent fiscal year was two. The attendance by the members was as follows:

Title	Name	Professional qualifications and experience	Actual Attendance	Proxy Attendance	Percentage of actual (proxy) attendance (%)	Remarks
Convener	Li, Pei-Yuan	The Nomination Committee consists of all three independent directors. Please refer to page 8~9 for their professional qualifications and experience.	4	0	100%	Reappointed on June 18, 2024
Committee member	Wen-Chih Wu		2	0	100%	Discharged after the full re-election on June 18, 2024
Committee member	Hsin-Hsiung Lu		4	0	100%	Reappointed on June 18, 2024
Committee member	Pan, Chin-Shu		2	0	100%	Newly elected after the full re-election on June 18, 2024

Other remarks:

(I) The board of directors does not accept, or Nomination Committee: none.

(II) With respect to any matter for resolution by the Nomination Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing: none.

(III) Cause of discussion by the Nomination Committee, the resolutions adopted, and the measures taken by the Company with respect to the members' opinion:

Meeting date (session)	Cause of discussion	Resolution result	The Company's treatment to the members' opinions
The 4th meeting of the 7th Nomination Committee 2024/03/04	Proposal to review the 2023 directors' continuing education	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to assess the independence of the independent directors	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
The 8rd meeting of the 4th Nomination Committee 2024/04/16	Proposal to nominate the candidates of independent directors	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
The 1st meeting of the 5th Remuneration Committee temporary 2024/06/18	To elect the convener and chair of the Committee for this term	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
The 2nd meeting of the 5th Nomination Committee 2023/12/15	Proposal to review the 2023 performance evaluation of the board of directors, functional committees, and directors	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to establish the 2024 directors' continuing education	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors

<p>V. Evaluation cycle, period, scope, method and content of the self (or peer) evaluation of the Remuneration Committee:</p> <p>(I) Regarding the performance evaluation of the Nomination Committee, individual board members and functional committees, the main evaluation cycle and period, evaluation scope and method, evaluation execution unit, evaluation procedures and other matters to be complied with shall be based on the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Nomination Committee"</p> <p>(II) Implementation of Evaluations of the Nomination Committee</p> <p>A. Internal self-evaluation</p>					
Evaluation cycle	Evaluation period	Evaluation scope	Evaluation approach	Evaluation content	Evaluation results
Internal self-evaluation: once per year To be completed before the first board meeting in the next year.	Evaluate the performance of the Nomination Committee between January 1, 2024 and December 31, 2024.	Include the performance evaluation on the Nomination Committee.	Self-evaluation of the Nomination Committee, or performance evaluation performed in any other appropriate manner.	<p>I. The degree of participation in the company's operations.</p> <p>II. The quality of Remuneration Committee's decision-making quality.</p> <p>III. The composition and structure of the Remuneration Committee.</p> <p>IV. Election, expertise and continuing education of the Remuneration Committee members</p> <p>V. Internal control</p> <p>VI. Awareness of the duties of the Remuneration Committee;</p>	After the self-evaluation of the Nomination Committee, the Nomination Committee is considered to be operating well in 2024 and meeting the corporate governance, the resolutions rendered by the Board of Directors on December 2, 2024.

Note: The percentage of actual (proxy) attendance (%) will be calculated based on the number of Nomination Committee's meetings held during active duty and the number of actual (proxy) attendance.

(VI) The foundation, responsibilities, and functionality of the Sustainable Development Committee:

The Board of Directors of the Company approved the formation of the Sustainable Development Committee Charter and the establishment of the Sustainable Development Committee on November 5, 2024. The Sustainable Development Committee aims to implement the sustainable development goals of the Company and strengthen the sustainable governance. Relevant proposals have been resolved by the board of directors. The Sustainable Development Committee operates as the Charter requires to improve the corporate governance.

1. Information of Sustainable Development Committee members

Status	Name of member	Expertise
Independent Director	Chin-Shu Pan	Business management, finance and accounting, and corporate governance
Vice President	Li-Ling Lo	Business management, finance and accounting, and corporate governance
Vice President	Mei-Lan Chang	Business management, personnel administration, and corporate governance

2. Key responsibilities of the Sustainable Development Committee

With authorization from the board of directors (below, "the board"), the Committee shall exercise the due care of a good administrator to faithfully perform the following duties and shall submit its proposals to the board for discussion:

- (1) Formulation, promotion and enhancement of the Company's sustainable development policy, annual plan and strategy, etc.
- (2) Review, tracking and revision of the implementation of sustainable development and results.
- (3) Supervision of disclosure of the sustainability information and review of the sustainability report.
- (4) Supervision of the execution of the business under the Company's Sustainable Development Best Practice Principles or other tasks related to the sustainable development resolved by the Board of Directors.

3. Operation of the Sustainable Development Committee:

- (1) The Company's Sustainable Development Committee consists of three members.
- (2) The term of the current members: From November 5, 2024 to June 17 2027. The Sustainable Development Committee has convened one meeting in the most recent year. The attendance by the members was as follows:

Title	Name	Professional qualifications and experience	Actual Attendance	Proxy Attendance	Percentage of actual (proxy) attendance (%)	Remarks
Convener	Chin-Shu Pan	The Sustainable Development Committee consists of one independent director and two vice presidents. Please refer to Page 18 for their professional qualifications and experience.	1	0	100%	
Committee member	Li-Ling Lo		1	0	100%	
Committee member	Mei-Lan Chang		1	0	100%	



Other remarks:

(I) The Board of Directors does not accept, or amends, any recommendation of the Sustainable Development Committee: None.

(II) With respect to any matter for resolution by the Sustainable Development Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing: None.

(III) Cause of discussion by the Sustainable Development Committee, the resolutions adopted, and the measures taken by the Company with respect to the members' opinion:

Meeting date (session)	Cause of discussion	Result	The Company's treatment to the members' opinions
1st Term of 1st Committee 2024/12/18	To elect the convener and chair of the Committee for this term	Unanimously approved by the present committee member	None

Note: The percentage of actual (proxy) attendance (%) will be calculated based on the number of Sustainable Development Committee's meetings held during active duty and the number of actual (proxy) attendance.

#### 4. Sustainable Development Taskforce

In order to effectively implement the governance policy of the Sustainable Development Committee, the Company has established the Sustainable Development Committee. Meanwhile, according to Article 6 of the Sustainable Development Committee Charter on the performance of the Committee's responsibilities and the establishment of a sustainable development taskforce, Vice President Li-Ling Lo, who is the Sustainable Development Committee member, serves as the convener of the Committee. Further, full-time (part-time) units under the Sustainable Development Committee were also established (including the corporate governance group, sustainable environment group and social welfare group), in order to assist the Sustainable Development Committee in promoting various projects, pays attention to stakeholders, collects and reviews issues of concern to stakeholders, and compiles complete reports on important sustainability issues and specific promotion contents.

(VII) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
I. 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		In order to strengthen the governance structure, the Company established the Sustainability Committee in 2024, with one independent director as the convener and two vice presidents of the Company as members. The committee is responsible for formulating environmental, social and corporate governance policies and supervising the implementation of various policies. The committee reports the implementation results and performance status to the Board of Directors at least twice a year, which is then approved by the Board of Directors. Ensure the implementation of the ESG sustainable development policy; review and approve the content of the ESG report, major themes and related management performance every year. For the composition, responsibilities and operation of the Sustainability Committee, please refer to page60~61.	No significant deviation
II. Does the company conduct the environmental, social and corporate governance risk evaluation related to corporate operation based on the materiality principle and stipulate related risk management policies or strategies?	V		For the risks that the Company may be exposed to in operations, the Company clearly divides the scope and responsibilities of risk management for each department, and the management issues are discussed through monthly management meetings, to cope with and ensures customers' needs, and maintains stable and good relationships with them.	No significant deviation

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons									
	Yes	No	Summary										
III. Environmental Issues													
(I) Has the Company set an environmental management system designed to industry characteristics?	V		(I) The Company has formulated office environmental management procedures for environmental maintenance, including setting up resource recycling bins, turning off lights and air-conditioning during lunch breaks, using power and energy-saving devices, and holding power-saving competitions within the Company during summer, including turning off computer screens when not using for employees to develop the energy-saving habit.	No significant deviation									
(II) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?	V		(II) The Company uses recycled paper to reduce the burden on the environment. The Company also promotes the recycling of cartons and shoe boxes, and improves the efficiency of recycling by giving incentives to store personnel. Volume of cartons recovered and rewards for carton recycling in the last 2 years:	No significant deviation									
	V		<table><tr><th>Year</th><th>Recycling of cartons (tonnes)</th><th>Rewards for recycling of cartons (NTD)</th></tr><tr><td>2023</td><td>7.72</td><td>12,490</td></tr><tr><td>2024</td><td>14.92</td><td>41,560</td></tr></table> <p>In 2024, the recycled carton volume increased by 93.26% compared to 2023, and the rewards for carton recycling was NT\$29,070 compared to 2023.</p>	Year	Recycling of cartons (tonnes)	Rewards for recycling of cartons (NTD)	2023	7.72	12,490	2024	14.92	41,560	
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2023	7.72	12,490											
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Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																									
	Yes	No	Summary																										
<p>(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?</p> <p>(IV) 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 greenhouse gas reduction, reduction of water consumption, or management of other wastes?</p>	V		<p>(III) The Company actively monitor the impact of climate change on operating activities, continues to improve power and air-conditioning equipment, and uses power and energy-saving lights and energy-saving air conditioners, seeking to improve the effect of energy-saving and carbon-reduction, and lower the greenhouse gas emissions.</p> <p>(IV) The statistics of the Company's greenhouse gas emissions for the recent two years are as the table below:</p> <table border="1"> <thead> <tr> <th>Unit: kgCO<sub>2</sub>e</th><th>2024</th><th>2023</th><th>Increase (decrease)</th><th>%</th></tr> </thead> <tbody> <tr> <td>Direct emission of mobile combustion</td><td>7,745</td><td>7,878</td><td>(133)</td><td>-1.7%</td></tr> <tr> <td>Direct emissions from greenhouse gas emissions in the human system (Note)</td><td>169,743</td><td>156,170</td><td>13,573</td><td>8.7%</td></tr> <tr> <td>Purchased electricity</td><td>1,475,780</td><td>1,489,490</td><td>(13,710)</td><td>-0.9%</td></tr> <tr> <td>Total</td><td>1,653,268</td><td>1,653,538</td><td>(270)</td><td>-0.0%</td></tr> </tbody> </table> <p>Note : Including septic tank and refrigerant leakage Relevant statistics and various carbon reduction policies are disclosed in the Company's sustainable development report.</p>	Unit: kgCO <sub>2</sub> e	2024	2023	Increase (decrease)	%	Direct emission of mobile combustion	7,745	7,878	(133)	-1.7%	Direct emissions from greenhouse gas emissions in the human system (Note)	169,743	156,170	13,573	8.7%	Purchased electricity	1,475,780	1,489,490	(13,710)	-0.9%	Total	1,653,268	1,653,538	(270)	-0.0%	<p>No significant deviation</p> <p>No significant deviation</p>
Unit: kgCO <sub>2</sub> e	2024	2023	Increase (decrease)	%																									
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Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
VI. Social Issues				
(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(I) To protect the basic human rights of all employees and stakeholders, the Company supports and complies with the United Nations' "Universal Declaration of Human Rights," "Global Covenant", "Guiding Principles of Enterprise and Human Rights" and the International Labor Organization's "Declaration on Basic Principles and Rights at Work." The Company respects the internationally recognized human rights standards, ensures that basic human rights are not violated, and treat and respect all employees, contractors, temps, and interns, with dignity. The Company also conforms to the labor-related local laws and regulations, and has established "Work Rules." The labor rights and obligations are in line with labor laws and regulations, and have been approved by the Labor Bureau to protect the legitimate rights and interests of employees, and promote labor-management harmony.	No significant deviation
(II) Does the company stipulate and implement reasonable employee benefits measures (including remuneration, leaves and other benefits) and properly reflect the operation performance or result on employee remuneration?	V		(II) The Company has the employee code of conduct in place, specifying various benefit measures, as well as the regulations for performance reward to stipulate criteria of the reward and disciplinary actions for employees. In addition, the proportion of female in the Company is more than two-thirds (due to the characteristics of the industry), and female in senior management also more than a half.	No significant deviation

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			<p>Availability and execution of employee welfare, education, training and retirement policies. Elaborate on the agreements made between employers and employees, and the protection of employees' rights.</p> <p>(1) Employee benefit measures and implementation thereof</p> <p>The welfare measures provided by the Company: annual performance appraisal bonus, talent recommendation bonus, wedding and funeral subsidies, gift certificates/gift money for three festivals, year-end party, employee activities organized by the Employee Welfare Committee, labor/ national health insurance, group insurance, pension contribution, employee shoe-buying discounts, employee uniforms &amp; shoes, domestic and foreign travel, among other things.</p> <p>(2) Personnel's continuing education and training, and implementation thereof</p> <p>The Company insists the founder's multi-talent development strategy, integrates resources from industry, government, and academy to conduct various digital and in person training programs according to the professional and management function model, including orientations, professional and management functions training, training for management at all levels, and planning the successor</p>	

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			<p>development programs in line with organizational development needs, with a talent evaluation center; meanwhile the external digital learning platform is introduced to advance with the time, for providing the online leadership management and more diversified professional courses. For the personnel's training courses in 2024, please refer to page 152-153.</p> <p>(3) According to the Labor Pension Act, the Company contributes no less than 6% of the employee's monthly salary to his/her labor pension account in the Bureau of Labor Insurance every month. Pursuant to the Labor Pension Act, workers who turn 60 years of age may draw their pension. Workers who have made pension contributions for 15 years or more may choose to draw their pension monthly or in a lump sum to meet different needs and preferences.</p> <p>(4) Business performance or results are appropriately reflected in employee remuneration:</p> <p>a. Article 27 of the Company's Articles of Incorporation: In order to motivate employees and the management team, after offsetting the loss with the profit before tax and before deducting the remunerations to employees and directors, shall there be any balance, the Company provides one percent to ten percent from such balance as the employee remuneration.</p> <p>b. Frontline personnel are entitled to performance</p>	

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		<p>bonus, festival bonus and competition bonus: Variable salary</p> <p>1. Performance and festival bonuses: The festival bonus is calculated based on the achievement of the performance target.</p> <p>2. Competition bonus: Given according to the results of each competition.</p> <p>c. All employees are evaluated in accordance with the performance evaluation system and operating rules, and year-end bonuses are given based on the Company's operating results and individual performance.</p> <p>The Company also establishes the Remuneration Committee to formulate reasonable policies for employee appraisal and remuneration. Employee performance appraisals are conducted in the middle and the end of a year; the assessment results are used as the basis for employee salary adjustments, promotions, and bonuses.</p> <p>(III) The Company regularly overhauls fire fighting and sanitation equipment, and provides breastfeeding rooms, to provide employees with a safe and healthy working environment, with regularly employee health examination arranged.</p> <p>In addition, we have implemented the four major plans for labor health protection in accordance with the</p>	No significant deviation



Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																					
	Yes	No	Summary																						
			<p>Occupational Safety and Health Act, and medical personnel are regularly stationed at the Company to provide on-site health services to assist employees with health problems and protect the physical and mental health of workers. The implementation in 2023 is as follows:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>On-site service time</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>113/02/21</td> <td>15:00~17:00</td> <td>2</td> </tr> <tr> <td>113/04/18</td> <td>14:00~16:00</td> <td>2</td> </tr> <tr> <td>113/07/10</td> <td>14:00~16:00</td> <td>2</td> </tr> <tr> <td>113/09/19</td> <td>14:00~16:00</td> <td>2</td> </tr> <tr> <td>113/11/21</td> <td>14:00~16:00</td> <td>2</td> </tr> <tr> <td>113/12/11</td> <td>15:00~17:00</td> <td>2</td> </tr> </tbody> </table> <p>The Company has the Training and Development Department and a safety and health coordinators in place, to regularly promote health education, environmental sanitation, environmental safety measures, and disaster response and handling to employees, as the education and promotion for the employee safety and a healthy environment. According to regulations, employees shall participate in and pass the in-service training courses for first aid personnel and occupational safety and health managers</p>	Date	On-site service time	Hours	113/02/21	15:00~17:00	2	113/04/18	14:00~16:00	2	113/07/10	14:00~16:00	2	113/09/19	14:00~16:00	2	113/11/21	14:00~16:00	2	113/12/11	15:00~17:00	2	
Date	On-site service time	Hours																							
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Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		<p>every three years. The Company has arranged for employees to participate in the training in 2022. The next training will be held in 2025.</p> <p>(IV) The Company integrates resources from industry, government and academy, to establish a perfect talent development system. The Company conducts various trainings based on function models, with a talent evaluation center, and develops the action learning platform [SO EASY] leading the industry, to enhance talent development through digital business support tools for better effect of talent development. It is sought that every partner who joins the family of SHUI-MU will unleash their unlimited potential and start a promising future.</p> <p>Regular training courses are held for new recruits from the headquarter and store personnel, to enable them to understand the Company's industry status, product content and service process, for the maximization of the value. For the personnel's training courses in 2024, please refer to <a href="#">page 152-153</a>.</p>	No significant deviation
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		<p>(V) The marketing and labeling of the products sold by the Company comply with the international standards and the Footwear Labeling Standards, Apparel Labeling Standards, and Product Labeling Laws and Regulations of Department of Commerce, MOEA, to achieve correct and complete information labeling on the product bodies</p>	No significant deviation

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
(VI) Has the company formulated 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		marketing, and packaging. The Company has a 0800 toll-free complaint hotline, a service e-mail address on the official website, and store feedback mechanism services for consumers. It also has a dedicated customer service center to handle related affairs, and provides unconditional exchange services for "goods that are not worn within seven days."  (VI) The Company appraises major suppliers every year, and requires suppliers to comply with the commitments of corporate social responsibility. The Company will cut off relationships with suppliers that violate corporate social responsibility unless necessary. The content of suppliers' corporate social responsibility commitments is published on the Company's website for suppliers or other stakeholders to inquire.	No significant deviation
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The Company prepares the sustainable development report by referring to the core disclosure options of the GRI Standards issued by the Global Reporting Initiative (GRI), and has completed the 2022 sustainable development report and disclosed such on the Company's website.	No significant deviation
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has established the Sustainable Development Best Practice Principles, giving due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, values environment, society and corporate governance; the operation are not significantly deviated from the established Principles.				
VII. Other important information to facilitate better understanding of the company's promotion of sustainable development:				

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
The Company will fully disclose information on operation of the corporate social responsibility on the Company website, detailing care to employee product responsibility, care to customers, shareholder commitment, social welfare, sustainable environment and other information.				
(I) Regarding environmental protection: In order to reduce and prevent the burden of packaging materials on the environment, the Company has established an effective SOP for the packaging of commodities in the main warehouse. The Company is committed to recycling shoe boxes and cartons, and through active promotion, it rewards employees for their joint efforts with incentives, such as awarding recycling bonuses to sales personnel who actively cooperate, and praising "Earth Lovers" every quarter. The policy not only helps ensure that the packaging meets environmental protection requirements, but also improves the packaging efficiency, reduces waste, promotes resource recycling and reuse, and reduces the consumption of natural resources and carbon emissions. The Company also encourages its suppliers to purchase low-priced cartons for recycling and reuse of the SCM system, and encourages suppliers to contribute to environmental protection, and work together to protect the environment and reduce the burden on the earth.				
(II) Regarding community engagement, social contribution, social service, and social welfare: Director Shui-Mu Lo is also the founder of the Company; he grew up in a poor family in the childhood. To express his gratitude to his hometown, he donated a library to Dongshan Township, Yilan County, and named it the A.S.O Shui-Mu Lo Memorial Library; ambulances were also donated to the Fire Department, Dongshan Township Office, Yilan County and to Fire Department of Taipei City Government. In 2024, the Company joined the SHUI-MU Culture and Art Foundation and Nan Shan Life Charity Foundation to donate footwear to the "Cultural Health Station" in 10 counties/cities throughout Taiwan, so that the elderly people in the remote areas can also wear a pair of healthy and comfortable shoes.				
(III) Regarding consumers' rights and interests: The Company takes the initiative to provide an unconditional exchange service within seven days if the product is not worn. The Company has a free customer complaint and service hotlines, and a customer service feedback section in the Stakeholder Section of the official website, providing consumers with diversified channels to feedback their opinions.				
(IV) Regarding human rights The Company's employees, regardless of gender, religion, or political parties, are equal in employment opportunities. The Company creates a good working environment to ensure that employees are free from discrimination and harassment.				
(V) Regarding safety and health: The Company's safety and health cooperate with governmental laws and regulations to implement and control.				
(VI) Other social responsibility activities: The Company has a charity warehouse, for providing charity shoes to the people in need when there is a major disaster or demanded by these socially disadvantaged.				

(VIII) Climate-Related Information of TWSE/TPEX Listed Company

Item	Implementation
<ol style="list-style-type: none"> <li>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</li> <li>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</li> <li>3. Describe the financial impact of extreme weather events and transformative actions.</li> <li>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</li> <li>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</li> <li>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.</li> <li>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</li> <li>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas 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 or RECs to be offset should be specified.</li> <li>9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 below).</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company's Administrative Division has prepared a schedule for the implementation of greenhouse gas inventory, and reports to the board of directors quarterly pursuant to regulations.</li> <li>2. The Company is in the retail industry, and the impact of climate risk factors on the Company is relatively small.</li> <li>3. Currently, the extreme weather events and transformative actions have no impact on the finance.</li> <li>4. Currently, climate factors have no impact on the Company's overall operating conditions, and the Company's Administrative Division will monitor and evaluate it at any time.</li> <li>5. Currently, climate change poses no risk to the Company's operations.</li> <li>6. There is no corresponding transformation plan.</li> <li>7. Currently, the internal carbon pricing is not adopted as a planning tool.</li> <li>8. The Administrative Division has a schedule for the implementation of greenhouse gas inventory, and the follow-up planning and implementation are outsourced.</li> <li>9. Please refer to the following table for the Greenhouse gas inventory and assurance status.</li> </ol>

Basic information of the Company	Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEX Listed Companies:
<input type="checkbox"/> Capital of NT\$10 billion or more, iron and steel industry, or cement industry <input type="checkbox"/> Capital of NT\$5 billion or more but less than NT\$10 billion <input checked="" type="checkbox"/> Capital of less than NT\$5 billion	<input type="checkbox"/> Inventory for parent company only <input type="checkbox"/> Inventory for all consolidated entities <input type="checkbox"/> Assurance for parent company only <input type="checkbox"/> Assurance for all consolidated entities

Scope 1	Total emission (Metric tons CO2e)	Intensity (ton CO2e/NT\$ Million)	Assurance agency	Description of assurance
Parent company	177		KPMG Taiwan	Among the total greenhouse gas emissions disclosed by the Company, 177 tons of CO2e (accounting for 10.71% of the total emissions) have been verified by the assurance agency based on the TWSAE3410. The agency provided the limited assurance.
Subsidiary				
...				
Total	177			
Scope 2	Total emission (Metric tons CO2e)	Intensity (ton CO2e/NT\$ Million)	Assurance agency	Description of assurance
Parent company	1,476		KPMG Taiwan	Among the total greenhouse gas emissions disclosed by the Company, 1,476 tons of CO2e (accounting for 89.29% of the total emissions) have been verified by the assurance agency based on the TWSAE3410. The agency provided the limited assurance.
Subsidiary				
...				
Total	1,476			
Scope 3				

Current progress and future schedule planning:

1. In Q1 2024, greenhouse gas inventory education and training courses completed (3/15, 3 hours)
2. We expect to complete site visits, emission source identification, and data collection in Q2-Q3 2024
  - (1) Arrange site visits
  - (2) Establish greenhouse gas inventory procedures
  - (3) Compile the greenhouse gas activity data in 2023
3. We expect to generate a inventory list in Q4 2024
  - (1) Calculate greenhouse gas emissions
  - (2) Generate five inventory forms (boundary survey form, activity data management form, emission coefficient management form, emission calculation form, and emission inventory consultation)
  - (3) Produce a greenhouse gas inventory report for 2023

Implement internal verification and improvement tracking
4. The Company obtained the 2023 Greenhouse Gas Limited Assurance in Q4 of 2024.
5. The Company obtained the 2024 Greenhouse Gas Limited Assurance in Q1 of 2025.

(IX) Deviation and causes of deviation between the implementation of ethical corporate management and Ethical Corporate Management Best Practice Principles for TPEX-Listed Companies

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
<p>I. Establishing ethical management policies and plans</p> <p>(I) Has the Company stipulated the ethical corporate management policies approved by the Board of Directors and stated in its Memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?</p>	V		<p>(I) The Company has established the Ethical Corporate Management Best Practice Principles approved by the board of directors; when evaluating business relationships and transaction counterparties, the following matters are reviewed for the counterparties to understand their ethical management:</p> <ol style="list-style-type: none"> <li>1. The supplier's country, place of operation, organizational structure, business type, and place of payment.</li> <li>2. The supplier's long-term operating conditions and goodwill.</li> <li>3. Whether the supplier has any record of unethical conduct such as bribery.</li> </ol> <p>When the Company enters any contract with others, the compliance with ethical management is incorporated into the terms of the contract, specifying the following in the contract:</p> <ol style="list-style-type: none"> <li>1. A party and its members (including but not limited to directors, managerial officers, employees, appointees or persons with substantial control capabilities, hereinafter referred to as "personnel") will never require, agree, accept or give any tangible or intangible improper benefits (including but not limited to bribery, commissions, kickbacks, or gifts) to personnel of the other party, or related companies (including but not limited to third parties related to transactions between the two parties).</li> <li>2. When one party knows that its personnel or related companies</li> </ol>	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in	V		<p>(including but not limited to third parties related to the matters of both parties) are involved in the above-mentioned improper benefits, it should immediately take the initiative to inform the other party in writing or orally the name of involved personnel.</p> <p>3. If either party is involved in the above-mentioned improper benefit in the contract or the transaction, the other party has the right to terminate the contract, other contracts or transactions unconditionally at any time.</p> <p>In 2024, all members of the Board of Directors and senior management have signed integrity statements, codes of ethics, confidentiality agreements, etc.</p> <p>(II) To enable the directors, managerial officers, employees and substantial controllers to comply with such in the performance of business, to implement ethical management, the Company has stipulated the preventive measures for unethical conduct in the "Ethical Corporate Management Best Practice Principles." In addition, there are the Regulations for Ethical Conduct Management to take appropriate disciplinary actions to those who violate the code of ethic conduct and provide channels for complaints.</p>	No significant deviation



Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
<p>Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p> <p>(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>	V		<p>(III) The Company requires the directors, managerial officers, employees and substantial controllers not to directly or indirectly provide, promise, request or accept any form of improper benefits when conducting business, including kickbacks, commissions, facilitation payments, or through other paths to provide to or accept from customers, agents, contractors, suppliers, public officials or other stakeholders for improper benefits.</p>	No significant deviation
<p>II. Ethical Management Practice</p> <p>(I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p>	V		<p>(I) The Company has established the "Ethical Corporate Management Best Practice Principles," specifying that business activities should be conducted in a fair and transparent manner, and transactions with those who have a record of unethical conduct shall be avoided.</p>	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(II) The Company has set up the Integrity Management Promotion Team. To promote the ethical management, it supervises all departments to comply with the norms specified in the "Ethical Corporate Management Best Practice Principles" based on their duties, and reports to the board of directors on a regular basis (at least once a year) about the ethical management policy, preventive program for the unethical conducts, and the supervision of the implementation thereof. 2024 working plan and duties: preparing and properly preserving the documented ethical management policy and the compliance statement, implementation of commitments and implementation status. In 2024, there was no unethical conduct.	No significant deviation
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(III) The Company has established the "Regulations for Ethical Conduct Management," specifying that the directors, managerial officers, and employees must not harm the Company's rights and interests for the benefit of specific individuals or groups.	No significant deviation
(IV) Does the company have effective	V		(IV) To ensure the ethical corporate management, the Company has established an effective accounting system and internal control	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
<p>accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	V		<p>system; the internal auditors regularly inspect the relevant implementation and compliance.</p> <p>(V) Upon the resolution of the board of directors, the Company formulated the "Ethical Corporate Management Best Practice Principles" to regulate the Company and its subsidiaries to implement the Ethical Corporate Management Best Practice Principles. The Company regularly, or from time to time, conducts courses related to ethical management for directors and employees, and adopts various platforms for promotion, to implement the effectiveness of ethical management.</p> <p>The Company's participation in the internal and external education and training of ethical management during 2023: Internal and external education and training related to ethical</p>	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
			management issues include compliance with laws and regulations of ethical management, corporate governance and enterprise development, accounting systems and internal control systems, with a total of 10 attendees for total of 102 hours.	
III. Implementation of Complaint Procedures				
(I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	V		(I) The Company's "Ethical Corporate Management Best Practice Principles" provide a system for reporting unethical conducts or misconduct, and the "Regulations for Ethical Conduct Management" provide further regulations. It is encouraged to report to the management department or auditors and other appropriate channels if illegal or unethical conducts are found, or to file the complaint on the reporting platform at the Company's official website, such as: 1. Employee service team: anny@mail.aso.com.tw, Ms. Chang 2. Customer service hotline: 0800027688, Customer Service Center 3. Investor mailbox: ir@mail.aso.com.tw, Miss Li 4. supplier:02-6618999, Merchandise Department Miss Wu Where the reported incidents are verified to be true, the reward program will be resolved in the personnel evaluation meeting. The safety of whistleblowers should be protected, and the Company promises that whistleblowers will not be unduly punished for whistleblowing.	No significant deviation
(II) Has the company established standard operation procedures for investigating the complaints received,	V		(II) The Company's "Ethical Corporate Management Best Practice Principles" has a reporting system in place. For each reported incident, an investigation team is set up to conduct a confidential investigation. Both the whistleblower and the reported incident are kept confidential. 1. Principles of acceptance:	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?			<p>If any of the following circumstances apply, a reported incident may be rejected or may not be investigated, provided that it shall be recorded in the whistleblowing list for future reference.</p> <p>I. The report was made anonymously. However, the report may be accepted if it contains concrete and clear content and is accompanied by verifiable information or directions, and the acceptance unit deems it necessary to investigate.</p> <p>II. The whistleblowing report fails to provide evidence to justify suspicion of violation or negligence.</p> <p>III. The same fact is currently under investigation or is being investigated and handled by other agencies, or has been reported by another person, with no concrete new evidence presented. However, the same does not apply if a subsequent whistleblower can provide important evidence that is more conducive to the investigation.</p> <p>IV. The same fact has been rejected or the case has been closed after investigation. However, this does not apply if the whistleblower presents new and concrete evidence to prove the need for re-investigation.</p> <p>V. The reported incident is within the scope of the whistleblower's management and supervision duties and the whistleblower fails to put forward suggestions or improvement advice at relevant company meetings or in accordance with the Company's relevant systems. However, this does not apply if the whistleblower presents evidence that after he/she provided his/her best suggestions or improvement advice, the Company refused to handle the case without valid reasons. If the whistleblower makes a report of the same incident to the prosecuting authority separately during the investigation of this</p>	

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
(III) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	V		<p>Company, the Company may suspend the investigation.</p> <p>(III) The Company has the responsibility to protect the whistleblowers, and it is stipulated in the Regulations for Ethical Conduct Management that the Company is responsible for keeping the identity of the whistleblower confidential, and does its best to protect the personal safety of the whistleblower, so that the whistleblower will not be subject to retaliation and threats.</p> <p>The mechanism also stipulates that the whistleblower shall not be dismissed, discharged or demoted, have their pay cut or their rights under law, contracts or custom damaged, or receive any other disadvantageous treatment. If the whistleblower believes that he/she has suffered disadvantageous treatment, he/she may file a complaint to the Company's Human Resource Division, and the division shall submit a report to the latest meeting of the Integrity Management Committee.</p> <p>The Company received a total of 0 whistleblowing reports in 2024 (0 in 2023), and the subsidiaries received 0 whistleblowing reports in 2024 (0 in 2023).</p>	No significant deviation
<p>IV. Strengthening Information Disclosure</p> <p>(I) Does the company disclose its ethical corporate management policies and the results</p>	V		<p>(I) The Company has the official website to disclose information such as corporate culture, corporate governance, and business guidelines, with a dedicated department responsible for the collection and release of various company information; the Company has disclosed the content</p>	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
of their implementation on its website and the Market Observation Post System (MOPS)?			of the Ethical Corporate Management Best Practice Principles on the Company's website and the MOPS.	
<p>V. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation:  The Company has formulated the "Ethical Corporate Management Best Practice Principles" based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and has amended such through the board of directors. The Company will operate based on the spirit of corporate governance, and insists the principle of ethical management to conduct business operations. In the future, through the amendment to relevant management procedures, the transparency of information will be enhanced, and the functions of the board of directors will be strengthened, with other measures, to promote the operation of corporate governance.</p>				
<p>VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles):</p> <p>(I) The Company's "Rules of Procedure for Board of Directors Meetings" specifies the recusal system; where any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>(II) The Company has established the "Procedures for Handling Material Inside Information and Preventing Insider Trading," providing that no director, supervisor, managerial officer, or employee with knowledge of material inside information of the company may divulge the information to others nor inquire about or collect any non-public material inside information of the company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of this Corporation of which they become aware for reasons other than the performance of their duties.</p> <p>(III) To ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system; the internal auditors regularly inspect the compliance of the aforesaid systems.</p>				

(X) Other information enabling better understanding of the Company's corporate governance that may be disclosed altogether:

The Company has established the “Procedures for Handling Material Inside Information and Preventing Insider Trading,” to establish the good mechanism for handling and disclosing the internal material information. At least once per year, the educational promotion of the Procedures and related regulation is conducted to directors, supervisors, managerial officers, and employees. Please refer to pages 42-45 for the directors’ continuing education. The managers and employees have completed the continuing education course, Digital Era Management and Innovation Trend, organized by the Taiwan Investor Relations Institute Taiwan Corporate Governance Association on May 7, 2024, and completed the continuing education course, Innovation of the Second Curve, organized by the Taiwan Corporate Governance Association on November 5, 2024.

The Company will disclose the information of corporate governance in a timely manner on the MOPS and the Company’s website.

(XI) Internal control implementation

1. Declaration of internal control policies

Please refer to page 86.

2. CPA’s report for special audit of the internal control system: none.



## SHUI-MU International Co., Ltd.

### Declaration of internal control policies

Date: March 12, 2025

The following declaration had been made based on the 2024 self-assessment of the Company's internal control policies:

- I. The Company acknowledged that our board members and managers have the sole responsibility to create, implement, and maintain the internal control system; and has established such a system. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. Due to the limited nature of the system, it can only provide reasonable assurances for the three categories aforementioned. Moreover, the system could be revised from time to time due to changes in environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. We chose examination categories for determining the efficiency of internal control based on "Regulations Governing Establishment of Internal Control Systems by Public Companies (The Governing Regulation, henceforth)". The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the Regulations for the details.
- IV. The Company adopted the above-mentioned criteria to evaluate the effectiveness of its internal control policy design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2024. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. The Statement will constitute a major part of the Annual Report and Prospectus and be published. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The Statement was approved at the board meeting of March 12, 2025; it is also stated that among Five attending directors, none of them had dissent, and all other agreed with the content of the statement.

SHUI-MU International Co., Ltd.

Chairman: Joseph Lo                      Sign and seal

President: Michelle Kuo                      Sign and seal

- (XII) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up till the publication date of this annual report; describe areas of weakness and any corrective actions taken.

During 2024 and up to the publication date of the annual report, no such thing in the Company.

- (XIII) Major resolutions passed in shareholder meetings and Board of Directors meetings in the most recent year up till the publication date of this annual report:

1. Material resolutions of shareholders' meeting and implementation:

Time	Important resolutions	Implementation
2024/06/18 Regular meeting	1. Ratification of 2023 business report and financial statements.	Approved by all attending shareholders unanimously without dissent.
	2. Ratification of proposal for 2023 deficit compensation.	For 2023, there was a net loss after tax, so no distribution would be made, and approved by all attending shareholders unanimously without dissent.
	3. Proposal for amendment to the Articles of Incorporation.	In response to the Ministry of Digital Affairs' Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for the Third-Party Payment Enterprises, it is proposed to amend the Company's "Articles of Incorporation." The amendment was approved by all present shareholders unanimously. The proposal was approved by the MOEA to amend the Articles of Incorporation on August 19, 2024.
	4. Proposal for amendment to the "Rules of Procedure for Shareholders Meetings"	Pursuant to Letter Tai-Zheng-Zhi-Li-Zhi No. 11200041671, dated March 17, 2023, issued by TWSE, it is proposed to amend the Company's "Rules of Procedure for Shareholders' Meetings." The amendment was approved by all present shareholders unanimously.
	5. Re-election of all directors	The re-elected 5 directors (including 3 independent directors) shall hold the term of office from June 18, 2024 to June 17, 2024. The proposal for the election was approved by all present shareholders unanimously. The list of elected directors is: Director June-Yueh Lo, Director Yueh Ya Chuan Co., Ltd. (Representative: A-Tou Lin, formerly the natural person director), Independent Director Hsin-Hsiung Lu, Independent Director Pei-Yuan Li, and Independent Director Chin-Shu Peng.
	6. Deliberate on the lifting of non-compete restrictions on newly elected directors.	The lifting of non-competition restrictions on new directors was approved by all present shareholders unanimously.

## 2. Material resolutions of the board of directors

Date	Material discussion	Resolution
2024/03/12	Proposal not to distribute the employee and director remuneration for 2023	Approved by all attending directors as proposed without objection.
	Proposal of 2023 business report and financial report	Approved by all attending directors as proposed without objection.
	Proposal for 2023 deficit compensation	Approved by all attending directors as proposed without objection.
	Amendment to the Rules of Procedure for Board of Directors Meetings	Approved by all attending directors as proposed without objection.
	Proposal for amendment to the “Rules of Procedure for Shareholders Meetings”	Approved by all attending directors as proposed without objection.
	Proposal for amendment to the “Articles of Incorporation”	Approved by all attending directors as proposed without objection.
	Re-election of all directors	Approved by all attending directors as proposed without objection.
	Deliberate on the lifting of non-compete restrictions on newly elected directors.	Approved by all attending directors as proposed without objection.
	Proposal for matters related to the convention of 2024 regular shareholders’ meeting	Approved by all attending directors as proposed without objection.
	Proposal of the period and venue accepting shareholders’ proposals for 2024 regular shareholders’ meeting	Approved by all attending directors as proposed without objection.
	Proposal of the period, seats and venue of candidates nominated as directors for 2024 regular shareholders’ meeting	Approved by all attending directors as proposed without objection.
	Proposal to amend the Company’s “Charter of Audit Committee”	Approved by all attending directors as proposed without objection.
	Proposal to amend the Company’s “Internal Control System” and “Internal Audit Implementation Rules”	Approved by all attending directors as proposed without objection.
	Proposal to present the 2023 “Declaration of Internal Control System”	Approved by all attending directors as proposed without objection.
	Proposal of 2024 budget	Approved by all attending directors as proposed without objection.
	Proposal to assess the independence of the attesting CPAs	Approved by all attending directors as proposed without objection.

Date	Material discussion	Resolution
	Proposal to engage the attesting CPAs to audit the Company and subsidiaries' financial statements and the compensation thereof	Approved by all attending directors as proposed without objection.
	Proposal to renew the financing limit from Bank of Kaohsiung	Approved by all attending directors as proposed without objection.
	Proposal to purchase liability insurance for the Company's directors	Approved by all attending directors as proposed without objection.
	Proposal to appoint the new chief operating officer and determine his/her remuneration	Approved by all attending directors as proposed without objection.
	Proposal to review the 2023 directors' continuing education	Approved by all attending directors as proposed without objection.
	Proposal to assess the independence of the independent directors	Approved by all attending directors as proposed without objection.
2024/04/23	Proposal to nominate the candidates of directors (including independent directors)	Approved by all attending directors as proposed without objection.
2024/05/07	Proposal to review the candidates of directors (independent directors) for the 2024 general shareholders' meeting	Approved by all attending directors as proposed without objection.
	Proposal of consolidated financial report of Q1, 2024	Approved by all attending directors as proposed without objection.
	Loan of funds for the Company to Shuangyue Co.	Approved by all attending directors as proposed without objection.
	Proposal for earnings appropriation for the first quarter of 2024	Approved by all attending directors as proposed without objection.
2024/06/18	Election of the Chairman of the Board of the Company	Approved by all attending directors as proposed without objection.
	Proposal to appoint Audit Committee members	Approved by all attending directors as proposed without objection.
	Proposal to engage Remuneration Committee members	Approved by all attending directors as proposed without objection.
	Proposal to engage Nomination Committee members	Approved by all attending directors as proposed without objection.
2024/08/06	Proposal of consolidated financial report of Q2, 2024	Approved by all attending directors as proposed without objection.

Date	Material discussion	Resolution
	Proposal for deficit compensation of Q2, 2024.	Approved by all attending directors as proposed without objection.
2024/11/05	Proposal of consolidated financial report of Q3, 2024	Approved by all attending directors as proposed without objection.
	Proposal for deficit compensation of Q3, 2024.	Approved by all attending directors as proposed without objection.
	Proposal to cancel the loan funds to Comphy International Co., Ltd.	Approved by all attending directors as proposed without objection.
	Proposal to establish the “Sustainable Development Committee”	Approved by all attending directors as proposed without objection.
	Proposal to formulate the Company’s “Sustainable Development Committee Charter”	Approved by all attending directors as proposed without objection.
	Proposal to appoint Sustainable Development Committee members	Approved by all attending directors as proposed without objection.
	Proposal to amend the Company's “Regulations Governing the Use of Seals”	Approved by all attending directors as proposed without objection.
	Proposal to establish the “Operating Procedure for Preparation of Sustainability Report and Verification”	Approved by all attending directors as proposed without objection.
	Proposal to amend the Company’s “Internal Control System” and “Internal Audit Implementation Rules”	Approved by all attending directors as proposed without objection.
	Proposal to discuss the promotion of the Company’s new managerial officers	Approved by all attending directors as proposed without objection.
	Proposal to discuss the appointment of the Company’s new managerial officers	Approved by all attending directors as proposed without objection.
	Proposal to discuss the appointment of the Company’s new managerial officers	Approved by all attending directors as proposed without objection.
2024/12/27	Proposal to appoint the Company's Chief Information Officer	Approved by all attending directors as proposed without objection.
	Proposal to reappoint the Company's financial officer	Approved by all attending directors as proposed without objection.
	Proposal to update the custodian of the Company's seal for making endorsements/guarantees	Approved by all attending directors as proposed without objection.

Date	Material discussion	Resolution
	Proposal to formulate the 2025 internal audit plan	Approved by all attending directors as proposed without objection.
	Proposal to discuss the remuneration to the Company's new Vice President	Approved by all attending directors as proposed without objection.
	Proposal to discuss the remuneration to the Company's new Vice President	Approved by all attending directors as proposed without objection.
	Proposal to discuss the remuneration to the Company's new Vice President	Approved by all attending directors as proposed without objection.
	Proposal to discuss the 2024 working plan of the Remuneration Committee	Approved by all attending directors as proposed without objection.
	Proposal to distribute the 2023 year-end bonus managerial officers	Approved by all attending directors as proposed without objection.
	Proposal to review various remunerations intended to be implemented in 2024	Approved by all attending directors as proposed without objection.
	Proposal to review the extent of managerial officers applicable to the pre-review of their remunerations required to be submitted to the Remuneration Committee	Approved by all attending directors as proposed without objection.
	Proposal to review the performance evaluation of the board of directors, functional committees, and directors	Approved by all attending directors as proposed without objection.
	Proposal to establish the 2024 directors' continuing education	Approved by all attending directors as proposed without objection.
202503/12	Proposal not to distribute the employee and director remuneration for 2024	Approved by all attending directors as proposed without objection.
	Proposal of 2024 business report and financial report	Approved by all attending directors as proposed without objection.
	Please deliberate the proposal for distribution of cash from the additional paid-in capital.	Approved by all attending directors as proposed without objection.
	Proposal for 2024 deficit compensation	Approved by all attending directors as proposed without objection.
	The company intends to use capital reserves to make up for losses	Approved by all attending directors as proposed without objection.
	Amendment to the Rules of Procedure for Board of Directors Meetings	Approved by all attending directors as proposed without objection.

Date	Material discussion	Resolution
	Proposal for matters related to the convention of 2025 regular shareholders' meeting	Approved by all attending directors as proposed without objection.
	Proposal to amend the Company's "Internal Control System" and "Internal Audit Implementation Rules"	Approved by all attending directors as proposed without objection.
	Proposal to present the 2024 "Declaration of Internal Control System"	Approved by all attending directors as proposed without objection.
	Proposal of 2025 budget	Approved by all attending directors as proposed without objection.
	Proposal to assess the independence of the attesting CPAs	Approved by all attending directors as proposed without objection.
	Proposal to engage the attesting CPAs to audit the Company and subsidiaries' financial statements and the compensation thereof	Approved by all attending directors as proposed without objection.
	Proposal to renew the financing limit from Bank of Kaohsiung	Approved by all attending directors as proposed without objection.
	Proposal to purchase liability insurance for the Company's directors	Approved by all attending directors as proposed without objection.
	Proposal for the remuneration to the Company's new financial officers	Approved by all attending directors as proposed without objection.
	Proposal to review the 2024 directors' continuing education	Approved by all attending directors as proposed without objection.
	Proposal to assess the independence of the independent directors	Approved by all attending directors as proposed without objection.
2025/05/09	Proposal of consolidated financial report of Q1, 2025	Approved by all attending directors as proposed without objection.
	This is the profit distribution plan for the first quarter of 2025	Approved by all attending directors as proposed without objection.
	Loan of funds for the Company to Shuangyue Co.	Approved by all attending directors as proposed without objection.
	Sustainability Report	Approved by all attending directors as proposed without objection.

### 3. Material resolutions of the Audit Committee

Date	Material discussion	Resolution
2024/03/04	Proposal not to distribute the employee and director remuneration for 2023	Approved by all attending member as proposed without objection.
	Proposal of 2023 business report and financial report	Approved by all attending member as proposed without objection.
	Proposal for 2023 deficit compensation	Approved by all attending member as proposed without objection.
	Amendment to the Rules of Procedure for Board of Directors Meetings	Approved by all attending member as proposed without objection.
	Proposal for amendment to the “Rules of Procedure for Shareholders Meetings”	Approved by all attending member as proposed without objection.
	Proposal for amendment to the “Audit Committee Organizational Rules”	Approved by all attending member as proposed without objection.
	Proposal to amend the Company’s “Charter of Audit Committee”	Approved by all attending member as proposed without objection.
	Proposal to amend the Company’s “Internal Control System” and “Internal Audit Implementation Rules”	Approved by all attending member as proposed without objection.
	Proposal to present the 2023 “Declaration of Internal Control System”	Approved by all attending member as proposed without objection.
	Proposal to assess the independence of the attesting CPAs	Approved by all attending member as proposed without objection.
	Proposal to engage the attesting CPAs to audit the Company and subsidiaries’ financial statements and the compensation thereof	Approved by all attending member as proposed without objection.
	Proposal to renew the financing limit from Bank of Kaohsiung	Approved by all attending member as proposed without objection.
	Proposal to purchase liability insurance for the Company’s directors	Approved by all attending member as proposed without objection.
2024/04/26	Proposal of consolidated financial report of Q1, 2024	Approved by all attending member as proposed without objection.
	Loan of funds for the Company to Shuangyue Co.	Approved by all attending member as proposed without objection.
2024/06/18	To elect the convener and chair of the Committee for this term	Approved by all attending member as proposed without objection.



Date	Material discussion	Resolution
2024/07/26	Proposal of consolidated financial report of Q2, 2024	Approved by all attending member as proposed without objection.
	Proposal for deficit compensation of Q2, 2024.	Approved by all attending member as proposed without objection.
2024/10/25	Proposal of consolidated financial report of Q3, 2024	Approved by all attending member as proposed without objection.
	Proposal for deficit compensation of Q3, 2024.	Approved by all attending member as proposed without objection.
	Proposal to cancel the loan funds to Comphy International Co., Ltd.	Approved by all attending member as proposed without objection.
	Proposal to amend the Company's "Regulations Governing the Use of Seals"	Approved by all attending member as proposed without objection.
	Proposal to establish the "Operating Procedure for Preparation of Sustainability Report and Verification"	Approved by all attending member as proposed without objection.
	Proposal to amend the Company's "Internal Control System" and "Internal Audit Implementation Rules"	Approved by all attending member as proposed without objection.
2024/12/18	Proposal to reappoint the Company's financial officer	Approved by all attending member as proposed without objection.
	Proposal to formulate the 2025 internal audit plan	Approved by all attending member as proposed without objection.
202503/04	Proposal not to distribute the employee and director remuneration for 2024	Approved by all attending member as proposed without objection.
	Proposal of 2024 business report and financial report	Approved by all attending member as proposed without objection.
	Please deliberate the proposal for distribution of cash from the additional paid-in capital.	Approved by all attending member as proposed without objection.
	Proposal for 2023 deficit compensation	Approved by all attending member as proposed without objection.
	The company intends to use capital reserves to make up for losses	Approved by all attending member as proposed without objection.
	Please deliberate the proposal for distribution of cash from the additional paid-in capital.	Approved by all attending member as proposed without objection.

Date	Material discussion	Resolution
	Proposal to present the 2024 “Declaration of Internal Control System”	Approved by all attending directors as proposed without objection.
	Proposal to assess the independence of the attesting CPAs	Approved by all attending directors as proposed without objection.
	Proposal to engage the attesting CPAs to audit the Company and subsidiaries’ financial statements and the compensation thereof	Approved by all attending directors as proposed without objection.
	Proposal to renew the financing limit from Bank of Kaohsiung	Approved by all attending directors as proposed without objection.
	Proposal to purchase liability insurance for the Company’s directors	Approved by all attending directors as proposed without objection.
2025/04/30	Proposal of consolidated financial report of Q1, 2025	Approved by all attending directors as proposed without objection.
	This is the profit distribution plan for the first quarter of 2025	Approved by all attending directors as proposed without objection.
	Loan of funds for the Company to Shuangyue Co.	Approved by all attending directors as proposed without objection.

(XIV) Documented opinions or declarations made by directors or supervisors against board resolutions in the last year, up till the publication date of this annual report:

None of such circumstance for the Company

### III. Disclosure of CPAs' remuneration

#### Information and classification of CPA fees

Name of accounting firm	Name of CPA		Audit period	Audit fee	Non-Audit Fees	Total	Remarks
KPMG Taiwan	Chen, Pei-Chi	Yu, Chi-Lung	2024/01/01 to 2024/12/31	2,430	620	3,050	Other Non-Audit Fees 1. Taxation certification for 2024 2. Inspection on information about non-managerial staff's salary 3. GHG inventory assurance

Unit: NTD thousand

(II) Change of CPA firm that resulted in the reduction of audit fees from the previous year; disclose audit fees before and after the change and the cause of such change:

In 2023, the Company did not replace the accounting firm of the attesting CPAs.

(III) If the audit remuneration was reduced by more than 15% from the previous year, the actual amount, proportion, and reasons for the reduction must be disclosed: None.

None of such circumstance for the Company

#### IV. Change of CPA

None of such circumstance for the Company

V. The company's chairman, president, and finance or accounting manager has worked in the CPA Firm contracted for auditing service or its affiliated companies:

None of such circumstance for the Company

VI. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent

(1) Shareholding changes of directors, supervisors, managers, and shareholder with a stake of more than 10 percent

Unit: Shares

Title	Name (Note1)	2024		2025 up to April 15	
		Shareholding increase (decrease)	Increase (Decrease) in shares collateralized	Shareholding increase (decrease)	Increase (Decrease) in shares collateralized
Chairman Major shareholder	Joseph Lo	0	0	0	0
Legal Director	Yueh Ya Chuan CO., LTD.	0	0	0	0

Title	Name (Note1)	2024		2025 up to April 15	
		Shareholding increase (decrease)	Increase (Decrease) in shares collateralized	Shareholding increase (decrease)	Increase (Decrease) in shares collateralized
	Representative : A-Tou Lin	0	0	0	0
Independent Director	Hsin-Hsiung Lu	0	0	0	0
Independent Director	Li, Pei-Yuan	0	0	0	0
Independent Director	Pan, Chin-Shu	0	0	0	0
President	Michelle Kuo	0	0	0	0
VP	Li-Ling Lo	0	0	0	0
VP	Mei-Lan Chang	0	0	0	0
VP	Ssu-Yu Chen (Note 2)	0	0	0	0
Associate	Chai Wang Tak	0	0	0	0
Associate	LIU Shui-cheung	0	0	0	0
Associate	Jung-Hua Chen (Note3)	0	0	0	0

Note 1: The in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.

Note 2: Ssu-Yu Chen were take office to Vice President on November 1, 2024. The shares held by the company shall be reported from the current month.

Note 3: Jung-Hua Chen Director of the Business Planning Office, were promoted to associate vice presidents on September 7, 2024. The shares held by the company shall be reported from the current month.

(2) Any counterparty of the transfer of equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent is a related party:

name	Reasons for equity transfer	date	Trading counterparty	The relationship between the counterparty and the company, directors, supervisors, managers and shareholders holding more than 10% of the shares	Number of shares	transaction price
Jung-Yueh Lo	Personal Financial Planning	2024/09/18	Yueh Ya Chuan CO., LTD.	Shares held in the names of others of Jung-Yueh Lo	500,000	11.7

Note : Is the closing price on 2024/06/18

(3) Any counterparty of the pledge of equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent is a related party: none

VII. Disclosure of relationships among the company's top ten shareholders including spouses,  
second degree relatives or closer

April 20, 2024 Unit: shares; %

Name	Shareholder's shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship characterized as spouse or relative of second degree or closer among the top ten shareholders.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Yueh Ya Chuan CO., LTD.	6,910,452	10.34%	0	0.00%	0	0.00%	JUNG-YUEH, Lo	The chairman of that company	
							Lin, Yue-Jiao Yueh-E Lo	A relative within 2nd degree of kinship to the chairman of the Company	
							A-Tou (Mommy Lo) Charitable Trust Fund SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank Love Network Charitable Trust Fund held in trust at Cathay United Bank	Chairman of the Company is a relative within 2nd degree of kinship to a director of another company	
							Jung Ying Investment Co., Ltd.	The chairman is a relative within 2nd degree of kinship to the supervisor for property trust account	
Representative of Yueh Ya Chuan CO., LTD., JUNG-YUEH,Lo	6892, 500	10.32%	79, 271	0.12%	8, 410, 452	12.59%	GIANT DA LI CONSULTING (SAMOA) CO., LTD.	The chairman of the Company is the director or chairman of another company	
JUNG-YUEH, Lo	6892, 500	10.32%	79, 271	0.12%	8, 410, 452	12.59%	Lin, Yue-Jiao Yueh-E Lo	Relative within 2nd degree of kinship	
							Yueh Ya Chuan CO., LTD. GIANT DA LI CONSULTING	The director or chairman of that Company	
							Jung Ying Investment Co., Ltd.	A relative within 2nd degree of kinship to a director of another company	
							A-Tou (Mommy Lo) Charitable Trust Fund Shui-Mu Welfare Trust Education Fund entrusted to Taipei Fubon Bank Love Network Charitable Trust Fund held in trust at Cathay United Bank	Relative within 2nd degree of kinship to the supervisor for property trust account	

Name	Shareholder's shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship characterized as spouse or relative of second degree or closer among the top ten shareholders.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Yueh-E Lo	4, 803, 202	7. 19%	0	0. 00%	0	0. 00%	JUNG-YUEH,Lo Lin, Yue-Jiao	Relative within 2nd degree of kinship	
							Jung Ying Investment Co., Ltd.	The director of that company	
							Yueh Ya Chuan CO., LTD. GIANT DA LI CONSULTING (SAMOA) CO., LTD.	A relative within 2nd degree of kinship to a director or the chairman of another company	
							A-Tou (Mommy Lo) Charitable Trust Fund SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank Love Network Charitable Trust Fund held in trust at Cathay United Bank	Relative within 2nd degree of kinship to the supervisor for property trust account	
A-Tou (Mommy Lo) Charitable Trust Fund	3, 442, 338	5. 15%	0	0. 00%	0	0. 00%	JUNG-YUEH,Lo Yueh-E Lo Lin, Yue-Jiao	Relative within 2nd degree of kinship to the supervisor for property trust account	
							SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank Love Network Charitable Trust Fund held in trust at Cathay United Bank	The supervisor for property trust account is a relative within 2nd degree of kinship to the supervisor for another property trust account	
A-Tou (Mommy Lo) Charitable Trust Fund Supervisor Kwang, Shu-Ying	79, 271	0. 12%	6, 892, 500	10. 32%	0	0. 00%	Yueh Ya Chuan CO., LTD. Jung Ying Investment Co., Ltd. GIANT DA LI CONSULTING (SAMOA) CO., LTD.	The supervisor for property trust account is a director or spouse of director of another company	
							JUNG-YUEH,Lo Yueh-E Lo	Relative within 2nd degree of kinship	
Lin, Yue-Jiao	2, 910, 560	4. 36%	0	0. 00%	0	0. 00%	Yueh Ya Chuan CO., LTD. Jung Ying Investment Co., Ltd. GIANT DA LI CONSULTING (SAMOA) CO., LTD.	A relative within 2nd degree of kinship to a director or the chairman of another company	

Name	Shareholder's shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship characterized as spouse or relative of second degree or closer among the top ten shareholders.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
							A-Tou (Mommy Lo) Charitable Trust Fund SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank	Relative within 2nd degree of kinship to the supervisor for property trust account	
SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank	2,874,338	4.30%	0	0.00%	0	0.00%	JUNG-YUEH,Lo Yueh-E Lo Lin, Yue-Jiao	Relative within 2nd degree of kinship to the supervisor for property trust account	
							A-Tou (Mommy Lo) Charitable Trust Fund Love Network Charitable Trust Fund held in trust at Cathay United Bank	The supervisor for property trust account is a relative within 2nd degree of kinship to the supervisor for another property trust account	
SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank Supervisor Lo, Jung-Ke	0	0.00%	2,284	0.00%	0	0.00%	Yueh Ya Chuan CO., LTD. Jung Ying Investment Co., Ltd. GIANT DA LI CONSULTING (SAMOA) CO., LTD.	The supervisor for property trust account is a relative within 2nd degree of kinship to a director or the chairman of another company	

Name	Shareholder's shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship characterized as spouse or relative of second degree or closer among the top ten shareholders.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Love Network Charitable Trust Fund held in trust at Cathay United Bank	2,818,169	4.22%	0	0.00%	0	0.00%	A-Tou (Mommy Lo) Charitable Trust Fund SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank	The supervisor for property trust account is a relative within 2nd degree of kinship to the supervisor for another property trust account	
Love Network Charitable Trust Fund held in trust at Cathay United Bank Supervisor Chiang, Shi-Duo	0	0.00%	6,659,560	9.97%	0	0.00%	JUNG-YUEH,Lo Yueh-E Lo Lin, Yue-Jiao	Relative within 2nd degree of kinship to the supervisor for property trust account	
							Yueh Ya Chuan CO., LTD. Jung Ying Investment Co., Ltd. GIANT DA LI CONSULTING (SAMOA) CO., LTD. SHUI-MU Culture and Art Foundation	The supervisor for property trust account is a relative within 2nd degree of kinship to a director or the chairman of another company	
Jung Ying Investment Co., Ltd.	1,685,184	2.52%	0	0.00%	0	0.00%	JUNG-YUEH,Lo Lin, Yue-Jiao	A relative within 2nd degree of kinship to a director of the Company	
							Yueh-E Lo	The director of that company	
							A-Tou (Mommy Lo) Charitable Trust Fund Love Network Charitable Trust Fund held in trust at Cathay United Bank SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank	The director of the Company is a relative within 2nd degree of kinship to the supervisor for another property trust account	
Representative of Jung Ying Investment Co., Ltd.: Yueh-E Lo	4,803,202	7.19%	0	0.00%	0	0.00%	Yueh Ya Chuan CO., LTD. GIANT DA LI CONSULTING (SAMOA) CO., LTD.	A relative within 2nd degree of kinship to a director or the chairman of another company	



Name	Shareholder's shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship characterized as spouse or relative of second degree or closer among the top ten shareholders.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
GIANT DA LI CONSULTING (SAMOA) CO., LTD.	1,500,000	2.25%	0	0.00%	0	0.00%	JUNG-YUEH,Lo	Chairman of the Company	
							Lin, Yue-Jiao Yueh-E Lo	A relative within 2nd degree of kinship to the chairman of the Company	
							Jung Ying Investment Co., Ltd.	Chairman of the Company is a relative within 2nd degree of kinship to a director of another company	
							A-Tou (Mommy Lo) Charitable Trust Fund SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank	Relative within 2nd degree of kinship to the supervisor for property trust account	
GIANT DA LI CONSULTING (SAMOA) CO., LTD. Representative JUNG-YUEH,Lo	7,392,500	11.07%	79,271	0.12%	7,910,452	11.85%	Love Network Charitable Trust Fund held in trust at Cathay United Bank Yueh Ya Chuan CO., LTD. GIANT DA LI CONSULTING (SAMOA) CO., LTD.	The director of the Company is the director or chairman of another company	
							A-Tou (Mommy Lo) Charitable Trust Fund SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank Love Network Charitable Trust Fund held in trust at Cathay United Bank	Relative within 2nd degree of kinship to the supervisor for property trust account	

VIII. Any single investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company. Shareholding % is calculated in aggregate of the above parties.

December 31, 2024, Unit: shares; %

Invested businesses	Held by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate ownership interest	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
A.S.O International Co., Ltd.(Note1)	—	—	—	—	—	—
Comphy International Co., Ltd.(Note2)	—	—	—	—	—	—
Shuang Yue Co., Ltd. ( Note 3)	440,000	100%		—	440,000	100%
Learn Jet International Ltd. ( Note 4)	—	34%	—	—	—	34%

Note1: Liquidated in July 2024

Note2: Approved by the court for dissolution and liquidation in December 2024

Note3: Merger of companies to meet operational needs of business expansion, acquired 100% of the equity of Shuang Yue Co., Ltd. in January 2024

Note 4: Learn Jet International Ltd. is a limited without shares issued, so no number of shares.

### Three. Funding Status

#### I. Capital and outstanding shares

##### (I) Source of Capital Stock

##### 1. Share categories

April 20, 2024 Unit: shares

Categories	Authorized capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Common shares	66,800,000	13,200,000	80,000,000	

Note: the shares are shares of a TWSE listed company

##### 2. History of share capital formation

##### (1) Current year up to the publication date of the annual report, the changes in the share capital

April 15, 2025 Unit: shares/NT\$

Year / month	Issue price (NT\$)	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Share capital Sources	Paid-in properties other than cash	Others
2003.08	10	2,000,000	20,000,000	2,000,000	20,000,000	Capital of incorporation	-	Fu-Jian-Shang-Zhi No.09218562000
2004.07	10	6,800,000	68,000,000	6,000,000	60,000,000	Capital increase in cash 40,000,000	-	Fu-Jian-Shang-Zhi No.09316350800
2005.10	10	6,800,000	68,000,000	6,800,000	68,000,000	Capitalization of retained earnings 8,000,000	-	Fu-Jian-Shang-Zhi No.09418703010
2010.12	10	25,800,000	258,000,000	25,800,000	258,000,000	Capitalization of retained earnings 190,000,000	-	Fu-Jian-Shang-Zhi No.09990523510
2011.08	10	45,000,000	450,000,000	37,800,000	378,000,000	Capitalization of retained earnings 120,000,000	-	Fu-Chan-Yeh-Shang-Zhi No.10086822910
2011.12	10	45,000,000	450,000,000	40,500,000	405,000,000	Capital increase in cash 27,000,000 Issued at a premium at NT\$38	-	Fu-Chan-Yeh-Shang-Zhi No.10090701910
2012.06	10	80,000,000	800,000,000	42,299,300	422,993,000	Conversion of employee stock options to shares 17,993,000	-	Fu-Chan-Yeh-Shang-Zhi No.10184780810
2012.12	10	80,000,000	800,000,000	60,524,300	605,243,000	Capitalization of retained earnings 182,250,000	-	Jin-Shou-Shang-Zhi No.10201021900
2014.10	10	80,000,000	800,000,000	66,800,000	668,000,000	Capital increase in cash 62,757,000	-	Jin-Shou-Shang-Zhi No.10301204410

(2) During the preceding fiscal year and in the current fiscal year up to the date of the publication of the report, securities offered and issued by shelf registration: none.

## (II) Roster of Major Shareholders

List of major shareholders: List all shareholders with a stake of 5 percent or greater, and specify the number of shares and stake held by each shareholder on the list

April 15, 2025 Unit: shares

Shares	Shareholding (shares)	Shareholding (%)
Name of major shareholder		
Yueh Ya Chuan CO., LTD.	6,910,452	10.34%
Lo, Jung-Yueh	6,892,500	10.32%
Yueh-E Lo	4,803,202	7.19%
A-Tou (Mommy Lo) Charitable Trust Fund	3,442,338	5.15%
Yongchao Venture Capital Co.,Ltd.	3,330,000	4.99%
Lin, Yue-Jiao	2,910,560	4.36%
SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank	2,874,338	4.30%
Love Network Charitable Trust Fund held in trust at Cathay United Bank	2,818,169	4.22%
Jung Ying Investment Co., Ltd.	1,685,184	2.52%
GIANT DA LI CONSULTING (SAMOA) CO., LTD.	1,500,000	2.25%

## (III) Dividend policy and execution

### 1. The dividend policy defined by the Articles of Incorporation

Where the Company makes a profit for a year after the annual settlement, after its losses have been covered and all taxes and dues have been paid, ten percent of such profits shall be set aside as a legal reserve; provided that when the legal reserve amounts to the authorized capital, this shall not apply. In addition, any special reserve set aside or reversed pursuant to related laws and regulations, along with beginning undistributed earnings, becomes the distributable accumulated earnings to the shareholders. The board of directors prepares the proposal for earning distribution to the shareholders' meeting for the distribution.

Since there was a net loss of NT\$48,480,009 after the 2024 net profit before tax was used to make up for the loss, no shareholders' dividends would be distributed.

The Company's dividend policy mainly considers the future expansion plans for operations and the needs of cash flows. The earning distribution may be made in the way of cash dividends or share dividends; however, the cash dividends shall not be less than ten percent of the total amount of dividends. The ratio of the aforesaid earning distribution may be resolved by the shareholders' meeting based on the actual profits and capital status.

2. Dividend distribution proposed for the next annual general meeting

**SHUI-MU International Co., Ltd.**  
**Statement of Deficit Compensation**  
**2024**

Unit: NTD

Item	Amount
Beginning balance	(173,226,743)
Plus: net profit (loss) after tax for the year	(48,480,009)
Accumulated deficit to be compensated:	(221,706,752)
Plus: Deficit compensated by the additional paid-in capital	221,706,752
Ending accumulated loss	0

(IV) Impacts of proposed share dividends on the Company's business performance and earnings per share:

No share dividend is proposed to the 2025 regular shareholders' meeting and thus it is not applicable.

(V) Employees'/Directors'/Supervisors' remuneration

1. Percentage and range of employees'/directors'/supervisors' remuneration stated in the Articles of Incorporation:

Article 27 of the Articles of Incorporation specifies that to motivate the employees and the management, after offsetting the loss with the profit before tax and before deducting the remunerations to employees and directors, shall there be any balance, the Company provides one percent to ten percent from such balance as the employee remuneration, distributed in shares or cash based on the resolution adopted by the majority of the attending directors in a board meeting attended by more than two third of the directors. The eligible receivers may be the employees of the controlling or subordinate companies meeting certain conditions that are determined by the board of directors under the authorization. The Company may also provide no more than two percent of the aforesaid profit amount as the director remuneration upon the special resolution of the board of directors; the director remuneration is made in cash. The proposal to distribute remunerations to employees and directors shall be reported to the shareholders' meeting.

2. Basis of calculation for employees' bonus, Directors'/Supervisors' remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

Since there was a net loss of after the 2024 net profit before tax was used to make up for the loss, so no employees and directors' remuneration is estimated. The basis of estimate is based on the profit of the year, at the percentage specified in the Articles of Incorporation (at

1.9%) Shall there be any difference between the amount actually distributed and the estimates, the difference is recognized as an adjustment in the financial report of the next year.

3. Allocation of remuneration approved by the board of directors:

(1) Employees'/Directors'/Supervisors' remuneration, in cash or in shares. Disclose the amount, causes and treatments of any differences between the amount paid and the amount estimated in the year the expense was recognized:

Since there was a net loss of after the 2024 net profit before tax was used to make up for the loss, so no employees and directors' remuneration will be distributed. Where any earning is to be distributed, it is based on the profit of the year, at the percentage specified in the Articles of Incorporation (at 1.9%) Shall there be any difference between the amount actually distributed and the estimates, the difference is recognized as an adjustment in the financial report of the next year.

(2) Percentage of employees' remuneration paid in shares, relative to net income and total employees' remuneration shown in parent-only or individual financial statements:

Since there was a net loss of after the 2024 net profit before tax was used to make up for the loss, so no employees' remuneration is to be distributed. Therefore, the percentage of employees' remuneration paid in shares, relative to net income and total employees' remuneration shown in parent-only or individual financial statements are not applicable.

4. Actual payment of employees'/Directors'/Supervisors' remuneration in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies):

Unit: NTD

Item	Recognized amount	Actual distribution	Amount of differences	Reason and treatment
Employee remuneration	0	0	0	The actual distributed amount and recognized amount for the 2024 profit sharing remunerations to employees and directors art not different.
Director remuneration	0	0	0	

(VI) Repurchase of company shares: None.

II. Disclosure relating to corporate bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of GDR: None

V. Employee stock warrants

(I) Unexpired employee stock warrants: As of the publication date of the annual report, the

issued employee stock warrants have been fully executed.

- (II) Names of managers who have acquired employee stock options and names of employees ranking top ten in exercisable shares as at the publication date of this annual report:

None.

VI. Disclosure regarding new issues of employee restricted shares

None.

VII. Disclosure on new shares issued for the acquisition or transfer of other shares

- (I) New share issuances in connection with mergers and acquisitions completed in the most recent year and as of the date of this Annual Report
- (II) New share issuances in connection with mergers and acquisitions approved upon the resolution of the Board in the most recent year and as of the date of this Annual Report: none.

VIII. Implementation of Capital Utilization Plan:

The prior public offering or private placement of marketable securities has not been completed or has been completed in past 3 years but the project benefits is not yet emerged up to the prior quarter of the annual report printing date:

The Company has not issued or privately placed securities to merge, acquire, or purchase another company through share acquisition, expand fixed assets, acquire new property, plant and equipment, invest in another company, nor strengthen the company's working capital, so there is no capital utilization plan and implementation.

## Five. Business Performance

### I. Content of business

#### (I) Business Scope

##### (1) Principal business activities

- |  |   |
|--|---|
| (1) CJ01010 Hat Manufacturing  | (38) F206050 Retail Sale of Pet Food and Supplies                                 |
| (2) CK01010 Footwear Manufacturing   | (39) F207050 Retail Sale of Fertilizer  |
| (3) CM01010 Case and Bag Manufacturing   | (40) F208050 Retail Over-the-counter drugs class B                                |
| (4) F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories                 | (41) F210010 Retail Sale of Watches and Clocks                                    |
| (5) F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures                                  | (42) F210020 Retail Sale of Glasses   |
| (6) F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories               | (43) F212050 Retail Sale of Petroleum Products                                    |
| (7) F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures                                | (44) F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories |
| (8) F401010 International Trade  | (45) F214040 Retail Sale of Bicycle and Component Parts Thereof                   |
| (9) F301010 Department Stores  | (46) F215010 Retail Sale of Jewelry and Precious Metals                           |
| (10) F301020 Supermarkets  | (47) F216010 Retail Sale of Camera Equipment                                      |
| (11) F399990 Retail sale of Other Integrated   | (48) F501030 Beverage Shops   |
| (12) F206020 Retail Sale of daily commodities  | (49) F501060 Restaurants  |
| (13) F399010 Convenience Stores  | (50) F501990 Other Catering   |
| (14) F207030 Retail Sale of Cleaning Supplies  | (51) G202010 Parking area Operators   |
| (15) F208031 Retail Sale of Medical Apparatus  | (52) H703090 Real Estate Business   |
| (16) F102030 Wholesale of Tobacco and Alcohol  | (53) H703100 Real Estate Leasing  |
| (17) F203020 Retail Sale of Tobacco and Alcohol  | (54) I101090 Food Consulting  |
| (18) C104020 Manufacture of Bakery and Steam Products  | (55) I103060 Management Consulting  |
| (19) F201010 Retail Sale of Agricultural Products  | (56) I301010 Information Software Services  |
| (20) F201020 Retail Sale of Livestock Products   | (57) I301030 Electronic Information Supply Services                               |
| (21) F203010 Retail Sale of Food, Grocery and Beverage   | (58) I401010 General Advertisement Service  |
| (22) F399040 Retail Sale No Storefront   | (59) IE01010 Telecommunications Service Number Agencies                           |
| (23) F601010 Intellectual Property Rights  | (60) IZ01010 Photocopy  |
| (24) I199990 Other Consulting Service  | (61) IZ09010 Management System Certification                                      |
| (25) F113020 Wholesale of Electrical Appliances  | (62) IZ12010 Manpower Dispatched  |
| (26) F213010 Retail Sale of Electrical Appliances  | (63) IZ99990 Other Industrial and Commercial Services                             |
| (27) A102060 Food Dealers  | (64) J202010 Industry Innovation and Incubation Services                          |
| (28) F102040 Wholesale of Nonalcoholic Beverages   | (65) J303010 Magazine(Periodical) Publishing                                      |
| (29) F102170 Wholesale of Foods and Groceries  | (66) J304010 Book Publishing  |
| (30) F106020 Wholesale of Daily Commodities  | (67) J305010 Audio Publishing   |
| (31) F107030 Wholesale of Cleaning Supplies  | (68) J401010 Motion Picture Production  |
| (32) F108040 Wholesale of Cosmetics  | (69) J402010 Motion Picture Distribution  |
| (33) F208040 Retail Sale of Cosmetics  | (70) J404010 Animated Motion Picture Production                                   |
| (34) F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies   | (71) J503020 Television Program Production  |
| (35) F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies | (72) J503030 Broadcasting and Television Program Distribution                     |
| (36) F201070 Retail sale of Flowers  | (73) J503040 Broadcasting and Television Commercial                               |
| (37) F206010 Retail Sale of Hardware   | (74) J701020 Amusement parks.   |



- (75) JA01010 Automobile Repair  
(76) JA01990 Other Automobile Services  
(77) JA03010 Laundry  
(78) JE01010 Rental and Leasing  
(79) JZ99030 Photography  
(80) JZ99050 Agency Services  
(81) JZ99080 Beauty and Hairdressing Services  
(82) JZ99180 Pet Grooming  
(83) J802010 Sports Training  
(84) JF01010 Traditional Physical Management  
(85) JF01020 Massage Service  
(86) JF01030 Foot Massage  
(87) JF01040 Meridian Massage  
(88) F106030 Wholesale of Molds  
(89) F206030 Retail Sale of Molds  
(90) F201030 Retail Sale of Fishery Products  
(91) F201990 Retail Sale of Other Agricultural, Livestock and Aquaculture Products  
(92) I501010 Product Designing  
(93) I502010 Clothing Designing  
(94) I503010 Landscape and Interior Designing  
(95) I599990 Other Designing  
(96) I301050 Reality Technology Services  
(97) JA02990 Other Repair  
(98) JB01010 Conference and Exhibition Services  
(99) JI01010 Interactive Scenario Experience Services  
(100) E801010 Indoor Decoration  
(101) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

(2) Weight of business activities





Unit: NT\$ thousand; %

Year Product line	2024		2023	
	Net operating income	Weight (%)	Net operating income	Weight (%)
Shoes	619,437	54.51%	754,191	64.01%
Bags	36,512	3.21%	55,974	4.75%
Socks	33,878	2.98%	37,475	3.18%
Insoles	146,983	12.93%	169,133	14.36%
Others	299,635	26.37%	161,390	13.70%
Total	1,136,445	100.00%	1,178,163	100.00%

(3) The Company's existing products

The Company's own brands mainly are various shoes, leather goods and bags, as well as accessories. The self-owned products of the Company by the brands created by the Company are listed as below:

Brand	Attribute	Year of establishment	Product style
	Footwear	1952	"Insisting to make the best shoes in Taiwan," emphasizing comfort and fashion
	Footwear	1992	Full of bright colors to show the young energy
	Footwear	2005	BESO is from "KISS" in Spanish, demonstrating passion and fast fashion
	Footwear	2011	Italian fashion beauty

	Footwear	2012	Fashionable and recreational
	Cultural creativity	2016	The cartoon character, Bo bonny Rabbit was incorporated in various cultural creative and parent-children goods; the cute style with good texture, very user-friendly.
	Socks and textile	2017	Based on "comfort" and starting from "people's needs," it is sought to "make wearing absolutely comfortable and healthy;" "+" is the most important brand spirit, creating unlimited possibilities.
	Footwear	2022	Claiming medical health, cooperating with physicians to jointly participate in the research and development for protective products including medical devices such as limb accessories, torso accessories, medical aids, and medical insoles.

(4) New products planned to be developed for the self-owned brands

The Company plans diverse and abundant new products based on different customer segments. Through the added values based on the types of segment needs and functional needs of the customers, Expanding New Business Opportunities for Diversified Commoditization Integration The products are describe by category and attributes as below:

①Footwear:

The concepts of fashion, themes, functions, seasonal and other series development planning are as the pillars of development, while focusing on pain points of customers' feet and foot measurement analysis. The footwears not only maintain the comfort and quality as shoes, but also get closer to customers' foot problems and walking gait, and demonstrate such as the product series.

Featured themes	Description
Breathable Elastic Air Cushion Series	Golden triangle, soft pedaling feeling, and technology memory insoles.
Thick Air Cushion Series	Thick-cut arch pad, three-dimensional design, three-point support, balanced arch, and shockproof heel.
Lightweight Shock-Absorbing Series	The EVA outsole is adopted, featured with lightweight, non-slip, and ultra-light fatigue proof foot bed.
Commuting Series	Patented ultra-light non-slip soles, exclusive patented lightweight technology, equipped with patented ribbing.
Dual-Core Series	Shock-absorbent dual-core outsole embedded with dual-core shockproof cotton, with ultra-light and hydrolysis resistant outsole.
Extra-Powerful Series	The ether outsole improves the durability of the shoes, making it easy to walk, wear-resistant and durable.
Safe Air Cushion Shoes	Supplementary cushion and shock proof, solid and elastic with stable support to be more comfortable.
Energy Dual-Core Series/(Waterproof))	Breathable and skin-friendly fabrics, with fly-knitted design of multi-layer weaves; PU and rubber outsole, with airbag design.

	Waterproof models are also planned as shoes to be worn for sudden changes in climate and different scenarios.
3D Momentum Series	The TPU elastic balance planes support the foot arches, and the technical memory foam instantly memorizes the foot shape.
Foot Beauty: Bunion Series	Adopting the fan-shaped tension space and A.softer skin-friendly elastic fabrics to increase the room of movement and avoid the collapse of the arch.
Stress-Free Support Series	The thickening design of the inner quarter of the heel, to form a three-dimensional covering structure and provide stable support.
Stress-Relief Air Cushion Series — Commuting Shoes	To relieve the stress on feet of female customers who need to commute to work every day, a lightweight non-slip outsole is designed, saving effort and making walking more effective and stable.
Men's Air Cushion Series	Relieving heel pressure and protecting heels. Circular wrapping design to stabilize gait
Lightweight LOHAS series	Lightweight and shock proof EVA base, very elastic to support feet without being hydrolyzed.
Super-Powerful Air Cushion Series	Patented multi-density compounded outsole, with the perforated and dip-dyed nano insole first seen in Taiwan to improve moisture absorption and breathability, keeping feet dry and comfortable without being stuffy.
Commuter-Friendly Series	The series of products specifically developed for business commuters, with unique lightweight foam shock-absorbing insoles.
Walking Shoe Series	The full-fledged stable series of products adopting the COP gait control structure, to fit the ergonomic curvature.
Lightweight and Stable Shoe Series	Exclusive patented full-fledged stable series of products, with multi-layer ribs on the soles to introduce the stable and lightweight functions.
O2 Air Cushion Shoes	Adopting the 3D air circulation effect to improve the problem of heat and humidity when wearing shoes.
Foot health	For the foot bed, the rice fibers are adopted for environmental protection and recycling, with natural antibacterial and anti-mildew effects.
Supportive Air Cushion Shoes	No more tired feet after standing for long time. The insoles balance the whole foot with every step. Lightweight wearing ensures no more fatigue after long-time standing and walking
Mountain Climbing Air Cushion Shoes	The 360° waterproof sock design provides safety and ventilation, and the shoe upper is water-repellent and anti-siphon
Foot Pain Relief Insoles	It can prevent bone spurs from being pressed to the place and cause discomfort. The hardness and thickness of the arch plate are moderate and different from general arch support insoles.
Anti-Fatigue Insoles	Tired calves can lead to edema, knee and ankle pain, shin pain, plantar fasciitis, Achilles tendonitis, and even back problems
Foot Cleaning Insoles	It is easy for sweaty feet in unventilated shoes to breed bacteria and produce bad odor
Graphene Circulation Trail Shoes	A pair of lightweight trail running shoes suitable for casual beginners and light trail runners to travel in the mountains and forests easily
Graphene Circulation Fitness Shoes	Suitable for people who have cold hands and feet and value health and beauty. Good walking gives a good look! Nano technology and graphene create a health cycle
Support Air Cushion Shoes	The ergonomic support and balance design stabilizes gaits and places the center of gravity evenly on both feet, allowing the whole body to

	be fully stretched and enabling smoother walking!
Graphene Moving Magnet Massage Shoes	Suitable for people with stiff bodies resulting from poor foot circulation caused by standing or sitting for long periods of time Your exclusive mobile masseuse!
Stress-Relief Walking Shoes	Suitable for people who need to stand for long periods of time or carry heavy objects/are easily get tired of their feet Dual stress-relief technologies allow you to move sharply every day!
Ultra-Dynamic Dual-Core Sports Shoes	A pair of easy-to-walk-in sports shoes with patented knobs that allow you to fasten and take off in three seconds Sports ankle support: The horseshoe-shaped circular wrapping design stabilizes gaits
Grounding electric sports shoes	The balanced circulation of energy, maintaining good health, and the comfort of bare-foot walking, satisfies the Ergonomics. The natural materials help the grounding and reduction of electrostatic pressure.
Nano Copper Fiber Sports Shoes	Nano copper fiber sports shoes: Moisture absorption and perspiration, antibacterial and deodorizing, even pressure release, breathable support, labor-saving and easy to push, glue protection: strengthen the rigidity of the sole and protect the stability of the feet.

## ②Leather goods:

Leather accessories are no longer to meet the needs of matching only, but redefine the needs of modern people as "enjoying the convenience of life with only one bag, and integrating more practicality and fashion sense through design;" via continuing elevation of product characteristics, the quality of leather craftsmanship is maintained. Various new structures are developed to achieve the uniqueness in the market.

Product	Description
Elegant Workplace Series	Combining with the precious classic bag shapes in the past, the unique structure is designed, to improve the overall details while incorporating both practicality and fashion sense.
Timeless classic series	The classic leather quilting technique is adopted as the main pillar of the series, extending to related series of bags and wallets, and creating a high-quality leather craftsmanship.
Creative Design Series	Exclusively pioneering new types of bag shapes with a patented structure, combining two different bag shapes into one through a special structure, creating products being discussed.
Fashionable Series	The seasonal popular colors, elements, and bag types are extended to bags and accessories, to increase segments of product by focusing on young customers.
Business Gentleman Series	Providing for men's business applications, showing a professional charm of the classic series; through the secondary processing of the top layer of cowhide to add characteristic texture to the leather surface, which not only strengthens the durability of leather goods but also optimizes the niche market.
Functional Leisure Series	Combining functional materials such as: waterproof zippers, waterproof fabrics, stress-relieving strap design, RFID blocking fabrics and other elements to be integrated into the shapes of

Product	Description
	daily bags for creating unique products.

③ Accessories:

Based on functionality, high quality, high comfort, and high repurchase as the pillars of research and development, the accessories mainly focus on socks, protective gears, intimate clothing, elegant home slippers, and bedding.

Product	Description
Medical grade insoles	Tailor the insoles to your foot pressure measurement results to prevent your feet from feeling discomfort from standing or walking for a long period of time due to pronation, supination, or hallux valgus. This product can protect your feet and avoid foot discomfort.
Functional textiles	Committed to meeting the needs of dryness, freshness, fit-temperature, and modification during long-term wearing, and combining with innovative technologies, the functional and tactile high-quality yarns are researched and developed, matching with the structural design of human factors engineering, to enhance the high-quality enjoyment of life.
Antibacterial House Shoes	Combining different material functions such as antibacterial, quiet, lightweight, and elastic, and based on needs human gaits and last structure fitting Taiwanese to satisfy the hunger of pursuing better life quality.
Functional insoles	The greatest contributor for the secret of comfortable wearing, and one of the values of the model. The foot bed adopts different material properties to match different foot structures, with the effect of shock resistance and stress relief.
Professional Leather Care Products	Exclusively introduced VIOLA professional shoe maintenance series and ARTCO professional leather product maintenance series under the long-established and high-quality JEWEL Company in Japan; the products claim the characteristics of clearness and non-greasy, effectively caring for leathers.
Medical Protective Equipment	The series of products allows users to achieve health protection with correction of posture, adjust the problem of sore back and waist due to wrong use of muscle; meanwhile, the circulation in the body is adjusted through far infrared rays, to beautify the body and demonstrate the health, energetic and beautiful life.
Functional Home Care Series	Adhering to the extended concept of health care development of functional fabrics, the Company cooperates with ITRI for patents on negative ion applications, to combine negative ions with fabrics or foam materials. We have also developed far-infrared functional bedding to promote circulatory health care, and create a healthy concept of household health care.
Small Home Care Appliance Series)	Committed to the development of health-related products, ranging from foot care products to small household appliance of antibacterial series (e.g. UV sterilization dryer) that can be used in shoes, cabinets, purses, among other things, while introducing portable UVC ultraviolet sterilization device to easily disinfect anytime and anywhere for the protection of the health of Taiwanese.

## (II) Overview of industry

### (1) The industry's current status and potential developments

The retail industry is a domestic demand-oriented industry. Because the products operated cover food, clothing, housing, transportation, education, and entertainment aspects of livelihood needs, the industry is closely related to the income and consumption expenditure of Taiwanese. In recent years, the average national income and the average private consumption expenditure per capita in Taiwan have been increasing year by year. The average national income per capita in 2024 was NT942,680, an increase from NT\$856,657 in 2023. The average private consumption expenditure per capita has slowed down due to the COVID-19 pandemic, and Taiwanese have increased outbound consumption and leisure travel activities, resulting in consumption expenditure of NT\$513,661 in 2024, an increase from NT\$491,898 in 2023.

#### **Average national income per capita and average private consumption expenditure per capita from 2020 to 2024**

Unit: NTD

Year	Average income per capita	Average private consumption expenditure per capita
2020	735,214	410,122
2021	806,095	417,131
2022	844,866	448,644
2023	856,657	491,898
2024 (P)	942,680	513,661

Source: Directorate General of Budget, Accounting and Statistics, Executive Yuan, the average income and consumption per capita in the Summary of National Income Statistics (price of the current period), February 2025.

Based on the statistics of the Department of Statistics, MOEA, the turnover of the retail industry from 2022 to 2024 was NT\$4.45 trillion, NT\$4.73 trillion, and NT\$4.85 trillion; of which, the turnover of cloths and apparel products was NT\$317.3 billion, NT\$345.4 billion, and NT\$352.9 billion. National income has remained at a certain level, while private consumption expenditures have continued to increase, leading to a steady growth in the overall turnover of the retail industry in recent years.

In 2024, the overall retail industry turnover was NT\$4.8543 trillion, with an annual growth of 2.63%. The annual growth of the comprehensive merchandise retail industry was 4.51%, and the annual growth rate of the cloth and apparel retail sector was 2.16%. After the COVID-19 pandemic, Taiwanese people's consumption habits have been changed. Although the domestic stock market reached a new high, inflation was so acute that purchases of apparel and footwear at retail stores were not as good as expected. The

annual growth of other non-store retailing was only 1.79%.The related statistics for the most recent five years are as the table below:

**Turnover of comprehensive merchandise retail industry, cloths and apparel products, 2020 to 2024**

Unit: NT\$ 100 million

Year	Retail of comprehensive goods		Retail cloths and apparel		Other non-store retail	
	Sales amount	Annual growth rate	Sales amount	Annual growth rate	Sales amount	Annual growth rate
2020	12,684	0.41	2,658	3.9	2,934	6.8
2020	12,692	0.06	2,666	1.6	3,293	12.2
2021	13,754	8.36	3,173	2.1	3,752	14.0
2022	14,768	7.37	3,454	18.8	4,062	8.3
2023	15,434	4.51	3,529	10.1	4,086	0.6

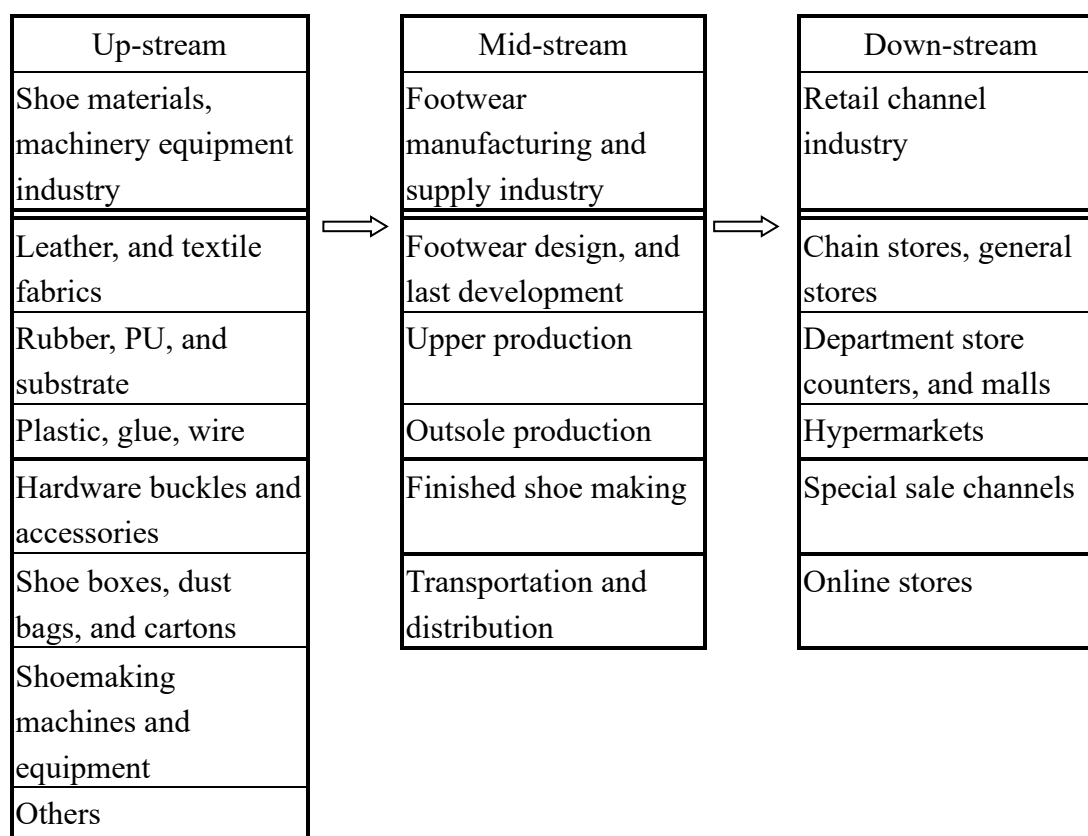
Source: Department of Statistics, MOEA, the statistics of commercial turnover in the retail industry, December 2024.

As far as the development of Taiwanese retail industry is concerned, the consumer market has been shifted from manufacturer-domination to retailer-domination, and then entered a consumers-oriented market. With the advancement of technologies, consumption patterns and lifestyles are becoming more and more diversified, and retail approaches are constantly seeking innovation and change. Emerging channels for innovative formats have also been born accordingly, such as multiple retail channels integrating online and offline, composite stores, smart stores adopting ICT technology, TV and online shopping, non-physical stores, and mobile stores, making a diversified development in the retail market in Taiwan, to gradually integrate with international development trends.

The Company operates chain stores of shoe. In addition to consistently insisting the refinement and quality of products, it also continues to strive for the brand image. The trend of chain stores not only improves competitiveness and fame, but also enhances consumers' trust in the chain store brand. Facing the changes in consumption patterns, other than leveraging the advantages of leaders and deepening the foundation of the industry, we will also adopt our core competitiveness (including resources from industry, government, academy and research) to create high value-added products and move towards a health promotion service platform. It leads the upgrading of the upper and midstream shoe industry, and develops toward the strategic pillar of "health promotion" and "beautiful life."

(2) Links between the upstream, midstream, and downstream segments of the industry

To cope with the nature of the footwear industry, the Company has constructed a complete supply chain system, and has set up an intensified retail network from physical to virtual markets. The upstream, midstream, and downstream are interdependent to form a sound production and sales system. It leads the upgrading of the upstream and midstream shoe industry, and develops toward the directions of “product diversification” and “boundaryless channels”



### (3) Development trends of products

#### ① Footwear

In recent years, wearing shoes is not only a walking tool, but also an indispensable accessory for modern people. With the rising awareness of "health and LOHAS," it seeks a considerate design for protection and improvement while wearing shoes everyday, so that users wear shoes with comfort, fashion and health.

Modern people not only require the footwear to be beautiful and fashionable, but more importantly, healthy. From the view of consumers, a pair of healthy shoes requires a reasonable last design, eco-friendly materials, as well as safe and comfortable wearing. With more and more new health-oriented footwear products, the concept of footwear health is also developed. These products are endowed with new concepts and technologies, and high-tech materials and structures are added to the original concept of healthy shoes, such as nano shoes, air-cushion shoes, air-conditioning shoes, weight-loss shoes, magnetic therapeutic shoes, height-increasing shoes, breathing shoes, among other shoes, and new health functions include or achieve features of fashion, antibacterial, dry, deodorizing, shock absorption, stress proof, prevention, health care, and correction.

With the emerging new medicalization, consumers have new understanding and demands for wearing shoes, and many footwear brands are also striving to innovate the function of shoes, to convey new consumption awareness of medicalization to consumers



continuously. To realize more effects of new medicalization shoes, many brands currently use not only one new health technology, but two or more of technical elements in one single functional shoe product, to make the product more functional and healthier. The compound adoption of new technologies is undoubtedly the future development direction for new health-oriented functional shoes.

To cope with the development trends of footwear, the design team of the Company often conducts inspections at home and abroad in the past. In addition to market surveys on competing products, they also visit various shoe exhibitions, innovative materials exhibitions, and leather exhibitions, including Micam, GDS, APLF, and Fashion access. During the COVID-19 pandemic, the Company was still able to master the information of various innovative materials in the world to launch fashionable shoes that provide health benefits.

For the demand in the domestic market, the Company develops and designs shoes not only based on popular designs, but also taking into account Taiwan's climate, wearing habits, personal preferences, and treatment of health problems, as well as different functions, occasions, and uses, allowing Taiwanese people to wear fashionable, practical, healthy and comfortable shoes.

SHUI-MU has been actively involved in community health promotion services in recent years, hoping to take care of the health of Taiwanese people's feet and even their whole body from a health care perspective. The Company has invested heavily in joint research and development with ITRI and a professional foot medical team. Since the launch of the industry's only "Dynamic Foot Pressure Measurement System" in April 2018, more than 300,000 pieces of foot measurement data have been accumulated. The accumulated big data will drive product innovation and help prevent diseases caused by improper gait.

Whoever buys shoes at A.S.O "can find out the health of their feet." The clerk can also give appropriate solutions and suggestions, and introduce them to a physiotherapist who works with the Company for further follow-up. In addition to selling shoes, our more than 100 physical stores around Taiwan (including Penghu and Kinmen) are "Foot Health Care Stations." We also plan to connect the stations with local clinics and hospitals to become community long-term care bases, offering comprehensive foot, physical, mental health care.

## ②Leather goods

According to the price strategy of different customer groups, the Company develops various leather products to meet the needs of different consumers. The Company's

development team for brands of leather goods absorbs new knowledge from various popular endpoints in the world every season, to internalizes such into the brand spirit and product development, and adopts the development of popular styles, special materials, and special structures to enrich products.

### ③ Accessories

Consumption patterns are clearly segmented. In addition to the emphasis on brand and quality in the consumption of shoes, the matching demand of accessories also highlights the signs of status and taste. Consumers pay more and more attention to the practicality of products. The "functional products" are the new consumption pattern derived from this environment. Recently, other than the intensified global climate change resulting in extremely cold winter and hot summer, the lifestyle of increasingly hasty pace and the desire for convenience and efficiency lead to the popularity of somatosensory materials with a warm and cool feeling across apparel and variety sectors in Taiwan, the buying rush in the market highlights the fact.

In addition, the level of Taiwanese national income has increased, and consumers are pursuing a better quality of life, making all industries to think about how to create added value for products in order to win the favor of consumers. Therefore, accessories and high-function products have emerged, among which, the most popular products are the health care functional products. Functional accessories not only focus on functionality, but also emphasize the comfort and fashionable elements to meet consumer needs. Following this trend, research and development of antibacterial, ultra-thin, water-repellent, anti-UV, far-infrared, among fibers with other features series improve the consumer comfort as the product appeal, forming another product development direction.

In addition to textile accessories, the Company also develops household products, such as home shoes and bedding, to meet the diversified needs of customers. Through the development of health-related products such as antibacterial and stress relieving, the home life is healthier and more tasteful.

For maintenance products, the Company has been active in developing foot and shoe maintenance-related procurement planning and product selection, mainly divided into three major themes: shoe maintenance, leather accessories maintenance, and foot care. We hope that through maintenance issues, customers will understand the importance of maintenance, while highlighting the value of brand service, in line with the spirit of the founder.

### (4) Status of competition of products

## ①Footwear

Shoes are a necessity for people's livelihood. Apart from competition from peers, shoes are irreplaceable to consumers. In recent years, the competition in the shoe consumer market has been fierce. Emerging fashionable brands have been created continuously, and brands in physical and virtual channels have offered discounts one after another, which even turned into fierce price competition.

Facing the ever-changing footwear market, to stand out, on top of product quality, customer satisfaction is the critical factor. The Company is in a leading position in terms of store channels, product quality, R&D design and customer service, and insists the management approach of "one needle, one thread, to be pragmatic," staying true to the philosophy of quality first, service first, and professional first, and has become one of the ideal brands in the minds of consumers.

The Company is committed to operating footwear chain channels for 71 years. Product development claims comfort, health, environmental friendliness, and fashion. Through a strong product development team and rigorous R&D processes, the Company develops functional, marketable and competitive products. In terms of product design, according to different types of consumer groups, it designs a variety of comfortable shoes both fashionable and tasteful, and focuses on quality and perfect after-sales service, with stable establishment of consumer loyalty in the domestic market. In addition, to effectively differentiate from competing products in the market and widen the distance from competing products, the Company is also committed to using big data on foot health and dynamic foot pressure measurement to meet the needs of practical wear and popular appearance. The obtained foot data and health risks are combined with the core functional value in the development of shoes, to provide customers with satisfactory responses to their foot pain points. Meanwhile, the products have also won the highest honors with the "National Innovation Award for Medical Technology" and the "National Yushan Award"! In addition, to achieve the service consistency for online and offline customers, such experiential services and product recommendations are introduced to the e-commerce market and consumer experience, seeking to be able to keep the position as the leading footwear chain channel and step into the e-commerce market, to create sales success continuously.

## ②Leather goods

From the observation into the international fashion market, it can be seen that shoes, bags, and other accessories are becoming more and more important in the fashion industry, internationally renowned brands such as Louis Vuitton, Prada, Gucci, Bottega Veneta, COACH and other brands earn their main revenue from sales of leather goods. In terms of fashion industry in Taiwan, high-end products have their own regular consumer groups, and low-key luxury is also the mainstream of the market. However, for the mass

consumption, affordability and practicality are the keys. When launching into the market of leather goods and accessories, the Company's strategy is to mainly develop the diversified series and redesigns the classic leather goods by carefully selecting the first layer of leather and functional fabrics to provide practical functions and high-quality products. From the fundraising platform emerging offline, it is seen an increasing demand for leather bags for various purposes with high added values and multi functions. Therefore, in addition to thinking about the balance between the price and value of leather products, SHUI-MU also aims at the value creation of multi-purpose creative storage, with the good value allowing customers have one pair shoes for both commuting and recreation, while standing out the leather good brand of SHUI-MU.

### ③ Accessories

The accessories market has many brands emphasizing design and fashion to compete fiercely. Furthermore, the consumer demands are changing quickly, with rapid fashion shifts, the more popular a product is, the shorter its life cycle will be. The Company aims at the development of economical products with high quality and high repurchase rate for accessory products, to avoid the red sea competition, such as: negative ion bedding, functional socks, functional clothing, medical protective equipment and medical insoles. Through the integration of yarn materials, the diverse needs of customers for fabrics in life are developed. In the future, to cope with market trends and consumer needs, we will get closer to consumers' health and life through product communication, seeking to cooperate with external factories in research and development to expand the market for accessories.

In terms of maintenance products, for the fermented peripheral product maintenance around various shoe brands in the recent years, SHUI-MU aims the product uniqueness and professional service, to select exclusive JEWEL maintenance products from Japan, seeking to attract customers through exclusive and unique products to visit the store and highlight the value of the product. Starting from UV sterilizing dryers, it extends from care products to small household appliances, for expanding different fields of beautiful life.

## (III) Overview of technology and R&D;

### (1) Technology level of the businesses operated

The Company's strategies for product research and development are all developed towards the core concept of "truth, goodness, beauty, and innovation." Every employee are embedded with the philosophy of "insisting to make the best shoes in Taiwan" to develop the "technological products with better professional functions" and "products

more in line with human needs” to develop unique exquisite footwear industry in Taiwan.

The technology level of the Company’s business is to master the research, development, and design of shoe materials, last shapes, styles and functions. In addition to developing a variety of serial products, it has also applied for numerous patents.

Patents provide innovative results of research and development, create market differentiation, and enhance brand competitiveness. Meanwhile, patents are also the best way to increase product value. In the traditional shoe industry, there is no other conditions as a reference for consumers to purchase other than comfort and beauty. By applying patented technologies to various products, the functions of shoes become another consideration for consumers in purchasing, as well as the characteristic and advantage of products. The Company proves their emphasis on products and efforts made to R&D via the patent certificate to customers, and thus increase consumers' trust in the products.

Increase the added value of products and extend new services, to create growth momentum of increased turnover with innovative service models, while creating the first cooperation model of foot smart health service in the world.

Develop smart wearable devices of foot; the temperature and humidity sensing models to detect the climate inside the shoes and feedback on temperature rise; the foot pressure sensing models - use foot pressure comparisons to suggest posture corrections; and customized models - use 3D foot scans to provide consumers with the functional soles based on their foot shapes, and the smart wearable components are applicable.

Construct a foot health service model to provide foot sensing information, record or share the information in real time, to the wearers for assisting in health management, and provide a reference to the development side for improving shoe materials and structures.

Accurately make personalized adjustments for foot problems, integrate "intelligent" dynamic measurement data, and grasp foot health trends for a long time. Various combination models are provided to foot pads, including solutions for asymmetrical abnormalities.

The measurement is completed in 30 seconds. Previous measurement data may be inquired, including measurement value curves, to quickly generate professional physical therapy based on foot pressure analysis, and the most appropriate combination of products or health education promotion are accurately recommended based on the evaluation results.

To cope with the needs of different soles, based on the corresponding pain points, gait adjustment, double-density three-dimensional structure, more than five kinds of functional soles are matched for the best combination of the most suitable insoles specific to foot conditions.

## (2) Research and development

In addition to the continuous research and development of "technological products with better professional functions" and "products more in line with human needs," the Company also devotes a lot of efforts to the research and analysis for ergonomics of foot for health promotion as the basis for product development, and has started to invest in the integration of the on- and offline foot service platform as summarized below:

Research and development items	Description
Footwear Expert	<p>Digitized foot comparison</p> <ul style="list-style-type: none"><li>- Including foot measurement, foot assessment and fit shoe assessment system</li><li>- Through the establishment of the e-shoe service system, the consumer's foot shape data can be clearly recorded</li><li>- Include the customary shoe-wearing and preferred style of customers</li><li>- Provide specific directions for the development of products that are more comfortable and more in line with consumer needs</li></ul> <p>Integration of online and offline:</p> <ul style="list-style-type: none"><li>- In the future, this service model will be extended to the Company's physical channels to interact directly with customers</li><li>- Customers may enjoy more humanized and personalized exclusive services</li></ul> <p>Open force application:</p> <ul style="list-style-type: none"><li>- The Company also conducts industry-government cooperation programs with the Commerce Development Research Institute</li></ul> <p>Combining smart phones with the Company's information system, we developed the "Foot Happiness and Beauty Service Platform, ASK.ASO Measurement Service System" to establish the Company's professional status in the minds of consumers</p>
Material Center	<p>Improve the competitiveness of materials:</p> <ul style="list-style-type: none"><li>- The R&amp;D and application of new materials aiming to improve the uniqueness and competitiveness of shoe materials</li><li>- More accurately tracking material quality and delivery</li><li>- Through unified procurement of shoe materials, the advantages of maximizing resource utilization and lowering prices by massive quantity are achieved.</li></ul> <p>Integration of suppliers:</p> <ul style="list-style-type: none"><li>- As the rising prices of international raw materials, it is sought to expand the Company to become the Procurement and management hub for shoe materials and integrate the upstream suppliers</li><li>- Proper control over the utilization of shoe material resources and development costs, so that consumers can obtain the best products</li></ul>
Ergonomic Shoe Lasts	<p>The shapes and internal spaces of shoes all come from the shoe lasts. In addition to the inheritance of the experience of the shoemaking masters, it is also verified by combining human factors engineering technology to derive the most suitable Ergonomic Shoe Lasts for the feet of Taiwanese. The efforts behind have become the important foundation for the Company's comfortable shoes. In addition to continuously caring about</p>

Research and development items	Description
	the foot conditions of Taiwanese, the Company collects and updates the database, and plans to integrate the 3D modeling technology to modularize the data and foot last conversion and comparison standards, so that it can quickly correspond to calculations, allowing the relationship between foot and last to be more precise and close, to refine the product development.
ASO A+	<p>Health appeal combined with the concept of exercise and preventive health care:</p> <ul style="list-style-type: none"> <li>- Adopting dynamic APP foot pressure measurement to recommend suitable shoes and insoles according to foot shape and foot pressure</li> <li>- The only wearable insole sensing the temperature and humidity inside the shoe in the industry, which collects foot information to provide personalized services</li> <li>- Active heated insole</li> <li>- Improvement of shoe material and shoe structure, with customized shoe lining</li> <li>- Convenience, fun, practicality, professionalism, topicality and affordable prices</li> </ul> <p>Services:</p> <ul style="list-style-type: none"> <li>- Quick and dynamic scan of foot shape; recommendation of suitable shoes and surrounding products</li> <li>- In-shoe climate sensing, providing personalized foot care information</li> <li>- Customized insole production</li> <li>- Customized service for shoe lining</li> <li>- Resource referral for cases of abnormal foot conditions</li> </ul> <p>3D foot shape sensing pad:</p> <ul style="list-style-type: none"> <li>- The scanning process shall be fast to save customers time</li> <li>- The scan results must be accurate to provide recommendations for suitable shoes and customized insole services</li> <li>- Need to have the function of scanning foot pressure</li> </ul>
Dynamic Foot Pressure Measurement	<p>Use gait analysis to develop customers' in-depth consumption experience, to enhance the value of A.S.O brand service, and further create new product research and development capabilities and opportunities of new market development.</p> <p>Adopting the measurement experience of gait analysis, allowing customers to understand themselves better and assist in recommending the best products</p> <ul style="list-style-type: none"> <li>- Understand the needs from the customer's foot conditions</li> <li>- Construct credible data management and analysis</li> <li>- Diverse and precise marketing and technology application</li> <li>- Create an in-depth consumer experience for end customers</li> <li>- Apply the results of the measurement analysis</li> <li>- Develop modular and customized innovative products</li> </ul> <p>Professional foot measurement service process</p> <p>Interpretation of analysis results, including:</p> <ul style="list-style-type: none"> <li>• Foot pressure distribution</li> <li>• Center of gravity: normal/inward bias/outward bias</li> <li>• Foot arch: normal/high arch/mild flat foot/severe flat foot</li> </ul> <p>Construct foot information, including:</p>

Research and development items	Description
	<ul style="list-style-type: none"> <li>• Total foot length</li> <li>• Inner foot length</li> <li>• Foot width</li> <li>• hallux valgus tendency</li> </ul> <p>Corresponding products are recommended according to the foot conditions, including</p> <ul style="list-style-type: none"> <li>• Full-fledged, outward bias, and basic</li> <li>• Exclusive type (for plantar fasciitis and hallux valgus)</li> <li>• Put on shoes and socks for food measurement</li> <li>• Static measurement: stand still for five seconds, take three to five steps in place.</li> <li>• Dynamic measurement: walk six meters.</li> </ul> <p>Innovative exclusive and prestigious service</p> <ul style="list-style-type: none"> <li>• Based on the gait data fed back by end customers, the user's foot shape analysis is carried out, and the application requirements of each foot shape are integrated.</li> <li>• Construct a modular production policy according to each foot type to promote the appropriate corresponding products.</li> <li>• Through the complete gait analysis experience process, the foot conditions and needs of each customer are deeply understood.</li> <li>• Corresponding to the results of foot analysis, corresponding practical products are recommended, to increase consumption power, and enhance customers' perceived value of consumption.</li> </ul>
Therapeutic insoles	<ul style="list-style-type: none"> <li>• The subsidiary, Shuan Yue, applied for a medical device manufacturer certification in 2022 and obtained a medical device manufacturer permit (Xin-Bei-Fu-Zhong-Wei-Yi-Qi-Zhi-Zi No. MD6131000592). It also obtained a Class I medical device permit (Fu-Pu-Yi-Qi-Zhi-Zi No. 009681) from the Ministry of Health and Welfare (Shuan Yue Therapeutic Insole: not sterilized). The insoles produced by Shuan Yue are exclusively for sale through SHUI-MU's channels. Hence, 2022 is the "First Year of Medicare" for SHUI-MU.</li> <li>• SHUI-MU adds new product series and upgrades some existing series to ASO+, directly communicating the image of "medical and healthy" with the public. Especially since 2018, SHUI-MU has established the foot medical center combining dynamic measurement services, occupational therapists, physical therapists, and even an orthopedic doctor. It is no longer just selling shoes, but has become a "foot health" expert and turned to the direction of technology for medical treatment.</li> <li>• ASO+ provides product mixes of functional health care products with higher added value, and expands to whole-person wellbeing.</li> </ul> <p>The professional foot health consultation before sale of the health shoe series, health insoles and medical insoles, dynamic foot pressure measurement during sales to understand the gait health, and the regular tracking and foot remeasurement after sales are important equivalently. They are the key cores of the study which the Company has committed to in the recent years.</p>



(3) R&D personnel and their education and working experience

March 31, 2025

Education	Master's	Colleges	High School	Total
Attendees	0	6	0	6
Proportion of R&D personnel	0%	100%	0%	100%

The types of R&D talents required by the industry of the Company are different from the general technology industries. The general technology talents must have sufficient academic knowledge and practical experience in their field to develop innovative products. Therefore, an employee's education in a technology industry can prove the sufficient expertise of the employee. However, the Company's products are mainly footwear and insole auxiliary products, and the product development is already mature. For the design and development direction of products, on top of focusing on product functions, it also emphasizes the beautiful design of styles and patterns, to keep up with fashion trends. Hence the Company's R&D personnel not only have relevant R&D qualifications in the footwear industry, but also art design talents are recruited with cross-disciplinary collaboration with doctors to meet the R&D needs of the Company's products.

(4) Research and development expenditures as well as technologies and/or products successfully developed during the most recent five years


① Research and development expenditures invested during the most recent five years


Unit: NT\$ thousand; %

Item/ Year	2020	2021	2022	2023	2024
R&D expenses	14,714	14,306	11,346	13,690	11,373
Net operating income	1,366,916	1,084,373	1,241,073	1,178,163	1,136,445
Percentage (%)	1.10%	1.32%	0.91%	1.16%	1.00%


② Technologies or products developed successfully for the self-own brands in the most recent three years



A. New products (2019SS ~ 2023AW):




Product	Name of products	Year	Description of product features
	Foot Health Sandal Series	2020 SS	A.S.O foot health air cushion shoes Non-hydrolyzed technical fibers are durable and easy to clean; skin-friendly top layer leather lining is comfortable and breathable. Patented nano-leather insole with zero bacteria adhesion, for the highest level of deodorization.




Product	Name of products	Year	Description of product features
			All-rounded double-density foot bed structure, where the upper layer is comfortable and the lower layer is elastic, with the foot arch supporting the heel for stability.
	A.S.O Safe Air Cushion Shoe Series	2020 AW	<p>A.S.O Safe air cushion shoes Composite suburban outsole, a perfect combination of lightweight shock-resistant EVA midsole and non-slip wear-resistant rubber.</p> <p>All-rounded 3D foot bed providing the most comfortable support of the foot, to sustain every path with you.</p> <p>The patented nano-leather insole quickly absorbs sweat and keeps you dry, with zero adhesion of bacteria and fungi.</p>
   ASO®	Support Air Cushion Shoes	2022AW	<p>Support Air Cushion Shoes Laced design Allows for tightness adjustment at any time, making the feet more stable Natural waxed leather With the rubbed dual-color waxy texture, the shoes become brighter as time goes Efficient shock-absorbent top lift No more tired feet after standing for long time; every step, the insole balance the whole foot.</p> <p>Ultralight rubber sole Suction cup style anti-slip design, the more you walk, the easier it is, just like you are not wearing shoes</p> <p>Support Air Cushion Shoes Laced design Easy to put on and take off. You can adjust the tightness as you like Light-weighted super air cushion insole Light-weighted wearing, no more fatigue after long-time standing and walking No more tired feet after standing for long time; every step, the insole balance the whole foot.</p> <p>Healthy gait design Step in and out, stabilize your gait</p>

Product	Name of products	Year	Description of product features
 ASO®	Support Air Cushion Shoes	2022AW	Support Air Cushion Shoes Laced design Allows for tightness adjustment at any time, making the feet more stable High-quality glue-dripping design High-temperature thermal forming, elastic covering mesh to maintain the stability and wear resistance of the toe cap 360° night reflective strips Dramatically improve security Ensure walking safety during the night Extremely breathable design Technical mesh material with excellent breathability Light-weighted super air cushion insole Light-weighted wearing, no more fatigue after long-time standing and walking
 ASO®	Mountain Climbing Air Cushion Shoes	2022AW	Mountain Climbing Air Cushion Shoes Laced design Allows for tightness adjustment at any time, making the feet more stable Anti-snap woven fabric Wear-resistant, not easy to break Foot guard design Tie shoelaces in one action 360° waterproof sock design Dynamic waterproof, safe and breathable Water repellent structure on shoe upper Water-repellent, anti-siphon, safe to wear Toe wear-resistant cap Wear-resistant, anti-kick design Natural suede Can be used with suede cleaner, or waterproof and anti-dirt spray Lightweight rubber sole Anti-skid level of safety shoes, providing the grip needed in the complex environment of suburban mountains in Taiwan Half top ankle support design Keep socks and ankle braces dry
 ASO®	Foot Pain Relief Insoles	2022AW	Foot Pain Relief Insoles It can prevent bone spurs from being pressed to the place and cause discomfort. The hardness and thickness of the arch plate are moderate and different from general arch support

Product	Name of products	Year	Description of product features
			<p>insoles.</p> <p>Good arch support can effectively reduce the tension on the plantar fascia when the lower limbs bear weight, and mitigate the damage to the plantar fascia .</p>
	Anti-Fatigue Insoles	2022AW	<p><b>Anti-Fatigue Insoles</b></p> <p>A good pair of anti-fatigue helps you need</p> <p>Tired calves can lead to edema, knee and ankle pain, shin pain, plantar fasciitis, Achilles tendonitis, and even back problems</p> <p>Relaxed and energetic</p> <p>Effective protection of the heel to reduce calf tiredness</p> <p>Nitrogen is usually injected into the airbags to stabilize the internal pressure and provide better shock absorption and stability while protecting the heel fat pad and reducing calf fatigue</p>
	Foot Cleaning Insoles	2023SS	<p><b>Foot Cleaning Insoles</b></p> <p>It is easy for sweaty feet in unventilated shoes to breed bacteria and produce bad odor</p> <p>In the long run, there is a high probability of causing athlete's foot, onychomycosis, and related diseases.</p> <p>The Foot Cleaning Insoles are an air purifier that circulates the air inside shoes to create a sterile environment and bring you a pair of healthy feet.</p>
	Graphene Circulation Trail Shoes	2023SS	<p><b>Graphene Circulation Trail Shoes</b></p> <p>A pair of lightweight trail running shoes suitable for casual beginners and light trail runners to travel in the mountains and forests easily! The shoes provide grip and save effort in hiking activities, allowing people to navigate any terrain with ease.</p> <p>The select textured fly-knitting upper and lightweight anti-hook fabric design make the shoes breathable and comfortable to wear.</p> <p>The upper is water-repellent and abrasion-resistant, and the 360° waterproof sock design is safe and</p>

Product	Name of products	Year	Description of product features
			<p>breathable.</p> <p>Thickened tongue and heel design for enhanced protection.</p> <p>The 3E wide lasts fit the foot shapes of Taiwanese people and provide a large space for the toes to stretch.</p>
 <p>ASO®</p>	Graphene Circulation Fitness Shoes	2023SS	<p>Graphene Circulation Fitness Shoes</p> <p>Suitable for people who have cold hands and feet and value health and beauty.</p> <p>Good walking gives a good look! Nano technology and graphene create a health cycle. The dual technologies for thermal conductivity ensure good circulation and good metabolism, keeping you in the pink.</p> <p>Taiwan's first pair of nano and graphene insoles</p> <p>Promote circulation Keep your feet warm</p> <p>Provide long-lasting antibacterial and deodorizing effect</p>
 <p>ASO®</p>	Support Air Cushion Shoes	2023SS	<p>Support Air Cushion Shoes</p> <p>Ideal for those who value body posture and want to walk easily and effortlessly</p> <p>“1 pair of shoes with 2 insoles” The first batch of customers get free jogging and dancing insoles</p> <p>Walk to get in shape now!</p> <p>The ergonomic support and balance design stabilizes gaits and places the center of gravity evenly on both feet, allowing the whole body to be fully stretched and enabling smoother walking!</p> <p>“Dual airbags” provide shock absorption and stress relief for heel protection!</p> <p>Insole - Heel nitrogen airbag: Shock-absorbing airbag to protect the heel fat pad.</p> <p>Outsole - Independent cylinder airbag: Highly-elastic cushioning, stress relief, and protection, making every step comfortable!</p>

Product	Name of products	Year	Description of product features
	Graphene Moving Magnet Massage Shoes	2023AW	<p>Graphene Moving Magnet Massage Shoes</p> <p>Suitable for people with stiff bodies resulting from poor foot circulation caused by standing or sitting for long periods of time</p> <p>Your exclusive mobile masseuse!</p> <p>With a select top-quality genuine leather + fly-knitting upper as well as a shiny metallic gold flying woven design and shoelaces, the shoes are breathable, beautiful and fashionable.</p> <p>The side of the vamp is designed with an additional zipper for you to put/take the shoes on/off easily and safely.</p> <p>Thickened tongue and heel design for comfortable wearing, wear resistance, and enhanced protection.</p> <p>The two smile-like curves + wide lasts that fit the foot shapes of Taiwanese people allow for easy ambulation and flexible toe stretching.</p>
	Stress-Relief Walking Shoes	2023AW	<p>Stress-Relief Walking Shoes</p> <p>Suitable for people who need to stand for long periods of time or carry heavy objects/are easily get tired of their feet</p> <p>Dual stress-relief technologies allow you to move sharply every day!</p> <p>High-quality Nappa cowhide provides a soft and comfortable wearing experience.</p> <p>Hook-and-loop fastener design: It can be adjusted according to your instep heights, allowing you to get the shoes on and off easily in a short period of time.</p> <p>The inner lining is covered with a circular air cushion for comfortable protection.</p> <p>The wide lasts fit the foot shapes of Taiwanese people and ensure flexible toe stretching.</p> <p>Hand-sewn to enhance the stability of the sole for foot protection.</p>
	Ultra-Dynamic Dual-Core Sports Shoes	2023AW	<p>Ultra-Dynamic Dual-Core Sports Shoes</p> <p>A pair of easy-to-walk-in sports shoes</p> <p>Patented knob: Fasten and take off in 3 seconds</p> <p>Recommended for those who love hiking and slow jogging</p>

Product	Name of products	Year	Description of product features
 ASO			<p>Sports ankle support: The horseshoe-shaped circular wrapping design stabilizes gaits</p> <p>Waterproof sock design: Provide better moisture protection for feet</p> <p>Full shoe protection: Improve toughness for foot protection</p> <p>Reflective design: Enhance walking safety at night</p> <p>Boat-shaped design for support: Support moving gait and ensure effortless propulsion</p> <p>Dual-core independent cylinders: Provide elasticity when the center of gravity moves forward and provide shock absorption when the center of gravity moves backward</p> <p>Shading providing grip and drainage effect: Adapt to various terrains, provide safety and non-slip effect, and give effortless propulsion</p>
 ASO	Grounding electric sports shoes	2024SS	<p>Grounding electric sports shoes</p> <p>Full sole grounding: The double cycle of the graphene materials.</p> <p>Nano carbon black conductive technology: Release of waste electricity in the body drive by sutures.</p> <p>Effective promotion of the balance of the electric cycle with the effective promotion of the earthing electric conductor: accelerate the earthing electric conductor with zero dead angle.</p>
 ASO	Nano Copper Fiber Sports Shoes	2024AW	<p>Nano Copper Fiber Sports Shoes</p> <p>Nano copper fiber shoes: Moisture absorption and perspiration, antibacterial and deodorizing, even pressure release</p> <p>Lightweight walking, and convenient to wear</p> <p>Slip-ins knob: No bending, and fasten and take off in 3 seconds</p> <p>Multi-function non-slip: The dual materials are applied to the ground simultaneously, which conforms to the conversion of dry land to wet land, and provides good grounding and anti-slip function.</p>



## B. New patented technologies

The technology and knowledge related to product research and development are important assets of the Company. The Company invests manpower and funds in the innovative research and development of products every year, and values and protects patent-related matters extremely. Therefore, patents are applied for new technologies, materials, and processes, to protect the rights and interests of the Company. Meanwhile, the Company monitors the reports of the patent bulletin, to understand the patents related to footwear, and check the competing products on the market from time to time to ensure the legitimacy of product patents.

### **List of approved patents in the most recent five years**

Year \ Area and type of patent	Taiwan		Mainland China		The United States	
	Utility model	Design	Utility model	Appearance	Utility model	Appearance
2020	1	9	7	0	0	0
2021	0	4	4	0	0	0
2022	0	2	2	0	0	0
2023	0	5	3	0	0	0
2024	0	4	2	0	0	0
Total	1	24	18	0	0	0

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

### (1) Short-term business development plan

- A. Analyze customer consumption behaviors through data, to establish customer relationship management system and customer loyalty feedback plan based on customer demand service model; conduct individualized communication to improve existing customer satisfaction, consolidate customer loyalty, and promote continuous repurchase, for increasing the contribution of major customer groups, while building customer segment value.
- B. Strengthen the integration of OmO's virtual and real channels, to provide a seamless and personalized consumption process, while providing diverse contents of store services, by combining with an interactive environment to increase the added value of the store, and achieve retail 4.0 transformation.
- C. Continue to promote the sales of gift certificates to increase cash inflow, reduce capital costs, and effectively solidify the repurchase by the main customer base.
- D. Strengthen diversity and cross-screen marketing communication platforms and interfaces. In addition to channel marketing and event marketing, the communication content corresponding segments are provided through integrated cross-screen marketing channels (LINE, Instagram, and Facebook fan pages), to strengthen digital communication quality, improve the efficiency of marketing information transmission, and increase the exposure of business activities.



- E. Expand corporate group business and group sales business; through cross-industry cooperation and business group operation, to expand the enterprise market different from traditional retail channels with reasonable prices and high quality.
  - F. Continue to promote the concept of foot care, adopt the Company's unique "Dynamic Foot Pressure Measurement System" to combine foot care experts and high-quality cooperative manufacturers. In addition to assisting consumers in determining their gait and giving advice on foot care, it also provides a full range of personalized foot care products and services.
  - G. Continue to promote and expand medical channels. Through cooperation with medical personnel, in addition to providing consumers with correct health education information, it is also helpful to promote the professionalism and sales of foot health products.
  - H. Strengthen R&D technologies and product capabilities, by combining the research and development capacities of the government and academies, the health-promoting products and services are developed starting from foot, to accelerate product innovation and upgrade of the medical equipment development through the application of medical device permit, while continuing to care about the health of consumers via the provision of products and services.
  - I. Maintain the health of the Group's cash flows, and evaluate and implement various financial management and investment plans under controllable risks, to pursue stable returns for increasing the return on shareholders' equity.
  - J. Utilize the Company's brand awareness and channel strength to deeply cultivate the foot care market, and create "A.S.O Podiatric Health Center" with high-quality products and services.
  - K. Promote corporate social responsibility (extension and expansion of foundation resources), with the core of truth, goodness, beauty and innovation. Promote health and wonderful life education, implement corporate social responsibility, and accumulate corporate cultural assets.
  - L. Continue to cultivate and retain talents needed by organizations, including R&D and design, footwear expertise, digital applications, channel sales, and business management.
- (2) Long-term business development plan
- A. Develop innovative corporate organizations, cultivate digital talents with data capabilities and data exploration, optimize the wage and welfare system and model, cultivate consultant-type store talents, and enhance the overall combat effectiveness.
  - B. Continue to promote the corporate vision of "health, comfort, beauty, innovation" for the wonderful foot and life of customers, not only for diversified and cross-industry development, but also combining health issues and business opportunities to create a diversified and beautiful life business.
  - C. Continue to invest in research and development of technologies, to innovate the functions of shoes, socks and leather accessories, for improving the competitiveness of

products.

- D. Leverage the value of physical stores, to create customized smart stores by combining technologies, and simultaneously integrate foot health consulting services, aggregate internal and external big data to analyze consumer behaviors, for providing customized services and professional advice, optimizing consumers experience and assisting them in addressing their foot health issues.
- E. Continue to accelerate product innovation and upgrades, as well as the development of medical equipment; enter the field of medical technology with foot health, integrate the concept of intelligent health management and medical-level product services to create "A.S.O Podiatric Health Center," while forming alliances with medical institutions to enable A.S.O Foot Medicine Health Center to become the best partner of professional medical services and a leader in the field of preventive foot health care.
- F. Deploy the health ecosystem, by centering on the A.S.O brand and the trust of consumers. Starting from foot, the Company provides consumers with rich and diversified functional products and foot health consulting services; through the communications of professional knowledge, and provision of high-quality products and service, the health ecosystem with one-step health as pillar is established; ultimately, stores are transformed into community health care stations, and improve customer cognition and recognition through value-added services and professional experience.
- G. Through diversified management, the Company's physique is optimized and the product structure is adjusted, while expanding the application of mobile shopping, to create a multi-service platform. Meanwhile, through the value upgrade of the product distribution supply chain, intelligent production and accurate speed distribution are achieved, to continue to touch more consumption willingness.
- H. Through the BU transformation of the logistics department and the transformation of service into consultants, SHUI-MU is not only a sales channel, but also an "integrated information service platform" that provides professional advices and multiple services. In the future, by providing the knowledge-based value-added services, the Company will become a life and health consultant for consumers from simple product sales, seeking to establish a professional, high-quality, healthy brand image and product reputation.

## II. Market and sales overview

### (I) Market

#### 1. Locations where products (services) are mainly sold (provided)

Unit: NT\$ thousand; %

Sales area	2024		2023	
	Amount	Ratio	Amount	Ratio
Domestic market	1,136,145	100.00%	1,178,163	100.00%
Export	0	0.00%	0	0.00%
Total	1,136,145	100.00%	1,178,163	100.00%

## (2) Market share

The Company's main sales market is domestic sales in Taiwan, and it operates in the form of a chain channel of leather shoes. For all channels of the Company's brands in Taiwan, the total number of channels is 105 at the end of December 2022. According to the analysis of the number of stores operated by Taiwanese leather shoe chain companies, the number of the Company's stores ranked No. 3, only after Family Shoes and LA NEW.

The tables for number of channels of the leather shoes brand of SHUI-MU and the channel distribution major competing products:

### **Statistics of brand channels in major shoe stores as of December 31, 2024**

	A.S.O	LA NEW	Family Shoes	MACANNA	DK
Number of stores	102	127	167	12	60
Number of department stores/ shopping center	3	5	2	16	2
Number of hypermarket	0	0	14	0	0
Total	105	132	183	28	62

Sources: Statistics from the official brand website of each enterprise on March 26, 2025, Yearbook of Chain Stores in Taiwan, and data compiled by the Company.

## (3) Future market supply and demand and growth potential

The Company is mainly engaged in the retail of footwear, which is mainly for the domestic demand market in Taiwan. Therefore, the future supply and demand situation and growth of the market are closely related to the domestic economic environment and domestic sales.

### **Domestic sales volume (including indirect export sales) and annual growth rate of Taiwan's footwear production**

Unit: thousand pairs

Year	Leather footwear	Plastic footwear	Rubber footwear	Total domestic sales	Annual growth rate
2020	1,158	6,321	1,511	8,990	-3.89%
2021	1,231	6,161	1,907	9,299	3.44%
2022	885	7,090	2,608	10,583	13.81%
2023	1,017	6,959	1,427	9,403	-11.15%
2023	836	6,392	931	8,159	-13.23%

Source: Department of Statistics, MOEA, the product statistics for domestic sales volume of shoemaking, inquired from the industrial production, sales, and inventory movement, March 2025.

According to Department of Statistics, MOEA, the product statistics for domestic sales volume of shoemaking, inquired from the industrial production In 2024, domestic sales of leather shoes, plastic and rubber footwear were 8,159 thousand pairs, an decrease

from 9,403 thousand pairs in 2022, showing a slight decrease in domestic demand.

The Company is a footwear chain channel with self-owned brands. Its development edges are to lead fashion, create comfort, strengthen marketing strategies and improve product quality. In recent years, the Company has promoted the concept of foot care and developed health-promoting products and services starting from feet. Through the provision of products and services, the Company continues to care for the health of consumers and gradually expands the segmentation from other leather shoe chain brands, thereby improving the Company's competitiveness.

The Company has entered its 73st year since its establishment. It insists the business philosophy of "insisting to make the best shoes in Taiwan." The quality of its products and services are well received by consumers. Since 2002, the Company entered the stage of rapid development. In the recent years, it has been transforming toward the direction of health promotion and wonderful life, with the corporate vision of "health, comfort, beauty, and innovation" to promote the wonderful feet and life of customers, and develops towards diversified and cross-industry, while combining health issues and business opportunities to create a diversified and wonderful life business. Meanwhile, by leveraging the value of physical stores, the smart stores are created with the combination of IoT devices and application to optimize the consumer experience, and simultaneously integrate foot health consulting services, aggregate internal and external big data to analyze consumer behaviors, for providing foot health consulting services and assisting consumers to addressing their foot health issues. Through the BU transformation of the logistics department and the transformation of service into consultants, SHUI-MU is not only a sales channel, but also an "integrated information service platform" that provides professional advice and multiple services. In the future, by providing the knowledge-based value-added services, the Company will become a life and health consultant for consumers from simple product sales, seeking to establish a professional, high-quality, healthy brand image and product reputation.

#### (4) Competitive edges

##### **Store expansion ability:**

Since its establishment, SHUI-MU has insisted on focusing on its own business. All stores are leased instead of purchased, to flexibly adjust the location of stores at any time. The professional store expansion team is familiar with the characteristics of business districts in various regions of Taiwan, and grasps the changes in business districts in real time, while using public information and data to manage business district data. Upon the combination of excellent management and logistics teams, not only the location of new sales bases can be quickly, accurately and accurately determined, but also the product structure may be quickly adjusted according to changes in the business district, to generate the best benefits.

**Strengthen merchandise power, brand marketing power and consumer**

**communication:**

The brand image is deeply cultivated with, attentions paid to effective communication with consumers, to strongly convey the brand appeal. Over the years, the quality impression of “one needle, one thread, to be pragmatic” has been deeply rooted in the hearts of the people. Many important milestones in marketing, such as: moving experience in 2000, A.S.O accompanied you at every important moment in life; You A.S.O Beautiful! Emphasis on aesthetics in 2003; endorsement by four supermodels in 2006; emphasis of the A.S.O fashion; love experience of innovative E-generation in 2009; the story of Zhewei’s proposal in 2012; SHUI-MU’s 60th anniversary, to support your for the whole life; the love legend, to meet love when you walk to the 100th corner in 2013; A.S.O Stress-Relief Walking Shoes accompanies with you in 2014; Making A.S.O leather shoes the national top-product of Taiwanese; A.S.O top-level air cushion shoes, supporting everyone great; micro films of “Time Travel of Love” and “Father’s Love, Pay with Love” in 2015 earned more than one million views, to market with movement, and create new memories with the old ones to warm the hearts of every main customer; in 2016, your “fashion beauty,” “start from a comfortable pace,” let A.S.O’s fashion beauty and health be combined. In addition to product quality and fashion design, functional health appeals have been added since 2017, and “foot shape testing” services are provided to promote the concept of “three measurements of foot.” In 2018, the Company expanded the promotion of foot health and launched the first “Dynamic Foot Pressure Measurement System” in the footwear industry. At the same time, it cooperated with the medical industry to provide more professional foot health advice and experience services during the consumption process. In 2019, the Company cooperated with the national coach Tsai, Mu-Shi to design an easy-to-operate elastic band exercise, which was introduced into each store. Through the interaction between trained store staff and community residents, the community health care station took shape. In 2020, the Company began to provide preventive health care services with medical professionals in the stores, and the body balance center was officially established.

In 2020, the A.S.O Podiatric Health Center took shape, and it was expected to be the pillar of communication with consumers, to establish the brand image of the A.S.O Podiatric Health Center. It was expected to actively adjust the media management strategy. In addition to traditional media management, it would emphasize the integrated use of big data, integration of content marketing, community interaction and convergence of virtual and reality, to create a content platform focusing on foot health.

In 2021, in addition to the official operation of the A.S.O Health Nail Center, by cooperating with physicians to provide one-stop medical-level nail health care services, which has become one of the main services of A.S.O Podiatric Health Center. The "Dynamic Foot Pressure Measurement System," which has been implemented since 2018, won the 18th "National Innovation Award for Medical Technology" sponsored by the

Development Center for Biotechnology in 2021. The Company won this honor with its traditional industrial background, demonstrating the affirmation of the society for SHUI-MU's efforts in foot health transformation.

In 2022, the Company entered the field of medical technology with foot health. By applying for the medical device permits, it accelerated product innovation and upgrading, as well as the development of medical devices. From therapeutic shoes, insoles, socks, to protective gear, the products are integrated into the ASO+ product series, to provide higher added values. By combining functional healthcare products, and integrating the concept of intelligent health management and medical-grade products and services, the "A.S.O Podiatric Health Center" was built with the aim of whole person, technology, and prevention, to provide one-stop solution for customers with the scientific data linked to the medical and healthcare aspect.

In 2023, the Company joined forces with life insurance companies to turn love into action. This not only deepens our emotional bond with the community, but also further promote our commitment to setting up community health care stations and taking actions to care for the underprivileged. SHUI-MU is not just a shoe store; we are also a member of the community. In Taiwan, we are playing a role in taking care of everyone's feet. We will continue to develop shoes that are most suitable for Taiwanese feet. As a "foot health expert," the Company uses technological innovation and professionalism to improve the health of Taiwanese people, and cares for the community to achieve health care, becoming a partner of community residents.

In 2024, the core reform in the market environment was no longer the digitization of the retail model, but the reshaping of the corporate role. The consumer demand has changed from "purchasing goods" to "obtaining solutions." Meanwhile, the value of the A.S.O brand is no longer just the product, but the long-term relationship and the provision of field services. The role of the A.S.O brand is no longer just a "footwear brand," but "foot health expert" and "holistic health management partner." The new health solutions are promoted through the connection of data and medical fields.

The Company has invested extensively in foot measurement data, medical grade product development, and member health management. The Company also expanded our influence in the medical and long-term care market in 2024. The memorandum of cooperation with Wanfang Hospital means foot measurement data is now being formally used in a clinical setting, increasing the value of foot health in the podiatric care of diabetic patients, gait analysis, and physiotherapy aids. Based on the "Foot Health," the Company plans to expand the Shipai Business District in Taipei City in Q4 of 2024, and re-define its role in the market at the premises of "Foot Health Center." We not only provide customers with a pair of shoes, but also become their long-term health management partner through the integration of data, AI and medical resources. Through personalized health advice, intelligent supply chain management, and precision customer management, SHUI-

MU is creating a comprehensive operating model based on “Foot Measurement Data → Health Management → Product Service” that not only satisfies the needs of the customers, but also makes us a trusted long-term health partner.

**Technology integration among industry, government, academy and research, and pioneering investment in foot health promotion:**

The original intention of the Company was to "make the best pair of shoes for Taiwanese." Through the active cooperation among industry, government, academy and research, innovate the development and technology integration, to launch various star products. Based on its own core advantages and its judgments on future industrial development trends, the Company's products and services have recently transformed into health promotion. In recent years, combining with data analysis, the Company integrates the industry-academic resources based on historical sales data and R&D experience. Starting from feet, the Company develops products meeting consumer needs, and subsequently integrate a professional medical consultant team, in addition to digitizing gait assessment with technology, to provide the measurements to more people, the two parties also jointly develop health promotion products including customized insoles. In recent years, it has actively entered professional medical institutions and started to provide health promotion services, seeking to become a provider of overall solutions for customers' health promotion.

**Immediate response to marketing management, deep cultivation of local operations, production and sales analysis, and product optimization:**

The Company's sales department values high-quality customer service. In addition to regularly collecting feedbacks from customers and sales departments on a weekly basis, it appropriately adjusts operating strategies consistent to the market benefits, and uses the "performance management system" daily to grasp the most instant performance status and understand operations in real time. By using the Business Intelligence system, the Company analyzes product sales performance, while introducing the CRM system to deeply analyze and understand consumer behaviors and needs, to plan effective business activities.

The sales department also uses the above-mentioned analysis technologies to optimize the products in stores and the deployment in business districts in real time, to actively adjust the marketing positioning. Taking "down-to-earth, expansion of good stores" as the pillar of positioning, as of the publication date of the annual report, the Company still has more than 105 direct stores and counters all over Taiwan. Therefore, the business districts of each store vary greatly from each other. The Company leverage this difference and local characteristics and customs to create differentiated services. For example: the Temple-Front Night Market where the Keelung store is located, the Zhongxiao Dunhua fashion business district in Taipei where the Zhongxiao store is located, the Chenghuang Temple area where Hsinchu store is located, the annual Dajia Mazu tour

near the Dajia store, and the tuna hub where the Donggang store is located. The Company mainly focuses on the standardized management of chain stores, supplemented by "characteristic management of single store" with integration of the local spirit to manage the local community. Meanwhile, the Company implements the optimization of products in the business district via the big data analysis, not only offering the most suitable products for the local consumption, but also feeding back to consumers for their long-term support and love. The Company organizes local activities from time to time, and conducts after-sales phone interviews to track customers, understand customer use conditions and interact with customers in a deeper level, to move customers with heart, and pursue brand recognition, thereby increasing sales and performance

**Innovative merchandise procurement management:**

Effective product procurement and budget management, purchase of the right products, increase in sales rate, and inventory management are the critical issues for the operation of the distribution chain industry. The Company leverages the advantages of local manufacturing, adopts a flexible procurement model to reduce inventory risks, and quickly replenishes goods with regional bike express delivery, to reduce the burden of excessive inventory pressure, thereby greatly increasing sales and reducing inventory. In addition to using the "product grading" system, supplemented with the analysis of local sales data for forecasting procurement quantity to optimize product management, meet consumer preferences across the country, increase sales rate, reduce sluggish inventory, the Company also creates multiple results including "customer satisfaction," "effective control over corporate funds" and "activation of product momentum."

**Outstanding R&D ability of product innovation:**

In 2023, the Company's subsidiary, Shuang Yue Co., Ltd., obtained the medical equipment manufacturing license and the first-level medical device license from the Ministry of Health and Welfare. The Company has added a new series of shoes, and upgraded them as the ASO+ system to provide a higher value-added functional health product portfolio, and expanded to the holistic Health. With medical health as the brand's appeal, the Company expands into the R&D of functional shoes equipped with medical insoles recommended by doctors. The Company has successively launched "Support Air Cushion Shoes," "Graphene Moving Magnet Massage Shoes" and "Grounding electric sports shoes." Among them, the support series have created outstanding sales results.

The Company worked with ITRI and a professional foot medical team to research and development of the industry's only "Dynamic Foot Pressure Measurement System." Since the launch of the System in April 2018, more than 500,000 pieces of foot measurement data have been accumulated. The accumulated big data will drive product innovation and help prevent diseases caused by improper gait. The after-sale service of the medical product sold by ASO+, "ASO+HealthSteps Insole," is also important. From professional foot health consultation before sales, dynamic foot pressure measurement



during sales to understand the gait health, up to the regular tracking and foot remeasurement after sales, and also won the 18th "National Innovation Award for Medical Technology" sponsored by the Development Center for Biotechnology.

**Complete supply chain management and efficient logistics distribution mechanism:**

The Company coaches suppliers to carry out "plant renewal," "operation computerization," and "process standardization," to improve supplier production capacity and product yield; the "supplier meetings" are held regularly for positive exchanges, to closely integrate the supply chain, and jointly improve Taiwan Footwear standards. The Company cooperates with numerous suppliers, and each of them has their own production expertise. Such a diverse combination makes the Company's supply chain to be diverse and flexible, conducive to the Company's change of product mixes and rapid response to changes in market trends. Other competitors are less flexible and slower to respond to market changes due to the single type of suppliers or the high proportion of self-production. Meanwhile, the Company has a close and good cooperative relationship with suppliers, and assists suppliers in improving management and technical levels in the process of collaborative production cooperation. For example, through the development of functional materials, it provides the manufacturers of formal shoemaking the assistance in the production of products with leisure functions, and effectively integrates supply chain resources, to improve production levels and respond to market demands.

The Company develops third-party logistics providers, from the purchase of midstream suppliers to the delivery of goods to downstream stores, with a "standardized" and "systematic" model, to properly control freight expenses and improve the accuracy of delivery, so that the accuracy rate of good arrival at terminal stores is close to 100%.

**Professional management team:**

The Company's core business decision-making team has more than 20 years of management experience and capabilities in the footwear industry, and the management has many years of management and sales experience in the footwear or distribution industry. Under the leadership of high-quality management team members, it is expected to continuously enhance the core competitiveness, optimize the product strength and consolidate the customer source, to enhance the Company's competitive advantages.

- (5) Positive and negative factors for future development, and the company's response to such factors.

**Positive factors**

**A. Excellent brand image**

A good brand image represents a kind of guarantee and commitment of an enterprise to the public. It is the embodiment of high-quality and outstanding services of the enterprise. Consumers also tend to buy products with a good images. Since its establishment, the Company has insisted on a sincere and practical attitude, emphasizing customer-centered services, and insisted the three-win strategy of "customer satisfaction,

employee happiness, and enterprise pride," so that consumers enjoy the sincere and heartfelt service, with the praise from customers, to win the trust of consumers. Therefore, the Company has won the number one ideal brand in Taiwan for many years in a row with its outstanding corporate image, and has also won honors such as the Excellent Brand Award in the Commercial Service Industry and the Top 100 Brands in Taiwan.

**B. Integration of online and offline channels to create the synergy of 1+1>2**

The Company's physical distribution bases are all over the country. Meanwhile, it has built and operated its own e-commerce platform. It has successively established LINE and Facebook official accounts, and uses the digital community platform to provide consumers with real-time product information and one-on-one online services to complement the OMO full-time-space consumption experience under the new retailing concept, and improve the consumer satisfaction. In addition, the A.S.O Life Journal specifically issued for million members offers the contents both the intellectual and aesthetic, while providing diverse high-quality products to integrate the virtual and real channels, creating synergies and enhancing corporate competitiveness.

**C. Take shoes, leather goods, and accessories as the three major development pillars, using a multi-brand and multi-channel business model to pursue corporate growth and meet the diverse needs of consumers; actively develop potential business districts, and exert economic scale to maintain market share; Continue to develop its own brand for young women's shoes, BESO, the cultural and creative brand Bo Bonny, the health promotion product brand, Comphy+, and the ASO+ series of medical equipment and footwear to expand different clienteles and increase the profitability of the Group via the integration and utilization of Group's brand.**

**Negative factors and response to such factors**

**A. Difficulty to cultivate personnel in the distribution industry, and the turnover of personnel is high:**

The front-line sales personnel in the retail industry have long and irregular working hours, so the turnover of employees is relatively high, which is one of the Company's operational risks.

Responsive measures

**a. Responsibility center system:**

For each store and counter, the responsibility center system is introduced, to calculate the monthly net profit of each store with a complete central profit and loss, so that excellent store managers can improve the single-store management capability through a series of rigorous education and training with the mindset of operators. They are not limited to sales ability, but also learning and growing for diverse aspects such as personnel management, expense management, business district operation, customer service management, to improve the operating performance of a single store,

while earning more profit-sharing bonuses. They not only earn more incomes for the Company and themselves, but via the profit-sharing system with employees, the more excellent talents are retained for the Group.

The General Logistic Department introduce the departmental responsibility center system, so that the manpower and time costs invested by each management department can be verified by the responsibility center system for the performance indicators of the output, and the service value of the logistics management department can be improved with positive energy.

b. Well-rounded promotion channels and welfare system:

The Company has established a comprehensive career development system for the frontline employees and the back office employees. It conducts regular interim and year-end appraisals every year, to evaluate and adjust personnel promotions based on regular assessments or irregular promotion processes. At the front end of the business, the Company also formulates the clear management function improvement education and training courses, so that employees clearly understand the promotion channels.

The Company values and protects the rights and interests of employees. In addition to handling various insurances and pensions for employees pursuant laws, the awards granted in the year-end party every year are what employees look forward to. The Company organizes employee trips to encourage employees, provide employees with high-quality and safe working environment, and provide employee with shoe discounts; for store and counter personnel, they are entitled to uniforms and shoes, as well as birthday leave. Meanwhile, the Company also hires sports coaches to teach the running skills to the personnel in the General Logistic Department, provide employees with healthy and correct sports knowledge, with a leisure hall at the headquarter for employees to relieve their stress.

B. Rents of stores in major business districts are on the rise:

As the Company's storefronts are mostly at streets, with rising prices, the rents of stores in major business districts tend to rise as well, which is one of the Company's operating risks.

Responsive measures

- a. It is easy for the Company to find replacement stores due to its compact size and flexible requirements for the store space. If the rent increase of a store is too high, after evaluation, an alternative location in the same business district can be found for relocation, to maintain a reasonable rent ratio.
- b. Most of the Company's storefronts have been leased for more than five to ten years, and the good interactions with the landlords are maintained for many years; and the landlord is emotionally attached to the Company's insistence on quality and the story of entrepreneurship and development for 66 years, the spirit of staying rooted in

Taiwan, the high-quality service of the store... and are willing to continue to maintain the cooperative relationship with the Company. When selecting stores, the Company is also looking for landlords who have the same philosophy and are willing to cooperate for a long time, to maintain the stable lease relationship.

- c. The execution of new contract or renewal of contract for stores are all long-term contract for five years, giving the landlords a stable guarantee and conducive to negotiate the rents.
  - d. The Company implements the trial calculation for the reasonable rent assessment for each store, and the business units regularly review the ratio of profit and loss to rent in each store, while checking the changing trend of the business district, to plan the necessary adjustments or relocations in real time.
  - e. The Company has a dedicated department to track the movement of the business district on a regular basis to understand the rent trend of the business district, including the vacancy rate of the business district, the rent price of the store changed, information exchange with other chain industries, market movement and macroeconomic trends, for the accurate assessment.
- C. The retail market in Taiwan is gradually saturated, and competition among peers is fierce

The emergence of online transactions has lowered the threshold for new brands to enter the market. The peers of various footwear brands or agents are also expanding and developing new brands, or setting up new stores and counters, which increases the Company's competitive pressure.

#### Responsive measures

Facing the unfavorable factors caused by the increasing number of competitors, the Company not only continues to invest in product R&D and design, but also focuses on functions as the main claims to avoid the red ocean market, while launching into the blue ocean market with the premise of health and comfort for different products to different clientele. In the future, the Company will focus on foot health promotion and develop more value-added functional products. Meanwhile, it will provide foot health professional consulting services and actual experience through a new generation of store renovated, to increase the value of store services.

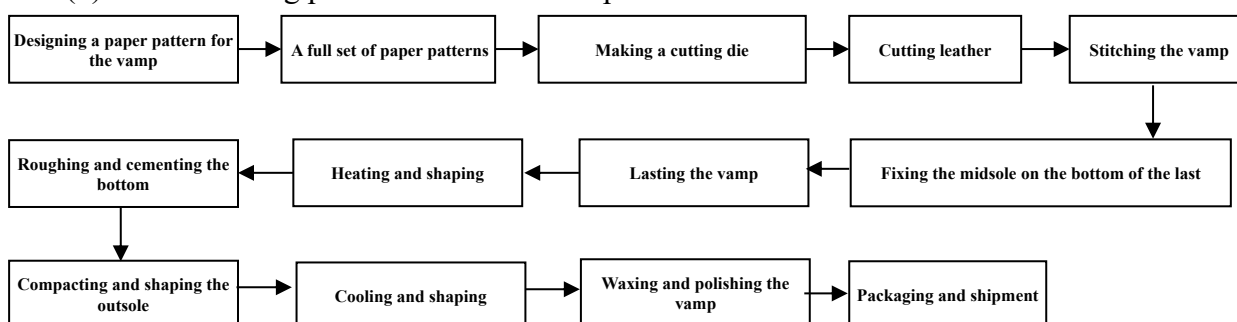
At the same time, the development of the self-owned e-commerce platform channels will be accelerated, to leverage the big data analysis, for providing customized exclusive services, optimizing the convergence of online and offline channels, and enhancing brand value.

## (2) Usage of major products and manufacturing processes

### (1) Main usage of products

Main products	Usages
Footwear	In addition to satisfying customers' needs of guarding coldness, keeping warm, and other basic demands, it also relieves foot stress, prevents foot pain, increases comfort, as well as demonstrate the creativity, fashion, and special shoe functions.
Leather goods	In addition to satisfying the function of carrying various large and small items for customers, it also has functions, fashionable creation, and demonstration of unique personal style.
Complementary products	That is the daily necessities such as socks, slippers, underwear, umbrellas, among other things, not only meeting the general purpose, but also providing more high-quality and considerate design and functions.

## (2) Manufacturing processes for the main products



## (3) The supply of main products:

The Company mainly operates footwear retail channels, focusing on product development and brand management. It engages professional suppliers to produce and manufacture products, and cooperates with major suppliers for a long time. The suppliers' sources of supply and delivery time are stable, with reasonable prices, and the quality has reached the spec standard required by the Company; the two parties have established good and stable supply relationships.

## (IV) Explanation of the reasons for the increase and decrease of major purchase from suppliers and sales to customers in the most recent two years:

- (1) Names of the suppliers accounting for more than 10% of the net purchase amount in any of the recent two years, the purchase amount and ratio, as well as the reason for its increase or decrease:

During the recent two years, the Company's purchases from a single supplier has not accounted for more than 10% of the net purchases.

- (2) Names of the customers accounting for more than 10% of the net sales amount in any of the recent two years, the sales amount and ratio, as well as the reason for its increase or decrease:

During the recent two years, the Company's sales to a single customer has not accounted for more than 10% of the net purchases.

## (V) Table of production volume and value in the most recent two years

The Company is in the trading and retailing industry, and this table is not applicable.

### III. Employees

Unit: person; %

Year		2023	2024	March 31, 2025
Number of employees	Store sales	312	304	307
	Administrative personnel	11	12	11
	General personnel	71	65	67
	Total	394	381	385
Average age		36.9	43	37.4
Average years of service		9.7	11.1	9.9
Education distribution (%)	Doctorate	0%	0%	0%
	Master's	3.05%	2.62%	2.08%
	University/college	52.28%	51.97%	52.21%
	High School	42.13%	43.57%	43.63%
	Below High School	2.54%	1.84%	2.08%

### IV. Disbursements for environmental protection:

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

1. According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:
2. Setting forth the Company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced:
3. In the most recent two years and up until the publication of the annual report, in the process of environmental pollution improvements, any disputes arising and an explanation of the handling procedure adopted: Not applicable.
4. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

5. Explaining the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the Company, as well as the projected major environment-related capital expenses to be made for the coming two (2) fiscal years: N/A.

## V. Employer and employee relationships

### (I) Availability and execution of employee welfare, education, training and retirement policies.

Elaborate on the agreements made between employers and employees, and the protection of employees' rights.

#### 1. Employee benefit measures and implementation thereof

The welfare measures provided by the Company: annual performance appraisal bonus, talent recommendation bonus, wedding and funeral subsidies, gift certificates/gift money for three festivals, employee activities organized by the Employee Welfare Committee, labor/ national health insurance, accident insurance, pension contribution, employee shopping discounts, employee uniforms & shoes, domestic and foreign travel, among other things.

#### 2. Personnel's continuing education and training, and implementation thereof

The Company insists the founder's multi-talent development strategy, integrates resources from industry, government, academy, research and medicine, to build a training blueprint, to conduct various digital and in person training programs according to the professional and management function model, including orientations, professional and management functions training, training for management at all levels, and planning the reading club of mid- and senior-level executives for innovations and successor development programs in line with organizational development needs, with a talent evaluation center. For the personnel's training courses in 2023, please refer to page 152-153.

#### 3. Retirement system and implementation status

Since July 1, 2005, the new labor retirement system has been implemented. According to the Labor Pension Act, for these who opt the new system, the Company contributes no less than 6% of the employee's monthly salary to the labor pension account every month, and the retirement-related matters are handled pursuant to the Labor Pension Act.

#### 4. Labor-management agreement

The Company's various regulations comply with the Labor Standards Act. Up to now, the relationship between labor and management has been harmonious, and there has been no mediation due to labor disputes.

#### 5. Measures to protect employees' rights and interests:

The Company has formulated various management measures, specifying the rights and obligations of employees and welfare items, which are regularly reviewed and amended for the welfare items to protect the rights and interests of all employees.

- (II) Losses arising as a result of employment disputes in the last year up until the publication date of this annual report. Please quantify the estimated losses and state any responsive actions, and state the reasons if losses can not be reasonably estimated: none.

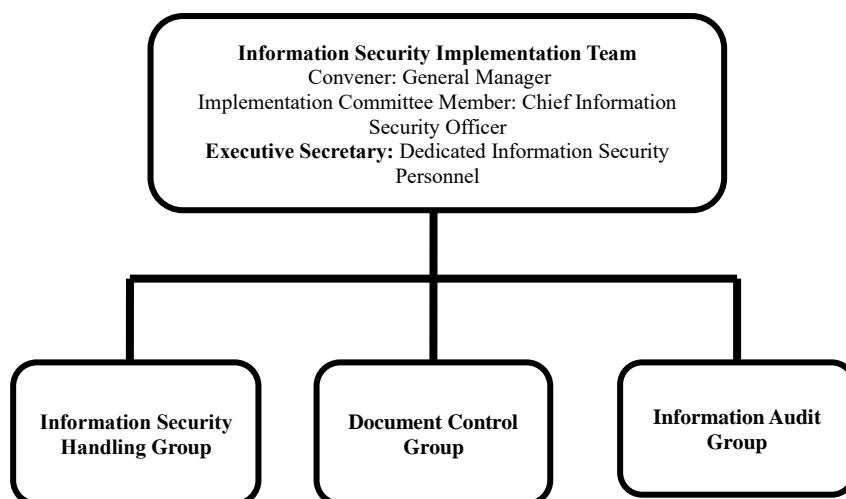
## VI. Cybersecurity Security Management

- (I) Describe the information security risk management framework, information security policy, specific management plans, and resources invested in information security management.

### 1. Information security and safety organization

The Company's responsible unit for information security is the Information Department. One Chief Information Security Officer, one information manager and one full-time staff member are appointed to be responsible for formulating management systems and implementing internal information security risk matters. The Company's Audit Office is an internal audit unit for information security supervision. Regularly audit and follow up the implementation of internal information security and improvement results based on the internal control system.

### 2. Information security structure



### 3. Information security policy

The Company has established the "Information Security Management Regulations" since 2018. The Company also reviews and amends the Regulations from time to time to ensure that the relevant measures can keep pace with the times, and optimizes the Company's information security policy constantly.

The Information Security Management Regulations provide detailed requirements on information security management measures for personnel safety and management, computer system security management, application software security, remote access, network service operations, and backup policies. The Company ensures the confidentiality, integrity, and availability of its information and improves the information



security management to meet the Company's operational needs, and prevent the Company's information assets from being threatened and damaged intentionally or accidentally, internally and externally.

#### 4. Information security management plan

User's access authority management: Different users' access authorities are given according to the safety grade, in order to effectively reduce external threats and improve information security.

Security management of the authority of access to the operating system: The Company installs the operating system according to the Company's regulations and integrates it into the Company's domain for centralized management. The Company installs anti-virus software on its servers and computers, and updates and downloads the latest scanning engine and virus definitions regularly. The Company also conducts vulnerability tests on its servers and computers on a regular basis. Implement the measures for regular update of the password of user accounts.

Application software security management: The software purchased and applied is licensed properly. Meanwhile, the Company also complies with the intellectual property rights laws and regulations and maintains a list therefor for management. The user of the software is allowed to install and access the software included in the list only upon approval. Meanwhile, the Company also implements multi-level information security measures, such as firewalls, endpoint security protection, and encryption technology to protect the corporate network and information system.

Management of network communication security: When confidential or sensitive data and documents are intended to be transmitted by email, they shall be processed using the security technology, such as encryption or electronic signature. The network applications of external remote access (such as VPN and FTP, etc.) shall be granted only upon request and also subject to review by the information unit and approval by the supervisor.

Backup management: The Company prepares the complete data backup and disaster recovery plans to ensure that important business data are properly stored and that the system can restore operations in case of a system failure or information security incident, thereby mitigating the risk over business interruption.

Asset management: The information and communication equipment related to the control room and personal computers are numbered for management and counted regularly.

#### 5. Information security topic education and training

In order to improve the information security awareness of employees, the Company regularly organizes information security education and training for employees to enhance their knowledge of information security risks such as social engineering attacks, malicious software, and data protection, and ensure the implementation of information security concepts in routine operations.

# VI. Major contracts

Contract nature	Parties involved	Contract start and end dates	Main details	Restrictive clauses
Borrowing contract	Bank of Kaohsiung	2025/03~2026/03	Performance bond of gift certificates Short-term lending	None

## Personnel training courses in 2024

Category	Starting date	Ending date	Category	Training topic	Target attendees	Categories	Total attendees	Training hours (hour)	Attendees x training hours
Physical	1/16	1/16	Operation discussion	Spring/Summer new product launch and national store manager sales meeting for 2024Q1	Store managers throughout Taiwan	Sales	101	7	707
Online	1/18	1/18	Fundamental training	Remote orientation training	Store sales	Sales	7	3	21
Online	2/6	2/6	Fundamental training	Remote orientation training	Store sales	Sales	12	3	36
Physical	2/21	2/21	Fundamental training	The 34st class of product and service certification	Store sales	Sales	18	7	126
Physical	2/21	2/21	Fundamental training	The 34st class of product and service certification	Headquarter	Head division	1	7	7
Physical	2/23	2/23	Professional training	vyond Open Class - AI Commercial Animation Practical Class	Headquarter	Head division	4	6	24
Online	3/13	3/13	Operation discussion	Spring/Summer new product launch and national store manager sales meeting for 2024Q2	Store managers throughout Taiwan	Sales	102	7	714
Online	3/7	3/7	Fundamental training	Remote orientation training	Store sales	Sales	10	3	30
Online	4/9	4/9	Fundamental training	Remote orientation training	Store sales	Sales	11	3	33
Physical	4/16	4/16	Professional training	A-Elite Sales Training (Departments 5~9)	Vice store managers/sales	Sales	35	7	245
Physical	4/17	4/17	Professional training	A-Elite Sales Training (Departments 5~9)	Vice store managers/sales	Sales	31	7	217
Physical	4/22	4/22	Professional training	A-Elite Sales Training (Departments 5~9)	Vice store managers/sales	Sales	19	7	133
Physical	4/25	4/25	Professional training	A-Elite Sales Training (Departments 5~9)	Vice store managers/sales	Sales	21	7	147
Online	5/9	5/9	Fundamental training	Remote orientation training	Store sales	Sales	6	3	18
Online	6/6	6/6	Fundamental training	Remote orientation training	Store sales	Sales	5	3	15
Physical	6/13	6/13	Fundamental training	The 35st class of product and service certification	Store sales	Sales	20	7	140
Online	7/11	7/11	Operation discussion	Father's Day Festival Training	Store managers throughout Taiwan	Sales	101	3	303
Online	7/3	7/3	Fundamental training	Remote orientation training	Store sales	Sales	6	3	18
Online	8/14	8/14	Fundamental training	Remote orientation training	Store sales	Sales	14	3	42

Category	Starting date	Ending date	Category	Training topic	Target attendees	Categories	Total attendees	Training hours (hour)	Attendees x training hours
Physical	8/22	8/22	Fundamental training	The 36st class of product and service certification	Store sales	Sales	8	7	56
Physical	9/10	9/10	Operation discussion	Spring/Summer new product launch and national store manager sales meeting for 2024Q4	Store managers throughout Taiwan	Sales	98	7	686
Online	9/4	9/4	Fundamental training	Remote orientation training	Store sales	Sales	6	3	18
Physical	9/18	9/18	Promotion Training	The 11th session of reserved vice store manager training	Store sales	Sales	28	7	196
Physical	10/9	10/9	Professional training	Creation of Supervisor's Influence (Taipei session)	Store managers	Sales	35	7	245
Physical	10/16	10/16	Professional training	Creation of Supervisor's Influence (Taichung session)	Store managers	Sales	38	7	266
Physical	10/23	10/23	Professional training	Creation of Supervisor's Influence (Kaohsiung session)	Store managers	Sales	33	7	231
Online	11/7	11/7	Fundamental training	Remote orientation training	Store sales	Sales	8	3	24
Physical	11/21	11/21	Professional training	vyond Open Class - AI Commercial Animation Practical Class	Headquarter	Head division	1	6	6
Online	12/4	12/4	Fundamental training	Remote orientation training	Store sales	Sales	10	3	30
Physical	12/17	12/17	Operation discussion	Spring/Summer new product launch and national store manager sales meeting for 2025Q1	Store managers throughout Taiwan	Sales	105	7	735
Physical	12/19	12/19	Fundamental training	The 37st class of product and service certification	Store sales	Sales	18	7	126
Physical	12/19	12/19	Fundamental training	The 37st class of product and service certification	Headquarter	Sales	2	7	14

In 2024, our company's Industrial held 5,607.4 hours of training for its employees (914 person-times), with an average of 6.14 hours per person. Please refer to the table below for the company's education and training statistics.

#### Statistics of our company's employee training in 2024

Training Type	New			Professional			developing		
Internal training classification	Total attendees	Training hours	Total Training hours	Total attendees	Training hours	Total Training hours	Total attendees	Training hours	Total Training hours
New recruits	95	3	285						
Business Registration Certificate Class	67	7	469						
Creation of Supervisor's Influence				106	7	742			
Vyond				5	6	30			
A-Elite Sales Training				106	7	742			
Operation discussion				507	6.2	3143			
Reserved vice store manager training							28	7	196
總計	162	10	754	724	26.2	4657.4	28	7	196

## Five. Review and Analysis of Overview of Finance and Financial Performance, and Risk Management

### I. Financial status

#### 1. Comparison and analysis for financial position- IFRS (consolidate)

Unit: NT\$ thousand; %

Item \ Year	2024	2023	Amount of differences	% of difference
Current assets	855,130	873,210	(18,080)	-2.07%
Property, plant and equipment	284,471	315,773	(31,302)	-9.91%
Intangible assets	21,706	20,239	1,467	7.25%
Other non-current assets	551,183	549,974	1,209	0.22%
Total assets	1,712,490	1,759,196	(46,706)	-2.65%
Current liabilities	630,470	632,004	(1,534)	-0.24%
Non-current liabilities	304,307	295,307	9,000	3.05%
Total liabilities	934,777	927,311	7,466	0.81%
Share capital	668,000	668,000	0	0.00%
Additional paid-in capital	331,289	331,289	0	0.00%
Retained earnings	(221,707)	(173,227)	(48,480)	-27.99%
Other equity	0	5,691	(5,691)	-100%
Shareholders' equity	777,713	831,885	(54,172)	-6.51%
Description of material changes (increase or decrease of two consecutive period is greater than 20%, and the amount of change exceeds NT\$10 million) :				
Retained earnings decreased by \$48,480,000, mainly due to the net loss in the current period.				

## 2. Comparison and analysis for financial position- IFRS (parent-only)

Unit: NT\$ thousand; %

Item \ Year	2024	2023	Amount of differences	% of difference
Current assets	852,996	843,147	9,849	1.17%
Investment under equity method	5,490	31,143	(25,653)	-82.37%
Property, plant and equipment	284,471	315,773	(31,302)	-9.91%
Intangible assets	19,125	20,239	(1,114)	-5.50%
Other non-current assets	548,258	548,774	(516)	-0.09%
Total assets	1,710,340	1,759,076	(48,736)	-2.77%
Current liabilities	629,429	632,016	(2,587)	-0.41%
Non-current liabilities	303,329	295,307	8,022	2.72%
Total liabilities	932,758	927,323	5,435	0.59%
Share capital	668,000	668,000	0	0.00%
Additional paid-in capital	331,289	331,289	0	0.00%
Retained earnings	(221,707)	(173,227)	(48,480)	27.99%
Other equity	0	5,691	(5,691)	-100.00%
Shareholders' equity	777,582	831,753	(54,171)	-6.51%
Description of material changes (increase or decrease of two consecutive period is greater than 20%, and the amount of change exceeds NT\$10 million) :				
1. Equity method investments decreased by NT\$25,653,000, mainly due to the completion of the liquidation of A.S.O. International Co., Ltd in July 2024.				
2. Retained earnings decreased by \$48,480,000, mainly due to the net loss in the current period.				

## II. Financial performance

### 1. Description of material changes in operating revenue, net operating profit, and net income before tax in the most recent two years

#### International Financial Reporting Standards (consolidated)

Unit: NT\$ thousand; %

Item \ Year	2024	2023	Increase (decrease)	Deviation percentage (%)
Net operating income	1,136,445	1,178,163	(41,718)	-3.54%
Operating cost	515,155	488,069	27,086	5.55%
Operating gross profit	621,290	690,094	(68,804)	-9.97%
Operating expenses	692,810	686,333	6,477	0.94%
Net operating loss	(71,520)	3,761	(75,281)	-2001.62%
Other revenue and expenses	23,039	13,250	9,789	73.88%
Net loss before tax	(48,481)	17,011	(65,492)	-385.00%
<p>Description of material changes in operating revenue, net operating profit, and net income before tax in the most recent two years (increase or decrease of two consecutive period is greater than 20%, and the amount of change exceeds NT\$10 million):</p> <p>1. Net operating profit (loss):</p> <p>The decrease in the overall operating revenue primarily resulted from that the Company has adjusted its business and marketing strategies, and reduced inventory via price cuts to boost sales; notwithstanding, the speed of de-stocking of old models was not as good as expected. Meanwhile, in order to boost sales, the Company organized the promotional campaigns and increased the number of special sales. As a result, the overall gross profit margin of the Company decreased.</p> <p>2. Net loss before tax:</p> <p>In conclusion, the net loss before tax incurred in the current period.</p>				

2. Description of material changes in operating revenue, net operating profit, and net income before tax in the most recent two years

International Financial Reporting Standards (parent-only)

Unit: NT\$ thousand; %

Item \ Year	2023	2022	Increase (decrease)	Deviation percentage (%)
Net operating income	1,136,445	1,178,163	(41,718)	-3.54%
Operating cost	514,579	488,069	26,510	5.43%
Operating gross profit	621,866	690,094	(68,228)	-9.89%
Operating expenses	691,553	685,857	5,696	0.83%
Net operating loss	-69,687	4,237	(73,924)	-1744.73%
Other revenue and expenses	21,207	12,783	8,424	65.90%
Net loss before tax	(48,480)	17,020	(65,500)	-384.84%
<p>Description of material changes in operating revenue, net operating profit, and net income before tax in the most recent two years (increase or decrease of two consecutive period is greater than 20%, and the amount of change exceeds NT\$10 million):</p> <p>1. Net operating profit (loss):</p> <p>The decrease in the overall operating revenue primarily resulted from that the Company has adjusted its business and marketing strategies, and reduced inventory via price cuts to boost sales; notwithstanding, the speed of de-stocking of old models was not as good as expected. Meanwhile, in order to boost sales, the Company organized the promotional campaigns and increased the number of special sales. As a result, the overall gross profit margin of the Company decreased.</p> <p>2. Net loss before tax:</p> <p>In conclusion, the net loss before tax was generated in the current period.</p>				

3. Expected sales volume and basis

The Company sets annual sales targets based on the annual store extension plans of each brand, while considering industrial planning and past operating performance.

4. Possible effect on the future business and finance, and response plans

All business units under each brand of the Company are in the stage of pioneering and growing. In the future, the market share will be extended and the Company's profits will be increased based on the changes in market demands. The future business is expected to grow continuously, and the financial status is also good.



### III. Cash flow

#### 1. Description and analysis of any cash flow changes during the most recent fiscal year,

##### (1) Parent-only

Unit: NTD thousand

Beginning cash balance (1)	Net cash flow from operating activities for the whole year (2)	Net cash flow from investing activities for the whole year (3)	Net cash flow from financing activities for the whole year (4)	Cash surplus (deficit) (1)+(2)+(3)+(4)	Countermeasures for cash deficit	
					Investment plans	Financing plans
254,985	121,171	(8,811)	(139,813)	227,532	—	—
<b>Analysis and description</b> (1) Analysis of changes in cash flows for the most recent years: Operating activities: the net cash inflow from operating activities is mainly due to the increase in contract liabilities, and decrease in prepayments. Investing activities: the net cash inflow from investing activities is mainly due to the increase in the financial assets measured at amortized cost, disposal of investment accounted for using equity method and acquisition of property, plant and equipment. Financing activities: the net cash outflow from financing activities is mainly the repayment of principal of IFRS 16 leases. (2) Remedial measures for projected insufficient cash position and analysis of liquidity: Investment plans: not applicable. Financing plans: not applicable.						

##### (2) Consolidated

Unit: NTD thousand

Beginning cash balance (1)	Net cash flow from operating activities for the whole year (2)	Net cash flow from investing activities for the whole year (3)	Net cash flow from financing activities for the whole year (4)	Effects on exchange rate (5)	Cash surplus (deficit) (1)+(2)+(3)+(4)+(5)	Countermeasures for cash deficit	
						Investment plans	Financing plans
286,128	127,513	(37,384)	(140,098)	5,691	230,468	—	—
<b>Analysis and description</b> (1) Analysis of changes in cash flows for the most recent years: Operating activities: the net cash inflow from operating activities is mainly due to the increase in contract liabilities, and decrease in prepayments. Investing activities: the net cash inflow from investing activities is mainly due to the increase in the financial assets measured at amortized cost, disposal of investment accounted for using equity method and acquisition of property, plant and equipment. Financing activities: the net cash outflow from financing activities is mainly the repayment of principal of IFRS 16 leases. (2) Remedial measures for projected insufficient cash position and analysis of liquidity: Investment plans: not applicable. Financing plans: not applicable.							

#### 2. Remedial plans for illiquidity problems: not applicable.

### 3. Liquidity analysis for the coming year

NT\$: thousand

Opening cash balance	Projected net cash flow from operating activities (Note)	Cash flow for the whole year (Note)	Cash surplus (deficit)	Financing of cash deficits	
				Investment plans	Financing plans
230, 468	103,371	(58, 326)	172, 142	—	—

Note: Based on the Company's consolidated budgets, not reviewed by the CPAs.

#### Analysis and description:

##### (1) Analysis of the expected cash flows in the coming year:

- A. Operating activities: the main reason is that it is expected that the operation scale continues to grow in 2025, and the issuance of gift certificates, resulting in the increase in working capital; therefore it is estimated that the net cash inflow from operating activities will be NT\$103,371 thousand.
  - B. Investing activities: Primarily the net cash outflow from investing activities, NT\$9,200 thousand, generated from the expectation toward the financial investment, the operating bases domestic and foreign business groups will be added or expanded, and old operating bases which will be renovated with fixed assets purchased in 2025.
  - C. Financing activities: Primarily the expected IFRS16 repayment of the principal, NT\$139,137 thousand, and payment of cash dividends, NT\$13,360 thousand.
- Responsive measures and liquidity analysis for cash deficits: not applicable.

#### IV. Material capital expenditures in the last year and impacts on business performance

- 1. Major capital expenditure utilization and source of capital: none.
- 2. Expected effect generate: none.

#### V. Causes of profits or losses incurred on investments in the last year, and any improvements or investments planned for the next year

The Company's reinvestment policy and investment plan for the coming year are mainly based on the shoe retail business related to the Company's business. The Company's reinvestment policy and investment plan for the next year are mainly based on the shoe retail business related to the Company's business.

Unit: NTD thousand

Invested businesses	Business lines	Investment gains and loss	Main reasons of gains and losses	Improvement plan
A.S.O International Co., Ltd.	Investment in various business	247	None	(Liquidated in July 2024)
Comphy International Co., Ltd.	Transaction of shoes, bags, and socks	(24)	None	(Approved by the court for dissolution and liquidation in December 2024)
Shuang Yue Co., Ltd.(note2)	Shoes manufacturing	(1,788)	The adjustment of the amortization of intangible assets arising from the merger in 2024	The Company will diversify its product development, increase operating revenue, improve materials and design, accelerate innovation and reduce costs.
Learn Jet International Ltd.	Retail sales of garment, shoes, hats, and apparels	614	Medicare products have gradually gained the attentions of consumers, so they turned from losses to profits.	Focus on foot health as the core of development, and the exclusive professional products are introduced, to promote the personalized health management.

Note: the profit and loss of the period has been recognized by the reinvested subsidiary.

## VI. Risk analysis

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

### (1) Interest rate fluctuations

①Effect upon the Company's revenue and profit:

The Company has sufficient self-owned funds, and the interest expense has been extremely low in the recent two years, so the effect of changes in interest rates on the Company's revenue and profit is not significant.

②Concrete response measures:

As the Company's operating scale and profitability remain stable, the self-owned funds continue to be abundant, and the Company has always maintained good relationships with its banks, the finance is stable and the credit is good, and the Company can also obtain a better interest rate level. It is expected that changes in the future interest rate will have insignificant effect on the Company's overall operation.

### (2) Exchange rate fluctuations

The Company's business involves certain non-functional currencies, so foreign currency (USD) denominated asset investments are affected by exchange rate fluctuations, so the Company is subject to to exchange rate fluctuations significantly.

①Concrete response measures:

The Company always monitors the fluctuations in the stock and foreign exchange markets, and maintains a good interactive relationship with banks. If the exchange loss increases due to exchange rate changes in the future, the Company will adjust the investment amount in a timely manner. Therefore, the effect of exchange rate changes on the Company's profit and loss is limited.

### (3) Inflation

#### ① Analysis of the effect upon the Company

In recent years, affected by the rising prices of related resources and materials around the world, the overall economic environment has shown a slight inflationary trend, but no immediate major effect from the inflation upon the Company so far.

#### ② Concrete response measures:

The Company always monitors the fluctuations of the prices in the raw material markets, and maintains good interactive relationships with the suppliers. If the purchase costs increases due to inflation in the future, the Company will adjust the relevant sales price in a timely manner, so the inflationary pressure has a limited impact on the Company's profit and loss.

### (II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements / guarantees, and trading of derivatives; describe the main causes of any profits or losses incurred and future responsive measures:

#### (1) Policies on high-risk and highly leveraged investments and main causes of any profits or losses incurred, and future responsive measures:

The Company focuses on the operation of the core business, and does not engage in high-risk, high-leverage investments. The Company's financial policy is based on the principle of prudence and conservation, and all investments are implemented after cautious evaluation.

#### (2) Policies on loans to third parties, endorsements / guarantees, and trading of derivatives; describe the main causes of any profits or losses incurred and future responsive measures:

① Since its establishment, the Company has been committed to the operation of the core business, and has not engaged in high-risk and high-leverage investments.

② The Company has the “Procedures for Loaning of Fund” in place, and the operations comply with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.” Information on loaning of funds to third parties during the most recent year and up to the date of publication of this annual report:

March 31, 2024										Unit: NT\$ thousand			
Lender	Borrowing company	Related party	The high balance accumulated up to the month	Ending balance	Drawdown	Interest rate interval	Nature of loaning of funds	Reasons of necessary short-term financing	Appropriated allowance for bad debt	Collateral		Limit of loans to individual borrowers	Limit of total loans
										Name	Value		
SHUI-MU International Co., Ltd.	Shuang Yue Co., Ltd.	Yes	2,000	2,000	0	1.50%	Short-term loans	Revolving funds	0	None	0	155,708	311,426

Note: The Company resolved to approve the funds loaned to Shuang Yue Co., Ltd. in the board meeting on November 7, 2024.

③The Company has established the “Operational Procedures for Making of Endorsements/Guarantees,” and during the most recent year and up to the date of publication of this annual report, the Company did not making endorsement or guarantee.

④The Company has stipulated the operations for engagement in derivative trading in the “Operational Procedures for Acquisition and Disposal of Assets” during the most recent year and up to the date of publication of this annual report, the Company did not engage in derivative trading; where any related operation is conducted in the future, the related regulations will be complied with.

(III) Future research and development plans, and the projected expenses

The Company's operating goal is to promote the beauty of customers' feet and lives, and is committed to developing healthy, comfortable, easy-to-wear, and beautiful shoes. The Company also invests in the R&D and design of leather goods, bags, and apparel products, to increase the added value of the products with innovative materials and improved functions and structures, while devoting great efforts to the research and analysis of ergonomics for foot as the basis for product development. In the future, the related research and development of products will be conducted according to the Company's business expansion plans to maintain the Company's competitive advantages.

It is planned to improve the personalized multiple service models for foot problems accurately. It is estimated that Operating income 2% thousand will be invested in research funds in 2025. With numerous "smart technologies," the product sales services is incorporated, including "upgraded research and services for dynamic foot pressure measurement," "foot/last/shoe 3D fitting system development," "introduction of modeling for fully customized 3D printing insole," and many other studies, to concretely implement the experience of promoting health and life, and make the Company to become a professional benchmark of footwear industry in Taiwan.

(IV) The effect of major policy changes and legal practices, whether domestic or foreign, on the Company's treasury operations and responsive actions:

In recent years, the Company's finances and business has not been affected by changes in important domestic and foreign policies and laws. In addition, regarding domestic and international important policy development trends and legal changes, the Company not only immediately collects relevant information and for the management as the decision-making reference, but also invites lawyers, accountants and other relevant professional units to consult, or commission them to evaluate, advise and plan response measures, to reduce the effects on the Company's finance and business.

(V) Financial impacts and responsive measures in the event of technological or industrial changes

To cope with changes in technologies, the Company has introduced the digitized system into the Company's various operating processes, with constant updating and improvement, to elevate the Company's operational effectiveness and efficiency, including the connection of store channels, stock-in and out of the logistics management, internal operating processes, and integration of upstream and downstream supply chains, among other things. With the trend of networking technology becoming a daily life, the Company has also expanded into the operation of virtual channels, and has engaged in the e-commerce platform of Yahoo Kimo Shopping Center, bringing new business opportunities for the Company.

(VI) Crisis management, impacts, and responsive measures in the event of a change in corporate image:

The Company's main brand has been established for nearly 73 years. During the period, it has insisted on excellent quality and services, and complied with relevant laws and regulations. There has been no related reports that are detrimental to the corporate image; the Company has a dedicated public relations department to handle related operations.

(VII) Expected benefits, risks and responsive measures of planned mergers or acquisitions

In case of merger and acquisition, the Company will, pursuant to the "Operational Procedures for Acquisition and Disposal of Assets," with prudential attitude toward assessment, to consider whether the merger brings specific synergy to the Company, to fully secure the Company's interest and the shareholders' rights. The Company had no plan for mergers and acquisitions during the most recent year up to the publication date of this annual report.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The Company has not established or invested in any plants, and all the products sold are purchased from domestic and foreign excellent OEMs or other traders, so there are no benefit or risk related to expansion of plants.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

1. Risks associated with any consolidation of purchasing operations, and mitigation measures being or to be taken:

The Company purchases from a wide range of sources. There are at least more than 50 suppliers to cooperate with for each quarter, of which ten suppliers are the major providers. The quarterly purchase from the largest supplier accounts for less than  $\pm 10\%$  of the total purchases. From the view of the overall supply chain network, the Company's purchase sources are competitive and there is no risk of consolidated purchases.

2. Risks associated with any consolidation of sales operations, and mitigation measures being or to be taken:

The Company mainly sells via the self-operated channels; with stores and counters all over Taiwan and outlying islands. As of the publication date of the annual report, the total number of counters has reached 105. The sales targets are general consumers, so there is no risk of consolidated sales.

- (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

There was no instance in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hand.

- (XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: none

- (XII) Litigation and non-contentious cases:

1. Major litigious, non-litigious or administrative disputes that involve the company, and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: none.
2. Major litigious, non-litigious or administrative disputes that involve the r any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company, and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: none.

- (XIII) Other material risks and responsive measures: None.

## VII. Other Material Issues

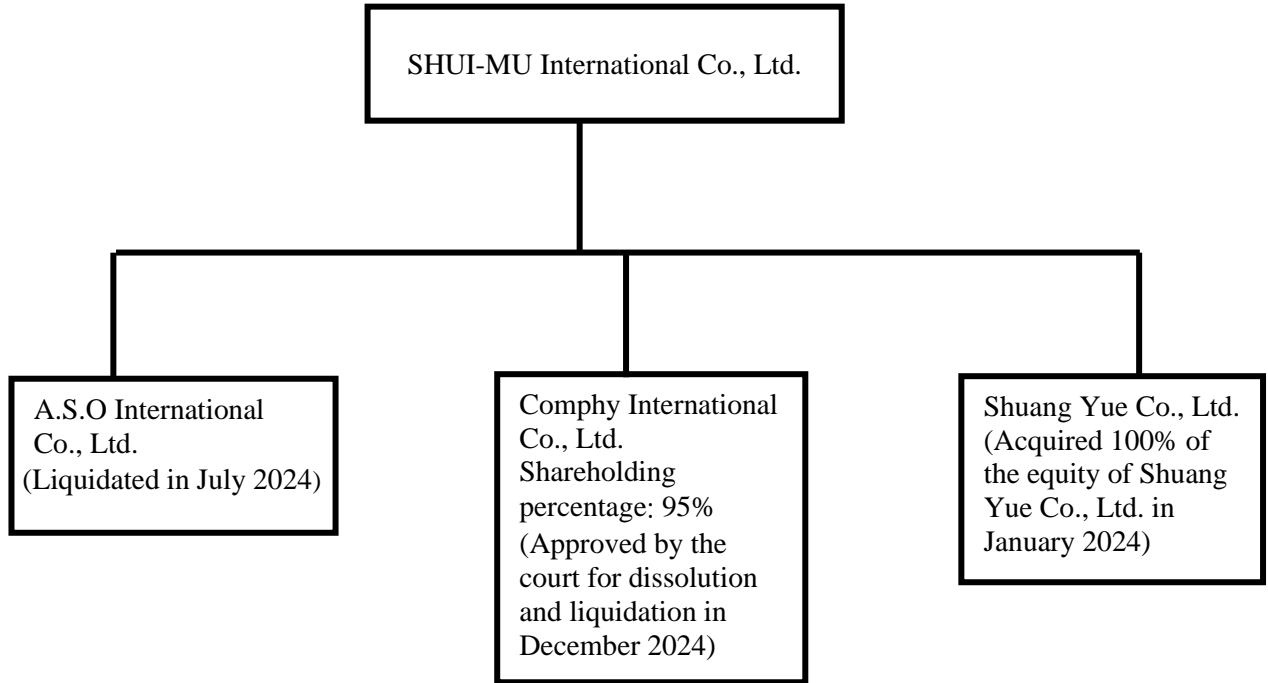
None.

## Six. Special remarks

### I. Information on affiliated enterprises

#### (I) Consolidated business report

##### 1. Organizational chart of affiliated enterprises(as of December 31, 2024)





## 2. Basic information of affiliated enterprises

December 31, 2024

Name of affiliated enterprise	Establishment Date	Address	Paid-in capital amount	Main Business
A.S.O International Co., Ltd.(None1)	-	-	-	-
Comphy International Co., Ltd.(Note2)	-	-	-	-
Shuang Yue Co., Ltd. (Note3)	1992/09/26	6F, No. 168, Songjiang Road, Zhongshan District, Taipei City	NT\$4,000 thousand -	Shoes and Bag manufacturing

Note1: Liquidated in July 2024

Note2: Approved by the court for dissolution and liquidation in December 2024

Note3: Merger of companies to meet operational needs of business expansion, acquired 100% of the equity of Shuang Yue Co., Ltd. in January 2024

## 3. Common shareholders in controlling and controlled companies: none.

## 4. Businesses covered by affiliated companies

The business covered by affiliated companies mainly are shoes, leather goods, and apparel transactions.

5. The overview of the operations of the affiliates shall clearly describe the financial condition and operational results of each affiliate

December 31, 2023 Unit: thousand shares

Company name	Title	Name or the Name of Representative	Shares held	Holding percentage
A.S.O International Co., Ltd.(Note1)	–	–	–	–
Comphy International Co., Ltd.(Note2)	–	–	–	–
	–	–	–	–
	–	–	–	–
	–	–	–	–
Shuang Yue Co., Ltd. (Note3)	Chairman	SHUI-MU International Co., Ltd Representative: Jung-Yueh Lo	–	
	Director	SHUI-MU International Co., Ltd Representative: Michelle Kuo		
	Director	SHUI-MU International Co., Ltd. Representative: Mei-Lan Chang		
	Supervisor	SHUI-MU International Co., Ltd. Representative: Li-Ling Lo		

Note1: Liquidated in July 2024

Note2: Approved by the court for dissolution and liquidation in December 2024

Note3: Merger of companies to meet operational needs of business expansion, acquired 100% of the equity of Shuang Yue Co., Ltd. in January 2024

## 6. Overview of affiliated enterprises' operations

December 31, 2022; Unit: NT\$ thousand; in NT\$ unless otherwise specified

Company name	Paid-in capital amount	Total assets	Total liabilities	net worth	Operating revenue of the period	Operating income (loss) of the period	Current profit and loss (after-tax)	Earnings per share (Note 1) (NT\$) (after tax)
SHUI-MU International Co., Ltd.	668,000	1,710,340	932,758	777,582	1,136,445	(69,687)	(48,480)	(0.73)
A.S.O International Co., Ltd.(Note1)	–	–	–	–	–	–	–	–
Comphy International Co., Ltd.(Note2)	–	–	–	–	–	–	–	–
Shuang Yue Co., Ltd. (Note3)	4,400	9,120	9,074	46	86,833	(212)	38	0.00

Note1: Liquidated in July 2024

Note2: Approved by the court for dissolution and liquidation in December 2024

Note3: Merger of companies to meet operational needs of business expansion, acquired 100% of the equity of Shuang Yue Co., Ltd. in January 2024

(II) Consolidated financial statements of the affiliated enterprises

SHUI-MU International Co., Ltd. and its subsidiaries

Declaration for consolidated financial statements of affiliated companies

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2024 (Jan. 1, 2024- Dec. 31, 2024) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included into the consolidated financial statement of the parent company and subsidiaries pursuant to the IFRS 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statement of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

It is hereby declared

Company name: SHUI-MU International Co., Ltd.

Person in charge: JUNG-YUEH,Lo

March 12, 2025

(III) Affiliation report: none.

II. Private placement of securities

None.

III. Holding or disposal of shares in the company by the company's subsidiaries

None.

IV. Other matters that require additional description

None.

**SHUI-MU International Co., Ltd.**

**Chairman: JUNG-YUEH,Lo**