來億興業股份有限公司
LAI YIH FOOTWEAR CO.,LTD (CAYMAN)

股票代碼：6890
Stock Code



2025
ANNUAL REPORT

Market Observation Post System Website ：
https://mops.twse.com.tw/mops/web/index

LaiYih Group Annual Report Website ：
https://www.laiyih.com/shareholder-service

Printed Date ：4/20/2026

1. **Name, professional title, contact number and email address of the Company's spokesperson and acting spokesperson**

   Spokesperson's Name: Hsu Sung-Chu Job Title: Chief Information Officer
   Telephone: (886)4-2568-8746 Email: ir@laiyih.com.tw
   Acting Spokesperson's Name: Huang Yu-Wen Title: Associate Manager of the Audit Office
   Telephone: (886)4-2568-8746 Email: ir2@laiyih.com.tw

2. **Name, professional title, contact number and email address of litigation and non-litigation agents within the territory of the Republic of China**

   Name: Chung Te-Li
   Position: Chairman
   Telephone: (886)4-2568-8746
   Email: ir2@laiyih.com.tw

3. **Addresses and telephone numbers of the head office, branches and factories**

   (1) The Company

   Name: Lai Yih Footwear Co., Ltd.

   Address: PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

   Telephone: (886)4-2568-8746

   (2) Samoa subsidiaries

   1. Name: Lai Yih Footwear Co., Ltd.

      Address: Le Sanalele Complex, Ground Floor, Vaea Street, Saleufi, Apia, Samoa

      Telephone: (886)4-2568-8746

   2. Name: Flourish Thrive Developments Limited

      Address: Le Sanalele Complex, Ground Floor, Vaea Street, Saleufi, Apia, Samoa

      Telephone: (886)4-2568-8746

   3. Name: Portrich Trading Limited

      Address: Intershore Suite, Le Sanalele Complex, Apia, Samoa

      Telephone: (886)4-2568-8746

   4. Name: Thrive Foison Limited

      Address: Le Sanalele Complex, Ground Floor, Vaea Street, Saleufi, Apia, Samoa

      Telephone: (886)4-2568-8746

   5. Name: King Global Development Corp.

      Address: Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa

      Telephone: (886)4-2568-8746

   6. Name: Polo International Holding Ltd.

      Address: Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa

      Telephone: (886)4-2568-8746

   (3) Seychelles subsidiary

   1. Name: Billion Star International Co., Ltd.

Address: Room S203A, Second Floor, Orion Complex, Victoria, Mahè, Seychelles

Telephone: (886)4-2568-8746

2. Name: Cheer Access Ltd.

   Address: Suite 309, Capital City Building, Independence Avenue, Victoria, Mahè, Republic of Seychelles

   Telephone: (886)4-2568-8746

3. Name: Oversea Faith Co., Ltd.

   Address: Rooms 204& 206, Second Floor, Sham Peng Tong Plaza, Victoria, Mahè, Seychelles

   Telephone: (886)4-2568-8746

4. Name: Mega River Investment Co., Ltd.

   Address: Rooms 204& 206, Second Floor, Sham Peng Tong Plaza, Victoria, Mahè, Seychelles

   Telephone: (886)4-2568-8746

(4) British Anguilla subsidiary

Name: Everyield Co., Ltd
Address: Babrow Building, The Valley, Anguilla, British West Indies
Telephone: (886)4-2568-8746

(5) Taiwan branch

Name: Flourish Thrive Developments Limited Taiwan Branch
Address: No. 13, Lane 370, Section 4, Yatan Road, Daya District, Taichung City
Telephone: (886)4-2568-8746

(6) Vietnam subsidiary

1. Name: Lacty Company Limited

   Address: No. 3–5 Ten Lua Street, An Lac Ward, Ho Chi Minh City, Vietnam

   Telephone: (84)0838754536

2. Name: Lacty II Company Limited

   Address: Lot B1, B2, Tan Phu Thanh Industrial Park – Phase 1, Thanh Xuan Commune, Can Tho City, Vietnam

   Telephone: (84)2933953292

3. Name: Vinh Long Footwear Co., Ltd.

   Address: Hoa Phu Industrial Park, Thanh Hung Hamlet, Phu Quoi Commune, Vinh Long Province, Vietnam

   Telephone: (84)2703962052

4. Name: Yih Shuo Footwear Co., Ltd.

   Address: Hamlet 1, Thap Muoi Commune, Dong Thap Province, Vietnam

   Telephone: (84)2773940888

5. Name: Ty Bach Company Limited

   Address: Lot D, Binh Minh Industrial Park, My Hung 2 Hamlet, Cai Von Ward, Vinh Long Province, Vietnam

Telephone: (84)2703752619

6. Name: Grand Wisdom Company Limited

   Address: Lot A4, Vi Thanh City Industrial and Small-Scale Industrial Cluster, Vi Thanh Ward, Can Tho City, Vietnam

   Telephone: (84)2933581800

(7) Myanmar subsidiary

Name: Tsang Yih Company Limited

Address: Myay Taing Block No.20, Anawyahtar Industrial Zone (Phase II), Plot No.X3/X4/X5/X6/N3/N4 Hlaing Thar Yar Township Yangon, Myanmar

Telephone: (95)9443051884

(8) Indonesian subsidiary

1. Name: Pt. Yih Quan Footwear Indonesia

   Address: Kaveling III-14, III-18, III-19, III-20, Desa/Kelurahan Kedawung, Kec.Banyuputih, Kab. Batang, Provinsi Jawa Tengah, Kode Pos: 51271

   Telephone: -

2. Name: Pt. Yihfull Footwear Indonesia

   Address: Puri Mediterania Blok C No. 9 Kel. Tawangsari, Kec. Semarang Barat Kota Semarang, Provinsi Jawa Tengah, Kode Pos: 50144

   Telephone: -

3. Name: Pt. Yihxin Footwear Indonesia

   Address: Gedung 88, Kota Kasablanka Lantai 10 Unit F, Jl. Casablanca, Kota Adm. Jakarta Selatan, Kaveling 88, Desa/Kelurahan Kec. 12870

   Telephone: -

4. Name: Pt. Alnu Sporting Goods Indonesia

   Address: Jl. Raya Kayulapis, Gempol, Mororejo, Kab. Kendal, Provinsi Jawa Tengah, Kode Pos: 51372

   Telephone: (62)811252668

5. Name: Pt. Yih You Footwear Indonesia

   Address: Puri Mediterania Blok C No. 9 Kel. Tawangsari, Kec. Semarang Barat Kota Semarang, Provinsi Jawa Tengah, Kode Pos: 50144

   Telephone: -

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

Name: Stock Affairs Agency Department, CTBC Bank Co., Ltd.

Website: https://www.ctbcbank.com/

Address: 5th Floor, No. 83, Section 1, Chongqing South Road, Zhongzheng District, Taipei City

Telephone: (886)2-6636-5566

5. Name, firm name, address, website and phone number of the CPAs for the most recent annual financial reports

CPAs name: Lai, Chih-Wei, Wu Sung-Yuan

Firm name: PwC Taiwan

Website: https://www.pwc.tw

Address: 12th Floor, No. 402, Shizheng Road, Xitun District, Taichung City

Telephone: (886)4-2704-9168

6. **Names of exchanges where overseas securities are listed and traded and methods of querying overseas securities information**

Not applicable

7. **Website: https://www.laiyih.com**

8. **List of Board of Directors:**

Title	Name	Nationality or place of registration	Main academic qualifications
Chairman	Wide Source Co., Ltd.	Seychelles	
	Chung, Te-Li	Republic of China	Department of Industrial and Systems Engineering, Chung Yuan Christian University. Director of Lai Yih Group
Director	Yuchuan Co., Ltd.	Seychelles	
	Lin, Chang-Yung	Republic of China	Taichung Municipal Feng-Yuan Junior High School Executive General Manager of Lacty Company Limited Executive General Manager of Lacty II Company Limited President of Lai Yih Group
Director	Faith Connect Co., Ltd.	Seychelles	
	Hsu, Sung-Chu	Republic of China	STUST Technical College - Department of Mechanical Engineering Assistant Manager of Chemical Engineering at Cheng Chang Footwear Co., Ltd. Saucony Trader/Inspector Development Assistant Manager of Lotto Maolin Trading Company Factory's Chemical Director of Evewin Indonesia Lai Yih Group - A Group Factory Assistant Manager Chief Information Officer of Lai Yih Group Taiwan Head Office
Director	Save Wealth Co., Ltd.	Seychelles	
	Chung, Chen-Chia	Republic of China	Sheffield Hallam University, UK Department of Industrial Management Lai Yih Group- Development Manager of Lacty Company Limited Lai Yih Group - Special Assistant to General Manager of Vinh Long

Title	Name	Nationality or place of registration	Main academic qualifications
			Lai Yih Group - Associate Manager of Vinh Long Factory A Lai Yih Group - Deputy General Manager of Vinh Long Factory A Lai Yih Group - General Manager of Vinh Long Factory A
Director	Top Gather Co., Ltd.	Seychelles	
	Lin, Hsueh-Fen	Republic of China	Feng Yuan Commercial Senior High School Lions Club District Counselor
Director	Flying Rich Co., Ltd.	Seychelles	
	Lin, Chun-Hsing	Republic of China	Taichung Municipal Feng-Yuan Junior High School Manager of Chun Chin Cheng Enterprise Co., Ltd. Current General Manager of Soon Yu Enterprise
Independent director	Juan, Chang-Mao	Republic of China	Department of Mechanical Engineering, Tatung University Engineer recommended by the Energy Administration, Ministry of Economic Affairs Section Chief of Nan Ya Plastics Corporation Manager of Quality Assurance Department and Machine Tool Department of Yang Iron Precision Corporation Director of Precision Machinery Research and Development Center Deputy Secretary-General of Taiwan Machine Tool and Components Industry Association
Independent director	Hung, Jui-Bin	Republic of China	Master of Economics, Soochow University Director of Economic Construction Commission, Executive Yuan
Independent director	Chou, Yin-Hsiang	Republic of China	Master’s degree from College of Business and Management at Tamkang University CPA, Li-Cheng Certified Public Accountants

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I. Shareholders' Report

I. Shareholders' Report

Chairman of Lai Yih Group Chung Te-Li

June 16, 2026

Mr and Mrs shareholders,

Lai Yih Group's 2025 Operating Performance and Future Outlook Report is as follows:

I. Operating Results of the Previous Year

(I) Performance of the business plan

In 2025, despite a relatively high comparison base from 2024, the global footwear market maintained moderate growth as expected, supported by major international sporting events, rising awareness of healthy lifestyles, and strong sustainability trends. Meanwhile, the slowdown in global economic growth momentum and geopolitical factors, including uncertainties over tariffs and exchange rates, continued increases in raw material and labor costs, and the concentration of orders from brand customers, also posed considerable risks and challenges. Fortunately, through the concerted efforts of the management team, Lai Yih Group's consolidated revenue increased to NT$39.595 billion in 2025, representing a 5% increase from the previous year and outperforming industry peers. The gross profit margin and operating profit margin were 16.03% and 9.54%, respectively, with an operating expense ratio of 6.49%. Operating profit reached NT$3,776,273 thousand, and the net profit attributable to the parent company was NT$3,247,647 thousand, with an annual after-tax EPS of NT$13.02.

In terms of output value by production base, Vietnam, Myanmar, and Indonesia accounted for 86.08%, 5.98%, and 7.94%, respectively, in 2025. Capacity expansion plans in the existing regions continue to be carried out to meet future demand for mass production orders. In terms of revenue share by sales region, Europe and the Americas together accounted for as much as 80% and remained the key sales markets. The Greater Americas market accounted for 49.02%, while Greater Europe accounted for 31.90%. In terms of research and development, since its establishment, Lai Yih Group has continued to focus on the R&D and mass production integration of high-performance athletic footwear and classic casual footwear. In recent years, its R&D strategy has further focused on "applications of high-performance materials," "process integration," and "enhancing customer engagement," successfully building its core competitive advantages. R&D expenditure amounted to NT$718,735 thousand in 2025, representing a 6% increase from the previous year.

(II) Execution of budget

For FY2025, Lai Yih Group did not publicly disclose any financial forecasts. Not applicable.

(III) Analysis of financial incomes and profitability

Unit: NTD thousands

Item \ Year			Consolidated Financial Statements	
			2025	2024
Financial Receipts and Expenditures	Operating revenue		39,594,659	37,689,899
	Gross operating profit		6,346,490	7,458,670
	Profit after tax		3,415,995	4,169,666
Profitability	ROA (%)		10.12	14.21
	ROE (%)		13.53	18.93
	As a Percentage of Paid-in Capital (%)	Operating income	151.41	187.81
		Profit before tax	170.16	211.33
	Net profit margin (%)		8.63	11.06
	EPS (NTD)		13.02	16.13

(IV) Research and development status

Since its establishment, Lai Yih Group has continued to focus on the R&D and mass production integration of high-performance athletic footwear and classic casual footwear. R&D expenditure amounted to NT$718,735 thousand in 2025, representing a 6% increase from the previous year. In recent years, its R&D strategy has further focused on "applications of high-performance materials," "process integration," and "enhancing customer engagement," successfully building its core competitive advantages.

- Application of High-Performance Materials: Leveraged supercritical physical foaming technology across key running and outdoor footwear product lines to achieve an optimal balance of lightweight construction, superior energy return, and environmental sustainability. Developed injection-molded one-piece structures that streamline sole assembly processes while enhancing manufacturing efficiency, structural integrity, and production consistency. Integrated carbon fiber plate technology into high-performance running footwear to support brand customers' strategic expansion into racing and performance running segments, thereby

strengthening product differentiation and establishing technological barriers to entry.

- Manufacturing Process Integration: Advanced 5D/3D printing and UV printing technologies to enhance upper design flexibility, aesthetics, and durability. Introduced collar molding and integrated upper molding technologies to improve three-dimensional design, optimize fit, and enhance overall wearing comfort.
- Strengthening Customer Collaboration: Evolved from a traditional specification-driven manufacturing model to a collaborative development approach by co-creating structural designs and manufacturing solutions with brand partners. Through deeper engagement in product development and a stronger understanding of customers' product strategies and market needs, we have reinforced customer trust, expanded strategic partnerships, and enhanced the depth and value of long-term collaboration.

II. Annual Business Plan Overview

(I) Guidelines of operations

After the global footwear manufacturing industry underwent inventory adjustments in 2023 and a gradual recovery in 2024, demand for athletic footwear further increased in 2025, driven by factors such as the continued strong sales of classic styles, the recovery in demand for high-performance athletic footwear, outdoor footwear, and retro running shoes, as well as product mix optimization.Through the concerted efforts of the management team, Lai Yih Group successfully captured consumer trends and drove order momentum from major customers. In 2025, the Company delivered stable performance in the development and mass production of relevant footwear styles while gradually accumulating and strengthening its technical experience and manufacturing advantages across various footwear categories. At the same time, Lai Yih Group adheres to the principle of pursuing both "prudent operations and expanded investment." On the one hand, the Group carefully manages production capacity and resource allocation; on the other hand, it continues to invest in the cultivation of key talent, upgrades to product development technologies, and enhancement of manufacturing capabilities, ensuring that it has the foundation to secure stable orders, strengthen collaboration with brands, and enhance long-term competitiveness amid changes in the market environment.

(II) Expected sales volume and the basis

The projected sales volume of Lai Yih Group for 2026 has been determined based on an assessment of global footwear market trends, demand forecasts from brand customers, order visibility, and production capacity planning. Given the ongoing uncertainty surrounding the recovery and growth of the global

footwear market, the Group will continue to closely monitor market developments and adjust its operating strategies and production plans as appropriate to respond to changes in market demand.

(III) Important production and marketing policies

1. Optimize the Development Center to Expand Product Development Capabilities

Lai Yih Group continues to strengthen the capabilities of its Development Center by enhancing product development expertise and deepening collaboration with brand customers. Through expanding its footwear style development capacity and improving the transition from product development to mass production, the Group is well positioned to pursue higher value-added projects, broaden its customer portfolio, and cultivate new business opportunities.

2. Expand Production Capacity to Support Business Growth

To meet increasing demand from brand customers, Lai Yih Group continues to expand its manufacturing capacity by adding production lines, optimizing workforce allocation, and introducing semi-automated equipment. The Group also flexibly adjusts production capacity across its manufacturing facilities based on customer demand and operational requirements, thereby improving resource utilization, enhancing production efficiency, and strengthening its ability to respond to changing market conditions.

3. Promote Localized Procurement to Strengthen Supply Chain Resilience

In response to evolving global market conditions and geopolitical developments, Lai Yih Group continues to advance the localization of material and equipment procurement across Southeast Asia. This strategy helps mitigate supply chain risks, improve procurement flexibility, enhance supply chain resilience, and ensure stable production and supply operations.

III. Future Company Development Strategy

Looking ahead, amid geopolitical tensions, high uncertainty in the global macroeconomic environment, intensifying market competition, and increasingly stringent sustainability requirements, the footwear OEM industry must carefully assess the situation and seize opportunities while responding to severe challenges. Lai Yih Group is committed to fully advancing its overall development strategy, including the core strategies of optimizing production capacity and processes, enhancing quality and management capabilities, and ensuring sustainability and compliance management. The Group will preserve process flexibility and resilience, strengthen its position in key footwear categories, continue to enhance corporate value, and reinforce its market position.

(I) Optimizing Production Capacity and Processes

Lai Yih Group will continue to optimize production capacity allocation and process efficiency. Through standardization and modularization, combined with lean production (LEAN) and investment in automated equipment, the Group will reduce reliance on manual operations and improve output efficiency per employee. The Group will also adjust its production footprint strategy in a timely manner and carefully manage production capacity and resource allocation based on the production characteristics, cost structure, and brand direction of each location, thereby enhancing the Company's overall supply flexibility and reducing operating costs.

(II) Enhancing Quality and Management Capabilities

Adhering to the operating strategy of "Product is King," Lai Yih Group will continue to strengthen its quality management system and internal audit mechanism. Starting from foundational manufacturing and organizational capabilities, the Group will systematically build a comprehensive operating system that supports product quality, delivery schedules, and competitiveness. Through a "bottom-up" approach, the Group will strengthen the stable delivery of product value and improve overall manufacturing stability to meet international brands' quality requirements for high-end footwear. It will further strengthen the positioning of personnel capabilities and the division of roles, enhance professional depth and decision-making quality, ensure effective implementation, and create sustainable competitive advantages in the market.

(III) Sustainability and Compliance Management

The formal implementation of the EU Carbon Border Adjustment Mechanism (CBAM) and Taiwan's carbon fee has compelled enterprises to accelerate carbon inventory and low-carbon transformation. Compliance has shifted from passive regulatory compliance to proactive strategic risk management. Enterprises must integrate greenhouse gas information disclosure, supply chain human rights guidelines, and biodiversity protection in order to build long-term resilience and enhance international competitiveness. In response to these challenges, Lai Yih Group will accelerate the systematization of environmental, social, and governance (ESG) related operations while integrating energy, carbon management, corporate governance, and social responsibility to build a sustainable business model with long-term resilience and competitiveness.

IV. Impact of External Competitive Environment, Regulatory Environment, and Overall Operating Environment

Lai Yih Group's measures in response to the multiple severe challenges the footwear industry is currently facing are summarized as follows:

(I) External Competitive Environment

Competition in the global footwear industry continues to intensify, and brands are placing increasingly higher requirements on product quality, delivery stability, and cost structure. In particular, as uncertainty remains over market growth momentum, brands will become more cautious in selecting suppliers. Only suppliers with stable delivery capabilities and differentiated technologies will be favorably positioned to secure long-term cooperation opportunities. Lai Yih Group will continue to strengthen the Company's relative advantages in the competitive environment by enhancing product development capabilities, improving process stability, and implementing quality consistency management. At the same time, the Group will avoid relying solely on price as its primary competitive strategy. It will strive to maintain a reasonable profit structure and solidify the foundation for long-term operations.

(II) Regulatory Environment

As labor regulations, environmental regulations, and trade policies in various countries continue to be adjusted, their structural impact on manufacturing operations is expected to increase. In particular, as regulations related to labor conditions, sustainable development, and supply chain transparency become increasingly stringent, enterprises are expected to face greater pressure in terms of compliance costs and management complexity. Lai Yih Group will continue to closely monitor regulatorychanges in the locations of its production sites, plan ahead, and adjust internal systems and processes in advance to ensure operational compliance. At the same time, the Group will reduce the uncertainty that regulatory changes may bring to operating efficiency through process standardization and digital management.

(III) Overall Business Environment

The slowdown in global economic growth momentum, changes in inflation and interest rate policies, adjustments to tariff policies in various countries, exchange rate fluctuations, and geopolitical risks are expected to remain external macro-environmental factors that cannot be overlooked in 2026. These unpredictable changes may affect the order planning pace of footwear brands, demand in consumer markets, and the stability of supply chain operations. Lai Yih Group will adopt operating principles of prudence and flexibility, avoid excessive production capacity expansion and capital expenditures, and actively diversify operational risks through a diversified product portfolio and cross-regional production allocation. At the same time, Lai Yih Group is determined to continue strengthening its investment in core capabilities and key talent, reinforcing its corporate fundamentals, and ensuring that it can take the lead when the market environment recovers by responding quickly to brand demand and seizing growth opportunities.

I would like to extend my sincere gratitude to all shareholders for your support and encouragement. I extend my best wishes to all shareholders for success in your endeavors and peace for your families!

Chairman

II. Company Overview

I. Date of establishment and group profile

Lai Yih Footwear Co., Ltd. (hereinafter referred to as the "Company") established a holding company in the Cayman Islands on June 16, 2021 (hereinafter referred to as the "Cayman Islands"). The Company primarily engages in the manufacturing of footwear products on an OEM basis, with a focus on sports shoes and leisure shoes. The registered locations and main functions of the Group's subsidiaries are summarized as follows:

Company name	Place of registration	Main operating functions within the Group
Lai Yih Footwear Co., Ltd. (hereinafter referred to as: Lai Yih SAMOA)	Samoa	General investments.
Flourish Thrive Developments Limited (hereinafter referred to as: Flourish Thrive SAMOA)	Samoa	General investments.
Flourish Thrive Developments Limited Taiwan Branch (hereinafter referred to as: Flourish Thrive Taiwan)	Republic of China	Mainly responsible for receiving orders from the Group.
Cheer Access Ltd. (hereinafter referred to as: Cheer Access)	Seychelles	Mainly engaged in general investments and responsible for overseas purchasing for non A Group in Vietnam.
Billion Star International Co., Ltd. (hereinafter referred to as: Billion Star)	Seychelles	Mainly responsible for general investments and overseas procurement for A Group in Vietnam.
Portrich Trading Limited (hereinafter referred to as: Portrich)	Samoa	General investments.
Oversea Faith Co., Ltd. (hereinafter referred to as: Oversea Faith)	Seychelles	General investments.
King Global Development Corp. (hereinafter referred to as: King Global)	Samoa	General investments.
Mega River Investment Co., Ltd. (hereinafter referred to as: Mega River)	Seychelles	General investments.
Thrive Foison Limited (hereinafter referred to as: Thrive Foison)	Samoa	General investments.
Polo International Holding Ltd. (hereinafter referred to as: Polo)	Samoa	Mainly responsible for general investments and overseas procurement for A Group in Myanmar.
Everyield Co., Ltd. (hereinafter referred to as: Everyield)	Anguilla	General investments.
Lacty Company Limited (hereinafter referred to as: Lacty)	Vietnam	Mainly affiliated to A Group's sports shoe OEM production base in Vietnam.
Lacty II Company Limited (hereinafter referred to as: Lacty III)	Vietnam	It is mainly an OEM production base for branded sports shoes in Vietnam. Its

Company name	Place of registration	Main operating functions within the Group
		main business items are the manufacturing, processing and trading of sporting goods.
Pt. Yihfull Footwear Indonesia (hereinafter referred to as: Yihfull)	Indonesia	It is an Indonesian OEM production base for branded sports shoes. Its main business items are the manufacturing, processing and trading of sporting goods.
Vinh Long Footwear Co., Ltd. (hereinafter referred to as: Vinh Long)	Vietnam	It is mainly an OEM production base for branded sports shoes in Vietnam. Its main business items are the manufacturing, processing and trading of sporting goods.
Pt. Yihxin Footwear Indonesia (hereinafter referred to as: Yihxin)	Indonesia	It is an Indonesian OEM production base for branded sports shoes. Its main business items are the manufacturing, processing and trading of sporting goods.
Yih Shuo Footwear Co., Ltd. (hereinafter referred to as: Yih Shuo)	Vietnam	It is mainly an OEM production base for branded sports shoes in Vietnam. Its main business items are the manufacturing, processing and trading of sporting goods.
Pt. Yih Quan Footwear Indonesia (hereinafter referred to as: Yihquan)	Indonesia	It is an Indonesian OEM production base for branded sports shoes. Its main business items are the manufacturing, processing and trading of sporting goods.
Ty Bach Company Limited (hereinafter referred to as: Ty Bach)	Vietnam	It is mainly an OEM production base for branded sports shoes in Vietnam. Its main business items are the manufacturing, processing and trading of sporting goods.

Company name	Place of registration	Main operating functions within the Group
Grand Wisdom Company Limited (hereinafter referred to as: Grand Wisdom)	Vietnam	It is mainly an OEM production base for branded sports shoes in Vietnam. Its main business items are the manufacturing, processing and trading of sporting goods.
Tsang Yih Company Limited (hereinafter referred to as: Tsang Yih)	Myanmar	It is an OEM production base for branded sports shoes in Myanmar. Its main business items are the manufacturing, processing and trading of sporting goods.
Pt. Alnu Sporting Goods Indonesia (hereinafter referred to as: Pt Alnu)	Indonesia	It is an Indonesian OEM production base for branded sports shoes. Its main business items are the manufacturing, processing and trading of sporting goods.
Pt. Yih You Footwear Indonesia (hereinafter referred to as: Pt. Yih You)	Indonesia	It is an Indonesian OEM production base for branded sports shoes. Its main business items are the manufacturing, processing and trading of sporting goods.

II. Company history

Year	Important notes
1987	Lai Yih Group was established in Taichung, Taiwan.
1990	Lacty, the first overseas invested subsidiary, was established in Ho Chi Minh City, Vietnam, and specialized in the production of various sports shoes and casual shoes for A Group.
2004	Invested and established a subsidiary in Vinh Long Province, Vietnam, which is currently the largest factory of Lai Yih Group.
2007	Lacty cooperated with A Group to specialize in the production of casual shoes and established A Group's development center.
2011	Lacty achieved SEC 4C of A Group and won the first place as a reliable delivery supplier. In the same year, Lacty II factory was established in Hau Giang Province, Vietnam to expand the scale of production of various sports shoes and casual shoes of A Group.
	Established a subsidiary, Yih Shuo, in Dong Thap Province, Vietnam, as a factory for manufacturing shoe uppers.
2013	Vinh Long factory in Vinh Long Province, Vietnam (established in 2004), established the B Group Development Center.
2014	Established subsidiary Tsang Yih in Yangon, Myanmar.
	Yih Shuo transformed into a shoe factory and became the OEM partner of D Group.
2017	Vinh Long obtained GORE-TEX certification and started mass production.
2018	A subsidiary company, Ty Bach, was established in Vinh Long Province, Vietnam to produce sports and casual shoes under the C Group brand.
2020	C Group's development center was moved from Zhongshan, Guangdong to its subsidiary Ty Bach in 2020.
	Grand Wisdom, a subsidiary company, was established in Hau Giang Province, Vietnam to manufacture shoe uppers for finished shoe factories.
2021	The Group's organizational structure was restructured after it was listed in Taiwan, and Lai Yih Footwear Co., Ltd. (hereinafter referred to as the "Lai Yih Cayman") was established with a paid-in capital of NT$2,200,000 thousand.
	Invested and established subsidiaries Yihquan and Yihfull in Indonesia.
2023	Invested in Indonesian subsidiary Ou Niu.
2024	It was listed on the Taiwan Stock Exchange on June 12, and its paid-in capital increased to NT$2,494,000 thousand. At the end of the year, the Company invested in and established subsidiary, Pt. Yih You Footwear Indonesia in Indonesia. The Company also obtained Taiwan utility model patents for the "Strip Material Conveying Machine" and "Outsole Feeding System Dedicated to Flat Sole Roughing Machines."
2025	Obtained a Taiwan invention patent for the "Automatic Spraying System and Automatic Spraying Method," as well as a Taiwan utility model patent for the "Sole Size Inspection System." The Company also issued the first and second unsecured corporate bonds in the Republic of China.
2026	Obtained Taiwan invention patents for the "Automatic Spraying Method and Automatic Spraying System" and "Sole Size Inspection System and Method." The Company also invested in and established subsidiary, Vietnam Chu-Sheng in Vietnam.

III. Group structure: Please refer to page 131: VII. Special recorded matters.

IV. Risk matters: Please refer to page 118 to 130: VI. Review of financial status and financial performance and analysis of risk matters.

III. Corporate Governance Report

I. Information on directors, supervisors, general managers, deputy general managers, associate managers, heads of departments and branches

(1) Information of directors and supervisors

1. Director

April 18, 2026; Unit: Shares, %

Title	Name	Gender Age	Nationality or place of registration	Date of first election	Date of election	Term of office	Shares held at time of election		Number of shares currently held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in the Company and other companies	Other managers, directors or supervisors who are related to spouse or second degree of relatives			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Wide Source Co., Ltd.	-	Seychelles	2024/5/30	2024/5/30	3 years	38,500,000	17.50	38,500,000	15.44	-	-	-	-	-	-	-	-	-	-
	Representative: Chung Te-Li	Male 71-75 years old	Republic of China	2021/6/16	2024/5/30		2,200,000	1.00	2,166,000	0.87	199,860	0.08	60,360,140 (Note 1)	24.20	Education: Department of Industrial and Systems Engineering, Chung Yuan Christian University. Experience: Director of Lai Yih Group	(Note 2)	Corporate representative of director	LIN, HSUEH-FEN	Spouse	-
																	Corporate representative of director	CHUNG, CHEN-CHIA	Father and son	-
																	Head of Management Office	CHUNG, YING-CHENG	Father and daughter	-
Director	Yuchuan Co., Ltd.	-	Seychelles	2024/5/30	2024/5/30	3 years	10,560,000	4.80	10,560,000	4.23	-	-	-	-	-	-	-	-	-	-
	Representative: Lin Chang-Yung	Male 56-60 years old	Republic of China	2021/9/8	2024/5/30		1,540,000	0.70	1,507,000	0.60	139,860	0.06	14,820,140 (Note 1)	5.94	Education: Taichung Municipal Feng-Yuan Junior High School Experience: President of Lai Yih Group 1990 - present Executive General Manager of Lacty Company Limited 2011 - present Executive General Manager of Lacty II Company Limited	(Note 3)	Corporate representative of director	LIN, CHUN-HSING	Brother	-
Director	Faith Connect Co., Ltd.	-	Seychelles	2024/5/30	2024/5/30	3 years	23,474,000	10.67	23,474,000	9.41	-	-	-	-	-	-	-	-	-	-
	Representative: Hsu Sung-Chu	Male 66-70 years old	Republic of China	2021/9/8	2024/5/30	3 years	726,000	0.33	693,000	0.28	10,000	-	23,474,000 (Note 1)	9.41	Education: STUST Technical College - Department of Mechanical Engineering Experience: Assistant Manager of Chemical Engineering at Cheng Chang Footwear Co., Ltd. Saucony Trader/Inspector Development Assistant Manager of Lotto Maolin Trading Company Factory's Chemical Director of Evewin Indonesia Lai Yih Group - A Group Factory Assistant Manager Chief Information Officer and	(Note 4)	-	-	-	-

Title	Name	Gender Age	Nationality or place of registration	Date of first election	Date of election	Term of office	Shares held at time of election		Number of shares currently held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in the Company and other companies	Other managers, directors or supervisors who are related to spouse or second degree of relatives			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
															spokesperson of Lai Yih Group 2024/12/30 - present General Manager of Pt. Yihquan Footwear Indonesia					
Director	Save Wealth Co., Ltd.	-	Seychelles	2024/5/30	2024/5/30	3 years	20,988,000	9.54	20,988,000	8.42	-	-	-	-	-	-	-	-	-	-
	Representative: Chung Chen-Chia	Male 41-45 years old	Republic of China	2021/9/8	2024/5/30		1,012,000	0.46	1,112,000	0.45	-	-	20,988,000 (Note 1)	8.42	Education: Sheffield Hallam University- Department of Industrial Management Experience: Lai Yih Group-Development Manager of Lacty Company Limited Lai Yih Group - Special Assistant to General Manager of Vinh Long Lai Yih Group - Associate Manager of Vinh Long Factory A Lai Yih Group - Deputy General Manager of Vinh Long Factory A Lai Yih Group - General Manager of Vinh Long Factory A 2023 - present Lai Yih Group - General Manager of Vinh Long and Ty Bach Factory	(Note 5)	Corporate representative of Chairperson	Chung, Te-Li	Father and son	-
																	Corporate representative of director	LIN, HSUEH-FEN	Mother and son	
																	Head of Management Office	CHUNG, YING-CHENG	Sister	
Director	Top Gather Co., Ltd.	-	Seychelles	2024/5/30	2024/5/30	3 years	21,860,140	9.94	21,860,140	8.77	-	-	-	-	-	-	-	-	-	-
	Representative: Lin Hsueh-Fen	Female 61-65 years old	Republic of China	2021/9/8	2024/5/30		139,860	0.06	199,860	0.08	2,166,000	0.87	60,360,140 (Note 1)	24.20	Education: Feng Yuan Commercial Senior High School Experience: Lions Club District Counselor	(Note 6)	Corporate representative of Chairperson	Chung, Te-Li	Spouse	-
																	Corporate representative of Chairperson	CHUNG, CHEN-CHIA	Mother and son	
																	Manager	CHUNG, YING-CHENG	Mother and daughter	
Director	Flying Rich Co., Ltd.	-	Republic of China	2024/5/30	2024/5/30	3 years	7,678,000	3.49	7,678,000	3.08	-	-	-	-	-	-	-	-	-	-
	Representative: Lin, Chun-Hsing	Male 61-65 years old	Republic of China	2021/9/8	2024/5/30		1,122,000	0.51	1,122,000	0.45	1,000	-	7,678,000 (Note 1)	3.08	Education: Taichung Municipal Feng-Yuan Junior High School Experience: Manager of Chun Chin Cheng Enterprise Co., Ltd. Current General Manager of Soon Yu Enterprise	(Note 7)	Corporate representative of director	LIN, CHANG-YUNG	Brother	-

Title	Name	Gender Age	Nationality or place of registration	Date of first election	Date of election	Term of office	Shares held at time of election		Number of shares currently held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in the Company and other companies	Other managers, directors or supervisors who are related to spouse or second degree of relatives			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	Lin, Huo-Teng	Male 71-75 years old	Republic of China	2021/9/8	2024/5/30	3 years	-	-	-	-	-	-	-	-	Education: Department of Law, National Taiwan University EMBA, Management Information Systems, National Chengchi University Experience: Chairman of Taiwan Ratings Corp. Deputy General Manager of Taiwan Depository and Clearing Corporation General Manager of the Taiwan Stock Exchange Chairman of Fubon Securities Co., Ltd. Director of Fubon Securities Co., Ltd. Independent Director of Hey Song Corporation Director of Qiaomei International Network Co., Ltd.	-	-	-	-	Note 8
Independent director	Juan, Chang-Mao	Male 71-75 years old	Republic of China	2021/9/8	2024/5/30	3 years	-	-	-	-	-	-	-	-	Education: Department of Mechanical Engineering, Tatung University Experience: Engineer recommended by the Energy Administration, Ministry of Economic Affairs Section Chief of Nan Ya Plastics Corporation Manager of Quality Assurance Department and Machine Tool Department of Yang Iron Precision Corporation Director of Precision Machinery Research and Development Center Deputy Secretary-General of Taiwan Machine Tool and Components Industry Association	Supervisor of Ching Hung Machinery & Electric Industrial Co., Ltd.	-	-	-	-
Independent director	Hung, Jui-Bin	Male 71-75 years old	Republic of China	2021/9/8	2024/5/30	3 years	-	-	-	-	-	-	-	-	Education: Master of Economics, Soochow University Experience: Director of Economic Construction Commission, Executive Yuan	Independent director of Yem Chio Distribution Co., Ltd.	-	-	-	-

Title	Name	Gender Age	Nationality or place of registration	Date of first election	Date of election	Term of office	Shares held at time of election		Number of shares currently held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in the Company and other companies	Other managers, directors or supervisors who are related to spouse or second degree of relatives			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	Chou, Yin-Hsiang	Female 51-55 years old	Republic of China	2025/05/27	2025/05/27	2 years	-	-	-	-	-	-	-	-	Education: Master's degree from College of Business and Management at Tamkang University Experience: Supervisor at Taiwan Provincial CPA Association Chairperson, Tax System and Taxation Committee of Taichung CPA Association Chairperson, Welfare Committee of Taiwan Provincial CPA Association of Executive Director, Disciplinary Committee of Taipei CPA Association Independent Director of Taidoc Technology Corporation Lecturer, National Taichung University of Science and Technology Evaluation Committee member, Social and Family Affairs Administration of the Ministry of Health and Welfare Evaluation Committee member, Department of Social Welfare of Taichung City Government Auditor of KPMG Taiwan	Head of Li-Cheng Certified Public Accountants Independent Director of Ch Biotech R&D Co., Ltd.	-	-	-	Note 8

Note 1: Chung, Te-Li holds 100% of the equity of Wide Source Co., Ltd.; Lin, Chang-Yung holds 100% of the equity of Yuchuan Co., Ltd.; Hsu Song-Zhu holds 100% of the equity of Faith Connect Co., Ltd.; Chung Chen-Chia holds 100% of the equity of Save Wealth Co., Ltd.; Lin Hsueh-Fen holds 100% of the equity of Top Gather Co., Ltd.; Lin Chuan-Shi and the spouse hold 50% of the equity of Flying Rich Co., Ltd.

Note 2: (1) within the Group: Chief Strategy Officer of the Company, Chairman of Lai Yih Footwear Co., Ltd. (Samoa), Chairman of Flourish Thrive Developments Limited, Chairman of Billion Star International Co., Ltd., Chairman of Cheer Access Ltd., Director of Portich Trading Limited, Chairman of Overseas Faith Co., Ltd., Chairman of Thrive Foison Limited, Chairman of Mega River Investment Co., Ltd., Chairman of King Global Development Corp., Chairman of Polo International Holding Ltd., Chairman of Everyield Co., Ltd., Director of Jumbo Power Enterprises Limited, Director of Superb King Investments Limited, Vice Chairman of Lacty Company Limited, Chairman of Lacty II Co., Ltd., Chairman of Vinh Long Co., Ltd., Chairman and President of Yih Shuo Co., Ltd., Chairman of Ty Bach Co., Ltd., Chairman of Grand Wisdom Co., Ltd., Chairman of Yangzhou Baoyi Shoe Manufacturing Co., Ltd., Director of VINH TY COMPANY LIMITED (VINH TY) (in progress of share withdrawal)Chairman of PT. YIH QUAN Footwear INDONESIA, Director of PT. Yihxin Footwear Indonesia, Director of PT. Yih You Footwear Indonesia., Director of VIETNAM JUSHENG NEW MATERIALS TECHNOLOGY LIMITED LIABILITY COMPANY.

(2) outside the Group: Chairman of Lai Yih Footwear Co., Ltd. (Taiwan), Chairman of Zhuo Yih Footwear Co., Ltd., Chairman of GRAND BEST INVESTMENT INC., Director of ACE Gold Enterprise Limited, Director of Ri Yi Development Co., Ltd., Director of New Noble Holding Co., Ltd.

Note 3: (1) within the Group: The COO of the Company's Overseas Business Division II, General Manager of the Company, General Manager of Lai Yih Footwear Co., Ltd. (Samoa), Director of Portich Trading Limited, Director and General Manager of Lacty Company Limited, Director of Lacty II Co., Ltd., Director of Vinh Long Co., Ltd., Director of Yih Shuo Co., Ltd., Director of Ty Bach Co., Ltd., Director of Grand Wisdom Co., Ltd, Director of Yangzhou Baoyi Shoe Manufacturing Co., Ltd., Supervisor of Pt. Yih Quan Footwear Indonesia, Chairman of Pt. Yihfull Footwear Indonesia, Director of Pt. Alnu Sporting Goods Indonesia, Supervisor of Pt. Yihxin Footwear Indonesia, Director of Pt. Yih You Footwear Indonesia, Director of VIETNAM JUSHENG NEW MATERIALS TECHNOLOGY LIMITED LIABILITY COMPANY.

(2) outside the Group: Director of Lai Yih Footwear Co., Ltd. (Taiwan); Director of New Noble Holdings Limited.

Note 4: (1) within the Group: The Company's Chief Information Officer, Director of Jumbo Power Enterprises Limited, Director of Superb King Investments Limited, Director of Lacty II Co., Ltd., Director of Yih Shuo Co., Ltd., Director of Ty Bach Co., Ltd., Director of Grand Wisdom Co., Ltd., Director and General Manager of Yangzhou Baoyi Shoe Manufacturing Co., Ltd., General Manager of Pt. Yih Quan Footwear Indonesia, Supervisor of Pt. Yihfull Footwear Indonesia, Chairman and General Manager of Pt. Yihxin Footwear Indonesia, Chairman of Pt. Alnu Sporting Goods Indonesia, Supervisor of Pt. Yih You Footwear Indonesia.

(2) outside the Group: Supervisor of Lai Yih Footwear Co., Ltd. (Taiwan), Supervisor of Hsiang Yun Investment Co., Ltd., Director of Diamond Garden Co., Ltd.

Note 5: (1) within the Group: Assistant COO of the Company's Overseas Business Division II; Director of Lacty II Co., Ltd.; Director of Vinh Long Co., Ltd.; Director of Yih Shuo Co., Ltd.; Director of Ty Bach Co., Ltd.; Director of Grand Wisdom Co., Ltd.; General Manager of Vinh Long Co., Ltd.; Supervisor of Pt. Alnu Sporting Goods Indonesia.

(2) outside the Group: Director of Ace Gold Enterprise Limited; Director of Anguillan Ri Yi Development Ltd.; Director of Ri Yi Development Co., Ltd.

Note 6: outisde the Group: Director, Lai Yih Footwear Co., Ltd. (Taiwan); Director of KAI TUN INDUSTRIAL CO., LTD.; Secretary of ACE Gold Enterprise Limited; Director of Anguillan Ri Yi Development Ltd.; Director of Ri Yi Development Co., Ltd.

Note 7: within the Group: Director of Lacty II Co., Ltd.; Director of Ty Bach Co., Ltd.; Director, Grand Wisdom Co., Ltd.

Note 8: Independent Director Huo-Teng Lin passed away on March 4, 2025, and Independent Director Yin-Hsiang Chou was elected in a by-election on May 27, 2025.

2. Supervisor: The Company has set up an audit committee, so there is no supervisor.
3. Main shareholders of legal person shareholders:

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Name of corporate shareholder	Main shareholders of legal person shareholders
Wide Source Co., Ltd.	Chung, Te-Li 100%
Faith Connect Co., Ltd.	Hsu, Sung-Chu 100%
Top Gather Co., Ltd.	Lin, Hsueh-Fen 100%
Save Wealth Co., Ltd.	Chung, Chen-Chia 100%
Yuchuan Co., Ltd.	Lin, Chang-Yung 100%
Flying Rich Co., Ltd.	Lin, Chun-Hsing (50%), Wu, Chiu-Luan (50%)

4. If the main shareholder of a legal person shareholder is a legal person, its main shareholder: Not applicable.
5. Disclosure of professional knowledge of directors and supervisors and independence information of independent directors

Condition / Name	Professional qualifications and experience	Independence situation	Number of independent directors concurrently serving in other publicly traded companies
Wide Source Co., Ltd. Representative: Chung Te-Li	Currently serving as the Chairman of the Board, Chief Strategy Officer of the Company, and a director of various subsidiaries of the Group, possessing abilities in operational judgment, business management, crisis management, industry knowledge, international market perspective, and leadership decision-making. There are no circumstances specified in Article 30 of the Company Act.	-	-
Yuchuan Co., Ltd. Representative: Lin Chang-Yung	Currently serving as the President and Chief Operating Officer of the Company, previously served as Vice President of Lai Yih Group and General Manager of Yichuan Factory, possessing abilities in operational judgment, business management, crisis management, industry knowledge, international market perspective, and leadership decision-making. There are no circumstances specified in Article 30 of the Company Act.	-	-
Faith Connect Co., Ltd. Representative: Hsu Sung-Chu	Currently serving as the Chief Information Officer of the Company and General Manager of Yiquan Factory, previously served as Assistant Manager of the Chemical Department at Cheng Chang Footwear Co., Ltd. and Chemical Plant Director at EVEWIN Indonesia Footwear Factory, possessing abilities in operational judgment, business management, crisis	-	-

Name \ Condition	Professional qualifications and experience	Independence situation	Number of independent directors concurrently serving in other publicly traded companies
	management, industry knowledge, international market perspective, and leadership decision-making. There are no circumstances specified in Article 30 of the Company Act.		
Save Wealth Co., Ltd. Representative: Chung Chen-Chia	Currently serving as the Assistant Chief Operating Officer of Overseas Business Division II, and General Manager of the Vinh Long and Ty Bach plants. Previously held positions as Associate Vice President and Deputy General Manager of Vinh Long plant. Possess extensive capabilities in operational judgment, business management, crisis management, industry knowledge, international market perspective, and leadership decision-making. Education: Sheffield Hallam University - Department of Industrial Management. There are no circumstances specified in Article 30 of the Company Act.	-	-
Top Gather Co., Ltd. Representative: Lin Hsueh-Fen	Currently serving as a director of Ri Yi Development, possessing abilities in operational judgment, business management, crisis management, industry knowledge, international market perspective, and leadership decision-making. There are no circumstances specified in Article 30 of the Company Act.	-	-
Flying Rich Co., Ltd. Representative: Lin, Chun-Hsing	Previously served as General Manager of Soon Yu Enterprise. Possesses strong capabilities in operational judgment, business management, crisis management, industry knowledge, international market perspective, and leadership decision-making. There are no circumstances specified in Article 30 of the Company Act.	-	-
Lin, Huo-Teng (Note)	Mr. Lin Huo-Teng served as the deputy general manager of the Taiwan Stock Exchange from 2006 to 2013, and served as the general manager from July 2013 to his retirement in July 2016. From 2015 to August 2016, he served as the deputy general manager of Taiwan Centralized Custody and Clearing House. Former Director of Grand Fortune Securities Co., Ltd., Independent Director of Black Song Co., Ltd., Director of Chaoyi International Co., Ltd.	1. Comply with the provisions of Article 3 of "Regulations on the Establishment and Matters to be Observed of Independent Directors of Publicly Listed Companies". 2. The current independent	-

Name \ Condition	Professional qualifications and experience	Independence situation	Number of independent directors concurrently serving in other publicly traded companies
	Mr. Lin Huo-Teng holds a bachelor's degree in law from National Taiwan University and a master's degree in business administration from National Cheng-Chi University. Possessing abilities in operational judgment, accounting and finance, business management, crisis management, industry knowledge, international market perspective, and leadership decision-making. There are no circumstances specified in Article 30 of the Company Act.	directors, their spouses and relatives within the second degree of independence do not serve as directors, supervisors or employees of the Company or its related companies. 3. None of the independent directors of this term, their spouses, relatives within the second degree, or in the name of others holds the Company's shares. 4. The current independent directors do not serve as directors, supervisors or employees of companies with specific relationships with the Company.The current independent directors have not received any remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliated companies in the past two years.	
Juan, Chang-Mao	Engineer recommended by the Energy Committee of the Ministry of Economic Affairs. From 1986 to September 1995, he worked in the quality assurance department of Yang Iron Precision Corporation and served as the manager of quality assurance department and machine tool department in 1993. From November 1995 to February 2009, he served as the quality verification department manager and quality assurance department manager of Precision Machinery Research and Development Center. Senior deputy secretary-general and consultant of the Taiwan Machine Tool and Components Industry Association. Previously served as a review committee member of the Intelligent Machinery Project of the Industrial Bureau of the Ministry of Economic Affairs and a technical committee member of the Taiwan Accreditation Foundation (TAF) in the field of laboratory mechanical measurement, and supervisor of Ching Hung Machinery & Electric Industrial Co., Ltd. Possesses strong capabilities in operational judgment, business management, crisis management, industry knowledge, international market perspective, and leadership decision-making. There are no circumstances specified in Article 30 of the Company Act.		-
Hung, Jui-Bin	Mr. Hung, Jui-Bin began working at the Council for Economic Planning and Development of the Executive Yuan in 1978 and served as the Director of the Council for Economic Planning and Development of the Executive Yuan from March 2005 to		1

Name \ Condition	Professional qualifications and experience	Independence situation	Number of independent directors concurrently serving in other publicly traded companies
	October 2013. Currently serves as an independent director of Yem Chio Distribution Co., Ltd. Mr. Hung, Jui-Bin holds a Master's degree in Economics from Soochow University. He possesses abilities in operational judgment, accounting and finance, business management, crisis management, industry knowledge, international market perspective, and leadership decision-making. There are no circumstances specified in Article 30 of the Company Act.		
Chou, Yin-Hsiang (Note)	Ms. Yin-Hsiang Chou obtained her CPA license in 1999 and has served as a CPA at Li Sheng CPA Firm since 2000. Currently serves as an Independent Director of Ch Biotech R&D Co., Ltd. Possessing abilities in operational judgment, business management, crisis management, industry knowledge, international market perspective, and leadership decision-making. There are no circumstances specified in Article 30 of the Company Act.		1

Note: Independent Director Lin, Huo-Teng passed away on March 4, 2025. One independent director position will be filled through a by-election at the regular shareholders' meeting on May 27, 2025, and Ms. Chou, Yin-Hsiang was elected to fill the vacancy.

6. Board diversity and independence:

(1) Board diversity:

Article 20 of the Company's "Corporate Governance Best-Practice Principles" stipulates that the board of directors shall guide corporate strategy, supervise the managerial officers, and be responsible to the Company and shareholders. The various operations and arrangements of its corporate governance system shall ensure that the board of directors exercises its authority in accordance with laws, Articles of Incorporation, or shareholders' meeting resolutions.

The structure of the Company's Board of Directors shall be determined by taking into account the scale of the Company's operations and development, the shareholdings of its major shareholders, and practical operational needs, with an appropriate number of board members, consisting of no fewer than five directors.

The composition of the Board of Directors shall be based on the principle of diversity. Additionally, directors who also serve as managerial officers of the Company should not exceed one-third of the total board seats. An appropriate diversity policy shall be formulated based on its operations, operating model, and development needs, which is advisable to include but not be limited to the following two major aspects:

1. Basic requirements and values: Gender, age, nationality, and culture. Furthermore, the proportion of female directors should reach at least one-third of the total board seats.
2. Professional knowledge and skills: A professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

All board members shall have the knowledge, skills, and experience needed to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors should have the following abilities:

(1) Business determination ability; (2) Accounting and financial analysis ability; (3) Business management ability; (4) Crisis management ability; (5) Industry knowledge; (6) International market view; (7) Leadership ability; (8) Decision-making ability

The Company's Board of Directors is composed of nine directors, including two female directors, and includes three independent directors, including one female independent director, accounting for one-third of the Board. All independent directors possess extensive industry experience and professional expertise, enabling them to effectively strengthen the Board's supervisory function and decision-making quality. Among them, Independent Directors Chang-Mao Juan and Jui-Pin Hung possess extensive experience in industry management and policy planning, while Independent Director Yin-Hsiang Chou has a professional background in finance and accounting. Through the diversity and independence of the Board's structure, the Company ensures that various professional expertise and perspectives can be gathered and fully considered during the Board's decision-making process, and that objective opinions and recommendations can be provided independently of the Company's management.

The remaining six directors also possess leadership capabilities, operational judgment, business management, crisis management, industry knowledge, and international market perspective, demonstrating the diverse professional backgrounds of the board members as a whole. The Company values gender equality in the composition of the Board and aims to increase the number of female directors to more than one-third, or 33%, of all board seats. Currently, male directors account for 78% of the Board, or seven directors, while female directors account for 22%, or two directors. The Company will endeavor to increase the number of female directors in the future to achieve that target. When the directors' terms of office expire and the Board is re-elected in 2027, the Company expects to give priority consideration to female director candidates in order to further enhance gender diversity and improve the Board's decision-making quality and corporate governance capabilities.

In addition, the members of the Board of Directors are aged 41–-50, 51–-60, 61–70, and over 70. The age range is wide, and the members can obtain different opinions from different generations and perspectives.

Name of director	Nationality	Gender	Independent Director, Term of Office	Age				Professional diversity						
				41 to 50	51 to 60	61 to 70	71 and above	Business judgment	Accounting and finance	Business administration	Crisis management	Industry experience	International market perspective	Leadership decision-making
Chung, Te-Li	Republic of China	Male					V	V		V	V	V	V	V
Lin, Chang-Yung	Republic of China	Male				V		V		V	V	V	V	V
Hsu, Sung-Chu	Republic of China	Male				V		V		V	V	V	V	V
Chung, Chen-Chia	Republic of China	Male		V				V		V	V	V	V	V
Lin, Hsueh-Fen	Republic of China	Female				V		V		V	V	V	V	V
Lin, Chun-Hsing	Republic of China	Male				V		V		V	V	V	V	V
Juan, Chang-Mao	Republic of China	Male	Less than 6 years				V	V		V	V	V	V	V
Hung, Jui-Bin	Republic of China	Male	Less than 6 years				V	V		V	V	V	V	V
Chou, Yin-Hsiang	Republic of China	Female	Less than 3 years		V			V	V	V	V		V	V

(2) Board independence:

All independent directors of the Company meet the independence requirements. In addition, no more than half of the board seats are held by directors who have a spousal relationship or a relationship within the second degree of kinship with one another. Therefore, none of the circumstances set forth in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act apply.

Currently, the Company has established three independent directors, which account for one-third of the board seats, and none of them has served more than three consecutive terms. The three independent directors comply with relevant laws and regulations, and in conjunction with the powers of the Audit Committee, they evaluate the control of existing or potential risks of the Company to effectively supervise the implementation of the Company's internal control, the appointment (dismissal) and independence of CPAs, and the proper preparation of financial statements. Additionally, in accordance with the Company's "Director Election Procedures," the election method for directors and independent directors adopts the cumulative voting system and candidate nomination system, which encourages shareholder participation. Shareholders holding a certain number of shares or more may propose a list of candidates. The qualification review of these candidates and confirmation of whether they violate any provisions listed in Article 30 of the Company Act are conducted and announced in accordance with the law to protect shareholders' rights, prevent monopolization or abuse of nomination rights, and maintain independence.

The independence of the Company's directors is determined based on the actual circumstances, with a commitment to continuously assessing the independence of the board of directors. This assessment considers all relevant factors, including but not limited to: whether the directors can consistently provide constructive opinions to the management team and other directors, whether their viewpoints are expressed independently, and whether their behavior within and outside the board align with generally accepted moral values in society. Additionally, the qualifications of our independent directors meet the Company's expectations and demonstrate their professional characteristics. Therefore, the Company considers all independent directors to be individuals who are independent from the Company.

(II) General manager, deputy general manager, associate manager and heads of departments and branches

April 18, 2026; Unit: Shares, %

Title	Name	Gender	Nationality	Date of assuming office	Shares held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Corporate representative of Chairman, and Chief Strategy Officer	Chung, Te-Li	Male	Republic of China	2021/9/8	2,166,000	0.87	199,860	0.08	60,360,140 (Note 1)	24.20	Education: Department of Industrial and Systems Engineering, Chung Yuan Christian University. Experience: Director of Lai Yih Group	(Note 2)	Corporate representative of director, and deputy general manager	CHUNG, CHEN-CHIA	Father and son	-
													Head of Management Office	CHUNG, YING-CHENG	Father and daughter	
Corporate representative of director, and General Manager	Lin, Chang-Yung	Male	Republic of China	2009/11/1	1,507,000	0.60	139,860	0.06	14,820,140 (Note 1)	5.94	Education: Taichung Municipal Feng-Yuan Junior High School Experience: President of Lai Yih Group Executive General Manager of Lacty Company Limited Executive General Manager of Lacty II Company Limited	(Note 3)	-	-	-	-
Corporate representative of director, and Chief Information Officer	Hsu, Sung-Chu	Male	Republic of China	2012/3/1	693,000	0.28	10,000	–	23,474,000 (Note 1)	9.41	Education: STUST Technical College - Department of Mechanical Engineering Experience: Assistant Manager of Chemical Engineering at Cheng Chang Footwear Co., Ltd. Saucony Trader/Inspector Development Assistant Manager of Lotto Maolin Trading Company Factory's Chemical Director of Evewin Indonesia	(Note 4)	-	-	-	-

April 18, 2026; Unit: Shares, %

Title	Name	Gender	Nationality	Date of assuming office	Shares held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											Lai Yih Group - A Group Factory Assistant Manager Chief Information Officer and Spokesperson of Lai Yih Group Taiwan Head Office General Manager of Pt. Yihquan Footwear Indonesia					
Corporate representative of director, and deputy general manager	Chung, Chen-Chia	Male	Republic of China	2023/7/1	1,112,000	0.45	–	–	20,988,000 (Note 1)	8.42	Education: Sheffield Hallam University, UK - Department of Industrial Management Experience: Lai Yih Group- Development Manager of Lacty Company Limited Lai Yih Group - Special Assistant to General Manager of Vinh Long Lai Yih Group - Associate Manager of Vinh Long Factory A Lai Yih Group - Deputy General Manager of Vinh Long Factory A Lai Yih Group - General Manager of Vinh Long Factory A President of Yichun and Yibai Plants, Lai Yih Group	(Note 5)	Corporate representative of director, and Chief Strategy Officer	Chung, Te-Li	Father and son	-
													Head of Management Office	CHUNG, YING-CHENG	Sister	
Deputy General Manager	Hsieh, Chung-Sheng	Male	Republic of China	2017/3/6	2,000	–	–	–	-	–	Education: Georgia Institute of Technology - Doctoral	Assistant Chief Operating Officer of the Company's	-	-	-	(Note 6)

April 18, 2026; Unit: Shares, %

Title	Name	Gender	Nationality	Date of assuming office	Shares held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											Program in Applied Mathematics (Ph.D.) Experience: Lecturer and Teaching Assistant at Georgia Institute of Technology Assistant Researcher at Institute of Statistical Science Academia Sinica Pou Chen Group - Yue Yuen Group Executive Associate Lai Yih Group - Executive General Manager of Vinh Long Factory	Second Overseas Business Office				
Deputy General Manager	Hsu, Cheng-Chih	Male	Republic of China	2020/10/1	-	–	–	–	-	–	Education: National Taichung Institute of Technology - Department of Applied Business Experience: Information Office Deputy Manager of Taiwan Fluorescent Lamp Co., Ltd. Project Manager of Baixian Technology Co., Ltd. Lai Yih Group - Lacty Factory	Chief Operating Officer of the Company's First Overseas Business Office Director and General Manager of Pt. Yihfull Footwear Indonesia	-	-	-	-
Deputy General Manager	Lo, Shih-Chieh	Male	Republic of China	2021/1/1	51,000	0.02	–	–	-	–	Education: Chung Hua University - Department of Business Administration Experience: Factory Director of Jie Chang Rubber Fong Yuan Trading Field Officer	Assistant Chief Operating Officer of the Company's Second Overseas Business Office	-	-	-	-

April 18, 2026; Unit: Shares, %

Title	Name	Gender	Nationality	Date of assuming office	Shares held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											Huichun Footwear Purchasing and Warehouse Management Lai Yih Group - Vinh Long					
Deputy General Manager	Ting, Kai	Male	Mainland China	2020/10/1	-	–	–	–	-	–	Education: MBA, National Chi Nan University Zhumadian Normal College Experience: Lai Yih Group - Lacty Factory	Assistant Chief Operating Officer of the Company's First Overseas Business Office	-	-	-	-
Deputy General Manager	Chiu, Shun-Ling	Female	Republic of China	2012/4/1	-	–	–	–	-	–	Education: Private Ming Chuan Girls' Business College - Business Documentation Department Experience: Business Assistant of October Industrial (Taiwan) Indonesia Development/Business Import and Export Manager of Pt Karang Mulia Enterprise Co. Wante Industrial Company - Development Business Manager Deputy General Manager of Lai Yih Group Taiwan Headquarters	Assistant Chief Operating Officer of the Company's Second Overseas Business Office	-	-	-	-
Chief Financial Officer and Head of Corporate Governance	Li, Yu-Fu	Male	Republic of China	2023/2/15	-	–	–	–	-	–	Education: Master of Accounting, Chinese Culture University Experience:	-	-	-	-	-

April 18, 2026; Unit: Shares, %

Title	Name	Gender	Nationality	Date of assuming office	Shares held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
and Head of Accounting											Chief Financial Officer of Hen Fong Inc. Chief Financial Officer of Lai Yih Group Taiwan Corporation					
Audit Office Manager	Huang, Yu-Wen	Male	Republic of China	2018/12/3	-	–	–	–	-	–	Education: Tunghai University - Department of Accounting Experience: Auditor of Dingxin United Accounting Firm Auditor of KPMG Taiwan Senior Manager of SinoPac Securities Investment Banking Department Business Associate of Fubon Securities Investment Banking Department Associate Manager of Lai Yih Group Taiwan Head Office	-	-	-	-	-
Finance Supervisor	Su, Chao-Ho	Male	Republic of China	2015/11/2	-	–	–	–	-	–	Education: Chung Yuan University - Department of Accounting Experience: Assistant Manager of Finance Department of Pou Chen Group Financial Supervisor of Peixian Baoyi Shoe Manufacturer Co., Ltd. Senior Manager of Lai Yih Group Taiwan Head Office	Supervisor of Yangzhou Baoyi Shoe Manufacturing Co., Ltd.	-	-	-	-

April 18, 2026; Unit: Shares, %

Title	Name	Gender	Nationality	Date of assuming office	Shares held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Associate Manager, Accounting Department	Li, Wan-Chun	Female	Republic of China	2022/10/3	-	–	–	–	-	–	Education: Master of Finance, National Cheng Kung University Experience: Audit Manager of PwC Taiwan Lai Yih Group Taiwan Head Office Accounting Manager	-	-	-	-	-
Head of Business Shipping Department and Purchasing Department	Lin, Yu-Fang	Female	Republic of China	2003/6/16	9,000	–	–	–	-	–	Education: Feng Yuan Commercial High School - Comprehensive Business Department Experience: Manager of Dongjiu Company Lai Yih Group Taiwan Head Office - Business (Purchasing) Manager	-	-	-	-	-
Head of Information Department	Lin, Chih-Chung	Male	Republic of China	2006/12/1	-	–	–	–	-	–	Education: Shiou Shuei Senior Industrial High School - Mechanical Drawing Experience: Associate Manager of Honglai Information Information Department Manager of Lai Yih Group Taiwan Head Office	-	-	-	-	(Note 7)
Head of Sustainability Development Department	Li, Yi-Yang	Male	Republic of China	2024/7/1	-	–	–	–	-	–	Education: Master of Accounting, National Chung Cheng University EMBA, Graduate School of Law, National Chung Cheng University Ph.D. Candidate, Graduate School of	-	-	-	-	-

April 18, 2026; Unit: Shares, %

Title	Name	Gender	Nationality	Date of assuming office	Shares held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											Accounting and Information Technology, National Chung Cheng University Experience: Manager/Associate Manager, PwC Taiwan Deputy General Manager, PwC Taiwan					
Head of Strategic Finance Department	Yang, Ching-Han	Male	Republic of China	2018/12/3	-	–	–	–	-	–	Education: Bachelor of Laws, Department of Finance and Taxation, Feng Chia University Master of Business Administration from Chaoyang University of Science and Technology Experience: Corporate Finance Office Manager of Taipei Fubon Bank Currently serving as Stock Affairs Manager, Legal Affairs Manager, Investment Manager, and Financing Manager at Lai Yih Group Taiwan Head Office (July 25, 2022 to present)	-	-	-	-	-	-

April 18, 2026; Unit: Shares, %

Title	Name	Gender	Nationality	Date of assuming office	Shares held		Shares held by spouses and minor children		Holding shares in other's name		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Head of Management Office	Chung, Ying-Cheng	Female	Republic of China	2020/1/1	53,000	0.02	–	–	11,000,000 (Note 1)	4.41	Education: Chinese Culture University - Department of Land and Resources Experience: Assistant Manager of Zhongshan Baoyi Head of Management Office of Lai Yih Group Taiwan Head Office	-	Corporate representative of Chairman, and Chief Strategy Officer	Chung, Te-Li	Father and daughter	-
													Corporate representative of director, and deputy general manager	CHUNG, CHEN-CHIA	Sister	
Special Assistant to Chairman	Yu, Chun-Tsan	Male	Republic of China	2025/8/1	1,000	–	800	–	–	–	Education: Department of Forensic Science, Central Police University Master's Degree in Information Management, National Changhua University of Education Experience: Captain of the Investigation Team, Daya Precinct, Taichung City Government Police Department Deputy Precinct Chief, Dajia Precinct, Taichung City Government Police Department Deputy Precinct Chief, 2nd Precinct, Taichung City Government Police Department	-	-	-	-	-

Note 1: Chung, Te-Li holds 100% of the equity of Wide Source Co., Ltd.; Lin, Chang-Yung holds 100% of the equity of Yuchuan Co., Ltd.; Hsu Song-Zhu holds 100% of the equity of Faith Connect Co., Ltd.; Chung Chen-Chia holds 100% of the equity of Save Wealth Co., Ltd.; Chung, Ying-Cheng holds 100% of the equity of Harvest Link Ltd.

Note 2: (1) within the Group: Chief Strategy Officer of the Company; Chairman of Lai Yih Footwear Co., Ltd. (Samoa); Chairman of Flourish Thrive Developments Limited; Chairman of Billion Star International Co., Ltd.; Chairman of Cheer Access Ltd.; Director of Portich Trading Limited; Chairman of Overseas Faith Co., Ltd.; Chairman of Thrive

Foison Limited; Chairman of Mega River Investment Co., Ltd.; Chairman of King Global Development Corp.; Chairman of Polo International Holding Ltd.; Chairman of Everyield Co., Ltd.; Chairman of Jumbo Power Enterprises Limited; Chairman of Superb King Investments Limited; Vice Chairman of Lacty Company Limited; Chairman of Lacty II Company Limited; Chairperson of Lesheng II Liabilities Co., Ltd.; Chairperson of Vinh Long Liabilities Co.; Ltd., Chairperson of Yangzhou Baoyi Shoe Manufacturing Co., Ltd.; Director of VINH TY COMPANY LIMITED (VINH TY); Director of PT YIH QUAN Footwear INDONESIA; Director of PT YI HSIIN Footwear INDONESIA; Director of PT YIH YO Footwear INDONESIA; Director of VIETNAM JUSHENG NEW MATERIALS TECHNOLOGY LIMITED LIABILITY COMPANY.

(2) outside the Group: Chairman of Lai Yih Footwear Co., Ltd. (Taiwan), Chairman of Zhuo Yih Footwear Co., Ltd., Chairman of GRAND BEST INVESTMENT INC., Director of ACE Gold Enterprise Limited, Director of Ri Yi Development Co., Ltd., Director of New Noble Holding Co., Ltd.

Note 3: (1) within the Group: The COO of the Company's Overseas Business Division II, General Manager of Lai Yih Footwear Co., Ltd. (Samoa), Director of Portich Trading Limited, Director and General Manager of Lacty Company Limited, Director of Lacty II Co., Ltd., Director of Vinh Long Co., Ltd., Director of Yih Shuo Co., Ltd., Director of Ty Bach Co., Ltd., Director of Grand Wisdom Co., Ltd, Director of Yangzhou Baoyi Shoe Manufacturing Co., Ltd., Supervisor of Pt. Yih Quan Footwear Indonesia, Chairman of Pt. Yihfull Footwear Indonesia, Director of Pt. Alnu Sporting Goods Indonesia, Supervisor of Pt. Yihxin Footwear Indonesia, Director of Pt. Yih You Footwear Indonesia, Director of VIETNAM JUSHENG NEW MATERIALS TECHNOLOGY LIMITED LIABILITY COMPANY.

(2) outside the Group: Director of Lai Yih Footwear Co., Ltd. (Taiwan); Director of New Noble Holdings Limited

Note 4: (1) within the Group: Director of Jumbo Power Enterprises Limited, Director of Superb King Investments Limited, Director of Lacty II Co., Ltd., Director of Yih Shuo Co., Ltd., Director of Ty Bach Co., Ltd., Director of Grand Wisdom Co., Ltd., Director and General Manager of Yangzhou Baoyi Shoe Manufacturing Co., Ltd., General Manager of Pt. Yih Quan Footwear Indonesia, Supervisor of Pt. Yihfull Footwear Indonesia, Chairman and General Manager of Pt. Yihxin Footwear Indonesia, Chairman of Pt. Alnu Sporting Goods Indonesia, Supervisor of Pt. Yih You Footwear Indonesia.

(2) outside the Group: Supervisor of Lai Yih Footwear Co., Ltd. (Taiwan), Supervisor of Hsiang Yun Investment Co., Ltd., Director of Diamond Garden Co., Ltd.

Note 5: (1) within the Group: Assistant COO of the Company's Overseas Business Division II, Director of Lacty II Co., Ltd., Director of Vinh Long Co., Ltd., Director of Yih Shuo Co., Ltd., Director of Ty Bach Co., Ltd., Director of Grand Wisdom Co., Ltd., General Manager of Vinh Long Co., Ltd., Director of Lai Yih Footwear Co., Ltd. (Samoa), Supervisor of Pt. Alnu Sporting Goods Indonesia.

(2) outside the Group: Director of Ace Gold Enterprise Limited; Director of Anguillan Ri Yi Development Ltd.; Director of Ri Yi Development Co., Ltd.

Note 6: Chung-Sheng Hsieh's retirement became effective on September 15, 2025.

Note 7: Chih-Chung Lin's retirement became effective on June 25, 2025.

II. Remuneration paid to directors, supervisors, general manager and deputy general manager in the most recent year

(I) Remuneration of general directors and independent directors

Unit: NT$ thousand

Title	Name	Directors' remuneration								The proportion of the total four items A, B, C and D to the net income after tax (%)		Relevant remuneration received by part-time employees								The total amount of seven items A, B, C, D, E, F and G and their proportion to net income after tax (%)		Receipt of remuneration from the subsidiary's external investment enterprise or the parent company
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C)		Business implementation expenses (D)				Salaries, bonuses and special expenses, etc. (E)		Retirement pension (F) (Note 2)		Employees' compensation (G)						
																The Company		All companies in financial reports				
		The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	Amount of cash	Amount of shares	Amount of cash	Amount of shares	The Company	All companies in financial reports	
Chairman	Chung, Te-Li	-	-	-	-	50,750	50,750	-	352	50,750 1.49	51,102 1.50	-	20,294	-	218	-	-	-	-	50,750 1.49	71,614 2.10	-
Director	Lin, Chang-Yung																					
Director	Hsu, Sung-Chu																					
Director	Chung, Chen-Chia																					
Director	Lin, Hsueh-Fen																					
Director	Lin, Chun-Hsing																					
Independent director	Lin, Huo-Teng	-	320	-	-	-	-	-	-	-	320 0.01	-	-	-	-	-	-	-	-	-	320 0.01	-
Independent director	Juan, Chang-Mao	-	960	-	-	-	-	-	64	-	1,024 0.03	-	-	-	-	-	-	-	-	-	1,024 0.03	-
Independent director	Hung, Jui-Bin	-	960	-	-	-	-	-	48	-	1,008 0.03	-	-	-	-	-	-	-	-	-	1,008 0.03	-
Independent director	Chou, Yin-Hsiang	-	493	-	-	-	-	-	40	-	533 0.02	-	-	-	-	-	-	-	-	-	533 0.02	-

1. Please describe the policy, system, standards, and structure of independent directors' remuneration, and explain the correlation between the remuneration amount and factors such as responsibilities, risks, and time commitment: The remuneration of the Company's directors is determined by the board of directors as authorized by the Articles of Incorporation, based on directors' level of participation in company operations and value contribution, with reference to domestic and international industry standards. If the Company makes a profit, the board of directors shall determine the amount of directors' remuneration in accordance with the provisions of the Articles of Incorporation. In addition to the remuneration paid to directors, independent directors who also serve as members of the Audit Committee and Remuneration Committee receive reasonable additional remuneration in consideration of their responsibilities, risks assumed, and time commitment.
2. Apart from the disclosure in the above table, remuneration received by the Company's directors for providing services (such as serving as non-employee consultants for the parent company/all companies in the financial report/invested businesses) in the most recent year: None

Note: Independent Director Huo-Teng Lin passed away on March 4, 2025, and Independent Director Yin-Hsiang Chou was elected in a by-election on May 27, 2025.

Remuneration grade table

Remuneration levels to be paid to each director of the Company	Name of director			
	Total of the remuneration in the preceding four paragraphs (A+B+C+D)		Total of the remuneration in the preceding seven paragraphs (A+B+C+D+E+F+G)	
	The Company	All companies in financial reports	The Company	All companies in financial reports
Less than NT$1,000,000	Lin, Huo-Teng; Juan, Chang-Mao; Hung, Jui-Bin; Chou, Yin-Hsiang	Lin, Huo-Teng; Chou, Yin-Hsiang	Lin, Huo-Teng; Juan, Chang-Mao; Hung, Jui-Bin; Chou, Yin-Hsiang	Lin, Huo-Teng; Chou, Yin-Hsiang
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	-	Juan, Chang-Mao; Hung, Jui-Bin	-	Juan, Chang-Mao; Hung, Jui-Bin
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Lin, Hsueh-Fen; Lin, Chun-Hsing	Lin, Hsueh-Fen; Lin, Chun-Hsing	Lin, Hsueh-Fen; Lin, Chun-Hsing	Lin, Hsueh-Fen; Lin, Chun-Hsing
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	Hsu, Sung-Chu; Chung, Chen-Chia	Hsu, Sung-Chu; Chung, Chen-Chia	Hsu, Sung-Chu; Chung, Chen-Chia	Chung, Chen-Chia
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	-	-	-	Hsu, Sung-Chu
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	Chung, Te-Li; Lin, Chang-Yung	Chung, Te-Li; Lin, Chang-Yung	Chung, Te-Li; Lin, Chang-Yung	Chung, Te-Li; Lin, Chang-Yung
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	-	-	-	-
More than NT$100,000,000	-	-	-	-
Total	10 person	10 person	10 person	10 person

Note: Independent Director Huo-Teng Lin passed away on March 4, 2025, and Independent Director Yin-Hsiang Chou was elected in a by-election on May 27, 2025.

(II) Supervisor’s remuneration: Not applicable as the Company has established an Audit Committee.

(III) Remuneration of the general manager and deputy general manager

Unit: NT$ thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and special expenses, etc. (C)		Employees' compensation amount				The proportion of the total four items A, B, C and D to the net income after tax (%) (Note 3)		Receipt of remuneration from the subsidiary's external investment enterprise or the parent company
								The Company		All companies in financial reports				
		The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	Amount of cash	Amount of shares	Amount of cash	Amount of shares	The Company	All companies in financial reports	
Chief Strategy Officer	Chung, Te-Li	-	33,114	-	621	-	6,150	-	-	25,983	-	-	65,868 1.93	None
President	Lin, Chang-Yung													
Chief Information Officer	Hsu, Sung-Chu													
Deputy General Manager	Chung, Chen-Chia													
Deputy General Manager	Hsieh, Chung-Sheng (Note)													
Deputy General Manager	Hsu, Cheng-Chih													
Deputy General Manager	Lo, Shih-Chieh													
Deputy General Manager	Ting, Kai													
Deputy General Manager	Chiu, Shun-Ling													
Chief Financial Officer	Li, Yu-Fu													

Note: Chung-Sheng Hsieh's retirement became effective on September 15, 2025.

Remuneration grade table

Remuneration levels to be paid to each general manager and deputy general manager of the Company	Name of general manager and deputy general manager	
	The Company	All companies in financial reports
Less than NT$1,000,000	Chung, Te-Li; Lin, Chang-Yung; Hsu, Sung-Chu; Chung, Chen-Chia; Hsu, Cheng-Chih; Chiu, Shun-Ling; Ting, Kai; Hsieh, Chung-Sheng; Lo, Shih-Chieh; Li, Yu-Fu	-
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	-	Chung, Chen-Chia; Li, Yu-Fu
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	-	Chung, Te-Li; Lin, Chang-Yung; Hsu, Sung-Chu; Chiu, Shun-Ling; Ting, Kai; Hsieh, Chung-Sheng; Lo, Shih-Chieh
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	-	Hsu, Cheng-Chih
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	-	-
More than NT$100,000,000	-	-
Total	10 person	10 person

(IV) Name of manager who distributes employees' compensation and distribution situation:

Unit: NTD thousands

Item	Title	Name	Amount of shares	Amount of cash	Total	Percentage of total amount to net income after tax (%)
Manager	Deputy General Manager	Hsieh, Chung-Sheng (Note 1)	-	64,550	64,550	1.89
	Deputy General Manager	Hsu, Cheng-Chih				
	Deputy General Manager	Ting, Kai				
	Deputy General Manager	Lo, Shih-Chieh				
	Deputy General Manager	Chiu, Shun-Ling				
	Chief Financial Officer	Li, Yu-Fu				
	Audit Office Manager	Huang, Yu-Wen				
	Finance Supervisor	Su, Chao-Ho				
	Associate Manager, Accounting Department	Li, Wan-Chun				
	Business Manager	Lin, Yu-Fang				
	Head of Information Department	Lin, Chih-Chung (Note 2)				
	Head of Sustainability Development Department	Li, Yi-Yang				
	Head of Strategic Finance Department	Yang, Ching-Han				
	Head of Management Office	Chung, Ying-Cheng				
	Special Assistant to Chairman	Yu, Chun-Tsan (Note 3)				

Note 1: Chung-Sheng Hsieh's retirement became effective on September 15, 2025.

Note 2: Chih-Chung Lin's retirement became effective on June 25, 2025.

Note 3: Chun-Tsan Yu was onboarded on August 1, 2025.

(V) The Company and all consolidated companies have provided an analysis of the total remuneration paid to the Company's directors, supervisors, general manager, and deputy general managers in the past two years as a proportion of net profit after tax in the individual or separate financial reports. This includes an explanation of the remuneration policies, standards, and compositions, the procedures for determining remuneration, and the correlation between remuneration, business performance, and future risks.

1. Analysis of the proportion of the remuneration paid to the Company's directors, supervisors, general manager and deputy general manager to the net profit after tax paid by the Company and all companies in the consolidated statements in the last two years

Unit: NTD thousands; %

Item	2024				2025			
	Total remuneration		Proportion of net profit after tax (%)		Total remuneration		Proportion of net profit after tax (%)	
	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports
Director	59,663	89,810	1.43	2.15	50,750	74,499	1.49	2.18
General Manager and Deputy General Manager	53,383	127,464	1.28	3.06	-	65,868	-	1.93

Note: The Company's net profits after tax for 2024 and 2025 were NT$4,169,666 thousand and NT$3,415,995 thousand, respectively.

2. The policies, standards and combinations of remuneration payment, the procedures for setting remuneration, and their correlation with operating performance and future risks are explained below:

A. Director, Supervisor

The Company has established a compensation committee, consisting entirely of independent directors. The remuneration policies for directors and managers are determined based on the positions they hold, their contributions to operations, and industry standards. The compensation committee is responsible for setting and periodically reviewing the performance evaluation and remuneration policies, systems, standards, and structures for directors and managers. They also regularly evaluate and set the remuneration for directors and managers.

B. General Manager and Deputy General Manager

The remuneration of the general manager and deputy general manager includes salary, bonus and employee bonus, and is determined based on the position held, responsibilities assumed and contribution to the Company, and with reference to industry standards.

III. Corporate governance operations

(I) Operations of the board of directors

As of 2025 and as of the publication date of the annual report, the board of directors held a total of 9 meetings (A). The attendance of directors and independent directors was as follows:

Title	Name	Actual attendance B	Number of proxies	Actual attendance rate (%) (B/A)	Remarks
Chairman	Chung, Te-Li	8	1	89	-
Director	Lin, Chang-Yung	8	1	89	-
Director	Hsu, Sung-Chu	8	1	89	-
Director	Chung, Chen-Chia	9	0	100	-
Director	Lin, Hsueh-Fen	7	2	78	-
Director	Lin, Chun-Hsing	9	0	100	-
Independent director	Lin, Huo-Teng	-	-	-	Note 1
Independent	Juan, Chang-Mao	9	0	100	-
Independent	Hung, Jui-Bin	7	2	78	-
Independent director	Chou, Yin-Hsiang	6	0	100	Note 1

Note 1: Independent Director LIN, HUO-TENG passed away on March 4, 2025. One independent director position will be filled through a by-election at the regular shareholders' meeting on May 27, 2025, and Ms. Chou, Yin-Hsiang

※Other matters that should be recorded:

1. If the operation of the board of directors falls under any of the following circumstances, the date, period, content of proposals, opinions of all independent directors and the Company's handling of the opinions of independent directors should be stated:
   (1) Matters listed in Article 14-3 of the Securities and Exchange Act:

   The Company fully re-elected nine directors (including three independent directors) on September 8, 2021, and established an audit committee. The provisions of Article 14-3 of the Securities and Exchange Act do not apply. Therefore, for matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the operations of the audit committee.

   (2) Except for the matters mentioned above, other matters resolved by the board of directors that have been opposed or reserved by independent directors and have records or written statements: No such situation.
2. The director's implementation of the recusal of the interest-related proposal shall state the director's name, content of the proposal, reasons for recusal and participation in voting:

Time of board meeting	Motion content	Name of director with avoidance of interests	Avoidance reasons	Participation in voting
2025.03.06	The Compoany's General Manager of Pt. Yihquan Footwear Indonesia case	Hsu, Sung-Chu	The director was a party to the appointment case, so he avoided and left the meeting	Except for the abovementioned directors who recused themselves in accordance with the law, the proposal was adopted and approved after the chairman Chung Te-Li consulted with all the directors present.
	The Company's proposal for	Hsu, Sung-Chu	The director is an interested party in the	Except for the abovementioned directors

Time of board meeting	Motion content	Name of director with avoidance of interests	Avoidance reasons	Participation in voting
	changing PT. Yihquan Footwear Indonesia's directors and supervisors	Lin, Chang-Yung Lin, Chun-Hsing	director-supervisor appointment case or a party to the case or the brother of a party, so he/she avoids leaving the meeting	who recused themselves in accordance with the law, the proposal was adopted and approved after the chairman Chung Te-Li consulted with all the directors present.
2025.04.15	Approved the proposal to lift the non-competition restrictions imposed on the Company's directors and newly elected independent directors.	Chung, Te-Li Lin, Hsueh-Fen Chung, Chen-Chia Lin, Chang-Yung Lin, Chun-Hsing Hsu, Sung-Chu	The director is an interested party in the case of lifting the non-competition or a party to the case or the spouse, child or brother of the party, so he/she avoids leaving the meeting	Except for the abovementioned directors who have withdrawn in accordance with the law, the acting independent director HUNG, JUI-BIN consulted with all the directors present and approved the motion accordingly.
2025.06.27	Appointment of one of the members of the Company's second term of the Salary and Remuneration Committee	Chou, Yin-Hsiang	The director was a party to the appointment case, so he avoided and left the meeting	Except for the abovementioned directors who recused themselves in accordance with the law, the proposal was adopted and approved after the chairman Chung Te-Li consulted with all the directors present.
2025.08.26	Review the "performance bonus" payment case for managers in the first half of 2025	Chung, Te-Li Lin, Hsueh-Fen Chung, Chen-Chia	The director is an interested party in the performance bonus case or a party to the case or the spouse, or child of a party, so he/she avoids leaving the meeting	Except for the abovementioned directors who have withdrawn in accordance with the law, the acting chairman HUNG, JUI-BIN and the independent director consulted and agreed with all the directors present and approved the motion accordingly.
	Proposal to appoint members of the "Corporate Governance and Sustainable Development Committee"	Chung, Te-Li Lin, Hsueh-Fen Chung, Chen-Chia Lin, Chang-Yung Lin, Chun-Hsing Chou, Yin-Hsiang	The director was a party to the appointment case, so he avoided and left the meeting	Except for the abovementioned directors who have withdrawn in accordance with the law, the acting chairman HUNG, JUI-BIN and the independent director consulted and agreed with all the directors present and approved the motion accordingly.
2025.10.03	Proposal for the Company to change the directors and general manager of its Indonesian subsidiary, PT. YIHFULL FOOTWEAR INDONESIA	Lin, Chang-Yung Lin, Chun-Hsing	The director is an interested party in the director-supervisor appointment case or a party to the case or the brother of a party, so he/she avoids leaving the meeting	Except for the abovementioned directors who recused themselves in accordance with the law, the proposal was adopted and approved after the chairman Chung Te-Li consulted with all the directors present.

Time of board meeting	Motion content	Name of director with avoidance of interests	Avoidance reasons	Participation in voting
2025.12.23	Proposal for the senior executive to be authorized by the Board of Directors for the Company's derivatives transactions	Director Hsu, Sung-Chu	The director was an interested party in the proposal regarding the senior executive to be authorized, and therefore recused himself and left the meeting venue	Except for the abovementioned directors who recused themselves in accordance with the law, the proposal was adopted and approved after the chairman Chung Te-Li consulted with all the directors present.
	Proposal for ratification of the payment of "performance bonuses" to managerial officers for the first half of 2025	Chung, Te-Li Lin, Hsueh-Fen Chung, Chen-Chia Lin, Chang-Yung Lin, Chun-Hsing Hsu, Sung-Chu	The director is an interested party in the performance bonus case or a party to the case or the spouse, child, or brother of a party, so he/she avoids leaving the meeting	Except for the abovementioned directors who have withdrawn in accordance with the law, the acting chairman Hung, Jui-Bin and the independent director consulted and agreed with all the directors present and approved the motion accordingly.
	Regularly evaluate and review the salary and remuneration cases for directors and managers that the Company should submit to the salary and remuneration committee for review	Chung, Te-Li Lin, Hsueh-Fen Chung, Chen-Chia Lin, Chang-Yung Lin, Chun-Hsing Hsu, Sung-Chu	The director is an interested party in the annual salary case or a party to the case or the spouse, child or brother of a party, so he avoids leaving the meeting	Except for the abovementioned directors who have withdrawn in accordance with the law, the acting chairman Hung, Jui-Bin and the independent director consulted and agreed with all the directors present and approved the motion accordingly.
	Review of manager's 2025 "year-end bonus" payment case.	Chung, Te-Li Lin, Hsueh-Fen Chung, Chen-Chia Lin, Chang-Yung Lin, Chun-Hsing Hsu, Sung-Chu	The director is an interested party in the year-end bonus case or a party to the case or the spouse, child or brother of a party, so he avoids leaving the meeting	Except for the abovementioned directors who have withdrawn in accordance with the law, the acting chairman Hung, Jui-Bin and the independent director consulted and agreed with all the directors present and approved the motion accordingly.
2026.03.05	The donation to "Taichung Municipal Private Lai Yih Wenhua Social Welfare Charitable Foundation".	Chung, Te-Li Lin, Hsueh-Fen Chung, Chen-Chia Lin, Chang-Yung Lin, Chun-Hsing Hsu, Sung-Chu	The director is an interested party in the Foundation case or a party to the case or the spouse, child or brother of a party, so he avoids leaving the meeting	Except for the abovementioned directors who have withdrawn in accordance with the law, the acting chairman Hung, Jui-Bin and the independent director consulted and agreed with all the directors present and approved the motion accordingly.

3. Listed OTC companies should disclose information such as the evaluation cycle and period, evaluation scope, method and evaluation content of the board of directors' self (or peer) evaluation, and fill in the following table with the implementation status of the board of directors' evaluation:

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content
Implemented once a year	2025.1.1~ 2025.12.31	Overall board of directors	Self-evaluation of the Board of Directors	A. Degree of participation in company operations B. Improve the quality of board decision-making C. Board composition and structure D. Selection and continuing education of directors E. Internal control
		Individual board members	Self-evaluation of all directors	A. Mastery of company goals and tasks B. Awareness of directors' responsibilities C. Degree of participation in company operations D. Internal relationship management and communication E. Professional and continuing education of directors F. Internal control
		Audit Committee	Self-evaluation of members of the Audit Committee	A. Degree of participation in company operations B. Understanding the responsibilities of the Audit Committee C. Improve the decision-making quality of Audit Committee D. Audit Committee composition and member selection E. Internal control
		Salary and Remuneration Committee	Self-evaluation of members of the Salary and Remuneration Committee	A. Degree of participation in company operations B. Understanding of responsibilities of Remuneration Committee C. Improve the decision-making quality of Remuneration Committee D. Remuneration Committee composition and member selection
	2025.8.26– 2025.12.31	Corporate Governance and Sustainable Development Committee Member	Self-evaluation of members of the Corporate Governance and Sustainable Development Committee	A. Degree of participation in company operations B. Understanding the responsibilities of the Corporate Governance and Sustainable Development Committee C. Improving the decision-making quality of the Corporate Governance and Sustainable Development Committee D. Composition and appointment of members of the Corporate Governance and Sustainable Development Committee
Implemented every three years	2024.4.1– 2025.3.31	Overall board of directors	External evaluation (Evaluator: Taiwan Investor Relations Institute)	A. Composition of the Board of Directors and professional development B. Quality of the Board's decision-making C. Operational effectiveness of the Board D. Internal control and risk management E. Degree of the Board's participation in corporate social responsibility

The 2025 performance evaluation results for the Board of Directors, Audit Committee, Salary and Remuneration Committee, and Corporate Governance and Sustainable Development Committee were all rated "Excellent," and the evaluation results were reported to the Board of Directors on March 5, 2026.

4. The goals of strengthening the functions of the board of directors in the current and recent years (such as establishing an audit committee, improving information transparency, etc.) and evaluation of implementation status:
   (1) The Company has established a Salary and Remuneration Committee and an Audit Committee. Please refer to pages 42 to 54 for their operations.
   (2) The Company has formulated the "Corporate Governance Best Practice Principles" and the "Board Performance Evaluation Rules" to complete its corporate governance related regulations.

(II) Operation of the Audit Committee or Participation of Supervisors in Board Operations and Operation of the Audit Committee

The Company has established an Audit Committee composed of three independent directors in lieu of supervisors to improve decision-making functions and strengthen its management mechanism. In 2025 and up to the date of publication of the annual report, the audit committee held a total of 9 meetings. The attendance of independent directors was as follows:

Title	Name	Actual attendance	Number of proxies	Actual attendance rate (%)	Remarks
Independent director	Lin, Huo-Teng	-	-	-	Re-elected on May 30, 2024 Note 1
Independent director	Hung, Jui-Bin	7	2	78%	Re-elected on May 30, 2024
Independent director	Juan, Chang-Mao	9	-	100%	Re-elected on May 30, 2024
Independent director	Chou, Yin-Hsiang	6	-	100%	Elected on May 27, 2025 Note 1

Note 1: Independent Director Lin, Huo-Teng passed away on March 4, 2025. One independent director position will be filled through a by-election at the regular shareholders' meeting on May 27, 2025, and Ms. Chou, Yin-Hsiang was elected to fill the vacancy.

※Other matters that should be recorded:

1. If any of the following situations occur in the operation of the audit committee, the following should be stated: the date and session of the audit committee, the content of the proposals, the dissenting opinions of the independent directors, any reservations or significant recommendations, the resolution results of the audit committee, and the Company's handling of the audit committee's opinions:
   (1) Matters listed in Article 14-5 of the Securities and Exchange Act:

   Matters listed in Article 14-5 of the Securities and Exchange Act shall be reported to the board of directors with the approval of the audit committee

Date of audit committee	Difference	Motion content	Resolution result of Audit Committee	The Company's handling of the audit committee's opinions
2025.3.6	The 5th session of the 2nd meeting	(1) The Company plans to issue a statement on the internal control system for 2024. (2) The Company's case of "increase in capital loans and quotas between group-affiliated enterprises" (3) The independence and competency assessment case of the Company's CPAs. (4) The Company changed the CPA due to the internal rotation of the CPA firm. (5) The Company's consolidated financial report and business report for the 2024. (6) The Company's 2024 Statement of Earnings Distribution. (7) Change of the Company's proposed investment in Pt. Alnu Sporting Goods Indonesia. (8) The Company's proposal for changing PT. Yihquan Footwear Indonesia's directors and supervisors (9) Case to remove directors' and managers' non-competition restrictions. (10) The donation to "Taichung Municipal Private Lai Yih Wenhua Social Welfare Charitable Foundation". (11) The amendments to some provisions of the Company's "Articles of Association".	Approved by all present members.	Approved accordingly.
2025.4.15	The 6th session of the 2nd meeting	(1) Election of the convener and meeting chair for the Audit Committee. (2) Proposal for the Company to invest in PT. Yih Quan Footwear Indonesia. (3) The Company's reinvestment in an affiliated company to apply for a bank loan line and endorsement guarantee. (4) Amendments to the Company's "Petty Cash Management Regulations."	Approved by all present members.	Approved accordingly.
2025.5.13	The 7th session of the 2nd meeting	(1) The Company's case of "increase in capital loans and quotas between group-affiliated enterprises" (2) The Company's reinvestment in an affiliated company to apply for a new bank credit line. (3) The Company's consolidated financial report for the first quarter of 2025.	Approved by all present members.	Approved accordingly.
2025.6.27	The 8th session of the 2nd meeting	(1) The Company's case of "increase in capital loans and quotas between group-affiliated enterprises" (2) Proposal for changes to the Company's proposed investment in PT. Yih You Footwear Indonesia.	Approved by all present members.	Approved accordingly.
2025.8.26	The 9th session of the 2nd meeting	(1) The Company's consolidated financial report for the second quarter of 2025. (2) The Company changed its functional currency to NTD. (3) The Company's case of "increase in capital loans and quotas between group-affiliated enterprises" (4) Proposal for the Company's subsidiary to engage in derivatives transactions. (5) The Company's reinvestment in an affiliated company to apply for a bank loan line and endorsement guarantee. (6) To ratify the case of Flourish Thrive Developments Limited Taiwan Branch, a subsidiary of the Company, in providing an endorsement guarantee for Vietnam subsidiary Yih Shuo.	Approved by all present members.	Approved accordingly.

Date of audit committee	Difference	Motion content	Resolution result of Audit Committee	The Company's handling of the audit committee's opinions
		(7) Proposal for the Company’s subsidiary, Flourish Thrive Developments Limited Taiwan Branch, to provide endorsements and guarantees for subsidiaries. (8) Proposal for changes to the Company’s proposed investment in the renovation of the E-Show factory site in Dong Thap Province. (9) Proposal for changes to the Company’s proposed investment in PT. Yihfull Footwear Indonesia. (10) Proposal for changes to the Company’s proposed investment in PT. Yih You Footwear Indonesia. (11) Proposal for the Company to establish the "Corporate Governance and Sustainable Development Committee" and formulate the "Corporate Governance and Sustainable Development Committee Charter."		
2025.10.03	The 10th session of the 2nd meeting	(1) Proposal for the Company to conduct the offering and issuance of its first unsecured convertible corporate bonds and second unsecured convertible corporate bonds in the Republic of China. (2) Proposal for the lead underwriter engagement agreement to assist the Company in complying with the laws and regulations of the Republic of China. (3) Proposal for the Company to change the directors and general manager of its Indonesian subsidiary, PT. YIHFULL FOOTWEAR INDONESIA.	Approved by all present members.	Approved accordingly.
2025.11.11	The 11th session of the 2nd meeting	(1) The Company's consolidated financial report for the third quarter of 2025. (2) The Company’s case of “increase in capital loans and quotas between group-affiliated enterprises” (3) Proposal for the Company to change the interest calculation method for the loan of funds to PT ALNU SPORTING GOODS INDONESIA. (4) The Company’s reinvestment in an affiliated company to apply for a bank loan line and endorsement guarantee.	Approved by all present members.	Approved accordingly.
2025.12.23	The 12th session of the 2nd meeting	(1) Internal audit plan of the Company and its subsidiaries for 2026 (2) Proposal for the senior executive to be authorized by the Board of Directors for the Company’s derivatives transactions.	Approved by all present members.	Approved accordingly.
2026.3.5	The 13th session of the 2nd meeting	(1) The Company plans to issue a statement on the internal control system for 2025. (2) The Company’s case of “increase in capital loans and quotas between group-affiliated enterprises” (3) The independence and competency assessment case of the Company's CPAs. (4) The Company’s consolidated financial report and business report for the 2025. (5) The Company’s 2025 Statement of Earnings Distribution. (6) The Company plans to allocate cash from capital reserve (7) The donation to "Taichung Municipal Private Lai Yih Wenhua Social Welfare Charitable Foundation".	Approved by all present members.	Approved accordingly.

(2) Except for the matters mentioned above, other resolution matters that have not been approved by the audit committee but have been approved by more than two-thirds of all directors: None.

2. When an independent director withdraws from an interest-related proposal, the name of the independent director, the content of the proposal, the reason for the withdrawal of interest, and the circumstances of his participation in voting should be stated: No such situation.
3. Communication situation between independent directors and internal audit supervisors and CPAs (should include major matters, methods and results of communication on the Company’s financial and business conditions, etc.):
   (1) The Company's audit unit regularly provides independent directors with internal audit reports and attends board meetings to report the latest audit findings. Independent directors can review the Company's financial and operational status at any time and can immediately communicate and review with relevant department heads if there are any questions or suggestions about the Company's operations. The communication between the audit committee, internal audit supervisor, and the aforementioned relevant supervisors is good.
   (2) In addition to regularly reviewing financial statements, independent directors will also hold meetings and communicate with CPAs when necessary; the Company's audit committee has good communication with CPAs.

(III) Corporate governance operations and differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and their reasons

Assessment items	Operational situation			Differences and reasons from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description summary	
1. Does the Company formulate and disclose a corporate governance code of practice in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established the "Corporate Governance Best Practice Principles" and disclosed them on the Company's website. All relevant operations are carried out in accordance with these principles.	No significant difference
2. Company equity structure and shareholders' rights and interests (1) Has the Company established internal operating procedures to handle shareholder suggestions, doubts, disputes and litigation matters, and implemented them in accordance with the procedures?	V		(1) The Company has a spokesperson and an acting spokesperson who are responsible for handling shareholder suggestions, concerns, disputes, and other issues.	No significant difference
(2) Does the Company know the list of major shareholders who actually control the Company and the ultimate controller of the major shareholders?	V		(2) The Company keeps track of the shareholding status of directors, managers and major shareholders holding more than 10% of the shares.	No significant difference
(3) Has the Company established and implemented risk control and firewall mechanisms between related enterprises?	V		(3) The Company and its affiliates have established the following regulations to manage personnel, assets, and finances: "Internal Control System", "Financial and Business Regulations for Related Parties", "Transaction Management Measures for Group Enterprises, Specific Companies, and Related Parties", "Supervision and Management Procedures for Subsidiaries", "Procedures for the Acquisition or Disposal of Assets", "Procedures for Loaning Funds to Others", and "Procedures for Endorsement and Guarantee". These regulations are designed to conduct risk assessment and establish appropriate firewall measures.	No significant difference
(4) Has the Company established internal regulations to prohibit company insiders from using undisclosed information in the market to buy and sell securities?	V		(4) The Company has formulated "Administrative Measures to Prevent Insider Trading" to prohibit company insiders from using unpublished market information to buy and sell securities.	No significant difference

Assessment items	Operational situation			Differences and reasons from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description summary	
3. Composition and Responsibilities of the Board of Directors (1) Has the board of directors formulated a diversity policy, specific management goals and implemented them?	V		(1) The Company has established the "Board Diversity Policy" and, in accordance with regulations, has disclosed the specific management objectives of the diversity policy and the implementation status thereof on the Company's website. The specific management goals and implementation status are as follows: The Company values gender equality in the composition of the Board and aims to increase the number of female directors to more than one-third, or 33%, of all board seats. Currently, male directors account for 78% of the Board, or seven directors, while female directors account for 22%, or two directors. The Company will endeavor to increase the number of female directors in the future to achieve that target. When the directors' terms of office expire and the Board is re-elected in 2027, the Company expects to give priority consideration to female director candidates in order to further enhance gender diversity and improve the Board's decision-making quality and corporate governance capabilities. For relevant information, please also refer to "Board Diversity and Independence" in this annual report.	No significant difference
(2) In addition to setting up a salary and remuneration committee and an audit committee in accordance with the law, does the Company voluntarily set up other functional committees?	V		(2) In addition to establishing the Salary and Remuneration Committee and Audit Committee in accordance with the law, the Company also established the Corporate Governance and Sustainable Development Committee on August 26, 2025, and convened its first meeting on October 3, 2025.	No significant difference
(3) Does the Company formulate a board of directors performance evaluation method and its evaluation method, regularly conduct performance evaluations every year, and report the results of performance evaluations to the board of directors, and use them as a reference for individual directors' remuneration and nomination for renewal?	V		(3) The Company established the "Rules for Performance Evaluation of Board of Directors" on July 30, 2021 as a reference for determining the remuneration of individual directors and their nomination for reappointment. For relevant information, please also refer to "Information to Be Disclosed by TWSE/TPEx Listed Companies Regarding the Evaluation Cycle and Period, Evaluation Scope, Method, and Evaluation Content of Board Self-Evaluations or Peer Evaluations" in this annual report. Internal evaluation: Implemented at least once a year. The 2025 Board of Directors' performance evaluation results were submitted to the Board on March 5, 2026. External evaluation:	No significant difference

Assessment items	Operational situation			Differences and reasons from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description summary	
			Performed by an external professional independent institution at least once every three years. In 2025, the Company engaged Taiwan Investor Relations Institute to conduct the Board performance evaluation from April 1, 2024 to March 31, 2025. The evaluation was conducted through questionnaires and online video interviews. The evaluation results, improvement recommendations, future improvement plans, and other details were submitted to the Board of Directors on June 27, 2025, and disclosed on the Company's website under Investor Relations > Corporate Governance > Board Members > External Board Performance Evaluation.	
(4) Does the Company regularly evaluate the independence of CPAs?	V		(4) The Company's Board of Directors regularly evaluates the independence and competence of the appointed certifying CPAs each year, with reference to the Audit Quality Indicators (AQIs). The most recent annual evaluation results were reviewed and approved by the Board of Directors on March 5, 2026, confirming that the certifying CPAs met the evaluation criteria for competence and independence. The Company also obtained the Statement of Independence issued by the certifying CPAs. For the evaluation items regarding the independence and competence of the certifying CPAs, please refer to Note 1.	No significant difference
4. Does the listed company have suitable and adequate corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing necessary information for directors and supervisors to execute their duties, assisting directors and supervisors in complying with laws, handling board and shareholder meetings according to the law, and preparing board and shareholder meeting minutes)?	V		On June 26, 2023, the Company's Board of Directors resolved that Chief Financial Officer Yu-Fu Li would concurrently serve as the corporate governance officer to protect shareholders' rights and interests and strengthen the functions of the Board of Directors. He is responsible for coordinating corporate governance related affairs, including handling matters relating to Board meetings and shareholders' meetings in accordance with the law, preparing minutes of Board meetings and shareholders' meetings, assisting directors in taking office and pursuing continuing education, providing directors with the information required for the performance of their duties, and assisting directors in complying with the laws and regulations.	No significant difference
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholder section on the company website to appropriately respond to important	V		The Company has spokespersons and acting spokespersons who serve as channels to express opinions to the outside world and handle relevant response matters in accordance with regulations. If necessary, stakeholders can contact the Company at any time by phone, letter, email, etc. The Company has also set up a stakeholder area on the Company's website as one of the communication channels.	No significant difference

Assessment items	Operational situation			Differences and reasons from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description summary	
corporate social responsibility issues that concern stakeholders?				
6. Does the Company appoint a professional stock affairs agency to handle shareholders' meeting affairs?	V		The Company has appointed China Trust Commercial Bank's equity agency to handle the shareholders' meeting affairs.	No significant difference
7. Information Disclosure (1) Does the Company set up a website to disclose financial business and corporate governance information?	V		(1) The Company has set up a corporate website (https://www.laiyih.com/) and regularly updates its financial, business, corporate governance, and other relevant information.	No significant difference
(2) Does the Company adopt other methods of information disclosure (such as setting up an English website, designating a person responsible for collecting and disclosing company information, implementing a spokesperson system, uploading corporate briefings to the company website, etc.)?	V		(2) The collection and disclosure of the Company's information has a corresponding dedicated unit, and the Company's spokesperson and acting spokesperson serve as the window for information disclosure on issues related to the Company. Any legal person briefings held in the future will be handled in accordance with the regulations of the stock exchange; the disclosure of other information will be carried out in accordance with relevant laws and regulations.	No significant difference
(3) Does the Company announce and submit its annual financial report within two months after the end of the fiscal year, and announce and submit its first, second, and third quarter financial reports and operating conditions for each month in advance before the prescribed deadline?		V	(3) The Company’s quarterly financial reports are all approved by the Audit Committee and the Board of Directors within the required time frame, and are announced and filed within the stipulated deadline.	The Company is unable to announce and file its annual financial reports by the end of February in advance, as it must comply with the announcement timeline and CPA audit schedule in accordance with Article 36 of the Securities and Exchange Act.
8. Does the Company have other important information that helps understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations,			1. Employee rights and interests: The Company maintains a harmonious labor-management relationship and protects employees' legitimate rights and interests in accordance with the labor laws of each location where it operates. The Company has no major labor disputes, and has not been punished by the competent authorities due to major labor issues or major violations of labor laws.	No significant difference

Assessment items	Operational situation			Differences and reasons from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description summary	
supplier relations, stakeholder rights, director and supervisor training, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, and whether the Company purchases liability insurance for directors and supervisors)?			2. Employee care: The Company provides employees with reasonable salaries and bonuses, and each factory handles various employee benefits according to local national laws. On important holidays (such as Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival), we give holiday bonuses and gifts, and employees receive birthday gifts on their birthdays. Additionally, there are various activities, occasional group recreational activities or dinners, travel subsidies, wedding and funeral assistance, and emergency relief measures. Both parties establish a good relationship of mutual trust and mutual dependence. 3. Investor relations: The Company has set up a company website and spokesperson system, and established smooth communication channels to ensure the rights and interests of investors. 4. Supplier relations: The Company operates with integrity, conducts fair transactions with suppliers and maintains long-term and good cooperative relationships. 5. Rights of stakeholders: In order to protect the rights and interests of stakeholders, the Company has established various good and smooth communication channels, upholds the principle of integrity and a responsible attitude to handle matters appropriately, and fulfills its corporate social responsibilities. 6. Continuing training of directors and supervisors: The Company has established an audit committee to replace the functions of supervisors. The directors of the Company all have professional backgrounds and have taken courses such as securities laws and regulations and corporate governance in accordance with "Guidelines for the Implementation of Continuing Education for Listed Directors and Supervisors", and have met the requirements for the number of study hours. 7. Implementation status of risk management policies and risk measurement standards: On October 3, 2025, the Board of Directors approved the establishment of the "Risk Management Policy and Procedures," which have been disclosed on the Company’s website. The implementation status of risk management for 2025 was reported to the Board of Directors on March 5, 2026.	

Assessment items	Operational situation			Differences and reasons from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description summary	
			8. Implementation of customer policies: The Company has a dedicated department responsible for customer inquiries and complaint channels, and maintains stable and good relationships with customers to create company profits. 9. The Company purchases liability insurance for directors and supervisors: The Company has stipulated relevant regulations on directors' liability insurance in the "Corporate Governance Code of Practice" and has purchased liability insurance for directors to reduce and disperse directors' liability for errors or negligence, which can cause the risk of significant damage to the Company's shareholders.	
9. Please explain the improvement in the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priority enhancement matters and measures for those that have not yet been improved. (Not required to be completed by companies not included in the evaluation): The Company was listed on June 12, 2024, and was therefore not included in the scope of the 2024 (11th) Corporate Governance Evaluation. It will be included in the evaluation beginning in 2025. However, the results of the 2025 Corporate Governance Evaluation are scheduled to be announced at the end of April 2026. As of the publication date of this annual report, the results have not yet been announced; therefore, there is no information available regarding related improvements or areas requiring further enhancement.				

Note 1: Certifying CPA independence and competence assessment form

Assessment items	Assessment	Independence
1. There is no direct or material indirect financial interest relationship between the certifying CPAs and the Company.	Yes	Yes
2. There is no material close business relationship between the certifying CPAs and the Company.	Yes	Yes
3. There is no potential employment relationship between the certifying CPAs and the Company during their audit of the Company.	Yes	Yes
4. There is no monetary lending or borrowing arrangements between the certifying CPAs and the Company.	Yes	Yes
5. The certifying CPAs have not accepted any gifts or presents of significant value from the Company, its directors, or its managers, the value of	Yes	Yes
6. The certifying CPAs have not provided audit services to the Company for seven consecutive years.	Yes	Yes
7. The certifying CPAs do not hold any shares of the Company.	Yes	Yes
8. The certifying CPAs themselves, their spouses, or dependent relatives, and their audit team have not served as directors or managers of the Company, or held positions with a material influence on the audit engagement, during the audit period or within the most recent two years, and it	Yes	Yes
9. Whether the certifying CPAs have complied with the independence requirements under Bulletin No. 10 of the Norms of Professional Ethics for	Yes	Yes

(IV) If the company has a remuneration committee, it should disclose its composition and operations

1. Salary and Remuneration Committee Member Information

Category	Name	Professional qualifications and experience	Independence situation	Number of members who concurrently serve as members of the salary and remuneration committees of other publicly traded companies
Independent director (Convener)	Juan, Chang-Mao	1. Have work experience required for company business such as business, legal affairs, finance, and operation and management capabilities. 2. For relevant academic experience, please refer to Section III, I, (I), 5. Professional Knowledge of Directors and Supervisors and Information Disclosure on the Independence of Independent Directors. 3. There are no circumstances specified in Article 30 of the Company Act.	The conditions that qualify for independence are as follows: 1. I, my spouse, and my relatives within the second degree do not serve as directors, supervisors, or employees of the Company or its affiliated companies. 2. I, my spouse, and relatives within the second degree (or in the name of the user) do not hold shares in the Company. 3. Not serving as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to the regulations on the establishment of independent directors of public companies and matters to be followed, Paragraphs 5 to 8 of Article 3, Paragraph 1). 4. There is no amount of remuneration received from providing business, legal, financial, accounting and other services to the Company or its affiliated companies in the past two years.	_
Independent director	Lin, Huo-Teng (Note 1)	1. Have work experience required for company business such as business, legal affairs, finance, and operation and management capabilities. 2. For relevant academic experience, please refer to Section III, I, (I), 5. Professional Knowledge of Directors and Supervisors and Information Disclosure on the Independence of Independent Directors. 3. There are no circumstances specified in Article 30 of the Company Act.	The conditions that qualify for independence are as follows: 1. I, my spouse, and my relatives within the second degree do not serve as directors, supervisors, or employees of the Company or its affiliated companies. 2. I, my spouse, and relatives within the second degree (or in the name of the user) do not hold shares in the Company. 3. Not serving as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to the regulations on the establishment of independent directors of public companies and matters to be followed, Paragraphs 5 to 8 of Article 3, Paragraph 1). 4. There is no amount of remuneration received from providing business, legal, financial, accounting and other services	_

			to the Company or its affiliated companies in the past two years.	
Independent director	Hung, Jui-Bin	1. Have work experience required for company business such as business, legal affairs, finance, and operation and management capabilities. 2. For relevant academic experience, please refer to Section III, I, (I), 5. Professional Knowledge of Directors and Supervisors and Information Disclosure on the Independence of Independent Directors. 3. There are no circumstances specified in Article 30 of the Company Act.	The conditions that qualify for independence are as follows: 1. I, my spouse, and my relatives within the second degree do not serve as directors, supervisors, or employees of the Company or its affiliated companies. 2. I, my spouse, and relatives within the second degree (or in the name of the user) do not hold shares in the Company. 3. Not serving as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to the regulations on the establishment of independent directors of public companies and matters to be followed, Paragraphs 5 to 8 of Article 3, Paragraph 1). 4. There is no amount of remuneration received from providing business, legal, financial, accounting and other services to the Company or its affiliated companies in the past two years.	1
Independent director	Chou, Yin-Hsiang (Note 1)	1. Have work experience required for company business such as business, legal affairs, finance, and operation and management capabilities. 2. For relevant academic experience, please refer to Section III, I, (I), 5. Professional Knowledge of Directors and Supervisors and Information Disclosure on the Independence of Independent Directors. 3. There are no circumstances specified in Article 30 of the Company Act.	The conditions that qualify for independence are as follows: 1. I, my spouse, and my relatives within the second degree do not serve as directors, supervisors, or employees of the Company or its affiliated companies. 2. I, my spouse, and relatives within the second degree (or in the name of the user) do not hold shares in the Company. 3. Not serving as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to the regulations on the establishment of independent directors of public companies and matters to be followed, Paragraphs 5 to 8 of Article 3, Paragraph 1). 4. There is no amount of remuneration received from providing business, legal, financial, accounting and other services to the Company or its affiliated companies in the past two years.	1

Note 1: Independent Director Lin, Huo-Teng passed away on March 4, 2025. One independent director position will be filled through a by-election at the regular shareholders' meeting on May 27, 2025, and Ms. Chou, Yin-Hsiang was elected to fill the vacancy.

2. Information on the operation of the salary and remuneration committee

(1) The Company's salary and remuneration committee has 3 members.

(2) The term of office of the current members: August 22, 2024 to May 29, 2027. In 2025 and up to the date of publication of the annual report, the salary and remuneration committee met 5 times (A). The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Number of proxies	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Juan, Chang-Mao	5	—	100	Re-elected on August 22, 2024
Member	Lin, Huo-Teng	—	—	—	Re-elected on August 22, 2024 (Note 2)
Member	Hung, Jui-Bin	4	1	80	Re-elected on August 22, 2024
Member	Chou, Yin-Hsiang	4	—	100	Elected on May 27, 2025 (Note 2)

Other matters that should be recorded:

1. If the board of directors does not adopt or amend the recommendations of the salary and remuneration committee, it should state the date, period, content of the proposal, the results of the board of directors' resolution, and the Company's handling of the salary and remuneration committee's opinions (if the salary and remuneration approved by the board of directors are superior to the salary and remuneration committee, suggestions should be made to describe the differences and reasons): None.
2. If a member has objections or reservations about matters decided by the salary and remuneration committee and there is a record or written statement, the date, period, content of the proposal, all member opinions and the

Note 1: The Company completed the re-election of directors at the 2024 regular shareholders' meeting. According to Article 5 and Article 6 of the Company's "Remuneration Committee Charter," it is proposed to appoint independent directors Lin, Huo-Teng, Juan, Chang-Mao, and Hung, Jui-Bin as members of the Company's second Remuneration Committee. Their term of office will be the same as that of the board of directors, from the date of approval by the board of directors until May 29, 2027.

Note 2: Independent Director Lin, Huo-Teng passed away on March 4, 2025. One independent director position will be filled through a by-election at the regular shareholders' meeting on May 27, 2025, and Ms. Chou, Yin-Hsiang was elected to fill the vacancy.

(V) Implementation of promoting sustainable development and differences and reasons from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies

Promotion items	Implementation situation			Differences and reasons from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description summary	
1. Has the Company established a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, with the board of directors authorizing senior management to handle the matter, and what is the situation of board supervision?	V		The Company has established a governance structure for promoting sustainable development. To strengthen its corporate governance mechanism and implement its corporate social responsibility and sustainable operations goals, the Company established the "Sustainable Development Department" on May 19, 2023 as an exclusively dedicated unit responsible for coordinating the Company's sustainability-related affairs. On August 26, 2025, the Company also established the "Corporate Governance and Sustainable Development Committee," a functional committee under the Board of Directors. The committee is composed of one independent director and two directors, one of whom serves as the convener. In accordance with relevant regulations, the committee convenes at least once a year and is responsible for supervising the promotion and implementation of matters related to corporate governance and sustainable development. The main duties and powers of the Corporate Governance and Sustainable Development Committee include: 1. Promoting and strengthening the corporate governance organization and system. 2. Promoting and implementing matters related to ethical corporate management. 3. Implementing and assisting in the supervision of matters related to risk management. 4. Promoting and implementing matters related to corporate social responsibility and sustainable operations. 5. Planning and promoting matters related to energy conservation, carbon reduction, and carbon neutrality. 6. Establishing an implementation team to review, track, and revise matters related to corporate governance evaluation and the implementation status and effectiveness of sustainable development, and to report regularly to the Board of Directors. With respect to the Board's supervision, reports were submitted to the Board of Directors in 2025 on relevant matters, including the schedule planning and progress of greenhouse gas inventories, the implementation status of promoting sustainable development and climate-related information, and stakeholder communication. The Board of Directors will continue to exercise supervision to ensure the implementation of sustainability-related policies and measures.	No significant difference
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's	V		1. Environmental aspect: (1) Climate change risks 1. Cooperate with the relevant local government energy use policies and the SBTi (Science-Based Targets initiative) voluntary emission reduction commitment, and gradually promote the	No significant difference

operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?			substitution of clean and low-carbon fuels, energy conservation and carbon reduction actions. 2. Continue to conduct inventory and source management of energy resources, conduct monthly inventory and analysis of energy usage and carbon emissions of shoe factories, and develop action plans to promote energy conservation and carbon reduction. (2) Changes in environmental protection laws 1. Strengthen the inspection of compliance with local environmental protection laws and regulations at operating sites, regularly review the compliance of factory environmental assessment documents and track improvement plans. 2. Actively invest in pollution prevention and control facilities and monitoring, and strengthen compliance management of pollutant emission. 3. Continue to improve the environmental, safety and health indicator data management system and abnormal event notification system to effectively monitor risk events in daily operations. (3) Infectious disease control risks: Strengthen various infectious disease prevention measures, including factory access control measures, abnormal handling measures, factory disinfection measures, employee independent health management and health examinations, epidemic reporting mechanisms and logistics medical escort mechanisms, and inspection and reserve of epidemic prevention materials. (4) Fire safety: 1. Regularly implement fire prevention drills and strictly implement fire source control. 2. Strengthen employees' fire prevention awareness, fire-fighting training and independent safety inspections. (5) Safety and health risks: 1. Promoting a workplace safety culture and conducting regular occupational safety and health education training for employees. 2. Strengthen protective measures and operational controls on hazard risks to ensure safety and production order in the workplace.	
			2. Social aspect: (1) Human resources risk management 1. Continuously conduct risk control on matters such as compliance with local labor laws, recruitment operations, performance management, salary management, training and development, and employee management at operating locations. 2. Continue to optimize recruitment channels and processes, calibrate salary levels with the market, and strengthen employee care measures. (2) Product quality management Comprehensively promote policies and measures related to product quality. Continue to improve protective testing measures during the production process to prevent consumers from being harmed when using the products. (3) Product safety management 1. Develop relevant product safety management measures and strengthen education and training, including development and design management, material management, production safety management, factory safety management, information system safety management, transportation safety management and business secret safety management, crisis incident	

			handling, etc. 2. The Company takes "safety first" as its core operational goal, continuously conducts audits on the development center and overseas subsidiaries, and proactively identifies and solves problems.	
			3. Corporate governance: The Company established the "Corporate Governance and Sustainable Development Committee" on August 26, 2025, and the Board of Directors approved the "Risk Management Policy and Procedures" on October 3, 2025, which serve as the basis for sustainability-related risk control and management strategies. Reports are submitted to the Board of Directors at least once a year. The relevant policies have been disclosed on the Company's website. In accordance with the principle of materiality, the Company conducts risk assessments on environmental, social, and governance (ESG) issues related to its operations. The assessment results serve as the basis for sustainability management, strategic planning, and related decision-making. The relevant disclosures are set out in the Company's sustainability report. (1) Changes in corporate image: 1. Adhere to the core value of "IN US, YOU TRUST", continuously strengthen corporate governance, attach importance to environmental protection, fulfill social responsibilities and implement risk control, and strive to create sustainable value. 2. Continue to improve information transparency and strengthen interactive communication with stakeholders. (2) Moral integrity and anti-corruption: 1. Formulate internal rules such as "Procedures for Ethical Management and Guidelines for Conduct" and continue to promote education, training and promotion of ethics, integrity and anti-corruption standards. 2. Set up reporting and complaint channels to prevent illegal, immoral or dishonest behavior. (3) Operational risks: 1. Continue to invest resources in automation, innovative technology and process improvement, strengthen R&D energy and improve production efficiency. 2. Make good use of the production advantages of various locations to enhance the flexibility and diversity of manufacturing capabilities. 3. Provide high-quality services and deepen cooperative relationships with brand customers. 4. Strengthen omni-channel operation capabilities and provide diversified sports services. (4) Financial risks: Continuously monitor changes in financial markets and overall economic indicators, evaluate appropriate interest rates and exchange rate operational measures, actively manage customer risks, and conduct prudent investment evaluation and post-investment management (5) Information risks: Establish a sound information management system, implement multiple controls and protections for network information security, and strengthen proactive information security protection and warning capabilities.	

			(6) Legal risks: 1. Continuously review and integrate the latest legal changes and conduct education and training to implement compliance with various laws and regulations. 2. Assist in providing legal consultation and contract review to reduce business disputes.	
			4. Risk assessment boundaries Consistent with the consolidated financial statements.	
3. Environmental issues (1) Has the Company established an appropriate environmental management system based on its industrial characteristics?	V		In response to the risk of climate change, the Company signed SBTi (Scientific basis reduction target initiative) in 2022. After completing the organizational greenhouse gas inventory in 2023, the Company set a medium and long-term scientific carbon reduction plan in accordance with its commitment to the SBTi organization, moving towards low carbon factory. Additionally, the Company's main operational sites have implemented the ISO 14001 Environmental Management System and ISO 50001 Energy Management System. These systems establish specific energy policies, management processes, and plans that comply with local environmental regulations. Regular internal verification of compliance performance is conducted, and third-party assurance are accepted to reduce the costs and risks associated with environmental factors, enhance environmental resilience, and ensure environmental sustainability. The chemical management and wastewater management of the Company's manufacturing process are regularly sent to third parties for testing, and all comply with the Zero Discharge of Hazardous Chemicals (ZDHC) specification. In addition, Higg Index FEM verification is conducted each year to assess the environmental performance of factories, and continuous improvements are made based on the verification results to ensure compliance with environmental management and sustainability standards.	No significant difference
(2) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		As global climate change intensifies, the Company continues to focus on energy conservation and carbon reduction issues, and we have been actively engaged in carbon reduction efforts over the years. In response to the solar energy construction plans promoted in Vietnam, all subsidiaries of Lai Yih Group in Vietnam have provided factory roofs for solar energy construction since 2020. Contractors plan the solar energy construction on the roofs, and green electricity is purchased from them. Moreover, subsidiaries are continuously promoting the replacement of energy-saving equipment, such as upgrading to LED energy-saving bulbs for lighting in headquarters offices and factories. Completed energy-saving improvements in production areas include the installation of energy-efficient sewing and cutting machines, reduction of refrigerant leaks in compressors, and heat loss improvements in heating equipment like dryers. In the future, Lai Yih Group will continue to improve on energy conservation, water conservation and waste reduction goals to achieve the goal of a net-zero emission factory.	No significant difference
(3) Has the Company assessed the potential risks and opportunities that climate change poses to the	V		To comply with the Group's risk management policy, respond to customers' requirements for supply chain carbon reduction, and actively support Taiwan's 2050 net-zero emissions target and the Group's commitments under its climate initiatives, the Group has established a comprehensive climate risk management mechanism in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. The Group has planned and implemented various actions based on the four core	No significant difference

<table>
<tr><td>Company now and in the future, and taken relevant response measures?</td><td></td><td></td><td>elements of: "governance," "strategy," "risk management," and "metrics and targets" to identify and manage climate change-related risks and opportunities.
For details on climate change risks, opportunities, and corresponding measures, please refer to Chapter 3, "3.1 Climate Change Response" of the 2025 Sustainability Report.</td><td></td></tr>
<tr><td>(4) Has the Company collected statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management?</td><td>V</td><td></td><td>(1) The Company conducts its greenhouse gas inventory in accordance with the GHG Protocol international standards. In addition, it sets a greenhouse gas reduction target for 2030 (a 42% reduction compared to 2022) based on SBTi scientific-based carbon reduction to respond to international carbon reduction. The Company actively plans the formulation and implementation of greenhouse gas reduction policies. Greenhouse gas emissions can be reduced and the effects of climate change mitigated through policy measures such as the energy transition, transport and transport reform, and environmental protection. Information on greenhouse gas emissions in recent years is as follows.

<table>
<tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Emissions per unit revenue (tCO2e/NTD thousands)</th></tr>
<tr><td>2023</td><td>10,131 tonCO2e</td><td>74,023 tonCO2e</td><td>0.003</td></tr>
<tr><td>2024</td><td>13,069 tonCO2e</td><td>105,684 tonCO2e</td><td>0.0032</td></tr>
<tr><td>2025</td><td>15,792 tonCO2e</td><td>95,633 tonCO2e</td><td>0.0028</td></tr>
</table>
Note:
1. The scope of data statistics for 2023 is consistent with that of the consolidated financial statements.
2. The scope of data statistics for 2024 is consistent with that of the consolidated financial statements.
3. The scope of data statistics for 2025 is consistent with that of the consolidated financial statements.
4. Operating income is the Company's consolidated operating income, expressed in thousands of NTD.
5. Emission intensity is (Scope 1 + Scope 2)/Operating income.

(2) The Company produces and manufactures sports shoes and casual shoes. Among the resources required for shoemaking, water resources account for a relatively low proportion. However, the Company still actively promotes various water resource management measures. In the future, in addition to continuing to comply with relevant regulations on water resources, we will continue to plan and implement a number of programs to increase revenue and reduce expenditure to increase recycling rates, reduce water consumption for people's livelihood, reduce waste of water resources, and adopt a policy of using water resources that has both economic and environmental benefits. Water consumption information for recent years is as follows.</td><td>No significant difference</td></tr>
</table>

Year	Total water intake (metric tons)	Amount of water collected per unit operation (metric tons/NTD thousands)
2023	731.658	0.026
2024	880.428	0.023
2025	1,018.270	0.026

Note:

1. The scope of total water withdrawal data statistics for 2023 is consistent with that of the consolidated financial statements.
2. The scope of total water withdrawal data statistics for 2024 is consistent with that of the consolidated financial statements.
3. The scope of total water withdrawal data statistics for 2025 is consistent with that of the consolidated financial statements.
4. Operating income is the Company's consolidated operating income, expressed in thousands of NTD.
5. Water withdrawal intensity = Total water withdrawal/Operating income.

(3) In terms of waste management, the Company considers local regulatory requirements, customer demands, and the interests of various stakeholders to establish compliant company policies and procedures. We develop management strategies in line with the concept of sustainable development, including waste reduction, proper disposal, and recycling efforts, striving for effective waste management to minimize the potential impact on the external environment. Information on waste output in recent years is as follows.

Year	Hazardous waste (metric tons)	Non-hazardous waste (metric tons)	Unit revenue generation (metric tons/NTD thousands)
2023	848	8,699	0.00034
2024	4,296	11,444	0.00042
2025	1,373	12,996	0.00036

Note:

1. The total amount of waste generated is the total of hazardous waste and non-hazardous waste. The scope of the 2023 data statistics is consistent with the consolidated financial statements.
2. The total amount of waste generated is the total of hazardous waste and non-hazardous waste. The scope of the 2024 data statistics is consistent with the consolidated financial statements.
3. The total amount of waste generated is the total of hazardous waste and non-hazardous waste. The scope of the 2025 data statistics is consistent with the consolidated financial statements.

			4. Operating income is the Company's consolidated operating income, expressed in thousands of NTD. 5. Waste generation intensity = Total waste generation/Operating income.	
4. Social issues (1) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	V		The Company strictly complies with local labor regulations at all global locations, formulates human rights policies based on the "International Bill of Human Rights", and strengthens workplace gender equality and safety by referencing international human rights conventions such as "Convention on the Elimination of All Forms of Discrimination Against Women" and "Convention on the Rights of the Child". We develop human rights protection policies according to the seven core conventions on labor standards published by the International Labor Organization (ILO) and the ten principles of the United Nations Global Compact. The Company holds regular labor-management meetings every quarter to fully achieve labor-management coordination, thoroughly implement the guarantee of equal rights for both genders at work and the equal rights of foreign workers, and has specially established an identity recognition employment mechanism to prevent the misuse of child labor. In addition to basic employee rights protection regulations, the Company conducts basic occupational safety training for employees once a month and offers annual training on anti-workplace harassment education seminars, equality, and communication. This provides substantial protection for the Company in terms of gender equality, prevention of sexual harassment, and gender discrimination rights and obligations.	No significant difference
(2) Does the Company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employees' compensation?	V		In addition to complying with the local basic legal requirements of each subsidiary factory, the Company and each subsidiary have their own employee welfare plans, and also provide various work-related and health insurance for employees. 1. Benefits: wedding bonus (for both myself and my children), birth celebration bonus, employee dinner, annual gift, year-end welfare bonus, start-up red envelope, birthday gift, and annual entertainment activities. 2. Subsidies: local cooperation subsidy (firefighting, militia and self-defense, etc.), car consumption/transportation subsidy, family care subsidy, education/sports subsidy, travel subsidy, children's education subsidy, employee self-study subsidy, telephone subsidy, additional subsidy for poor employees, sickness allowance, subsidies for self-paid vaccinations. 3. Bonuses: production bonus, education bonus (language skills/various education), perfect attendance, new worker introduction fee, improvement suggestion bonus, assessment bonus. 4. Allowances: various salary allowances (year-end bonus, bonus), childcare allowance, foreign language allowance, working environment allowance, work bonus (according to position), management/production management allowance, promotion allowance, status allowance (pattern maker/quality control/sewing operator/safety hygienist). 5. Other benefits include: leave and annual leave in compliance with the applicable laws and regulations, retirement consolation payments, funeral condolence payments, hospitalization consolation payments, emergency relief funds, overtime pay with additional payments depending on the circumstances, overtime subsidies including meals and transportation, job reassignment for pregnant employees with no reduction in salary, dependent support assistance, gifts for local festivals, free lunches, and regular health checkups (once per year for general employees and once every six months for employees engaged in hazardous work). Benefits also include consolation payments for premature childbirth, union gifts and scholarships, assistance in building homes for employees in financial difficulty, and additional health examination items for female employees.	No significant difference

			The Company's operating results are achieved by sharing the fruits of hard work with its employees through dividends, and a year-end bonus is added every year to show sympathy for employees' hard work. In addition to complying with local laws and regulations, the Company also added additional holidays in compliance with local customs (such as Taiwan Hungry Ghost Festival holiday). The Company fully supports gender equality. The proportion of female senior managers in the Group: 40% (manager and above). Activities such as gender equality education, female disease prevention, exchange meetings for female managers, and provision of childbirth assistance are held to achieve true goals of gender equality through education and assistance.	
(3) Does the Company provide a safe and healthy working environment for employees and provide regular safety and health education to employees?	V		The Company spares no effort in maintaining employee safety and health and promoting working environment measures. In addition to the basic regulations, additional protective measures and specifications have been added in response to different local regulations and environments. Basic rules: Employee health examination (once every six months according to the degree of work hazard), regular fire inspection, and nursing and health care. Local factory specifications: HSE System (Health Safety Environment) - establish environment, safety, and health processes/checks, requiring all units to comply with procedures; HR establishes regular and occupational health check-ups according to regulations; HSE is responsible for tracking and conducting regular inspections to ensure compliance with "Labor Environment Safety and Health Committee Procedures". Items - electrical safety, worker protection safety, high-altitude work safety, hazardous materials safety (chemicals), confined space/hot work safety, lockout/tagout management procedures, machinery/equipment safety, fire safety, traffic safety, assessment of work injury/accident risks, food hygiene, drinking water management, sanitation management, prevention of occupational diseases, medical equipment, and basic first aid; work environment prevention - noise, temperature, lighting, emergency escape routes. Environmental treatment - sewage shall be treated in accordance with water pollution prevention and control procedures, and garbage shall be treated in accordance with garbage management procedures. Work-related injuries: SEA (Social Environment Affairs) system - purpose: establish work-related accident investigation procedures, confirm causes, propose countermeasures, and track follow-up results. Definition: mild work injury - an incident that occurs within the Company and can return to work with simple treatment; sudden activation of fire alarm, power outage or other industrial safety accidents, but no one is injured or the work is interrupted. If a work-related injury occurs in the Company, it is necessary to go to a medical unit, and the lost working time is <8 hours. Severe work-related injuries - loss of working hours > 8 hours, company-wide traffic accidents causing serious injuries or death. Within the scope of the Company, casualties are caused by contract workers or company personnel, and work-related injuries occur by employees on their way to and from get off work, affecting their lives or causing death. Operating procedures: environmental safety and health report, on-site personnel narrating the incident, time limit for reporting work-related injuries, follow-up improvements and implementation. Work injury investigation:	No significant difference

			Regular monthly SEA (Social Environment Affairs) is responsible for filling out the "Monthly Work Injury Statistics Form", reports to the competent department and submits a comprehensive report on work injuries to the national functional agency on a regular 6-month basis in a form prescribed by the state. Potential accidents must also be included in the statistics. Factory-side ISO system specifications - following the Hazard Identification and Risk Assessment Procedure (ESP002) according to the ISO 45001 2018 system. Safety measures are based on the provisions of "SEA-ESP002" hazard identification procedures and risk assessment procedures, and are specifically listed in the Company's department-wide hazard identification and risk assessment table of "SEA-ESP002-01A". Update the Hazard Identification and Risk Assessment form annually and introduce new controls or maintain existing controls in accordance with the Hazard Identification and Risk Assessment Procedure "SEA-ESP002". Assessment and implementation status; Conduct regular training and drills to raise employee awareness; training evaluation - assessment includes written, oral, and practical tests. Written tests are closed-book, with questions prepared by each instructor, organized centrally for comprehensive management. Oral tests are conducted in class, and practical tests are jointly assessed on-site by team leaders and department heads. The number of fire cases in 2025 was 0, and the number of deaths was 0.	
(4) Has the Company established an effective career development training program for employees?	V		The Company's training plan covers entry training, on-the-job education, promotion training, environmental safety and health, ISO training, SEA plan, HSE health training, formal/informal training, internal/external training, and off-site training. A training survey form is sent out every year to analyze the needs for the next year to plan training topics.	No significant difference
(5) Regarding issues such as customer health and safety, customer privacy, marketing and labeling of products and services, does the Company follow relevant laws and international standards, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers or customers?	V		The Company's product sales and services comply with relevant laws and international standards, and its products are clearly labeled. The Company has also established customer complaint management procedures to protect customers' rights and interests. Upon receiving quality reports or other complaints from customers, the Company immediately conducts analysis and discussions, formulates feasible solutions, and reaches a consensus with customers on improvement measures. At the same time, the Company continuously tracks the handling results to ensure that the issues are resolved and to prevent similar incidents from recurring.	No significant difference
(6) Has the Company formulated a supplier management policy that requires suppliers to comply with relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and its implementation status?	V		The Company has established relevant standards for suppliers with respect to environmental protection, occupational safety and health, and labor rights. To ensure that sustainability information disclosures comply with the requirements of the SASB Apparel, Accessories & Footwear Standard (CG-AA-430a.2), the Company is required to verify the current status of environmental management at each production factory. In 2025, the Company conducted a survey of nearly 50 suppliers within the Group's supply chain to determine whether they met the requirements for environmental data assessment.	No significant difference
5. Does the Company refer to internationally accepted reporting	V		The Company is preparing the "2025 Sustainability Report" in accordance with the GRI Standards, and has newly adopted the SASB Apparel, Accessories & Footwear Standard to disclose the relevant sustainability	The Company is currently preparing the

standards or guidelines to prepare sustainability reports and other reports that disclose the Company's non-financial information? Has the previous report obtained the confidence or assurance opinion of a third-party verification unit?			performance indicators. The report will be uploaded to the ESG digital platform within the timeframe prescribed by the applicable laws and regulations. The report is expected to obtain third-party limited assurance, with the scope of assurance covering the following indicators: total energy consumption, total water withdrawal, total weight of hazardous waste generated, and number of occupational injuries.	"Sustainability Report," and it expects to obtain limited assurance.

6. If the Company has established its own sustainable development guidelines based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe its operations and any differences from the established guidelines: The Company has established "Sustainable Development Best Practice Principles" dedicated to sustainable business operations, with no significant differences from the set guidelines.

7. Other important information that is helpful in understanding the implementation of sustainable development:
   (1) Environmental sustainability: facing environmental sustainability issues, the Company adheres to the principles of conserving natural resources and sustainable operations, striving to enhance resource efficiency and reduce the environmental impact of industrial development. This includes integrating environmental protection, renewable energy, and materials recycling into its operational management framework and promoting specific eco-friendly and energy-saving management programs to achieve the Company's sustainable development goals. In addition, in order to better understand its specific actions in greenhouse gas emissions, the Company will conduct an inventory of greenhouse gas emissions for the first time in 2022. We look forward to continuing our efforts on the road to carbon reduction with the goal of net-zero emissions in the future.
   (2) Social Responsibility: Upholding the philosophy of "what is taken from society shall be used for society," the Company continues to support various educational and social responsibility activities while maintaining steady business growth. It also encourages employees to participate in community care and environmental protection initiatives. Through charitable donations and active participation, the Company fulfills its corporate social responsibility and promotes the common good of society.

Climate-related information of TWSE/TPEx listed companies

1. Implementation of climate-related information:

According to the timetable of sustainable development road map for listed companies (hereinafter referred to as the sustainable road map), companies with a capital of less than NT$5 billion should complete greenhouse gas inventory and assurance information disclosure in 2028, so the Company is not yet applicable. However, the Company takes the lead in disclosing climate-related information and the implementation status is as follows:

Item	Implementation situation
1. Describe the board and management's oversight and governance of climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-term, medium-term, long-term). 3. Describe the financial impact of extreme climate events and transition actions. 4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained. 6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	1. The board of directors is the highest governing body of Lai Yih, responsible for convening meetings to discuss/decide and approve the company's development strategies, institutional directions, and important actions, while exercising supervisory responsibilities over management and being accountable to all shareholders. To strengthen its governance mechanism and implement sustainable operations, the Company established the "Corporate Governance and Sustainable Development Committee" on August 26, 2025 under the Board of Directors to assist in supervising matters related to sustainability information management and to regularly report its supervisory results to the Board of Directors, thereby ensuring that management fulfills its responsibilities with respect to sustainability issues. In terms of management, Lai Yih established a Sustainable Development Department in 2023, with the General Manager serving as the convener. Simultaneously, various action teams were established under this department: Corporate Governance and Risk Assessment, Sustainable Environment, Employee Care, Social Responsibility, Product Control and Customer Service. The Sustainable Development Department is responsible

8. If climate-related targets are set, please explain the activities covered, greenhouse gas emission scopes, planning timeframe, and annual progress; if using carbon offsets or Renewable Energy Certificates (RECs) to achieve targets, please specify the source and quantity of carbon offsets or RECs. 9. Greenhouse gas inventory and confirmation, reduction goals, strategies and specific action plans.	for implementing climate risk management policies and objectives resolved by the board of directors and committees. It regularly reviews climate risk response plans and implementation results submitted by various working groups and assists in supervising the achievement of climate response targets and actions across companies and plants within the Group. It also facilitates communication and integration of the Group's climate governance status. The department holds meetings annually to discuss the Company's key climate risks and opportunities, and reports the results to the Board of Directors. 2. The Group has identified six material climate risks and opportunities. In the short term (0–3 years), the Group faces extreme weather events (R1), which may result in business interruptions and damage to assets, as well as changes in customer preferences (R6), which may require increased capital expenditures for R&D and equipment. In the medium term (3–10 years), rising temperatures (R2) and emissions regulations (R3) are expected to increase energy consumption for air conditioning and compliance management costs. In the long term (over 10 years), the Group will focus on the potential increase in operating costs arising from carbon pricing (R4). At the same time, the Group is committed to improving energy and resource efficiency (O2) to reduce costs and capture business opportunities arising from the low-carbon transition. 3. With respect to extreme weather events, including heavy rainfall and flooding, the Group has established a financial quantification model to assess four impact pathways: revenue losses and alternative procurement costs resulting from disruptions to upstream raw materials, production suspension and repair losses caused by flooding at factory sites, overtime expenses and reduced production capacity arising from employee commuting difficulties, and penalties and additional transportation costs resulting from disruptions to downstream shipments. The financial impact of transition actions is mainly reflected in capital expenditures for the purchase of solar panels and energy-saving equipment, as well as operating expenses for green electricity procurement and greenhouse gas inventories. 4. The Group has fully integrated climate risk management into the "Risk Management Policy and Procedures." The Sustainable Development Department serves as the core promotion unit and works with each operating site to carry out risk identification, assessment, response, and supervision. The assessment results and management effectiveness of material climate-related risks are regularly reported to the "Corporate Governance and Sustainable Development Committee" and the Board of Directors, the highest governance body, to ensure that climate-related issues are incorporated into the Company's overall decision-making and supervision mechanisms. 5. The Group conducts climate resilience stress testing based on SSP5-8.5, a pessimistic scenario under the United Nations IPCC AR6, with 2030 and 2050 set as the assessment time points. The analysis adopts the "rate of increase of maximum daily rainfall" as the parameter, combined with the Group's historical disaster data, such as production

	suspension days, repair costs, and revenue data, to estimate the value at risk of potential financial losses under extreme climate scenarios. The results are used to review the adequacy of flood control facilities and strengthen business continuity plans. 6. To manage physical risks, the plans include obtaining natural disaster insurance, strengthening flood control and drainage systems and backup power at factory sites, and installing meteorological detection equipment at the Myanmar factory. With respect to transition risks, the Group promotes energy transition, installs solar power generation facilities, and establishes a low-carbon materials R&D team. The management indicators cover greenhouse gas emissions, including Scope 1, Scope 2, and Scope 3, energy use efficiency, and water resource recycling rate, with science-based targets (SBTs) serving as the core performance targets. 7. The Group has not yet established internal carbon pricing. The main considerations are that the Group's production sites are located in Vietnam, Myanmar, and Indonesia, where the local governments have not yet established mandatory carbon pricing mechanisms at this stage, and the Group is not included in the first group of entities subject to Taiwan's carbon fee. However, the Group has identified carbon pricing as a long-term potential risk and continues to monitor the regulatory developments in various countries. In the future, the Group will introduce carbon pricing as an assessment tool for investment decisions in a timely manner based on international trends. 8. The Group has set science-based targets (SBTs) covering Scope 1, Scope 2, and Scope 3, and it is committed to controlling the temperature rise pathway. Strategies to achieve these targets include introducing the ISO 50001 energy management system, installing rooftop solar panels, and evaluating the purchase of renewable energy certificates (RECs). For details on the annual emissions reduction progress, percentage of green electricity use, and number of certificates offset, please refer to the "Environmental Sustainability Management" section of the Company's annual sustainability report. 9. In accordance with the FSC's roadmap, the Group has planned the schedule for Group-wide greenhouse gas inventories and third-party assurance. The overseas factories also submit emissions reports in accordance with the local regulations. For greenhouse gas inventory and confirmation status, reduction targets, strategies and specific action plans, please read the following instructions for details.

2. Company greenhouse gas inventory and confirmation status in the last two years
   (1) Greenhouse gas inventory information
   (2) Greenhouse gas assurance information (a description of the assurance situation for the last two years as of the publication date of the annual report, including the scope of the assurance, the organization of the assurance, the criteria for the assurance and the opinion of the assurance). In accordance with relevant regulatory requirements, the Company does not yet meet the assurance requirements. The Company will implement these requirements according to the regulations and guidelines set forth by the competent authorities in the future.

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NTD million) and data coverage of greenhouse

Year	Scope 1	Scope 2	Emissions per unit revenue (tCO2e/NTD thousands)
2024	13,069 tonCO2e	105,684 tonCO2e	0.0032
2025	15,792 tonCO2e	95,633 tonCO2e	0.0028

Note:
1. The scope of data statistics for 2024 is consistent with that of the consolidated financial statements.
2. The scope of data statistics for 2025 is consistent with that of the consolidated financial statements.
3. Operating income is the Company's consolidated operating income, expressed in thousands of NTD.
4. Emission intensity = Greenhouse gas emissions (Scope 1 + Scope 2)/Operating income.

3. Greenhouse gas reduction goals, strategies and specific action plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.

To actively support the Paris Agreement’s goal of limiting global warming to 1.5 °C, the Company is committed to fulfilling its science-based targets under the Science Based Targets initiative (SBTi). Following the official validation of its targets in February 2024, the Company fully entered the target implementation stage in 2025.
The Company has established a transition roadmap to reduce carbon emissions by 42% by 2030 and by 90% by 2050. In 2025, the Company continued to conduct Group-wide greenhouse gas inventories and internal verification, and further monitored the achievement rate of its emissions reduction pathway from 2022 to 2030. Through the allocation of performance targets and strategic supervision, the Company strengthened the execution capabilities of each subsidiary in implementing carbon reduction measures. At the same time, the Company is working to refine its long-term carbon reduction pathway beyond 2030. Through clear strategic guidance, the Company aims to ensure that it demonstrates resilient competitiveness and sustainable value amid climate risks.

(VI) Implementation of integrity business operations and differences and reasons from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies

Assessment items	Operational situation			Differences and reasons from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description summary	
1. Formulate integrity management policies and plans				
(1) Has the Company formulated an integrity management policy approved by the board of directors, and clearly stated the policies and practices for integrity management in its regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the operating policy?	V		(1) The Company has established relevant regulations, including the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Code of Ethical Conduct," which clearly prescribe the Company's ethical corporate management policies and specific practices. The Board of Directors and senior management have committed to, and actively promote and implement, the ethical corporate management policy to ensure that the Company's operations comply with the principles of ethical management and regulatory compliance.	No significant difference
(2) Whether the Company has established an assessment mechanism for the risk of dishonest behavior, regularly analyzes and evaluates business activities with higher risks of dishonest behavior within the business scope, and formulates plans to prevent dishonest behavior accordingly, and at least covers the preventive measures for each of the behaviors in Paragraph 2 of Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	V		(2) The Company has explicitly stated in the "Procedures for Ethical Management and Guidelines for Conduct" that it should regularly analyze and evaluate the risk of dishonest behavior within the business scope, and accordingly develop plans to prevent dishonest behavior, including preventive measures for each of the behaviors listed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies." All personnel shall perform their duties based on the principles of integrity, transparency, and recusal from conflicts of interest.	No significant difference
(3) Does the Company clearly define operating procedures, behavioral guidelines, disciplinary and complaint systems for violations to prevent dishonest behavior, implement them, and regularly review and amend the plan?	V		(3) The Company has established relevant regulations, including the "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct," to prevent unethical conduct. These regulations expressly set out operating procedures, guidelines for conduct, disciplinary actions for violations, and complaint systems, and ensure the effective operation of the relevant systems to implement the Company's ethical corporate management policy.	No significant difference
2. Implementing integrity management				
(1) Does the Company evaluate the integrity records of its dealing partners and clearly stipulate integrity behavior clauses in the contracts it signs with its dealing partners?	V		(1) The Company has established an evaluation mechanism for its suppliers and outsourcers.	No significant difference

Assessment items	Operational situation			Differences and reasons from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description summary	
(2) Does the Company set up a dedicated unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) reports to the board of directors on its integrity management policies, plans to prevent dishonest behavior, and supervision and implementation?	V		(2) To implement ethical corporate management, the Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and designated the Administration Department as the dedicated unit, which reports the implementation status to the Board of Directors at least once a year. The implementation status of ethical corporate management for 2025 was reported to the Board of Directors on March 5, 2026. Implementation of ethical corporate management and insider trading awareness activities in 2025: • On November 11, 2025, the Company conducted three hours of education and awareness training for current directors and managerial officers, with a total attendance of 20 person-times. • On December 1, 2025, the Company conducted awareness activities on ethical corporate management and insider trading for employees by email.	No significant difference
(3) Has the Company formulated a policy to prevent conflicts of interest, provided appropriate channels for reporting, and implemented it?	V		(3) The Company has expressly stipulated policies and procedures for the prevention of conflicts of interest among personnel at all levels in its "Procedures for Ethical Management and Guidelines for Conduct," "Code of Ethical Conduct," and other relevant regulations, and provides appropriate channels for statements and complaints to ensure the effective implementation of the relevant measures.	No significant difference
(4) Whether the Company has established effective accounting systems and internal control systems to implement integrity operations, and the internal audit unit will formulate relevant audit plans based on the assessment results of the risks of dishonest behaviors, and use them to review plans to prevent dishonest behaviors. Follow the situation, or entrust CPAs to perform an audit?	V		(4) The Company has established an effective accounting system and internal control system. In addition to entrusting CPAs to perform audits and certifications, the internal audit unit conducts auditing based on the audit plan and reports to the board of directors regularly.	No significant difference
(5) Does the Company regularly organize internal and external education and training on integrity management?	V		(5) The Company promotes integrity management concepts and standards from time to time through new employee training, internal meetings and education and training.	No significant difference
3. Operation of the Company's whistleblowing system				
(1) Has the Company formulated a specific reporting and reward system, established a convenient reporting channel, and assigned appropriate dedicated personnel to handle the reported matters?	V		(1) The Company has expressly stipulated in Article 21 of the "Procedures for Ethical Management and Guidelines for Conduct" that "internal and external personnel are encouraged to report unethical or improper conduct," and has established the relevant reporting and handling mechanisms. In addition, the Company has set up	No significant difference

Assessment items	Operational situation			Differences and reasons from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description summary	
			a reporting mailbox on its website (suggest@laiyih.com.tw) and an internal independent reporting mailbox, providing channels for internal and external personnel to file complaints and reports. Relevant cases are accepted and handled by dedicated personnel in accordance with prescribed procedures to ensure the effective operation of the reporting system.	
(2) Has the Company established standard operating procedures for investigating reports, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?	V		(2) The Company has established standard operating procedures for investigating reported matters, and the reports received and subsequent investigations are handled confidentially and rigorously.	No significant difference
(3) Has the Company taken measures to protect whistleblowers from being improperly punished for reporting?	V		(3) In handling reported matters, the Company keeps the identity of the whistleblower and the content of the report confidential, and takes appropriate measures to protect the whistleblower from improper treatment as a result of the report.	No significant difference
4. Strengthen information disclosure Has the Company disclosed the content and implementation effectiveness of its Integrity Operating Guidelines on its website and the Market Observation Post System?	V		The Company has disclosed "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" on the company website and will continue to disclose relevant information on the website to allow public inspection at any time.	No significant difference
5. If the Company has established its own ethical management principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe the differences between its operation and the established principles: The Company has established and implemented "Ethical Corporate Management Best Practice Principles" which comply with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and other related methods, with no significant differences in operation and the established principles.				
6. Other important information that helps to understand the Company's integrity business operations: (such as the Company reviewing and revising its code of integrity business operations, etc.) (1) To implement the Company's integrity management, in addition to establishing the Company's "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" in accordance with the "Ethical Corporate Management Best Practice Principles for Publicly Listed Companies" and other related methods, we have also formulated "Procedures for Ethical Management and Guidelines for Conduct" and the "Code of Ethical Conduct" for compliance. (2) The Company's "Code of Ethical Conduct" stipulates regulations to prevent conflict of interest, which occurs when personal interests interfere or may interfere with the overall interests of the Company. For example, when directors, supervisors, or managers cannot handle official duties objectively and efficiently, or when their position in the Company allows them, their spouse, or relatives within the second degree of kinship to obtain undue benefits. The Company should pay special attention to lending or providing guarantees, major asset transactions, and purchases (sales) of goods to the companies to which the aforementioned personnel belong. The Company should formulate policies to prevent conflicts of interest and provide appropriate channels for directors, supervisors or managers to proactively disclose whether they have potential conflicts of interest with the Company. (3) According to the Company's "Board of Directors Meeting Rules", directors must explain the important contents of their interests in meeting matters when they or the legal persons they represent have a conflict of interest with the meeting matters. If there is a risk of harming the Company's interests, they should not participate in the discussion and voting, must avoid the discussion and voting, and cannot exercise their voting rights on behalf of other directors.				

(VII) Other important information that can enhance the understanding of corporate governance operations may be disclosed together:

1. Corporate governance implementation principles:

   (1) Protecting shareholders' rights
   (2) Strengthening the functions of the Board of Directors
   (3) Enhancing the functions of independent directors
   (4) Respecting stakeholders' rights
   (5) Enhancing information transparency

2. To ensure that the Company's employees, managerial officers, and directors are fully aware of and comply with the "Procedures for Handling Material Inside Information," the Company has incorporated such procedures into its internal control system to reduce the risk of insider trading.

   (1) Training: On November 11, 2025, the Company conducted three hours of education and awareness training for current directors and managerial officers, with a total attendance of 20 person-times.
   The courses included: Ethical corporate management (including avoiding the improper transfer of benefits, fair market competition, intellectual property protection, and the prevention of harm to stakeholders);
   Prevention of insider trading (including insiders' shareholding reporting obligations, the prohibition of short-swing trading, the prohibition of insider trading, and practices for insider trading investigations).
   (2) Insider awareness
   In the Company's annual courses promoting the prohibition of insider trading, directors are reminded not to trade the Company's shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of each quarterly financial report.
   On July 10, 2025, the Company forwarded the Taiwan Stock Exchange's letter regarding "Matters to Be Noted by Insiders in Equity Transactions," and reminded all directors and managerial officers to comply with the relevant regulations.
   After directors and managerial officers assume office, the Company promotes awareness of the regulations and matters to be noted in relation to insiders' equity transactions through verbal communication or by email, and provides them with insider trading prevention materials issued by the competent authority for their reference. In addition, at least once a year, the Company conducts awareness activities for insiders by email regarding the regulations and practices of insider trading and short-swing trading, so that all insiders may understand and comply with such requirements.
   (3) Ethical corporate management and insider trading awareness
   To implement the concept of ethical corporate management and strengthen measures for the prevention of insider trading, the Company conducted awareness activities on ethical corporate management and insider trading for employees by email on December 1, 2025. The communication covered the regulations to be followed for ethical corporate management, the definition of insider trading, major case studies, relevant legal liabilities, and possible penalties, with the aim of enhancing employees' awareness of regulatory compliance and ensuring that the Company's overall operations comply with regulatory requirements.

(VIII) Implementation status of internal control system

1. Statement of internal control system

Lai Yih Footwear Co., Ltd.
Statement of internal control system

Date: March 5, 2026

Based on the results of self-assessment, the Company's internal control system for 2025 would like to declare as follows:

1. The Company is fully aware that establishing, implementing and maintaining an internal control system is the responsibility of the Company's board of directors and managers, and the Company has established this system. Its purpose is to provide reasonable assurance to achieve the goals of operational effectiveness and efficiency (including profitability, performance and asset security, etc.), reporting reliability, timeliness, transparency and compliance with relevant norms and relevant laws and regulations.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system will be affected and may change accordingly. However, the Company's internal control system has a self-supervision mechanism. Once deficiencies are identified, the Company will take corrective actions.
3. The Company determines whether the design and implementation of the internal control system are effective based on the items for judging the effectiveness of the internal control system stipulated in the "Principles for Establishing Internal Control Systems for Publicly Listed Companies" (hereinafter referred to as the "Principles"). The internal control system judgment items used in this "Processing Standard" are based on the management control process, and the internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervise operations. Each component includes several items. Please refer to the provisions of "Processing Guidelines" for the aforementioned items.
4. The Company has adopted the abovementioned internal control system judgment items to assess the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results, the Company believes that the internal control system as of December 31, 2025 (including the supervision and management of subsidiaries), which encompasses the achievement of operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with major regulations and laws (See attached table), has been effectively designed and implemented, reasonably ensuring the achievement of the aforementioned goals.
6. To address the needs for public announcements and reporting related to listing, in accordance with Article 28 of the “Handling Guidelines” and Article 4 of the "Taiwan Stock Exchange Corporation Regulations Governing the Administration of Primary Listed Companies and Innovation Board Primary Listed Companies After Listing," the Company has commissioned CPAs to conduct a special review of the reliability of external financial reporting and the internal control system related to asset safeguarding (to ensure that assets are not acquired, used, or disposed of without authorization) during the aforementioned period. As stated, the design and implementation of the internal control system are effective, with no major deficiencies affecting the reliability of financial information recording, processing, summarizing, and reporting, nor any major deficiencies affecting asset safeguarding, which would allow assets to be acquired, used, or disposed of without authorization.

7. This statement will become the main content of the Company's annual report and prospectus and will be made public. If the abovementioned disclosed content is found to be false, concealed or otherwise illegal, it will involve legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

8. This statement was approved by the Company's board of directors on March 5, 2026. Among the 9 directors present, 0 had objections, and all of them agreed with the contents of this statement and hereby declare it.

Lai Yih Footwear Co., Ltd.

Chairman: Chung Te-Li Signature

General Manager: Lin Chang-Yung Signature

2. Those who entrust CPAs to conduct a project review of internal controls should disclose the CPAs' review report:

Lai Yih Footwear Co., Ltd.
Internal Control System Review Report
January 1 to December 31, 2025

CPA’s reasonable assurance statement

(114) Zi Hui Zong Zi No. 25009781

Public certificate of Lai Yih Footwear Co., Ltd.:

Attached is a statement from Lai Yih Footwear Co., Ltd. (hereinafter referred to as the "Company") that after evaluation, its internal control system related to external financial reporting and asset security was effectively designed and implemented as of December 31, 2025. The CPAs have completed the necessary procedures.

Target, target information and applicable standards

The subject and information of this assurance case pertain to the design and implementation of the Company's internal control system related to external financial reporting and asset security as of December 31, 2025, as well as the statement issued by the Company on March 5, 2026, declaring that the internal control system related to external financial reporting and asset security is effectively designed and implemented (hereinafter collectively referred to as the assurance subject).

The applicable benchmarks used to measure or evaluate the abovementioned development goals are the internal control system effectiveness judgment items of the "Principles for Establishing Internal Control Systems for Publicly Listed Companies".

Inherent limitations

Since any internal control system has its inherent limitations, the abovementioned internal control system of the Company may still be unable to prevent or detect errors or fraud that have already occurred. In addition, the environment may change in the future, and the degree of compliance with the internal control system may also be reduced. Therefore, the internal control system that is effective in the current period does not mean that it will also be effective in the future.

Responsibilities of the management

The responsibility of the management is to establish an internal control system in accordance with relevant laws and regulations, and review it at any time to maintain the continued effectiveness of the design and implementation of the internal control system, and issue an internal control system statement accordingly after evaluating its effectiveness.

CPA's Responsibilities

The responsibility of CPA is to perform necessary procedures on the assurance subject in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" and Assurance Standard No. 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" to obtain reasonable assurance, and to express a conclusion on whether the assurance subject is in compliance with the applicable criteria in all material respects and is appropriately presented.

Standards for independence and quality of CPAs

The CPAs and affiliated accounting firm have adhered to the relevant independence and other ethical requirements of the Code of Ethics for Professional Accountants. The basic principles of this code include integrity, impartiality, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, the accounting firm follows quality management standards and maintains a complete quality management system, including written policies and procedures related to compliance with professional ethics, professional standards and applicable laws.

Summary Description of Procedures Performed

The CPA plans and executes necessary procedures based on professional judgment to obtain relevant evidence of the subject matter. The procedures performed included understanding the Company's internal control system, evaluating the process by which management assesses the effectiveness of the overall internal control system, testing and evaluating the design and operational effectiveness of the internal control system related to external financial reporting and asset safeguarding, and other review procedures deemed necessary by CPAs. The CPAs believe that this review provides a reasonable basis for the conclusions expressed.

Conclusion of assurance

In the opinion of CPAs, based on the criteria for evaluating the effectiveness of internal control systems under the "Regulations Governing the Establishment of Internal Control Systems by Public Companies", the design and operation of the internal control system related to external financial reporting and asset safeguarding as of December 31, 2025 are effective in all material respects; and the statement issued by the Company on March 5, 2026, that the internal control system related to external financial reporting and asset safeguarding has been effectively designed and operated, is fairly stated in all material respects.

PwC Taiwan

Lai, Chih-Wei

CPA

Wu Sung-Yuan

Financial Supervisory Commission

Approved certificate number: Jin Guan Zheng Shen Zi No. 1120348565

Approved certificate number: Jin Guan Zheng Shen Zi No. 1090350620

March 5, 2026

(IX) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and as of the publication date of the annual report

1. Resolutions of the 2024 Annual Shareholders' Meeting

<table>
<tr><th>Item</th><th>Meeting</th><th>Important Resolutions</th></tr>
<tr><td>Regular shareholders meeting</td><td>2025/5/27</td><td>Ratifications
1. Approved the ratification of the 2024 consolidated financial statements and business report.
2. Approved the ratification of the 2024 profit distribution.
Election
1. By-election of one seat of independent director.
Election results:
<table>
<tr><td colspan="4">Lai Yih Footwear Co., Ltd.</td></tr>
<tr><td colspan="4">List of newly elected independent directors at the 2025 regular</td></tr>
<tr><td>Title</td><td>Account name or ID number</td><td>Name</td><td>Number of votes received</td></tr>
<tr><td>Independent director</td><td>N22133****</td><td>Chou, Yin-Hsiang</td><td>233,684,877</td></tr>
</table>
Discussions
1. Approved the amendments to some provisions of the Company's "Articles of Association".
2. Proposal to lift the non-competition restrictions imposed on the Company's directors.</td></tr>
</table>

2. 2025 Board of Directors Resolutions

Item	Meeting Date	Important Resolutions
The 6th session of the 3rd meeting	2025/3/6	1. Approved the Company's plan to issue a statement on the internal control system for 2024. 2. Approved the Company's "fund loan and quota increase among group related enterprises" case. 3. Approved the independence and competency assessment case of the Company's CPAs. 4. Approved the Company changed the CPA due to the internal rotation of the CPA firm. 5. Approved the Company's consolidated financial report and business report for the 2024. 6. Approved the Company's 2024 Statement of Earnings Distribution. 7. Approved the Company's 2024 renumeration to employees and directors. 8. Approved the change of the Company's proposed investment in Pt. Alnu Sporting Goods Indonesia. 9. Approved the Company's General Manager of Pt. Yihquan Footwear Indonesia case.

Item	Meeting Date	Important Resolutions
		10. The Company’s proposal for changing PT. Yihquan Footwear Indonesia’s directors and supervisors 11. Approved the case to remove directors’ and managers’ non-competition restrictions. 12. Approved the donation to "Taichung Municipal Private Lai Yih Wenhua Social Welfare Charitable Foundation". 13. Approved the amendments to some provisions of the Company's "Articles of Association". 14. Approved the by-election of one Independent Director. 15. Approved the acceptance of Independent Director candidate nominations 16. Approved the matters related to the Company's plan to convene the 2025 regular shareholders' meeting.
The 7th session of the 3rd meeting	2025/4/15	1. Approved the proposal for changes to the Company’s proposed investment in PT. Yih Quan Footwear Indonesia. 2. Approved the Company’s reinvestment in an affiliated company to apply for a bank loan line and endorsement guarantee. 3. Approved the proposal for amendments to the Company’s "Petty Cash Management Regulations." 4. Approved the proposal for the nomination of the Company’s independent director candidates and review of their qualifications. 5. Approved the proposal to lift the non-competition restrictions imposed on the Company's directors and newly elected independent directors.
The 8th session of the 3rd meeting	2025/5/13	1. Approved the Company's "fund loan and quota increase among group related enterprises" case. 2. Approved the Company’s reinvestment in an affiliated company to apply for a new bank credit line. 3. The Company's consolidated financial report for the first quarter of 2025.
The 9th session of the 3rd meeting	2025/6/27	1. Approved the Company's "fund loan and quota increase among group related enterprises" case. 2. Approved the proposal for changes to the Company’s proposed investment in PT. Yih You Footwear Indonesia. 3. Approved the appointment of one of the members of the Company’s second term of the Salary and Remuneration Committee.
The 10th session of the 3rd meeting	2025/8/26	1. The Company's consolidated financial report for the second quarter of 2025. 2. Approved the change of the Company’s functional currency to NTD. 3. Approved the Company's "fund loan and quota increase among group related enterprises" case. 4. Approved the proposal for the Company’s subsidiary to engage in derivatives transactions.

Item	Meeting Date	Important Resolutions
		5. Approved the Company's reinvestment in an affiliated company to apply for a bank loan line and endorsement guarantee. 6. Approved to ratify the case of Flourish Thrive Developments Limited Taiwan Branch, a subsidiary of the Company, in providing an endorsement guarantee for Vietnam subsidiary Yih Shuo. 7. Approved the proposal for the Company's subsidiary, Flourish Thrive Developments Limited Taiwan Branch, to provide endorsements and guarantees for subsidiaries. 8. Approved the proposal for changes to the Company's proposed investment in the renovation of the E-Show factory site in Dong Thap Province. 9. Approved the proposal for changes to the Company's proposed investment in PT. Yihfull Footwear Indonesia. 10. Approved the proposal for changes to the Company's proposed investment in PT. Yih You Footwear Indonesia. 11. Approved the review of "performance bonus" payment case for managers in the first half of 2025. 12. Approved the Company's 2024 Sustainability Report. 13. Approved the proposal for the Company to establish the "Corporate Governance and Sustainable Development Committee" and formulate the "Corporate Governance and Sustainable Development Committee Charter." 14. Approved the proposal to appoint members of the "Corporate Governance and Sustainable Development Committee."
The 11th session of the 3rd meeting	2025/10/03	1. Approved the proposal for the Company to conduct the offering and issuance of its first unsecured convertible corporate bonds and second unsecured convertible corporate bonds in the Republic of China. 2. Approved the proposal for the lead underwriter engagement agreement to assist the Company in complying with the laws and regulations of the Republic of China. 3. Approved the ratification of the appointment of the Company's new Special Assistant to the Chairman. 4. Approved the proposal for the Company to change the directors and general manager of its Indonesian subsidiary, PT. YIHFULL FOOTWEAR INDONESIA. 5. Approved the Company's manager remuneration case. 6. Approved the Company's manager remuneration case. 7. Approved the establishment of the Company's "Risk Management Policy and Procedures."
The 12th session of the 3rd meeting	2025/11/11	1. The Company's consolidated financial report for the third quarter of 2025. 2. Approved the Company's "fund loan and quota increase among group related enterprises" case. 3. Approved the proposal for the Company to change the interest calculation method for the loan of funds to PT ALNU SPORTING GOODS INDONESIA.

Item	Meeting Date	Important Resolutions
		4. Approved the Company’s reinvestment in an affiliated company to apply for a bank loan line and endorsement guarantee.
The 13th session of the 3rd meeting	2025/12/23	1. Approved the 2026 internal audit plan of the Company and its subsidiaries. 2. Approved the proposal for the senior executive to be authorized by the Board of Directors for the Company’s derivatives transactions. 3. Approved the Company's 2026 business plan and annual budget. 4. Approved the proposal for ratification of the payment of "performance bonuses" to managerial officers for the first half of 2025. 5. Approved the regularly evaluate and review the salary and remuneration cases for directors and managers that the Company should submit to the salary and remuneration committee for review 6. Approved the review of manager’s 2025 “year-end bonus” payment case.
The 14th session of the 3rd meeting	2026/3/5	1. Approved the Company’s plan to issue a statement on the internal control system for 2025. 2. Approved the Company's "fund loan and quota increase among group related enterprises" case. 3. Approved the independence and competency assessment case of the Company's CPAs. 4. Approved the Company’s consolidated financial report and business report for the 2025. 5. Approved the Company’s 2025 Statement of Earnings Distribution. 6. Approved the Company's plan to distribute cash from capital reserve. 7. Approved the Company’s 2025 renumeration to employees and directors. 8. Approved the donation to "Taichung Municipal Private Lai Yih Wenhua Social Welfare Charitable Foundation". 9. Approved the amendments to the Company’s proposal for establishing “Sustainability Information Management Regulations.” 10. Approved the proposal for setting the Company's greenhouse gas reduction target. 11. Approved the matters related to the Company's plan to convene the 2026 regular shareholders' meeting.

(X) In the most recent year and as of the publication date of the annual report, directors or supervisors have different opinions on important resolutions approved by the board of directors, and those with records or written statements, their main content: Not applicable.

IV. Information on public fees of CPAs

(I) Information on public fees of CPAs

Unit: NTD thousands

Name of accounting firm	Name of CPAs	CPA's review period	Audit public fees	Non-audit public fees	Total	Remarks
PwC Taiwan	Lai, Chih-Wei Wu Sung-Yuan	2025.1.1~ 2025.12.31	9,500	8,932	18,432	Non-audit public fees are mainly: 1. Country-by-country reporting, corporate master file and transfer pricing reporting $3,638 thousand 2. Assistance in planning and implementing the financial report preparation system: NT$3,150 thousand. 3. Internal control review $1,500 thousand 4. Sustainability performance report $300 thousand 5. Other tax services: NT$344 thousand

(II) If the Company experiences any of the following circumstances, it shall disclose the following:

1. If the accounting firm is changed and the audit fees paid in the year of change are less than the audit fees in the year before the change, the amount and reasons for the decrease in audit fees before and after the change should be disclosed: No such situation.
2. If the public audit funds have decreased by more than 10% compared with the previous year, the amount, proportion and reasons for the decrease in public audit funds should be disclosed: No such situation.

V. Information on changing CPAs:

(I) Information regarding the former CPAs:

Date of replacement	January 1, 2025		
Reason for replacement and explanation	Internal rotation of accounting firm		
Describe whether the Company or the CPAs terminated, or the CPAs did not accept, the engagement	Counterparty / Circumstances	CPA	The Company
	Terminated the engagement	Not applicable	
	No longer accepted (discontinued) the engagement		
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	No such situation.		
Disagreement with the Company?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Others
	None	V	
	Description: None		
Other disclosures (Any matters required to be disclosed under Items 1-4 to 1-7, Section 6, Article 10)	None		

(II) Information regarding the successor CPAs

Name of accounting firm	PwC Taiwan
Name of CPAs	Lai, Chih-Wei and Wu Sung-Yuan
Date of engagement	January 1, 2025
Subjects discussed and the results of any consultation with the CPAs prior to the engagement regarding the accounting treatment of, or the application of accounting principles to, any specified transaction, or the type of audit opinion that might be issued on the Company's financial report	Not applicable
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	No such situation.

VI. The Company's chairman, general manager, or manager responsible for financial or accounting affairs, who has worked in the certified accountant's firm or its affiliated companies within the past year: No such situation

VII. Equity transfers and equity pledge changes of directors, supervisors, managers and shareholders holding more than 10% of the shares in the most recent year and as of the date of publication of the annual report

(I) Changes in the equity of directors, supervisors, managers and major shareholders holding more than 10% of the shares:

Unit: Shares

Title	Name	2025		As of the publication date of 2026 annual report	
		Net increase (decrease) in shares held	Net increase (decrease) in shares pledged	Net increase (decrease) in shares held	Net increase (decrease) in shares pledged
Chairman and 10% major shareholder	Wide Source Co., Ltd.	-	-	-	-
Corporate representative of Chairman, and Chief Strategy Officer	Chung, Te-Li	-	-	-	-
Director	Yuchuan Co., Ltd.	-	-	-	-
Corporate representative of director, and General Manager	Lin, Chang-Yung	-	-	-	-
Director	Faith Connect Co., Ltd.	-	-	-	-
Corporate representative of director, and Chief Information Officer	Hsu, Sung-Chu	-	-	-	-
Director	Save Wealth Co., Ltd.	-	-	-	-
Corporate representative of director, and deputy general manager	Chung, Chen-Chia	31,000	-	-	-
Director	Top Gather Co., Ltd.	-	-	-	-
Corporate representative of director	Lin, Hsueh-Fen	60,000	-	-	-
Director	Flying Rich Co., Ltd.	-	-	-	-
Corporate representative of director	Lin, Chun-Hsing	-	-	-	-
Independent director	Lin, Huo-Teng (Note 1)	-	-	-	-
Independent director	Juan, Chang-Mao	-	-	-	-
Independent director	Hung, Jui-Bin	-	-	-	-
Independent director	Chou, Yin-Hsiang (Note 2)	-	-	-	-
Deputy General Manager	Hsu, Cheng-Chih	(39,000)	-	-	-
Deputy General Manager	Chiu, Shun-Ling	(19,000)	-	-	-
Deputy General Manager	Hsieh, Chung-Sheng (Note 3)	(24,000)	-	-	-
Deputy General Manager	Ting, Kai	-	-	-	-
Deputy General Manager	Lo, Shih-Chieh	(16,000)	-	-	-
Chief Financial Officer and Head of Corporate Governance and Head of Accounting	Li, Yu-Fu	-	-	-	-
Audit Office Manager	Huang, Yu-Wen	(70,000)	-	-	-
Finance Supervisor	Su, Chao-Ho	(24,000)	-	-	-
Associate Manager, Accounting Department	Li, Wan-Chun	-	-	-	-
Head of Information Department	Lin, Chih-Chung (Note 4)	(16,000)	-	-	-
Head of Business Shipping Department and Purchasing Department	Lin, Yu-Fang	(1,000)	-	-	-
Head of Sustainability Development Department	Li, Yi-Yang	-	-	-	-
Stock Affairs Manager and Legal Affairs Manager	Yang, Ching-Han	(63,000)	-	-	-
Head of Management Office	Chung, Ying-Cheng	-	-	-	-
Special Assistant to the Chairman	Yu, Chun-Tsan	1,000	-	-	-

Note 1: Lin, Huo-Teng passed away on March 4, 2025.

Note 2: Yin-Hsiang Chou was elected and assumed office on May 27, 2025.

Note 3: Chung-Sheng Hsieh retired on September 15, 2025.

Note 4: Chih-Chung Lin retired on June 25, 2025.

(II) Directors, supervisors, managers and the parties to the equity transfer of major shareholders holding more than 10% of the shares are related parties: No such situation.

(III) Directors, supervisors, managers and the counterparties to the equity pledge of major shareholders holding more than 10% of the shares are related parties: No such situation.

VIII. Information on the top ten shareholders with the largest shareholding ratio, who are related persons, spouses, or relatives within the second degree

April 18, 2026; Unit: thousand Shares; %

Name	Shares held		Shares held by spouses and minor children		Aggregate shares held in the name of others		If the top ten shareholders are related to each other or are spouses or relatives within the second degree, their names and relationships		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Wide Source Co., Ltd. Representative: Chung Te-Li	38,500	15.44%	-	-	-	-	Top Gather Co., Ltd.	Represented by spouse	
							Save Wealth Co., Ltd.	Represented by father and son	
							Harvest Link Ltd.	Represented by father and daughter	
							Rising Step Ltd.	Represented by father and daughter	
Faith Connect Co., Ltd. Representative: Hsu Sung-Chu	23,474	9.41%	-	-	-	-	-	-	
Top Gather Co., Ltd. Representative: Lin Hsueh-Fen	21,860	8.77%	-	-	-	-	Wide Source Co., Ltd.	Represented by spouse	
							Save Wealth Co., Ltd.	Represented by mother and son	
							Harvest Link Ltd.	Represented by mother and daughter	
							Rising Step Ltd.	Represented by mother and daughter	
Save Wealth Co., Ltd. Representative: Chung, Chen-Chia	20,988	8.42%	-	-	-	-	Wide Source Co., Ltd.	Represented by father and son	
							Top Gather Co., Ltd.	Represented by mother and son	
							Harvest Link Ltd.	Represented by brother and sister	
							Rising Step Ltd.	Represented by brother and sister	
Gain Smart Ltd. Representative: Lin Ching-Hsiang	16,425	6.59%	-	-	-	-	Yuchuan Co., Ltd.	Represented by father and son	
							Keen Huge Ltd.	Represented by sister and brother	

April 18, 2026; Unit: thousand Shares; %

Name	Shares held		Shares held by spouses and minor children		Aggregate shares held in the name of others		If the top ten shareholders are related to each other or are spouses or relatives within the second degree, their names and relationships		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Keen Huge Ltd. Representative: Lin Chia-Ping	16,425	6.59%	-	-	-	-	Yuchuan Co., Ltd.	Represented by father and daughter	
							Gain Smart Ltd.	Represented by sister and brother	
Ample Smart Ltd. Representative: Lin Chin-Hsieh	17,600	7.06%	-	-	-	-	-	-	
Harvest Link Ltd. Representative: Chung Ying-Cheng	11,000	4.41%	-	-	-	-	Wide Source Co., Ltd.	Represented by father and daughter	
							Top Gather Co., Ltd.	Represented by mother and daughter	
							Save Wealth Co., Ltd.	Represented by brother and sister	
							Rising Step Ltd.	Represented by sisters	
Rising Step Ltd. Representative: Chung Wan-Chi	11,000	4.41%	-	-	-	-	Wide Source Co., Ltd.	Represented by father and daughter	
							Top Gather Co., Ltd.	Represented by mother and daughter	
							Save Wealth Co., Ltd.	Represented by brother and sister	
							Harvest Link Ltd.	Represented by sisters	
Yuchuan Co., Ltd. Representative: Lin, Chang-Yung	10,560	4.23%	-	-	-	-	Gain Smart Ltd.	Represented by father and son	
							Keen Huge Ltd.	Represented by father and daughter	

IX. The number of shares held by the Company, its directors, supervisors, managers and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the comprehensive shareholding ratio is calculated together

December 31, 2025; Unit: thousand Shares; %

Reinvestment business	The Company's investment		Directors, supervisors, managers and investments in enterprises directly or indirectly controlled		Comprehensive investment	
abbreviation	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Lai Yih SAMOA	157,300	100	-	-	157,300	100
CHEER ACCESS	1,000	100	-	-	1,000	100
BILLION STAR	1,000	100	-	-	1,000	100
Flourish Thrive SAMOA	1,000	100	-	-	1,000	100
Portrich	153,750	100	-	-	153,750	100
Oversea Faith	95,520	100	-	-	95,520	100
MEGA RIVER	61,800	100	-	-	61,800	100
King Global	60,760	100	-	-	60,760	100
Thrive Foison	177,500	100	-	-	177,500	100
POLO	69,850	100	-	-	69,850	100
Everyield	38,800	100	-	-	38,800	100
JUMBO POWER	8,000	50	-	-	8,000	50
SUPERB KING	8,000	50	-	-	8,000	50
Lacty	(Note 1)	50	-	-	(Note 1)	50
Lacty II	(Note 1)	100	-	-	(Note 1)	100
Yihfull	(Note 1)	100	-	-	(Note 1)	100
Vinh Long	(Note 1)	85	-	-	(Note 1)	85
Ty Bach	(Note 1)	100	-	-	(Note 1)	100
Yihquan	(Note 1)	100	-	-	(Note 1)	100
Grand Wisdom Company Limited	(Note 1)	100	-	-	(Note 1)	100
Yung Yih	(Note 1)	24	-	-	(Note 1)	24
Yih Shuo	(Note 1)	100	-	-	(Note 1)	100
Tsang Yih	(Note 1)	100	-	-	(Note 1)	100
Baoyi	(Note 1)	50	-	-	(Note 1)	50
Alnu	(Note 1)	66	-	-	(Note 1)	66
Yihxin	(Note 1)	100	-	-	(Note 1)	100
Yih You	(Note 1)	100	-	-	(Note 1)	100

Note 1: It is a limited company, so there are no shares.

IV. Fundraising Situation

I. Capital and shares

(I) Source of equity

1. The formation process of equity capital

Unit: Shares; NTD

Date	Issue price (NTD)	Approved share capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of equity	Using property other than cash as payment for shares	Others
2021/06	10	1	10	1	10	Establish share capital (Note 1)	-	-
2021/07	10	220,000,000	2,200,000,000	220,000,000	2,200,000,000	Organizational reorganization, capital increase and share exchange (Note 2)	-	-
2021/09	10	800,000,000	8,000,000,000	220,000,000	2,200,000,000	Increase approved cost	-	-
2024/06	10	800,000,000	8,000,000,000	249,400,000	2,494,000,000	Capital increase in cash before initial listing of stocks (Note 3)	-	-

Note 1: One share actually received by the Company on June 16, 2021 was consolidated and issued with other shares during subsequent organizational reorganization in accordance with the Cayman Laws.

Note 2: The Company issued new shares on July 5, 2021 in accordance with the resolution of the board of directors, issuing one share of capital establishment from merger and 219,999,999 shares through organizational restructuring and capital increase.

Note 3: The cash capital increase declaration was approved by the Taiwan Stock Exchange Corporation on April 26, 2024 with the letter Tai-Chang-Shang-Er-Zi No. 11317016991.

2. Types of shares

April 18, 2026; Unit: Shares

Types of shares	Approved share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	249,400,000	550,600,000	800,000,000	Note

Note: The Company was listed on the stock exchange on June 12, 2024.

3. Information related to the comprehensive declaration system: None.

(II) List of major shareholders: Names, shareholding amounts and proportions of shareholders holding more than 5% of the shares or the top ten shareholders

April 18, 2026; Unit: Shares

Name of major shareholder	Main nationality or place of registration	Number of shares held	Shareholding Ratio (%)
Wide Source Co., Ltd.	Seychelles	38,500,000	15.44
Faith Connect Co., Ltd.	Seychelles	23,474,000	9.41
Top Gather Co., Ltd.	Seychelles	21,860,140	8.77
Save Wealth Co., Ltd.	Seychelles	20,988,000	8.42
Gain Smart Ltd.	Seychelles	16,425,000	6.59
Keen Huge Ltd.	Seychelles	16,425,000	6.59
Ample Smart Ltd.	Seychelles	17,600,000	7.06
Harvest Link Ltd.	Seychelles	11,000,000	4.41
Rising Step Ltd.	Seychelles	11,000,000	4.41
Yuchuan Co., Ltd.	Seychelles	10,560,000	4.23

(III) Company’s dividend policy and implementation status

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

When the Company's shares are traded on any securities exchange market in the Republic of China, unless otherwise provided by Cayman Laws, the Company's surplus for each fiscal year shall be determined after (i) payment of taxes and dues (ii) replenishment of losses, (iii) 10% of the statutory surplus reserve ("statutory surplus reserve") is set aside in accordance with applicable laws and regulations for publicly listed companies, except where the cumulative statutory surplus reserve reaches the total paid-in capital, and (iv) surplus may be distributed only after meeting the special reserve required by the competent authorities of the Republic of China (including but not limited to the Financial Supervisory Commission or any securities trading market of the Republic of China). The surplus after deducting the above is called "distributable surplus for the period". Dividends and bonuses distributed to shareholders can be distributed from current distributable earnings or retained earnings not distributed in previous periods (collectively referred to as "accumulated distributable earnings").

2. Dividend distribution proposed (already) discussed this year:

The Company's 2025 earnings distribution proposal was approved by the board of directors on March 5, 2026. In accordance with the Company's Articles of Association, cash dividends of NT$1,745,800 thousand on ordinary shares at NT$7 per share will be appropriated from the accumulated earnings available for distribution. The resolution is expected to be approved at the 2026 regular shareholders’ meeting.

The Company's plan to allocate cash from capital reserve in 2025 has been approved by the board of directors on March 5, 2026. In accordance with the Company's Articles of Association, it will allocate NT$498,800 thousand from the capital reserve of the excess proceeds from the issuance of shares in excess of the par amount. The allotment of cash per share is NT$2, which is expected to be approved at the 2026 regular shareholders' meeting.

(IV) The impact of this year’s proposed free rights issue on the Company’s operating performance and earnings per share:

The Company has not distributed share dividends, so there is no impact.

(V) Remuneration of employees, directors and supervisors

1. The percentage or range of remuneration for employees, directors and supervisors as stated in the Company's Articles of Association:

   When the Company's shares are traded on any securities market in the Republic of China, if the Company has profits for the year (referring to pre-tax profits before the distribution of employee and director remuneration, hereinafter referred to as "annual profits"), all directors of the Company are entitled to receive year-end compensation each year, which shall not exceed 2% of the "annual profits" and can only be distributed in cash. Additionally, all employees of the Company and its subsidiaries are entitled to year-end compensation each year, which shall not be less than 2% of the "annual profits" and can be distributed in cash, stock, or any combination of both.

2. The basis for estimating the amount of compensation for employees, directors and supervisors in the current period, the basis for calculating the number of shares for employee compensation distributed in the form of stocks, and the accounting treatment if the actual distribution amount is different from the estimated amount:

   The remuneration of the Company's employees, directors and supervisors is estimated based on the amount that may be distributed in accordance with the Company's Articles of Association. If the estimated expenses for the current period are different from the resolution of the shareholders' meeting, they will be adjusted and accounted for in the year of resolution.

3. The board of directors approves the distribution of remuneration:

   (1) The amount of employees' compensation and directors' remuneration distributed in cash or shares. If there is a difference from the annual estimated amount of recognized expenses, the amount of the difference, the reason and the handling situation should be disclosed:

   The Company's profit before tax for the year 2025 before the distribution of employee and director remuneration was NT$3,383,344 thousand. The proposed employee remuneration is NT$84,584 thousand and director remuneration is NT$50,750 thousand, all to be distributed in cash.

   (2) The amount of employee compensation distributed in the form of stocks and its proportion to the total net income after tax and total employee remuneration in individual or individual financial reports for the current period: No such situation.

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, the amount and the stock price), and if there is any difference between the remuneration of employees, directors and supervisors and the recognized remuneration of employees, directors and supervisors, the difference, reasons and handling should be stated:

   For 2024, as resolved by the Board of Directors, the Company recognized employees' compensation of NT$99,438 thousand and directors' remuneration of NT$59,663 thousand. There was no difference between the employees' compensation and directors' remuneration approved for distribution by the Board of Directors, the amounts actually distributed, and the amounts of employees' compensation and directors' remuneration recognized in the 2024 financial statements.

(VI) Situation in which the Company repurchases its own shares: No such situation.

II. Corporate bond handling situation:

(I) Corporate bond handling situation：

Corporate bond type		First unsecured convertible bond	Second unsecured convertible bonds
Issue date		November 28, 2025	December 10, 2025
Face value		Total face value of NT$4.5 billion	Total face value of NT$500 million
Place of issue and trading		Not applicable	Not applicable
Issue price		Issued at 100% of face value. (Book building)	Issued at 119.83% of face value. (Competitive auction)
Total		Total amount of NT$4.5 billion	The total amount of NT$599,167,870.
Interest rate		0%	0%
Duration		3 years Maturity date: November 28, 2028	3 years Maturity date: December 10, 2028
Guarantor		Not applicable	Not applicable
Trustee		CTBC Bank Co., Ltd.	CTBC Bank Co., Ltd.
Underwriter		Fubon Securities Co., Ltd.	Fubon Securities Co., Ltd.
Attesting lawyer		Attorney Kelvin Chung, KPMG Law Firm	Attorney Kelvin Chung, KPMG Law Firm
CPAs		CPA Sung-Yuan Wu, PwC Taiwan	CPA Sung-Yuan Wu, PwC Taiwan
Repayment method		Except for the cases where the holders of convertible bonds convert them into the Company's ordinary shares in accordance with Article 13 of the Regulations, or the Company reclaims and cancels them through the securities firm's business premises in advance in accordance with Article 21 of the Regulations, the Company shall repay the bond face value in cash in one lump sum within 10 business days after the maturity date of the convertible bonds. If the maturity date falls on a day when the Taipei Exchange is closed, the repayment will be postponed to the next business day.	Except for the cases where the holders of convertible bonds convert them into the Company's ordinary shares in accordance with Article 13 of the Regulations, or the Company reclaims and cancels them through the securities firm's business premises in advance in accordance with Article 21 of the Regulations, the Company shall repay the bond face value in cash in one lump sum within 10 business days after the maturity date of the convertible bonds. If the maturity date falls on a day when the Taipei Exchange is closed, the repayment will be postponed to the next business day.
Unredeemed balance		NT$4.5 billion	NT$5 billion
Conditions for redemption or early redemption		Please refer to the Regulations Governing Issuance and Conversion.	Please refer to the Regulations Governing Issuance and Conversion.
Restrictions		Please refer to the Regulations Governing Issuance and Conversion.	Please refer to the Regulations Governing Issuance and Conversion.
Name of rating agency, date, and result of rating		Not applicable	Not applicable
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	NT$0	
	The issuance and conversion, exchange, or subscription rules	Please refer to the Regulations Governing Issuance and Conversion.	
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance		Based on the currently issued share capital of 249,400 thousand shares and the current conversion price of NT$246.4 per share, as of March 31, 2026, there were 45,000 unconverted bonds. If the entire outstanding balance of the convertible corporate bonds is converted into common shares, the number of common shares would increase by 18,263 thousand shares, representing a dilution ratio of approximately 7.32%. The impact on the equity interests of existing shareholders should be limited.	Based on the currently issued share capital of 249,400 thousand shares and the current conversion price of NT$245.2 per share, as of March 31, 2026, there were 5,000 unconverted bonds. If the entire outstanding balance of the convertible corporate bonds is converted into common shares, the number of common shares would increase by 2,039 thousand shares, representing a dilution ratio of approximately 0.82%. The impact on the equity interests of existing shareholders should be limited.
Name of the custodian institution for the exchangeable underlyings		Not applicable	Not applicable

(II) Information on Convertible Corporate Bonds

Type of Corporate Bond		First Domestic Unsecured Convertible Corporate Bond		Second Domestic Unsecured Convertible Corporate Bond	
Year/Item		2025	As of the Printing Date	2025	As of the Printing Date
Market Price of Convertible Corporate Bonds (NT$)	Highes	124.55	114.00	117.60	114.30
	Lowest	110.00	93.05	112.20	95.00
	Average	117.28	103.53	114.42	104.65
Conversion Price (NT$)		246.60	246.60	245.20	245.20
Issue Date and Initial Conversion Price		Issue Date:2025/11/28 Initial Conversion Price: NT$246.60		Issue Date:2025/2/10 Initial Conversion Price: NT$245.20	
Method of Fulfilling Conversion Obligations		1. Bondholders shall complete a "Convertible Corporate Bond Book-Entry Conversion/Redemption/Put Application Form" (indicating "Conversion") through their original securities broker. The securities broker shall submit the application to the Taiwan Depository & Clearing Corporation (TDCC), which will forward the application to the Company's stock affairs agent upon acceptance. The conversion shall become effective upon receipt by the stock affairs agent and may not be revoked thereafter. The conversion procedures shall be completed within five business days after receipt of the application, and the Company's common shares shall be directly credited to the bondholder's TDCC book-entry account. 2. Applications by overseas Chinese and foreign investors to convert the Convertible Corporate Bonds into the Company's common shares shall be processed exclusively through the Taiwan Depository & Clearing Corporation (TDCC) under the book-entry transfer system for share allocation.			

(III) Exchangeable Corporate Bonds, Shelf Registration for Corporate Bond Issuance, and Corporate Bonds with Warrants: None.

III. Special stock handling situation: No such situation.

IV. Participation in the issuance of overseas depositary receipts: No such situation.

V. Handling of employee stock option certificates: No such situation.

VI. Circumstances in which employees' rights are restricted in the processing of new shares: No such situation.

VII. Merger and acquisition processing situation: No such situation.

VIII. Situation of issuing new shares by transferring shares of other companies: No such situation.

IX. Implementation status of fund utilization plan

As of the publication date of the annual report, the Company has no issuances or private placements of securities that have not yet been completed, or that have been completed and the benefits of the plan have not yet appeared.

V. Operational overview

I. Business content

(I) Business scope

1. Main contents of the Company's business

The Company's main business is the manufacturing of OEM footwear products, including vulcanized shoes and cold-fitted shoes, etc. It mainly OEMs for international brands such as A Group, B Group and D Group.

2. The Company’s current products (services) and its business proportions

The Company's current main products are casual shoes, sports shoes and others.

Unit: NTD thousands; %

Year / Major products	2024		2025	
	Sales Amount	Proportion of Operating Income (%)	Sales Amount	Proportion of Operating Income (%)
Casual shoes	6,391,550	16.96	4,210,383	10.63
Sports shoes	31,267,906	82.96	35,381,314	89.36
Others	30,443	0.08	2,962	0.01
Total	37,689,899	100	39,594,659	100

3. New product (service) projects planned and developed

In recent years, affected by the epidemic and labor costs, although global footwear OEM/ODM is still dominated by Asian countries, it has gradually moved from China to Vietnam, Indonesia, Cambodia and other places. The Company has set up factories in Vietnam and Myanmar, and actively expands into Indonesia, other Southeast Asian countries and other places. In addition, the Company completed the establishment of its production plant in Indonesia in 2024 and gradually commenced mass production and shipments in 2025, effectively enhancing overall production capacity flexibility and regional supply capabilities. Meanwhile, in response to future order growth from brand customers and long-term development needs, the Company plans to establish a new plant in 2026 to further expand its manufacturing scale and strengthen its global supply chain deployment. Although the Company operates as an OEM for brand clients, it actively cultivates related R&D teams and establishes development centers. During the product development and prototype stages, the Company collaborates closely with brand clients. Leveraging professional technical expertise and extensive industry experience, combined with innovative elements and materials, the Company continuously develops new shoe technologies and formulas, and introduces automated and semi-automated machines. This not only allows the Company to provide excellent footwear products to brand clients but also offers relevant solutions based on automation data. The goal is to enhance the Company's competitiveness in the footwear industry and become a long-term partner for international brands.

(II) Industry overview

Although machines are now widely used in the shoemaking process, there are still many processes in the process that cannot be replaced by automated equipment. Therefore, the current production layout of the shoemaking industry still includes China, Vietnam, India, Indonesia and Thailand, which have abundant and high-quality products. Asian

countries with a large labor force are the main production areas, providing more than 90% of footwear products for the global market. The European and American shoe industries give top priority to brand maintenance and management, focus on brand value enhancement and market promotion, and use their advantages in accurately grasping international fashion trends and brand management capabilities to conduct product design and development, and entrust the development of various brands in the form of OEM. Shoe manufacturing companies produce and sell through their own marketing networks.

1. Current status and development of the industry

Following the pandemic, the global footwear industry has rapidly recovered, although supply chains, consumer trends, and production models have undergone significant changes. The footwear market continues to grow, with brands strengthening digitalization and sustainable development initiatives, while manufacturers face supply chain restructuring and automation transformation.

(1) Industry Status and Development Trends Under the Impact of the Pandemic and Geopolitical Factors

Under the continuing impact of the pandemic and geopolitical risks, the supply chain of the global footwear manufacturing industry has entered a stage of structural realignment. To diversify supply risks and reduce reliance on any single country, international brands have substantially shifted their production focus from China to countries with cost advantages and demographic dividends, such as Vietnam, Indonesia, India, and Bangladesh, while adopting a multi-country manufacturing strategy to enhance supply chain resilience and delivery stability.

At the same time, global transportation costs and uncertainties remain relatively high, prompting brand customers to place greater emphasis on regional production and nearby supply to shorten delivery times and reduce logistics risks. This trend has prompted footwear OEM manufacturers not only to expand production capacity in Southeast Asia but also to improve production efficiency and management capabilities in order to meet brands' requirements for flexibility, small-volume and high-variety production, and rapid response.

(2) Current Status of Smart Manufacturing and Automation

In response to rising labor costs and changes in the labor force structure, the footwear manufacturing industry has moved beyond conceptual adoption and entered the stage of applying smart manufacturing in actual mass production. Automation and digital technologies are currently widely applied in the following areas:

- Automated cutting, smart nesting, and optimization of material utilization
- Semi-automated sewing, bonding, and forming processes
- Real-time collection of process data and optimization of production scheduling
- Application of data analytics in supply chain and order management

AI and machine learning technologies are mainly applied to quality monitoring, yield improvement, and production efficiency analysis to reduce human error and improve stability. 3D-printed sole and upper technologies, such as Adidas 4D and Nike Flyprint, have shifted from experimental development to applications in specific product lines and high-value-added footwear styles.

Although they have not fully replaced traditional manufacturing processes, they have become important tools for differentiation and customization.

At present, most major brands have adopted the introduction of smart equipment into existing mass production bases as their mainstream strategy, rather than fully reshoring production to high-cost countries. For example, Nike and its major OEM partners continue to introduce smart manufacturing systems to reduce reliance on labor and improve efficiency, while Skechers improves inventory turnover and distribution efficiency through smart warehousing and logistics systems. Overall, smart manufacturing has become a "necessary condition" for enhancing competitiveness, rather than an optional investment.

(3) Continued Growth in Market Demand and Consumer Trends

Although the global economy continues to be affected by adverse factors such as war and inflation, end-market demand in the footwear manufacturing industry continues to demonstrate steady growth momentum. Since 2021, as countries have gradually entered the post-pandemic era, changes in consumer lifestyles have continued to increase demand for running shoes, cycling shoes, and multifunctional athletic footwear. At the same time, the growing popularity of fitness, yoga, running, swimming, and other sports has significantly increased female participation in sports, further driving the market for athletic footwear that combines functionality, comfort, and design.

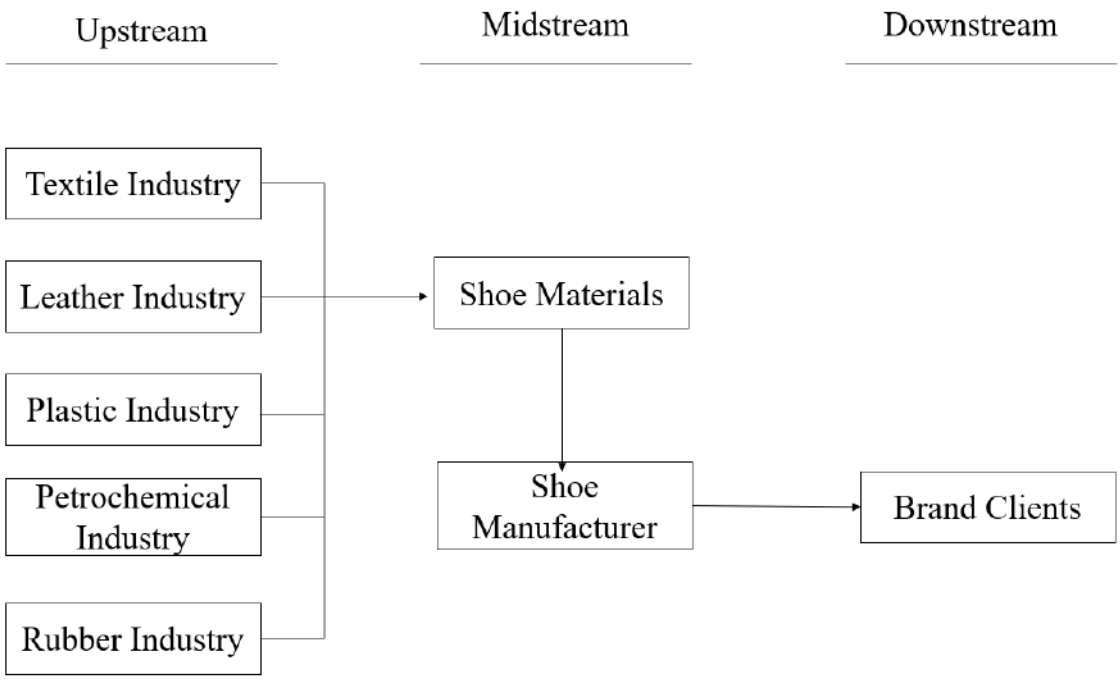
According to data from Global Industry Analysts and Allied Market Research, the global footwear market size was approximately US$409.5 billion in 2022 and is expected to grow to US$725.1 billion by 2032, representing a compound annual growth rate of approximately 5.9% from 2023 to 2032. This indicates that medium- to long-term market demand still has considerable growth potential.

(4) E-Commerce, Digital Experience, and Sustainable Development Trends

With the continued expansion of major e-commerce platforms such as Amazon and Walmart, the share of online sales of footwear and apparel continues to increase. Brands and retailers have introduced technologies such as size recommendation tools, virtual try-on, and digital stylists to improve the consumer experience and reduce return rates. Although VR and AR technologies are still mainly used as auxiliary tools, they have already delivered tangible benefits in brand marketing and customer interaction.

In addition, sustainable development has evolved from an initiative into a basic requirement for brands. Consumers and brands are both paying greater attention to eco-friendly materials, carbon emissions management, and water resource efficiency, prompting the footwear manufacturing industry to accelerate the adoption of eco-friendly materials, recycled raw materials, and energy-saving processes. This trend not only affects product design but has also gradually become an important evaluation criterion for brands when selecting OEM partners, and it is expected to continue driving industry upgrading and market growth.

2. Interconnection among upstream, midstream and downstream industries



Upstream mainly supplies raw materials such as textiles, leather, and chemicals. Different parts of shoe materials require different raw materials. Since the shoemaking industry has developed for a long time, the types of shoe materials are very diverse and the market is huge, shoe materials have developed into a specialized application field. Different parts of shoe materials require different raw materials. For example, the soles of sports shoes are made of rubber hot-pressed soles or EVA foam soles, and the uppers are made of synthetic leather, mesh or leather (artificial leather or genuine leather). Footwear manufacturers are responsible for the development of shoe styles and the production of finished shoes. After multiple production processes, the shoe materials are combined into pairs of shoes. Downstream brand factories are responsible for product development and design on their own or jointly with shoe factories, and then entrust the shoe factories to produce them, and then sell them to consumers through channels or agents built by the brand factories themselves.

The Company is a midstream footwear manufacturer. Its main sales customers are major international brand manufacturers. It is a pure OEM manufacturer. In recent years, it has continuously improved its shoemaking technology and production efficiency, and provided exclusive development centers for major brand customers to stabilize customer relationships and establish the Company's good competitive advantages.

3. Various product development trends

(1) Green industry and environmentally friendly production

In view of the continued rise in global environmental awareness in recent years, governments around the world have continued to strengthen environmental protection regulations and impose more stringent requirements on issues such as the recycling and reuse of industrial waste, carbon emissions management, and restrictions on chemical use. Under this trend, in addition to complying with existing environmental regulations, the footwear industry must also prepare in advance for higher sustainability requirements in the future by actively investing in the development of eco-friendly materials, process improvement, and circular economy models in order to maintain market competitiveness.

In recent years, a number of international brands have adopted sustainable

footwear solutions in practice and expanded their application scale. For example:

- On launched the Cyclon™ program, using bio-based materials, such as castor beans, to produce recyclable running shoes. After the shoes reach the end of their useful life, consumers may return them to the original manufacturer, where they are cleaned, disassembled, and remanufactured for use in the production of new shoes, establishing a closed-loop manufacturing model and becoming a representative example of circular footwear.
- Nike has actively promoted its Move to Zero initiative by extensively using recycled polyester, recycled rubber, and Flyknit technology to reduce material waste and carbon emissions from manufacturing processes. It has also incorporated eco-friendly materials into multiple major mass-produced footwear lines, rather than limiting them to concept products.
- Adidas has maintained a long-term partnership with Parley for the Oceans to transform recycled ocean plastic into upper materials, and launched the FUTURECRAFT.LOOP series, emphasizing that shoes can be fully recycled and remade at the end of their life cycle, thereby gradually establishing a scalable circular manufacturing system.
- Allbirds, meanwhile, places low-carbon materials at the core of its products, using sugarcane-based EVA SweetFoam™ soles, bio-based wool, and eucalyptus tree fiber, while also labeling products with their carbon footprint data. It has become one of the few footwear brands in the market to provide transparent carbon emissions information.

Overall, sustainable development has evolved from a brand marketing strategy into a necessary requirement in product design and manufacturing processes. The application of eco-friendly materials, waste-reduction processes, energy-saving equipment, and circular remanufacturing capabilities are gradually becoming important indicators for brands when evaluating OEM partners. In the future, footwear manufacturers with the ability to integrate environmental technologies and a proven track record in green manufacturing will be better positioned to secure long-term partnerships with international brands and high-value-added orders.

(2) Product technology improvement moves towards the development of smart shoes

The sports population around the world is increasing year by year, and most exercise time is concentrated in the early morning and night. The demand for safety shoes is increasing day by day. The main function of sports shoes is to enhance sports performance and reduce sports injuries. The continuous development of shoemaking technology and sports technology allows sports shoes to perform better than ever in terms of protection, shock absorption, anti-slip, comfort, lightweight, elasticity and other functions. The one-piece upper technology not only reduces the material waste produced in general shoe upper cutting, but also eliminates the sewing step, effectively saving the use of manpower, materials, etc., which can reduce the time of developing shoe products and meet consumption pattern of fast fashion society. Smart shoes that combine various technological functions, such as automatically strapping and connecting with running software through mobile APPs can grasp detailed data such as stride length, distance and running shoe life, more closely linking sporting goods with consumers' lives, and establishing products competitive advantage.

(3) Process automation

In the past, the shoemaking industry was limited by the difficulty in standardizing the process, so it mostly relied on manual work. Therefore, it was regarded as a traditional labor-intensive industry and was generally considered to be difficult to automate. However, as labor costs continue to rise and technological development becomes increasingly mature, automation and intelligence in the shoemaking industry have become a development trend. The current Industry 4.0 has opened up a new direction for the shoemaking industry. With the support of smart equipment and innovative shoe materials, the application of technologies such as the Internet of Things, cloud computing and big data, as well as the advancement of operation management, they help to optimize production resources. In the shoe production process, for some processes that are highly repetitive and require accurate movements, if a large number of robotic arms can be used and loaded into the automated control system, the output shoes will have more stable quality and enable the shoe factory to achieve higher production efficiency, more effective factory management, and lower manufacturing costs.

(4) Product competition

The Company manufactures sports shoes and casual shoes for international brands. In order to meet the high standards of international brands for product delivery, quality, price, and service, the Company continues to invest resources in the research and development of core technologies and the improvement of production processes, and continues to accumulate its own R&D strength, actively turning to OEM design and manufacturing. In addition, the Company has dispersed production bases and rich factory management experience. It attaches great importance to and specifically responds to corporate sustainable development issues, thereby maintaining the Company's competitiveness in the shoemaking industry.

(III) Technology and R&D overview

1. Technical level, research and development of the business operation

The footwear products produced by the Company are world-renowned brands. Since its establishment, the Company has pursued high-efficiency manufacturing and high-quality products through continuous research and development. The research and development projects include the development, application and manufacturing of environmentally friendly materials and new shoe materials, the introduction of manufacturing technology and efficiency improvements, etc. We continue to invest in process automation, improved equipment, refined processes and the development and application of various shoe materials, and are committed to all-round product services in shoemaking technology. Satisfy the needs of brand customers for high-quality products and rapid response to market changes, thereby deepening the cooperative relationship with brand customers and becoming their most solid and closest partner.

2. R&D personnel and their learning experiences

Unit: person; %

Item \ Year	2024		2025		March 2026	
	Number of people	Proportion (%)	Number of people	Proportion (%)	Number of people	Proportion (%)
Above Master's degree	5	0.27	7	0.46	5	0.33
University (including junior college)	929	49.68	889	58.26	878	57.99
High school (inclusive) and below	936	50.05	630	41.28	631	41.68
Total	1,870	100.00	1,526	100.00	1,514	100.00

3. R&D expense invested in each of the past five years

Unit: NTD thousands; %

Item \ Year	2021	2022	2023	2024	2025
R&D expense	475,613	649,856	618,821	675,200	718,735
Operating revenue	19,960,720	31,338,313	28,015,569	37,689,899	39,594,659
R&D expense as a percentage of revenue (%)	2.38	2.07	2.21	1.79	1.82

4. Technologies or products successfully developed in the past five years

Year	Main research and development results
2022	The combination of casual shoe process and unmanned transport vehicle Sharing and inheritance of test shoe projects in the development stage Bio-made ink (recycled seaweed) Special automatic button making machine Automatic feeding needle turning machine C Group's brand vulcanized waterproof shoes
2023	Independently developed 3D visual identification system UV robot arm automatic spraying Quality control of automatic line stopping system Fully automatic transfer paper printing machine 3D virtual sample Flocked outsole SCF supercritical foam midsole application Sandal midsole mold for punching holes TPR injection outsole application Small vibration cutting machine
2024	Automatic edge grinding machine Digitally printed edge strips Cooperate with the brand to develop and replace the IP formula of B Group Jogging shoes SCF supercritical EVA foam + Co-molding one-piece outsole innovation D Group's brand lightweight GTX waterproof + thermal insulation cotton Application of D Group's brand supercritical foamed EVA/Pebax + carbon fiber board Independently developed 3D visual identification system automatic quality inspection system - midsole inspection
2025	Addition of N brand, optimization of upper processing workflow, automated midsole plate spraying alignment, continuous printing + automated cutting, and development of new bottom material formulations. UV printing technology applied to Group D Mafate X footwear model. Group D – Trailwinder lightweight trail running shoes. Group D – HYDRATREK amphibious toe-protection sandals

Year	Main research and development results
	Independently developed 3D visual identification system automatic quality inspection system Quality control of automatic line stopping system Warehouse Temperature and Humidity Monitoring and Response System
2026	Polymer plasma treatment machine Waterproof and stain-resistant engineered knit upper Supercritical IP/Co-mold bottom unit comfort compound Challenger 8 model, the first trail running shoe of the D Group brand to use Co-mold technology Cold shot mold technology -can effectively reduce the bottom assembly process Stinson 8: HF TPU applied over No-sew TPU Clifton 11 GTX and Transport 2 GTX use the innovative IF2.5 bootie construction pattern Bondi 9 collar molding technology Mafate X Hike uses RECCO® reflector technology and webbing pocket technology HURRICANE TRAILSETTER MID GTX (IF2.5 bootie construction) HURRICANE TRAILSETTER GTX (IF2.5 bootie construction) HURRICANE TRAILSETTER TRAILPEAK (using the C-FLY structure, with the upper and insole directly pasted) Self-developed shoe flexing tester

Taiwan Patents Obtained
1. Invention Patent (I879644) – Automated Spray System and Automated Spray Method 2. Invention Patent (I917239) – Automated Spray Method and Automated Spray System 3. Invention Patent (I919955) – Sole Size Inspection System and Method 4. Utility Model Patent (M661366) – Bottom Material Feeding System for Roughing Machine 5. Utility Model Patent (M661710) – Strip Material Conveyor Equipment 6. New Patent (M675820) – Sole Size Inspection System

(IV) Long and short term business development plans

1. Short-term business development plan

(1) Marketing strategy

A. Continue to optimize the product portfolio in response to market trends

In response to the growing athleisure trend in the period following the pandemic, the increase in female participation in sports, and brands' demand for rapid response and diversified footwear styles, the Company will continue to optimize its existing product structure, enhance functionality, comfort, and design, and quickly adjust product direction through close cooperation with existing brand customers, so as to maintain business stability, increase order intake, and strengthen the Company's profit foundation.

B. Strengthen the functions of the development center and increase the number of models that can be undertaken

The Company continues to invest R&D resources. By expanding the capacity of the development center and cultivating professional technical talent, the Company enhances the efficiency of footwear design, material application, and sample making. It also works closely with brand customers from the early stage of development to accelerate its ability to undertake new models and transition them to mass production, thereby securing high-value-added footwear styles and expanding opportunities for cooperation with new customers.

(2) Production strategy

A. Expand production capacity in stages to meet order growth

In response to growing demand in the global athletic footwear market and increasing orders from brand customers, the Company completed the establishment of its new plant in Indonesia in 2024, and gradually commenced mass production and shipments in 2025. In the short term, the Company will gradually increase overall production capacity by adding production lines, optimizing workforce allocation, and introducing partially automated equipment in order to meet the demand from existing and new orders.

B. Flexibly adjust and allocate production lines across factories

Taking into account differences among factory sites in workforce structure, equipment configuration, and process maturity, the Company will allocate production lines across factory sites based on the complexity of footwear styles, delivery schedules, and customer requirements in order to optimize resource allocation, avoid idle capacity or bottlenecks, and maintain the stability of its overall cost structure and profitability.

(3) Operations management

A. Promote local procurement of materials and equipment to enhance supply chain resilience

The Company will continue to increase the proportion of locally procured raw materials and equipment in Southeast Asia to reduce transportation costs and carbon footprint while diversifying supplier concentration risks, reducing the impact of changes in political, logistics, and international conditions on supply stability, and enhancing inventory management and delivery flexibility.

B. Enhance IoT applications and visual management of factory sites

By introducing IoT technologies and integrating equipment sensor data with production information, the Company will promote real-time process monitoring, predictive maintenance, and process optimization to reduce the risk of equipment downtime. In addition, through visual management systems for equipment rooms and factory buildings, the Company will present the equipment operating status in real time through images and data, thereby improving maintenance efficiency and management transparency.

(4) Financial management

On the premise of not affecting profitability, the Company will increase capital or borrow money from banks to meet capital needs in line with business expansion needs.

2. Long-term business development plan

(1) Marketing strategy

A. Establish dedicated R&D teams and development centers for major customers

The Company divides dedicated R&D teams and development centers for major customers, and works closely with brand customers from product development to product prototypes to increase response efficiency and meet customer needs. With professional technology, stable strength and rich industrial experience, we provide brand customers with high-quality and innovative footwear products and services, thereby stabilizing the customer base and becoming the core factory for long-term cooperation with international brands to seize market share.

B. Expand international brand customers and deepen global deployment

By optimizing the development center, we continuously strengthen existing resources while developing new technologies, continue to improve professionalism, quality and innovation, actively acquire new customers to respond to overall market trends and grasp market share, becoming a leader in sports brand manufacturers.

(2) Production strategy

A. Establish new plants and multinational manufacturing sites to diversify operational risks.

In addition to actively expanding factories in Indonesia, the Company also continues to pay attention to global trends to seek investment and development areas, utilizes the international layout of production bases to face sudden changes in the international situation, expands the Company's operating scale, and timely deploys production capacity of each factory to maximize the Group's benefits.

B. Add spare material suppliers and processing plants

In recent years, global transactions have been tested by epidemics and wars. In the face of supply chain turmoil, and taking into account humanities, geographical location, economic and political factors, the Company will continue to look for raw material suppliers and processing plants that are acceptable to brand customers in order to minimize losses caused by supply chain interruptions.

(3) Operations management

A. Continue to promote sustainable corporate development

The Company will be committed to fulfilling corporate responsibility and sustainable investment concepts, establishing solar roof projects, zero waste landfill projects and green power procurement projects, and at the same time conducting sustainable management of the supply chain, thereby gradually meeting the needs of brand customers and integrating environmental protection performance with orders to meet the needs of brand customers and maintain operational stability.

B. Transforming smart factories through Industry 4.0

By continuously enhancing the application of IoT and big data analytics, we aim to stabilize the production process and increase product yield, further collecting and analyzing reports to reasonably reduce production costs, which are expected to significantly enhance the Company's status and market share.

In addition, the software will be designed to be user-friendly and the application system will be based on mobile platforms, which can proactively push messages to increase production efficiency.

(4) Financial management

A. Make full use of financing tools in the capital market to obtain cheaper funds as resources for company operations.

B. Based on the principle of sound financial policies, we use financial management tools to obtain the efficiency of capital utilization and create various added values.

II. Overview of market and sales

(I) Market analysis

1. Sales (provision) regions of main products (services)

Unit: NTD thousands; %

Year / Sales Region	2024		2025	
	Sales Amount	Percentage	Sales Amount	Percentage
US	11,796,849	31.30	13,817,405	34.90
Germany	1,258,358	3.34	-	-
Asia	4,596,951	12.20	6,543,562	16.53
China	1,719,818	4.56	-	-
America	4,234,970	11.24	5,590,653	14.12
Europe	2,188,837	5.81	6,634,559	16.76
United Kingdom	1,848,863	4.91	-	-
Netherlands	6,862,117	18.21	5,997,447	15.15
Others	3,183,136	8.43	1,011,033	2.54
Total	37,689,899	100.00	39,594,659	100.00

2. Market share

The Company has been deeply involved in the shoemaking industry for more than 30 years, specializing in the production of various vulcanized shoes, sports shoes, cold-fitting shoes, special functions, etc., with professional technology and rich experience, and is the designated manufacturer of well-known sports brands. The group companies are distributed in Asia regions, including Vietnam, Indonesian, Myanmar and other places.

The Company's main sales regions in 2025 were the United States, Asia, Americas, Europe and Netherlands, accounting for 34.90%, 16.53%, 14.12%, 16.76% and 15.15% of sales, respectively, with a production volume of approximately 76,768 thousand pairs, and output value of approximately NT$36.4 billion.

3. Situation and growth of market’s future supply and demand

Although the global economy has been affected in recent years by factors such as inflationary pressure, geopolitical conflicts, and supply chain adjustments, overall demand in the footwear industry has continued to grow steadily. As consumer activity has fully resumed in the post-pandemic era, the continued popularity of outdoor sports, healthy lifestyles, and athleisure trends has driven sustained growth in demand for athletic footwear and functional footwear worldwide. Market consumption momentum has gradually stabilized and shown a long-term growth trend.

On the demand side, according to analyses by market research institutions such as Statista, athletic footwear remains the product category with the greatest growth potential among all types of footwear. This is mainly because the global trend toward health and sports has become increasingly prevalent, with running, fitness, yoga, and outdoor activities gradually becoming part of daily life, leading to steady growth in sports-related footwear among consumers of all age groups. In addition, the continued increase in female participation in sports and the popularity of the athleisure fashion trend have further driven demand in the athletic footwear market.

According to Global Industry Analysts and relevant market research reports, the global athletic footwear market has continued to expand in recent years, and the

overall market is expected to maintain stable growth momentum over the next decade, with a compound annual growth rate of approximately 4% to 6%. Functional footwear, such as running shoes and training shoes, remains a major source of growth momentum, indicating the long-term development potential of the athletic footwear market.

On the supply side, according to the World Footwear Yearbook, global footwear production remains highly concentrated in Asia, which accounts for more than 80% of global footwear production volume. Among them, China, Vietnam, India, and Indonesia remain the world's major footwear manufacturing countries. However, as labor costs in China continue to rise, environmental regulations become increasingly stringent, and geopolitical factors exert an impact, international brands have gradually adopted a multi-country diversified production strategy, shifting part of their production capacity to regions with cost and demographic advantages, such as Vietnam, Indonesia, Cambodia, and India.

As the footwear manufacturing industry is labor-intensive, the supply of human resources and labor costs remain important considerations for footwear manufacturers when investing in and establishing factories. In recent years, international brands have also required supply chains to have regionalized deployment and flexible production capabilities, making Southeast Asian countries increasingly important production bases for the global footwear manufacturing industry. Overall, amid the continued growth in global demand for athletic footwear and the trend of supply chain restructuring, footwear manufacturers with multinational manufacturing deployments and advantages in production efficiency will have greater market competitiveness and development potential.

4. Competitive niche

(1) Professional management team to serve brand customers

The Company has been in the footwear industry for thirty years. The management team has extensive experience and broad knowledge in this field. Through a clear organizational structure and keen market insight, the management efficiently integrates resources across departments, enabling smooth operations from product development, manufacturing, production to sales. The strong rapport and business philosophy among the management team have become the Company's core values. Our accumulated expertise and technical capabilities have made us an indispensable partner for our clients, creating a unique competitive edge.

(2) Equipped with the technical ability to produce GORE-TEX waterproof shoes

We have continually developed diverse shoe manufacturing technologies. Our Vietnam-based factories, Vinh Long and Yih Shuo, are GORE-TEX certified and capable of producing top-quality waterproof and breathable outdoor shoes. Our OEM quality has been consistently recognized by brand clients and consumers. The Group's strong development team will continue to increase automation and advance the development of new shoe models, improving production efficiency.

(3) Stable quality, in line with international brand standards

The Company is dedicated to becoming a world-class professional sports goods manufacturer. We place a strong emphasis on product quality inspection and testing to enhance our competitiveness. Our OEM clients are leading international sports and outdoor leisure brands, boasting top market share and

R&D technology. This makes our OEM products highly competitive and growth-oriented in the sports and outdoor shoe market, thereby enhancing our advantage in the footwear OEM industry.

(4) Multi-country production sites support various needs of brand customers

In recent years, the global outdoor leisure trend has continued to gain momentum, and the mid- to long-term growth trend of the industry remains unchanged. In order to meet the demand for mass production orders in the future, the Company has actively expanded overseas production sites, which are expected to create more favorable flexibility for the layout of multiple brands and multiple locations. In recent years, the focus of global production has gradually shifted to Southeast Asia. Indonesia is the largest economy in the Association of Southeast Asian Nations. The Company is actively expanding its factories in Indonesia to effectively disperse political and economic risks in various regions.

(5) Equipped with R&D capabilities and move towards automation

In the past, we have invested significant resources annually in material development and process improvement. Our R&D projects include the development and application of new shoe materials, the introduction and refinement of manufacturing technologies, and the development of various tools to enhance production efficiency, such as direct injection technology for rubber soles, various computerized sewing machines, unmanned automated guided vehicles, robotic automatic gluing arms, and more. By continuously investing in automation, innovative technology, process improvement, and material development, we aim to meet brand clients' demands for high-quality products and rapid market response. This deepens our cooperation with brand clients and consolidates our position in the footwear industry.

5. Advantages, disadvantages and countermeasures of development prospects

(1) Advantages

A. Rising awareness of exercise and health has driven industry growth

With global economic development, the growing popularity of leisure-oriented lifestyles, and rising health awareness, the scale of the sports industry has continued to expand. Activities such as running, fitness, yoga, and outdoor sports have gradually become part of daily life, driving steady growth in demand for athletic footwear and related sporting goods. In addition, the popularity of the athleisure trend has made athletic footwear not only suitable for sports activities but also an important item in everyday outfits, further expanding market demand.

According to the World Federation of the Sporting Goods Industry (WFSGI) report, the average consumer spends approximately US$200 to US$800 on sporting goods each year. Among these products, athletic footwear accounts for the largest share of the overall sporting goods market, with demand for running shoes, basketball shoes, and outdoor athletic footwear being particularly significant.

B. International sports events and sports culture continue to drive the market

As global sports culture continues to develop, the Olympic Games, the FIFA World Cup, and various international professional sports events have all driven market demand for sports-related products. At the same time, the increasing popularity of fitness and sports wellness concepts has enabled the

market for athletic footwear and athleisure footwear to maintain a long-term growth trend.

The Company's main products include sports shoes and casual shoes, of which sports shoe products account for more than 70% of revenue. Amid the steady growth in global demand for athletic footwear, the market is expected to retain room for future development.

C. Provide customer-specific services and most of the customers are internationally renowned brands

According to data compiled by Sporting Goods Intelligence and Forward Industry Research Institute, in the 2025 global sports shoe market, the top five sports shoe brands (Nike, Adidas, Skechers, Puma, and New Balance) accounted for approximately 52% of the market share. Nike and Adidas' sports shoe revenue shares globally are 23% and 13%, respectively, indicating their absolute leading positions. The Company primarily manufactures for international brands such as A Group, B Group, D Group, and R Group. We can serve multiple international brands simultaneously, providing diverse high-quality products from large-scale production to customized, diversified production. Our flexible production methods meet different brand client needs. Additionally, we actively set up dedicated R&D teams and development centers for major brand clients, closely cooperating with them from product development to product prototyping. Our professional technical strength and rich industry experience have earned us various supplier-related awards from A Group.

D. Maintain long-term and stable cooperative relationships with customers

The Company primarily undertakes OEM manufacturing for internationally renowned brands. Besides establishing dedicated R&D teams and development centers for brand clients and closely cooperating with them from product development to mass production, we also meet brand clients' needs in production quantities, delivery schedules, multi-country production sites, process improvement, automation (including collaborative equipment development with manufacturers), and production standards (environmental protection and labor issues). With professional technology, stable strength, and rich industry experience, we provide high-quality and innovative shoe products and services to become the core factory for long-term cooperation with brand clients, securing more OEM opportunities.

(2) Disadvantages

A. Gradual increase in labor costs and risk of labor shortages

Our main production base is in Vietnam. In recent years, Vietnam has continuously raised the minimum wage and implemented various rights protections, leading to increasing labor costs for enterprises annually. Although short-term labor costs in Vietnam are expected to remain low, we must pay attention to revenue growth and profit margins in the long term. Additionally, due to the US-China trade war, many enterprises have gradually shifted production capacity to Vietnam due to rising land prices and labor costs in China. The pandemic has also disrupted the production order of Southeast Asian supply chain, causing a tightening local labor supply. Therefore, the Company will face risks of rising labor costs and labor shortages in the future.

Countermeasures

a. To cope with rising labor costs, the Company will continue to improve production line planning, process management, and introduce high-efficiency automated equipment to save labor, increase output efficiency, reduce defect rates, lower production costs, and enhance employee training to improve work efficiency and mitigate the impact of rising labor costs on operating performance.

b. Brand customers agree that both parties to the transaction will review labor costs every six months (adjusted according to government regulations), and reflect cost changes in product unit prices to reduce the impact of labor costs on product profits.

c. The Company completed the establishment of its new plant in Indonesia in 2024, and commenced mass production and shipments in 2025.

B. Footwear products are being phased out quickly

With the rise of the trend in sports and leisure, more and more consumers prefer multifunctional shoes with fashionable designs. Therefore, international sports brands must continually innovate their products to keep up with the ever-changing preferences of consumers, intensifying competition among manufacturers. If manufacturers cannot promptly respond to market changes, lack the ability to quickly launch new products, or do not have strong R&D capabilities to introduce leading products, they are at high risk of being eliminated from the market.

Countermeasures

a. Increasing the number of OEM brands and types of shoes, focusing on high-end, high-value-added shoes, and actively developing both domestic and international well-known brands can help maintain and increase market share in shoe manufacturing, thereby reducing the risk of significant impacts on company operations from reliance on a single downstream brand.

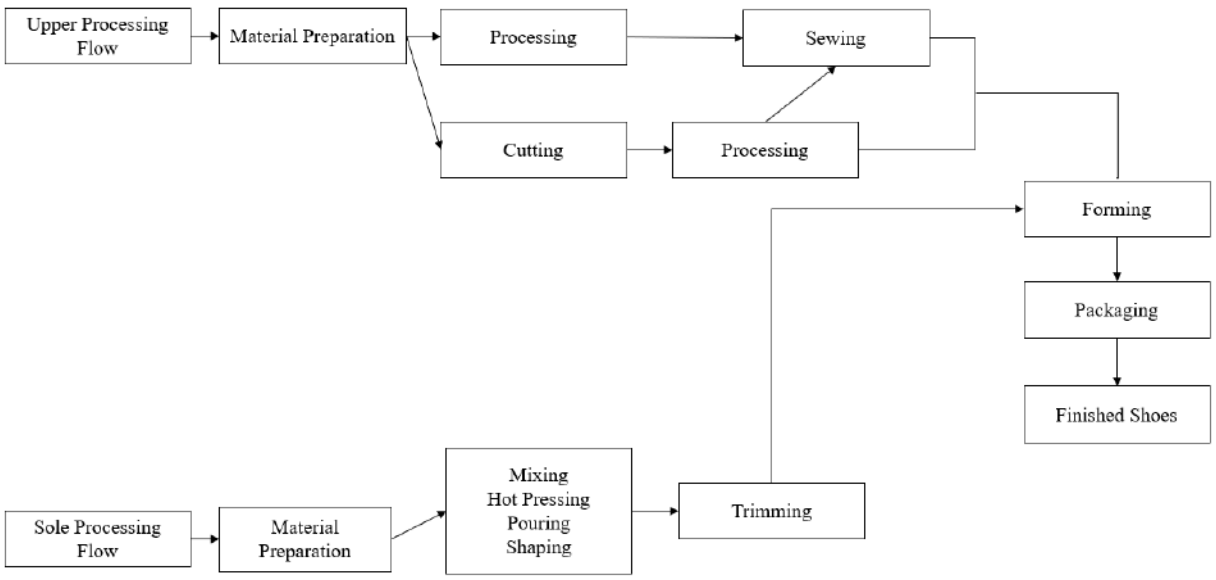
b. The Company divides dedicated R&D teams and development centers for major customers, and works closely with brand customers from product development to product prototypes to increase response efficiency and meet customer needs. Leveraging professional skills, stable strength, and rich industry experience, we provide high-quality and innovative shoe products and services to brand clients, thereby stabilizing customer sources and becoming a core long-term cooperative factory for international brands.

(II) The main purposes and production process of major products

1. Important uses of major products

Major products	Application
Sports shoes	Mainly suitable for jogging, mountain climbing and other sports activities
Casual shoes	Unlike sports shoes that have the elasticity, support, shock absorption and durability required to engage in sports activities
Waterproof shoes	Made with waterproof or water-repellent materials, such as waterproof membranes, coatings, or special fabrics, these shoes effectively prevent water penetration and are suitable for rainy days or humid environments, offering both functionality and comfort.
Hiking boots	Designed specifically for mountain climbing, hiking, and outdoor activities, these shoes feature good traction, slip resistance, support, and abrasion resistance. Certain styles also offer waterproof and protective functions to enhance walking safety.
Sandals	Featuring breathability and lightweight design, sandals are suitable for hot climates or casual occasions. Certain functional sandals also provide basic support and an anti-slip design.
Basketball shoes	Designed specifically for basketball, these shoes emphasize ankle support, cushioning, and traction to meet the demands of jumping, sudden stops, and rapid changes of direction.
Tennis shoes	Designed specifically for tennis, these shoes provide good lateral support, abrasion-resistant soles, and stability to meet the demands of rapid movement and frequent lateral shifts on the court.

2. Production process of major products



(III) Supply status of main raw materials

Main raw materials	Main suppliers	Supply status
Cloth	A1, B, D	Good
Leather	Shen, Wu, Chen	Good
Rubber	Chou, D 1, Mao	Good
Packaging	You, E 1, C	Good
Chemicals	E, A, H1	Good

(IV) List of major purchasing and selling customers

1. The names of suppliers that have accounted for more than 10% of the total purchase amount in any of the last two years, their purchase amounts and proportions, and the reasons for their increase or decrease.

   The Company did not have suppliers that accounted for more than 10% of the total purchases in any of the last two years, so it is not applicable.

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

Unit: NTD thousands; %

	2024				2025				2026 up to the previous quarter			
Item	Alias	Amount	Percentage of Annual Net Sales(%)	Relationship with the Issuer	Alias	Amount	Percentage of Annual Net Sales(%)	Relationship with the Issuer	Alias	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer
1	A Group	22,087,963	58.60	None	A Group	22,327,036	56.39	None	(Note)			
2	B Group	6,712,856	17.81	None	B Group	4,896,704	12.37	None				
3	D Group	8,467,655	22.47	None	D Group	11,269,393	28.46	None				
4	Others	421,425	1.12	None	Others	1,101,526	2.78	None				
	Net sales	37,689,899	100.00		Net	39,594,659	100.00					

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

Reason for changes: our primary sales targets are internationally renowned brands. However, there have been no major changes in main clients or orders in the past two years, indicating a stable cooperative relationship with key clients.

III. Number of employed employees

Number of employees in the past two years and as of the publication date of the annual report

Unit: person; %

Year		2024	2025	YTD as of April 20, 2026
Number of employees	Manager	91	170	163
	Direct personnel	55,640	57,985	56,493
	Indirect personnel	12,583	13,814	14,055
	Total	68,314	71,969	70,711
Average age (years)		28.06	31.63	32.11
Average years of service		2.94	3.82	4.01
Educational Qualification Distribution Ratio (%)	PhD	0.00	0.00	0.00
	Master's degree	0.04	0.05	0.05
	College	7.89	7.51	7.75
	High school	34.99	37.76	38.1
	Below high school	57.08	54.68	54.09

IV. Environmental spending information

(I) According to the provisions of laws and regulations, those who should apply for a pollution facility establishment license or a pollution discharge license, or should pay pollution prevention and control fees, or should establish a dedicated environmental protection unit, an explanation of their application, payment, or establishment circumstances:

Our subsidiaries in Vietnam, such as Lacty, Vinh Long, Lacty II, Yih Shuo, Ty Bach and Grand Wisdom, have all obtained permits for wastewater installation, wastewater discharge, waste discharge, or have entrusted qualified third-party professional agencies for transportation. They have established dedicated environmental units and personnel, and timely paid environmental protection fees for wastewater discharge. The Myanmar subsidiary Tsang Yih has obtained permits for wastewater discharge, solid waste, sludge, hazardous liquid waste, and hazardous solid waste. It has also established a dedicated environmental protection team and pays the wastewater discharge environmental maintenance fees on schedule. The Indonesian subsidiary Tsang Yih, Alnu have obtained a wastewater discharge permit and has established a dedicated environmental protection team responsible for wastewater pollution control, wastewater treatment operations, and hazardous waste management.

(II) List the Company’s investment in major equipment for preventing and controlling environmental pollution, their uses and possible benefits

December 31, 2025; Unit: NTD thousands

Equipment name	Quantity	Date Acquired	Investment Cost	Balance before Depreciation	Purpose and Expected Benefits
Wastewater treatment equipment and systems	5	2016/5/31-2019/12/19	9,497	6,128	Industrial wastewater/sewage treatment
Wastewater treatment equipment and systems	8	2017/11/30-2019/12/5	9,680	6,992	Industrial wastewater/sewage treatment
Wastewater treatment equipment and systems	12	2010/7/31-2024/3/26	21,253	9,590	Industrial wastewater/sewage treatment
Wastewater treatment equipment and systems	6	2019/10/31-2021/4/29	16,797	12,837	Industrial wastewater/sewage treatment
Wastewater treatment equipment and systems	5	2017/3/31-2023/10/16	6,999	5,153	Industrial wastewater/sewage treatment
Wastewater treatment equipment and systems	13	2013/3/1-2024/5/28	41,483	22,704	Industrial wastewater/sewage treatment
Wastewater treatment equipment and systems	2	2010/10/6-2015/3/31	2,186	-	Industrial wastewater/sewage treatment
Wastewater treatment equipment and systems	6	2020/7/1-2024/6/30	9,202	6,774	Industrial wastewater/sewage treatment
Wastewater treatment equipment and systems	1	2024/12/31	8,060	7,657	Industrial wastewater/sewage treatment
Exhaust equipment and systems	7	2018/1/31-2023/3/31	965	141	Reduce VOC concentration
Exhaust equipment and systems	126	2004/7/28-2025/12/1	10,117	2,394	Reduce VOC concentration
Exhaust equipment and systems	32	2019/3/13-2025/6/13	3,624	1,785	Reduce VOC concentration
Exhaust equipment and systems	149	2012/7/1-2020/3/2	7,159	14	Reduce VOC concentration
Exhaust equipment and systems	17	2002/3/22-2014/2/28	543	-	Reduce VOC concentration
Exhaust equipment and systems	3	2024/5/18-2025/6/24	331	300	Reduce VOC concentration
Exhaust equipment and systems	18	2024/12/1-2025/6/30	407	359	Reduce VOC concentration

Note: If the figures in this table involve foreign currencies, they are converted into New Taiwan Dollars at exchange rate on the balance sheet date.

(III) In the past two years and up to the date of publication of the annual report, the Company has improved environmental pollution, and if there is a pollution dispute incident, it should explain its handling experience:

The Company did not have environmental pollution disputes in the past two years and as of the publication date of the annual report.

(IV) In the past two years and up to the date of publication of the annual report, the losses suffered by the Company due to environmental pollution (including compensation and environmental protection audit results for violations of environmental regulations should list the date of punishment, the serial number of the punishment, the provisions of the violation of laws and regulations, the content of the violation of laws and regulations, and

the punishment content), and disclose the estimated amount and response measures that may occur currently and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained: None

(V) The impact of the current pollution situation and its improvement on the Company's earnings, competitive position, capital expenditures and the expected major environmental protection capital expenditures in the next two years:

The Company and its subsidiaries have no major environmental protection capital expenditure plans in the next two years, which will not have a significant impact on the Company and its subsidiaries' earnings, competitive position and capital expenditures.

V. Labor relations

(I) List the Company's various employee welfare measures, further education, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights and interests protection measures

1. Employee welfare measures and implementation

The Company cares about and attaches great importance to employee welfare, and has an employee welfare committee to regularly allocate welfare funds. Welfare items include wedding and funeral gifts, birthday gifts, three-festival gifts, travel subsidies and employee dinner subsidies, etc. The reinvested subsidiary also provides clean and hygienic meals and employee dormitories, provides annual employees' health examinations and takes proactive actions to take care of the physical and mental health of local employees. In addition to providing relevant insurance for employees as required by local government regulations, there are annual opportunities for promotion and salary adjustments to reward outstanding performance. Based on the Company's operating performance and individual work performance, year-end bonuses and performance bonuses are also distributed.

2. Employee further education and training

The Company spares no effort in talent cultivation, offering a good training and learning environment to develop employees' work skills. According to the Company's operational goals and the needs of each department, we organize diverse training courses and various professional on-the-job training, including new employee training, on-the-job training, labor safety and health education training, professional courses, and various external training courses related to job duties. Additionally, every year, we provide educational training subsidies for employees, allowing them to choose suitable educational courses to develop interests, stimulate potential, and foster personal growth.

3. Retirement system

In order to stabilize the post-retirement life of employees, the Company and its subsidiaries have specially formulated retirement management regulations in accordance with the provisions of the Labor Standards Act and the Labor Pension Ordinance. The Company and its subsidiaries comply with local government labor regulations, contributing monthly to the new retirement fund system into employees' individual labor retirement accounts. When employees meet the legal retirement conditions, we assist them in applying for retirement benefits from the government.

4. Agreement between labor and management and various measures to protect employees' rights and interests

The Company follows the Labor Standards Act and labor laws as guiding principles, highly valuing employee rights and feedback. Employees maintain good

interactions with the human resources department or senior management, ensuring harmonious labor relations with no significant labor disputes to date.

5. Working environment and employee personal safety protection measures

The Company has established various management regulations, which clearly stipulate employee rights, obligations and welfare items, and regularly reviews and revise welfare contents to safeguard the rights and interests of employees. Our subsidiaries have established labor unions as a communication channel between employees and management. Important matters involving employees are resolved through consensus and cohesion via the union.

(II) Losses suffered due to labor disputes in the past two years and up to the date of publication of the annual report (including violations of the Labor Standards Act as a result of labor inspections, the date of the punishment, the serial number of the punishment, the violation of legal provisions, the content of the violation, and the content of the punishment), and disclose the estimated amount and response measures that may occur currently and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained:

In the past two years and as of the publication date of the annual report, the Company has not suffered any losses due to labor disputes.

VI. Information security management

(I) Information security risk management structure:

The Company has set up an Information Department responsible for the information development strategy, information security policy, and management and improvement of information systems. This ensures the confidentiality, integrity, availability, and legality of information assets, avoiding intentional or accidental threats from internal or external sources. Our goal is to continuously improve the information security environment. In 2024, we will establish a dedicated information security unit, with the Group's Chief Information Officer also serving as the Chief Information Security Officer. This role involves recording and reviewing information security incidents, supervised by the Audit Office's annual information cycle, to build a comprehensive information security protection mechanism and enhance employees' good security awareness.

(II) Information security policy:

1. Confidentiality of information assets: implement data access control, and information must be accessed by authorized personnel.
2. Integrity of information operation management: preventing unauthorized modifications.
3. Ensure the continued operation of information operations.
4. Compliance of information operations: the implementation of information operations complies with relevant legal requirements.

(III) Specific information security management plan:

1. Identify the Group's core businesses and systems, and compile an inventory to establish a regular inventory of information assets.
2. Regularly perform system backup operations, and regularly revise and audit the system.
3. Firewalls are set up on both internal and external networks of the Company to improve hacker attack prevention mechanism

4. Regularly conduct information asset inspections and system abnormality drills to maintain system reliability.
5. Install anti-virus software on computers and prohibit the use of unauthorized software.
6. Employees' accounts, passwords and permissions should be kept and used responsibly and replaced regularly.
7. Regularly conduct publicity works on information security precautions.
8. Establish information security incident management and information security incident reporting procedures.

(IV) Invest resources in information security management:

1. Network hardware equipment such as firewalls, spam filtering, etc.
2. Software systems such as terminal anti-virus software, backup software, etc.
3. Manpower investment: Such as daily system status checks, daily regular backups, information security promotion at least once a year, annual system disaster recovery drills, annual internal audits and CPA audits of the information cycle, etc.
4. Information security manpower: The Chief Information Security Officer and security personnel are responsible for designing the security architecture, maintaining and monitoring security operations, responding to and investigating security incidents, and reviewing and revising security policies. The Chief Information Security Officer regularly reviews the execution and effectiveness of information security management operations and improvements.

If the losses, possible impacts and response measures due to major information security incidents in the last two years and up to the date of publication of the annual report cannot be reasonably estimated, the fact that they cannot be reasonably estimated should be stated: No such situation.

VII. Important contract

Contractual nature	Counterparty	Start and end date of contract	Main content	Restrictions
Manufacturing contract	L Group	November 1, 2021 to present	Order receiving, shipping and payment regulations	Confidential information shall not be disclosed or used by third parties
Manufacturing contract	B Group	March 1, 2009 to present	Order receiving, shipping and payment regulations	Confidential information shall not be disclosed or used by third parties
Manufacturing contract	B Group	March 1, 2009 to present	Order receiving, shipping and payment regulations	Confidential information shall not be disclosed or used by third parties
Manufacturing contract	A Group	October 1, 2008 to present	Order receiving, shipping and payment regulations	Confidential information shall not be disclosed or used by third parties
Manufacturing contract	A Group	July 11, 2008 to present	Order receiving, shipping and payment regulations	Confidential information shall not be disclosed or used by third parties
Manufacturing contract	D Group	September 15, 2021 to present	Order receiving, shipping and payment regulations	1. Confidential information shall not be disclosed or used by third parties 2. Production is only permitted in approved factories.
Manufacturing contract	P Group	March 25, 2025 to present	Order receiving, shipping and payment regulations	1. Confidential information shall not be disclosed or used by third parties 2. P Group's parent company Fast Retailing's regulations must be followed and audits accepted.
Manufacturing contract	Q Group	January 23, 2024 to present	Order receiving, shipping and payment regulations	Confidential information shall not be disclosed or used by third parties
Manufacturing contract	R Group	September 19, 2024 to present	Order receiving, shipping and payment regulations	Confidential information shall not be disclosed or used by third parties
Manufacturing contract	Q Group	December 1, 2024 to present	Order receiving, shipping and payment regulations	Confidential information shall not be disclosed or used by third parties
Manufacturing contract	B Group	July 25, 2024 to present	Order receiving, shipping and payment regulations	Confidential information shall not

Contractual nature	Counterparty	Start and end date of contract	Main content	Restrictions
				be disclosed or used by third parties
Manufacturing contract	S Group	June 4, 2025 to present	Order receiving, shipping and payment regulations	Confidential information shall not be disclosed or used by third parties
Manufacturing contract	T Group	July 14, 2025 to present	Order receiving, shipping and payment regulations	Confidential information shall not be disclosed or used by third parties
Lease contract	Zhuo Yih Footwear Co., Ltd.	2024/1/1~2028/12/31	Office rental contract	The annual rent will be adjusted according to the Consumer Price Index growth rate announced by the Executive Yuan
Lease contract	An Le Footwear Co., Ltd.	2021/3/16~2030/4/30	Factory lease contract	None
Lease contract	PT KAWASAN INDUSTRI TERPADU BATANG	2022/2/28~2102/2/28	Indonesian's sub-subsidiary company PT. Yih Quan builds factory on land in Batang Industrial Park	None
Lease contract	ITACO	2024/10/28~2050/8/16	Land Use Rights Lease for Yih Shuo Responsibility Limited Company in Vietnam	None
Plant Buy/Sell Agreement	CÔNG TY TNHH VIET NAM JAAN-YIH	Signed on October 28, 2024	Plant purchase for Yih Shuo Responsibility Limited Company in Vietnam	None
Lease contract	Hai-Shan Liability Co., Ltd.	2024/11/28~2060/3/12	Land Use Rights Lease for Lacty II Responsibility Limited Company in Vietnam	None
Lease contract	Hai-Shan Liability Co., Ltd.	2024/12/25~2060/3/12	Land Use Rights Lease for Lacty II Responsibility Limited Company in Vietnam	None
Buy/Sell Agreement	PT. Perkebunan dan Industri Segajung	Signed on February 28, 2025	PT. Yih You, a subsidiary in Indonesia, acquired land construction rights	None
Buy/Sell Agreement	PT. Perkebunan dan Industri Segajung	Signed on September 25, 2025	PT. Yih You, a subsidiary in Indonesia, acquired land construction rights	None
Buy/Sell Agreement	PT. Alam Lestari Unggul	Signed on November 20, 2025	PT. Yih Full, a subsidiary in Indonesia, acquired land construction rights	None
Project contract	PT Indowin Engineering Indonesia	Signed on October 29, 2025	Phase I main construction works for the plant construction of the Indonesian sub-subsidiary, PT. Yih You Footwear Indonesia	None
Project contract	PT Indowin Engineering Indonesia	Signed on January 22, 2026	Phase II main construction works for the plant construction of the Indonesian sub-subsidiary, PT. Yih You Footwear Indonesia	None
Loan contract	Mega Bank	2025/1/26~2026/1/25	Short-term loan contract of US$15,000,000	None

Contractual nature	Counterparty	Start and end date of contract	Main content	Restrictions
Loan contract	Mega Bank	2025/1/26~2026/1/25	Short-term loan contract of US$12,000,000	None
Loan contract	E. Sun Bank	2025/8/12~2026/8/12	Short-term loan contract of US$45,000,000	None
Loan contract	E.Sun Bank	2025/8/12~2026/8/12	Short-term loan contract of US$10,000,000	None
Loan contract	Shin Kong Commercial Bank Co., Ltd.	2025/8/18~2026/8/18	Short-term loan contract of US$20,000,000	None
Loan contract	CTBC Bank	2025/9/1~2026/08/31	Short-term loan contract of US$15,000,000	None
Loan contract	CTBC Bank	2025/9/1~2026/08/31	Short-term loan contract of US$60,000,000 (The original amount was US$40,000,000)	None
Loan contract	CTBC Bank	2023/9/1~2026/8/31	Short-term loan contract of US$200,000	None
Loan contract	CTBC Bank	2025/9/1~2026/08/31	Short-term loan contract of US$60,000,000 (The original amount was US$50,000,000)	None
Loan contract	Cathay United Bank	2025/12/30~2026/12/29	Short-term loan contract of US$10,000,000	None
Loan contract	Taipei Fubon Bank	2025/12/06~2026/12/05	Short-term loan contract of US$30,000,000	None
Loan contract	Taipei Fubon Bank	2025/12/05~2026/12/05	Short-term loan contract of US$30,000,000	None
Loan contract	Taipei Fubon Bank	2025/12/05~2026/12/05	Short-term loan contract of US$20,000,000	None
Loan contract	Mega Bank	2025/12/11~2026/12/10	Short-term loan contract of US$20,000,000	None
Loan contract	Bank SinoPac	2025/12/1~2026/12/31	Short-term loan contract of US$9,000,000	None
Loan contract	Bank SinoPac	2025/12/1~2026/12/31	Short-term loan contract of US$8,000,000	None
Loan contract	Bank SinoPac	2025/12/1~2026/12/31	Short-term loan contract of US$8,000,000	None

VI. Review and Analysis of Financial Position and Financial Performance, and Risk Management

I. Financial status

The main reasons for significant changes in assets, liabilities and equity in the last two years and their impact

Unit: NTD thousands; %

Item \ Year	2025	2024	Increase (Decrease)	
			Amount	%
Current assets	22,583,048	19,812,057	2,770,991	14
Property, plant and equipment	11,769,338	12,298,149	(528,811)	(4)
Right-of-use assets	1,067,284	1,200,421	(133,137)	(11)
Intangible assets	16,962	11,843	5,119	43
Other assets	657,336	774,623	(117,287)	(15)
Total assets	36,093,968	34,097,093	1,996,875	6
Current liabilities	5,623,394	8,165,100	(2,541,706)	(31)
Non-current liabilities	5,309,020	602,717	4,706,303	781
Total liabilities	10,932,414	8,767,817	2,164,597	25
Share capital	2,494,000	2,494,000	-	-
Capital reserve	15,752,613	15,322,516	430,097	3
Retained earnings	7,042,358	6,044,030	998,328	17
Other equity	(1,122,611)	539,590	(1,662,201)	(308)
Non-controlling interests	995,194	929,140	66,054	7
Total equity	25,161,554	25,329,276	(167,722)	(1)

1. If the amount of increase or decrease in the previous and later periods reaches more than 20%, and the amount of change reaches NT$10,000,000, the main reasons are analyzed as follows:
   (1) The decrease in current liabilities was mainly due to the issuance of convertible corporate bonds in 2025 for operating needs and the subsequent repayment of borrowings.
   (2) The increase in non-current liabilities was mainly due to the issuance of convertible corporate bonds in 2025 for operating needs.
   (3) The decrease in other equity was mainly due to significant fluctuations in the exchange rates of the U.S. dollar against the New Taiwan dollar and the Vietnamese dong in 2025, resulting in a substantial decrease in exchange differences on the translation of the financial statements of foreign operations.
2. Those with significant impacts should explain future response plans
   The above changes have no significant adverse impact on the Company, and there are no major abnormalities in the Company's overall performance, so there is no need to formulate response plans.

II. Financial performance

(I) Financial performance comparison analysis table

Unit: NTD thousands; %

Item \ Year	2025	2024	Increase or Decrease	
			Amount	%
Operating revenue	39,594,659	37,689,899	1,904,760	5
Operating cost	33,248,169	30,231,229	3,016,940	10
Gross operating profit	6,346,490	7,458,670	(1,112,180)	(15)
Operating expense	2,570,217	2,774,809	(204,592)	(7)
Operating income	3,776,273	4,683,861	(907,588)	(19)
Non-operating income	467,532	586,597	(119,065)	(20)
Net income before tax	4,243,805	5,270,458	(1,026,653)	(19)
Income tax expense	827,810	1,100,792	(272,982)	(25)
Net income for this	3,415,995	4,169,666	(753,671)	(18)
Other comprehensive	(1,769,214)	543,164	(2,312,378)	(426)
Total comprehensive	1,646,781	4,712,830	(3,066,049)	(65)

If the amount of increase or decrease in the previous and later periods reaches more than 20%, and the amount of change reaches NT$10,000,000, the main reasons are analyzed and explained as follows:

(1) Operating profit: The decrease in operating profit was mainly due to the Company bearing a portion of tariffs for brand customers in 2025 and adjustments to the product mix.

(2) Non-Operating Income and Expenses: The decrease was mainly due to continuous appreciation of the US dollar in 2025, with the primary transaction currency being the US dollar, resulting in increased foreign exchange losses.

(3) Profit before tax, income tax expense, profit for the year, and total comprehensive income for the year: The decreases were mainly due to the Company bearing a portion of tariffs for brand customers in 2025 and adjustments to the product mix.

(4) Other comprehensive income (net): The decrease was mainly due to significant fluctuations in the exchange rates of the U.S. dollar against the New Taiwan dollar and the Vietnamese dong in 2025, resulting in a decrease in exchange differences on the translation of the financial statements of foreign operations.

(II) Expected sales quantity and its basis

The Company and its subsidiaries have not disclosed future financial forecasts, so they do not plan to disclose expected sales numbers.

(III) Possible impact on the Company's future financial operations and response plans

The overall net income of the Company and its subsidiaries decreased in 2025 due to the impact of tariffs and product mix adjustments. However, as end-market sales of brand customers remain robust, and the Company and its subsidiaries continue to adjust production capacity allocation across production bases and actively expand new customer relationships, the Company and its subsidiaries expect that there remains room for future sales growth, which will support the Company's overall consolidated revenue performance. In addition, the Company and its subsidiaries will continue to invest in automation development and continuously improve product quality while strengthening cooperation with brand customers to enhance the Company's competitive advantages.

III. Cash flow

(I) Analysis of cash flow changes in the most recent year

Unit: NTD thousands

Year / Accounting items	2025	2024	Increase or Decrease	
			Amount	Ratio %
Net cash outflow (inflow) from operating activities	3,815,515	(79,270)	3,894,785	(4913)
Net cash outflow from investing activities	(1,488,863)	(3,057,114)	1,568,251	(51)
Net cash inflow from financing activities	1,522,910	1,545,443	(22,533)	(1)

Data source: Financial statements verified and certified by CPAs

Analysis of changes in cash flow this year:

1. Changes in net cash outflow from operating activities: Mainly due to the continued optimization of the collection process with brand customers in 2025, resulting in a substantial increase in net cash inflows from operating activities.
2. Changes in net cash outflows from investing activities: Mainly due to the stabilization of production line efficiency in 2025 and the decrease in purchases of property, plant, and equipment, resulting in a decrease in net cash outflows from investing activities.
3. Changes in net cash inflow from financing activities: Mainly due to the issuance of convertible corporate bonds and the distribution of dividends in 2025.

(II) Cash liquidity analysis and improvement plan for insufficient liquidity in the next year

Unit: NTD thousands

Opening cash balance (1)	Estimated full-year net cash inflow from operating activities (2)	Estimated full-year cash flow from investing and financing activities (3)	Cash remaining (shortfall) amount (1)+(2)-(3)	Remedies for cash shortfalls	
				Fundraising plan	Financing plan
7,988,223	8,790,693	(6,032,032)	10,746,884	None	None

1. Cash liquidity analysis and liquidity analysis in the next year
   (1) Operating activities: mainly cash inflows generated from operating profits, and net changes in receivables, inventories, payables, etc.
   (2) Investing and financing activities: Mainly due to changes in the acquisition of property, plant and equipment for production process updates and improvement of production line operational efficiency, repayment, and distribution of cash dividends. In addition, the impact of exchange rate changes on cash is summarized here.
2. Improvement plan for insufficient liquidity: there is no expected cash shortage, so it is not applicable.

IV. The impact of major capital expenditures on financial operations in recent years:

(I) Application status and capital sources of major capital expenditures:

The Company's purchase amounts of fixed assets in 2025 and 2024 were NT$1,558,945 thousand and NT$2,539,651 thousand, respectively. This is because the Company continues to expand production capacity in response to market demand conditions. The following table compares the Company's fixed assets and total asset turnover rates in the past three years, showing that the Company's various turnover rates still maintain a certain level, and the increase in capital expenditure has not adversely affected the Company's financial and business conditions.

Year / Accounting items	2025	2024	2023
Fixed asset turnover rate	3.29	3.24	2.69
Total asset turnover rate	1.13	1.24	1.08

(II) Expected benefits:

After the construction of factory in Indonesia is completed, the Company's production capacity will be increased and the Group's operational scale will be expanded in order to meet the increase in future orders and urgent customer demand. It is expected that future revenue will increase relatively.

V. The most recent annual reinvestment policy, the main reasons for its profits or losses, improvement plans and investment plans for the next year

(I) The Group's investment strategy is formulated in accordance with its overall business policy and development strategy, with a primary focus on strengthening its core footwear manufacturing business. In response to growing customer orders, the Group continues to expand production capacity through the construction of new factories and production lines. Going forward, the Group will continue to adhere to the principle of making long-term investments in its core business while prudently executing its investment plans in response to changes in the operating environment, so as to ensure the Company's long-term, stable, and sustainable development.

(II) Based on the consolidated financial statements for 2025, the Group recognized investment losses under the equity method of NT$17,011,000, primarily attributable to YANGZHOU BAOYI and VINH TY. The Group's net profit after tax for 2025 amounted to NT$3,415,995,000. Accordingly, the investment losses recognized under the equity method reduced the Group's overall profitability by approximately 0.5%. The Group holds approximately 24% of the equity interest in VINH TY. Due to operating losses incurred by VINH TY`s outsole manufacturing business, which is managed by the joint venture partner holding the remaining 76% interest, the Group submitted a request to the joint venture partner in September 2023 for the repurchase of its equity interest. However, despite several years of discussions at shareholders' meetings, the joint venture partner has not agreed to repurchase the Group's shares. Taking into consideration the uncertainty regarding the recoverability of the investment, the Group recognized an investment loss of NT$5,752,000 in 2025. The Group will continue to negotiate with the joint venture partner at VINH TY 's annual shareholders' meetings regarding the repurchase of its equity interest. The Group holds approximately 50% of the equity interest in YANGZHOU BAOYI. Due to structural changes in China's footwear manufacturing environment, YANGZHOU BAOYI ceased its footwear manufacturing operations at the end of 2023 and was transformed into a factory leasing business, with leasing operations managed by its joint venture partner, POU CHEN.

The factory premises were leased out in 2025 under a 20-year lease agreement, with the first three years being rent-free. As no rental income was generated in 2025 and a one-time disposal loss was incurred from the sale of previously used production machinery and equipment, the Group recognized an investment loss of NT$11,259,000 in 2025. YANGZHOU BAOYI is expected to begin recognizing rental income in 2028, at which time such rental income is expected to be sufficient to cover its operating expenses.

(III) Investment plan for the next year

As the Company's existing production capacity is insufficient to meet anticipated future customer demand, and in line with the strategic objective of its brand customers to diversify country-specific production risks, the Board of Directors approved, on May 31, 2021, November 1, 2021, and December 24, 2024, the establishment of YIH QUAN, YIHFULL, and YIH YOU, respectively, in Indonesia. These investments are intended to expand production capacity to meet the growing demand from various branded customers while further extending the Group's manufacturing and operational footprint into Indonesia, the Group's third production base in Southeast Asia, thereby strengthening long-term customer relationships. Among these facilities, YIH QUAN consists of Plants A and B, with Plant A dedicated to Customer D's orders and Plant B dedicated to Customer B's orders. YIHFULL and YIH YOU will primarily manufacture products for Customer A.

YIH QUAN is being developed in two phases. Phase I, consisting of Plants A and B, commenced gradual mass production at the end of 2024. The ramp-up of Plant A has progressed generally as planned. However, production at Plant B has been affected by weaker-than-expected orders resulting from a decline in Customer B's sales. To mitigate this impact, YIH QUAN implemented workforce reallocation between production plants during 2025. The commencement of Phase II construction will be evaluated in 2026 based on global economic conditions and order visibility.

Construction of YIH YOU commenced in 2025, beginning with the main structural works of Zone O. The factory is expected to gradually commence mass production between the second and third quarters of 2026.

YIHFULL officially executed the land purchase agreement on November 20, 2025, acquiring six hectares of industrial land. Factory design work and subsequent construction are scheduled to commence in 2026.

VI. Risk event analysis

(I) In the most recent year and as of the publication date of the annual report, the impact of interest rates, exchange rate changes, and inflation on the Company's profits and losses and future response measures

1. The impact of interest rate changes on the Company's profits and losses and future response measures

Unit: NTD thousands

Year / Item	2024		2025	
	Amount	% of Net Sales	Amount	% of Net Sales
Interest income	108,871	0.29	70,726	0.18
Interest expense	175,198	0.46	168,421	0.43

The Company’s interest income mainly arises from bank deposit interest; interest expenses primarily consist of interest expenses from loans from financial institutions and interest expenses recognized under the effective interest method for lease liabilities. In 2024-2025, the proportions of interest income and interest expenses to the net sales of the respective years were relatively low, at 0.29%, 0.18%, and 0.46%, 0.43%,

respectively, indicating that interest rate changes had no significant impact on the Group's operations.

Specific measures in response to interest rate changes:

The Company's capital planning is based on the principle of being conservative and prudent. Safety management is the first priority in capital allocation. Capital investment is mainly short-term deposits and the proportion of interest income is not high. The Company's financial structure is sound. It has borrowed money to meet the working capital requirements for expansion of business scale, and the proportion of interest expenses is not high. The Company and its subsidiaries will raise the required funds based on comprehensive consideration of various funding sources and costs. In the future, the Company will continue to pay close attention to the development of the global economy and adopt hedging tools in a timely manner to avoid the risk of rising interest rates.

2. The impact of exchange rate changes on the Company's profits and losses and future countermeasures

Unit: NTD thousands

Item \ Year	2024	2025
Exchange gain (loss)	663,082	598,782
Proportion of Operating Income (%)	1.76%	1.51%

The Company’s primary import and export transactions are denominated in US dollars. Therefore, the receivables and payables from these transactions can offset each other, creating a natural hedging effect. The Group’s foreign exchange gains for 2024–2025 were NT$663,082 thousand and NT$598,782 thousand respectively, accounting for 1.76% and 1.51% of net operating revenue. This indicates that the impact of exchange rate fluctuations on the Group’s profitability remains limited.

Specific measures in response to exchange rate changes:

(1) Financial personnel collect real-time foreign exchange market information at any time, and provide business units as a reference for quotations based on their judgment of future exchange rate trends.

(2) The Company adopts natural hedging and uses forward foreign exchange contracts in accordance with its internal control system for management.

3. The impact of inflation on the Company's profits and losses and future countermeasures

When planning the annual business plan, the Company has taken inflation risks into consideration. In the past, the Company's profits and losses have not been significantly affected by inflation. If inflation leads to an increase in purchase costs, the Company will monitor upstream product price changes and timely reflect them in costs and quotations to reduce the impact of cost changes on the Company's profits and losses.

Specific measures in response to exchange rate changes:

The Company pays attention to market price fluctuations at all times and continues to maintain close and good interactive relationships with suppliers to avoid the adverse impact of inflation on its profits and losses.

(II) Policies for engaging in high-risk, high-leverage investments, lending funds to others, endorsement guarantees, and derivatives transactions, the main reasons for profits or losses, and future countermeasures

1. Based on sound principles and pragmatic business philosophy, the Company does not engage in high-risk or high-leverage investments other than focusing on the Company's business areas.

2. The Company has established procedures such as "Regulations for Lending Funds to Others", "Regulations for Endorsements and Guarantees", and "Regulations for the Management of Acquiring or Disposing of Assets", and handles related operations in accordance with these regulations, thus limiting risks.

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

The R&D units of the Company, operated by Lacty, Vinh Long, Ty Bach, and Yih Shuo, executed various research and development projects. In 2025, we invested NT$718,735 thousand in R&D expenses. Besides being responsible for the development of new shoe styles, mold development, and sample trial production testing, the subsidiaries' R&D units also actively pursue technological innovation and process enhancement. Their future R&D plans will focus on modernization of equipment, and prioritize intelligence, energy efficiency, digitization, and automation. This includes the implementation of key process automation and war room systems, with the aim of comprehensively managing and improving the overall efficiency of factory equipment in real-time through digital management methods.

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

The Company executes various business operations in accordance with the laws and relevant policies of the country where it is registered and where it primarily operates, keeping abreast of changes and development trends, responding promptly to market environmental changes, and taking appropriate measures. In the most recent year and as of

the publication date of the annual report, there have been no significant changes in domestic and foreign policies and laws that have a significant impact on the Company's financial operations.

(V) The impact of technological changes (including information security risks) and industrial changes on the Company’s financial business and countermeasures

The Company stays attentive to the relevant technology, development, and updates in its industry, rapidly grasps industry trends, continuously enhances production capabilities, evaluates the impact on company operations, and timely adjusts development directions based on technological or industrial changes. In the most recent year and as of the publication date of the annual report, technological changes and industrial changes have not had a significant impact on the Company's financial operations.

(VI) The impact of changes in corporate image on corporate crisis management and countermeasures

Since its establishment, the Company has maintained a good corporate image, complied with relevant regulations, actively developed new products, and maintained harmonious labor and local relations to uphold an excellent corporate image, with no incidents affecting the corporate image in recent years.

(VII) Expected benefits, possible risks and countermeasures for mergers and acquisitions

To acquire the supercritical foaming technology for midsoles and outsoles and increase competitive advantages, the Company intends to acquire 51% equity of PT Alnu, the Indonesian subsidiary of Advanced Source Industrial Co., Ltd (hereinafter referred to as Advanced), through its wholly-owned subsidiary Everyield. The production items are midsoles and outsoles. PT Alnu is the designated supplier for branded customers. This investment and expansion plan will help the Company to upward integrate the local shoe material supply chain in Indonesia. It is expected to effectively reduce production costs and increase the competitiveness in winning customer orders.

The Company prepared the investment plan evaluation report and investment agreement in accordance with internal procedures and obtained approval as per the authority levels. Following the board of directors' resolution on September 26, 2023, the Indonesian PT Alnu investment project will be implemented. This investment case is a merger and acquisition, and a third-party professional institution was commissioned to issue a price reasonableness opinion. According to the price reasonableness opinion issued by CPA Tu Sheng-Jie of Sheng Jie CPA Firm on September 15, 2023, the investment price is reasonable.

The Company originally planned to make investments in three phases and completed the first phase of investment on December 15, 2023, officially holding 51% equity in Alnu. Due to the joint venture partner’s difficulty with capital turnover, after negotiation, the Company proposed to take over the capital increase quota that the joint venture partner was supposed to contribute in 2025. Following approval by the board of directors’ resolution on March 6, 2025, the Company’s shareholding ratio increased to 66.2%.

The Phase I production plant building of PT. Alnu Sporting Goods Indonesia began equipment procurement and installation, employee recruitment, and training in the fourth quarter of 2023, and it commenced mass production in the fourth quarter of 2024. In 2025, production capacity increased as machinery and equipment were installed successively. As the plant is still in the early stage of operation, it has not yet contributed to the Group’s earnings. However, the Company’s accumulated investment in PT. Alnu Sporting Goods

Indonesia amounted to US$4.8 million. Based on the assessment, the impact of the total investment amount on the Company's profitability and net worth should be limited.

(VIII) Expected benefits, possible risks and countermeasures of expanding the factory

To meet future order demands, after reaching a consensus with major brand clients and cooperating with clients to diversify production locations to reduce systemic risk, the Company has planned to expand a new contract shoe factory in Indonesia, making it the third Southeast Asian country after Vietnam and Myanmar. The Company formulates the plant expansion plan, investment assessment report and investment assessment form in accordance with internal procedures, and approves them in accordance with the approval authority. After the board of directors passes the resolution, the construction of the Yihquan Indonesia plant Yihfull and Yih You plant will be carried out.

Although this is the Company's first investment in establishing a new factory in Indonesia, it is being done in response to client demands and following expansion plan assigned by the clients to meet their supply needs. The Company leverages external expert opinions to quickly understand the local investment environment and legal regulations.

The Company plans to invest in the Yihquan factory in Indonesia in two phases according to the mass production progress. The five buildings of the first phase production complex were completed successively from the fourth quarter of 2023 to the second quarter of 2024 and began accepting orders for mass production in July 2024, which will benefit the expansion of the Company's production capacity and operational coordination while enhancing the Company's operational scale and competitive capabilities. In 2025, due to the impact of U.S. tariff policies, the construction schedule for the Phase II production plant building of PT. Yih Quan Footwear Indonesia was temporarily suspended. In 2026, the Company will assess whether to commence the construction schedule for the Phase II plant building of PT. Yih Quan Footwear Indonesia based on changes in U.S. tariff policies and international economic conditions.

In the second half of 2024, the Company met with brand client A Group. In the short term, A Group hopes we will find contract manufacturers in Indonesia for production; their mid-term goal is for us to find medium-sized land (approximately 10 hectares) in industrial zones for rapid factory establishment; and their long-term goal is to seek large tracts of land for factory development. Accordingly, in Q4 2024, the Company's Yihfull plant reached an agreement with brand customer, Adidas to serve as its OEM footwear factory, and orders were transferred to the plant in Q4 2024. Stable shipments are expected to continue from 2025 to 2026.

The Yih You plant completed the acquisition of land of approximately 8.7 hectares in Batang Industrial Park (BIP), Central Java Province in H1 2025, and commenced plant construction in the third quarter of 2025. Mass production is expected to begin in the second quarter of 2026, with full capacity expected to be reached by 2028, representing an estimated annual production capacity of approximately 10 million pairs.

The Yihfull plant is expected to complete the acquisition of land of approximately 6 hectares in Batang Industrial Park (BIP), Central Java Province in H1 2026, after which plant construction will commence. Mass production is expected to begin in H2 2027, and the Company will continue to seek other medium- to large-sized land parcels suitable for plant construction.

(IX) Risks faced by purchase or sales concentration and countermeasures

1. Sales of goods

In both 2024 and 2025, the Company and its subsidiaries had sales amounts to a single customer, A Group, exceeding 30% of each year's net sales revenue. This is mainly due to nearly 20 years of cooperation between the Company and A Group, with the quality of products produced by the Company being recognized by brand clients. However, with the growth of A Group's brand clients' performance, their demand for the Company's products increased, leading to sales concentration. In addition to deeply cultivating and maintaining good cooperative relationships with customers, the Company also adjusts the product lines of each factory in response to the trends of global brands, resulting in an increase or decrease in orders for each brand and reducing the Company's risk of concentrating sales to a single customer.

2. Purchase of goods

In the most recent year and as of the publication date of the annual report, the Company and its subsidiaries have not had a single supplier account for more than 30% of the total, so there is no risk of concentration of purchases.

(X) Directors, supervisors or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of large-scale transfer or replacement of equity on the Company

The Company has not established a supervisor. In the most recent year and as of the publication date of the prospectus, there has been no substantial transfer of equity by directors or major shareholders holding more than 10% of the shares. The Company's operating rights are quite stable.

(XI) The impact, risks and countermeasures of changes in management rights on the Company

As of the publication date of the annual report, the Company has no changes in management rights that would affect its operations.

(XII) For litigation or non-litigation cases, the Company should specify any significant litigation, non-litigation, or administrative disputes that have been definitively ruled or are still pending, involving the Company, its directors, supervisors, general manager, actual responsible persons, shareholders holding more than 10% of the shares, and affiliated companies, where the outcome may significantly impact shareholder rights or the price of securities. The facts of the dispute, the amount involved, the start date of the litigation, the main litigating parties, and the status as of the date of printing the annual report should be disclosed.

1. The Company's litigation, non-litigation or administrative disputes in the past two years and as of the date of publication of the annual report have been adjudicated or are still pending, and if the results may have a significant impact on shareholders' rights and interests or securities prices, their status should be disclosed. Facts in dispute, subject amount, start date of litigation, main parties involved and current handling situation:

Litigation/ Non-litigation/ Administrative Disputes	Counterparty of Litigation	Cause and Process of Litigation	Impact on the Company's Financial Operations
Project entrustment	Best Sun and Koo Group Co., Ltd	(1) In 2018, Tsang Yih Company Limited engaged BEST SUN AND KOO GROUP CO., LTD. to carry out fire protection works. BEST SUN AND KOO GROUP CO., LTD. alleged that Tsang Yih Company Limited had breached the contract and filed a lawsuit seeking payment of the outstanding construction balance of US$39,000, the remaining balance for additional services of US$12,090, and loss expenses equivalent to approximately US$5,600. (2) The court rendered a final judgment in 2024, ruling that Tsang Yih Company Limited was only required to pay the outstanding construction balance and the remaining balance for additional services, and was not required to compensate for the loss expenses. (3) BEST SUN AND KOO GROUP CO., LTD. petitioned the court to require Tsang Yih Company Limited to pay the amount in a lump sum. Tsang Yih Company Limited will request the court to allow payment in 3 to 10 installments, and the case will be heard after the court confirms the hearing date.	It will have no significant impact on the Company's finances and business.
Buying and selling of voltage stabilizer	Best Sun and Koo Group Co., Ltd	(1) In 2016 and 2017, Tsang Yih Company Limited entered into contracts with BEST SUN AND KOO GROUP CO., LTD. for the purchase and installation of two voltage stabilizers. However, the voltage stabilizers provided by BEST SUN AND KOO GROUP CO., LTD. were of poor quality and caused losses. Therefore, Tsang Yih Company Limited filed a lawsuit against BEST SUN AND KOO GROUP CO., LTD., claiming a total amount of US$193,174, equivalent to MMK 280,102,300. (2) The court accepted the evidence submitted by Tsang Yih Company Limited and dismissed BEST SUN AND KOO GROUP CO., LTD.'s objection to the testimony of Tsang Yih Company Limited's witness. Tsang Yih Company Limited's witness will appear in court to testify during the subsequent trial proceedings.	It will have no significant impact on the Company's finances and business.

2. Significant litigation, non-litigation, or administrative dispute cases involving the Company's directors, supervisors, general manager, actual responsible persons, shareholders holding more than 10% of the shares, and affiliated companies in the past two years and up to the date of printing the annual report that may significantly impact shareholder rights or the price of securities: None.
3. The Company's directors, supervisors, managers and major shareholders with a shareholding ratio of more than 10% have occurred in the past two years and as of the date of publication of the annual report, and the circumstances stipulated in Article 157 of the Securities and Exchange Act have occurred and the current handling situation: None.

(XIII) Other important risks and response measures

1. Risks related to the overall economy, political and economic environment, foreign exchange, laws and regulations, and shareholder rights protection:

   The Company is registered in the Cayman Islands and has important operating locations in Vietnam, Mainland China, Myanmar and Indonesia. Therefore, changes in the overall economic and political environment and foreign exchange fluctuations in the places of registration and operations will affect the Company's operating conditions. Additionally, the laws of the Cayman Islands, where the Company is registered, differ significantly from those in Taiwan, such as the Company Act. Although the Company has amended its Articles of Association in accordance with "Checklist of Matters for Protecting Shareholder Rights of Foreign Issuers" required by the Taiwan Stock Exchange, there are still many differences in regulatory requirements for company operations between the two jurisdictions. Investors should fully understand and consult experts about the related investment risks.

2. Things for attention regarding the restrictions on foreign securities transactions, tax burdens and payment processing in the country where the foreign issuer is registered and the country where the foreign issuer is listed:

   The Company is registered in the British Cayman Islands as an exempted company and has no actual operating activities there. The Company Act of the Cayman Islands currently does not restrict or prohibit foreigners from holding or trading the securities of exempted companies. According to the current laws of the Cayman Islands, apart from personal income tax for certain expatriate workers, the Cayman Islands government does not impose direct taxes such as capital gains tax, corporate income tax, property tax, or inheritance tax. In summary, the securities raised and issued by the Company should not have any restrictions on securities transactions, tax burdens and payment processing issues in the country of registration.

3. Risks related to the statements made in this annual report:

   A. Facts and statistics

      Certain external information and external statistical information in this annual report are obtained from different statistical publications, but such information may not be accurate, complete or up-to-date. The Company does not make any statement regarding the authenticity or accuracy of such statements, and investors should not rely unduly on such external information to make investment judgments.

   B. Forward-looking statements and risks and uncertainties contained in this annual report

This annual report contains certain forward-looking statements and information about the Company and its related companies. Such statements and information are based on the beliefs, assumptions and information currently available to the Company's management. In this annual report, the terms "anticipate", "believe", "can", "expect", "future", "intend", "may", "must", "plan", "estimate", "seek", "should", "will", "possible", "hope", and similar expressions, when used in reference to the Company or the Company's management, indicate forward-looking statements. Such statements reflect the current views of the Company's management with respect to future events, operations, liquidity and funding sources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including other risk factors described in this disclosure statement. Investors should consider carefully and rely on any forward-looking statements that involve known and unknown risks and uncertainties. The risks and uncertainties faced by the Company may affect the accuracy of forward-looking statements, including but not limited to the following aspects:

(A) This annual report V. Explanation of operating overview.

(B) Certain statements in this annual report regarding price, volume, operations, profit trends, overall market trends, risk management and exchange rates.

The Company will not update the forward-looking statements in this annual report or revise them in response to future events or information. In view of these and other risks, uncertainties and assumptions, the forward-looking statements and circumstances in this annual report may not occur in the way the Company anticipates, or may even occur. Accordingly, investors should not rely on any forward-looking statements.

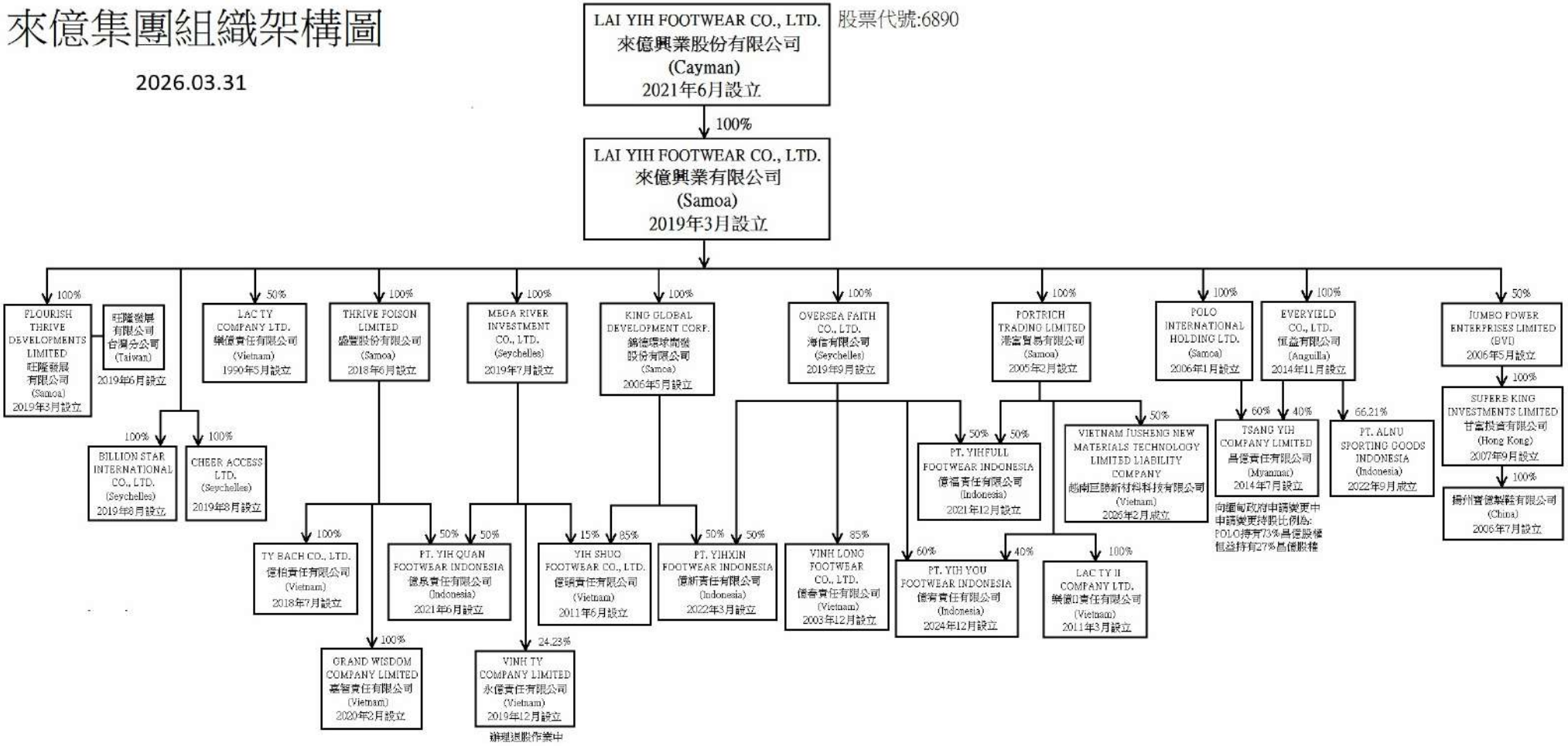
VII. Other important matters: None

VII. Special Recorded Matters

I. Information on related companies

(I) Consolidated Business Reports

1. Affiliated companies chart



2. Basic information of each related enterprise

Date: December 31, 2025; Unit: Capital amount is in USD thousands

Company name	Date of establishment	Place of registration	Paid-in capital	Main business
Lai Yih Footwear Co.,Ltd.	2019/3/8	Samoa	157,300	General investments.
Flourish Thrive Developments Limited	2019/3/8	Samoa	1,000	General investments.
Flourish Thrive Developments Limited Taiwan Branch	2019/6/17	Republic of China	-	Mainly responsible for receiving orders from the Group.
Cheer Access Ltd.	2019/8/7	Seychelles	1,000	Mainly engaged in general investments and responsible for overseas purchasing for non A Group in Vietnam.
Billion Star International Co., Ltd.	2019/8/2	Seychelles	1,000	Mainly responsible for general investments and overseas procurement for A Group in Vietnam.
Portrich Trading Limited	2005/2/8	Samoa	153,750	General investments.
Oversea Faith Co., Ltd.	2019/9/9	Seychelles	95,520	General investments.
King Global Development Corp.	2006/5/23	Samoa	60,760	General investments.
Mega River Investment Co., Ltd.	2019/7/3	Seychelles	61,800	General investments.
Thrive Foison Limited	2018/6/21	Samoa	177,500	General investments.
Polo International Holding Ltd.	2006/1/5	Samoa	69,850	Mainly responsible for general investments and overseas procurement for A Group in Myanmar.
Everyield Co., Ltd.	2014/11/28	Anguilla	38,800	General investments.
Lacty Company Limited	1990/5/2	Vietnam	2,945	Mainly affiliated to A Group's sports shoe OEM production base in Vietnam.
Lacty II Company Limited	2011/3/14	Vietnam	142,000	It is mainly an OEM production base for branded sports shoes in Vietnam. Its main business items are the manufacturing, processing and trading of sporting goods.
Pt. Yihfull Footwear Indonesia	2021/12/16	Indonesia	10,000	It is an Indonesian OEM production base for branded sports shoes. Its main business items are the manufacturing, processing and trading of sporting goods.
Vinh Long Footwear Co., Ltd.	2003/12/31	Vietnam	105,153	It is mainly an OEM production base for branded sports shoes in Vietnam. Its main business items are the manufacturing, processing and trading of sporting goods.
Pt. Yihxin Footwear Indonesia	2022/3/2	Indonesia	44	It is an Indonesian OEM production base for branded sports shoes. Its main business items are the manufacturing, processing and trading of sporting goods.
Yih Shuo Footwear Co., Ltd.	2011/6/28	Vietnam	77,430	It is mainly an OEM production base for branded sports shoes in Vietnam. Its main business items

Company name	Date of establishment	Place of registration	Paid-in capital	Main business
				are the manufacturing, processing and trading of sporting goods.
Pt. Yih Quan Footwear Indonesia	2021/6/28	Indonesia	95,000	It is an Indonesian OEM production base for branded sports shoes. Its main business items are the manufacturing, processing and trading of sporting goods.
Ty Bach Company Limited	2018/7/20	Vietnam	100,000	It is mainly an OEM production base for branded sports shoes in Vietnam. Its main business items are the manufacturing, processing and trading of sporting goods.
Grand Wisdom Company Limited	2020/2/21	Vietnam	33,000	It is mainly an OEM production base for branded sports shoes in Vietnam. Its main business items are the manufacturing, processing and trading of sporting goods.
Tsang Yih Company Limited	2014/7/1	Myanmar	132,025	It is an OEM production base for branded sports shoes in Myanmar. Its main business items are the manufacturing, processing and trading of sporting goods.
Pt. Alnu Sporting Goods Indonesia	2022/9/5	Indonesia	7,250	It is an Indonesian OEM production base for branded sports shoes. Its main business items are the manufacturing, processing and trading of sporting goods.
Pt. Yih You Footwear Indonesia	2024/12/12	Indonesia	30,000	It is an Indonesian OEM production base for branded sports shoes. Its main business items are the manufacturing, processing and trading of sporting goods.

3. Those who are presumed to have a relationship of control and subordination, and have the same shareholder information: Not applicable.
4. The industries covered by overall business operations of the relevant enterprises:
   (1) Main industry: production, sales and reinvestment of various footwear related businesses.
   (2) Others: distribution and agency business, etc. For the main business or production items of each affiliated enterprise, please refer to (2) and basic information of each affiliated enterprise for more details.

5. Information on directors, supervisors and general managers of related companies

Date: April 18, 2026

Company name	Title	Name or representative	Shares held	
			Number of shares	Shareholding ratio
Lai Yih Footwear Co., Ltd.	Chairman	Chung, Te-Li	-	-
Flourish Thrive Developments Limited	Director	Chung, Te-Li	-	-
Flourish Thrive Developments Limited Taiwan Branch	-	-	-	-
Cheer Access Ltd.	Director	Chung, Te-Li	-	-
Billion Star International Co., Ltd.	Director	Chung, Te-Li	-	-
Portrich Trading Limited	Director	Chung, Te-Li	-	-
	Director	Lin, Chang-Yung	-	-
Oversea Faith Co., Ltd.	Director	Chung, Te-Li	-	-
King Global Development Corp.	Director	Chung, Te-Li	-	-
Mega River Investment Co., Ltd.	Director	Chung, Te-Li	-	-
Thrive Foison Limited	Director	Chung, Te-Li	-	-
Polo International Holding Ltd.	Director	Chung, Te-Li	-	-
Everyield Co., Ltd.	Director	Chung, Te-Li	-	-
Lacty Company Limited	Chairman	Chou Hui-Chin	-	-
	Vice chairman	Chung, Te-Li	-	-
	Director	Lin, Chang-Yung	-	-
	Director	Li Shih Ming Hsien	-	-
Lacty II Company Limited	Chairman	Chung, Te-Li	-	-
	Vice chairman	Lin, Chang-Yung	-	-
	Director	Hsu, Sung-Chu	-	-
	Director	Chung, Chen-Chia	-	-
	Director	Lin, Chun-Hsing	-	-
Pt. Yihfull Footwear Indonesia	Chairman	Lin, Chang-Yung	-	-
	Director	Hsu, Cheng-Chih	-	-
	Supervisor	Hsu, Sung-Chu	-	-
Vinh Long Footwear Co., Ltd.	Chairman	Chung, Te-Li	-	-
	Vice chairman	Chou Hui-Chin	-	-
	Director	Lin, Chang-Yung	-	-
	Director	Hsu, Sung-Chu	-	-
	Director	Hsiung Li-Chin	-	-
	Director	Chung, Chen-Chia	-	-
	Director	Li Yueh-Hsiung	-	-
Pt. Yihxin Footwear Indonesia	Executive director	Hsu, Sung-Chu	-	-
	Director	Chung, Te-Li	-	-
	Supervisor	Lin, Chang-Yung	-	-
Yih Shuo Footwear Co., Ltd.	Chairman	Chung, Te-Li	-	-
	Director	Lin, Chang-Yung	-	-
	Director	Hsu, Sung-Chu	-	-
	Director	Chung, Chen-Chia	-	-
Pt. Yih quan Footwear Indonesia	Executive director	Chung, Te-Li	-	-
	Supervisor	Lin, Chang-Yung	-	-

Company name	Title	Name or representative	Shares held	
			Number of shares	Shareholding ratio
Ty Bach Company Limited	Chairman	Chung, Te-Li	-	-
	Vice chairman	Lin, Chang-Yung	-	-
	Director	Hsu, Sung-Chu	-	-
	Director	Chung, Chen-Chia	-	-
	Director	Lin, Chun-Hsing	-	-
Grand Wisdom Company Limited	Chairman	Chung, Te-Li	-	-
	Vice chairman	Lin, Chang-Yung	-	-
	Director	Hsu, Sung-Chu	-	-
	Director	Chung, Chen-Chia	-	-
	Director	Lin, Chun-Hsing	-	-
Tsang Yih Company Limited	Director	Meng Hsiang-Tao	-	-
	Director	Liao Jung-Ta	-	-
Pt. Alnu Sporting Goods Indonesia	Chairman	Hsu, Sung-Chu	-	-
	Director	Lin, Chang-Yung	-	-
	Director	OKA BAGUS PANUNTUN	-	-
	Chief Supervisor	Chung, Chen-Chia	-	-
	Supervisor	Su Chi-Ming	-	-
Pt. Yih You Footwear Indonesia	Chairman	Lin, Chang-Yung	-	-
	Director	Chung, Te-Li	-	-
	Supervisor	Hsu, Sung-Chu	-	-

6. Overview of the operations of each related enterprise

Date: January 1 to December 31, 2025
Unit: Except for the capital amount which is USD thousands, the rest is in NTD thousands

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit and loss for the current period (after tax)
Lai Yih Footwear Co., Ltd (hereinafter referred to as: Lai Yih SAMOA)	157,300	28,308,945	5,429,091	22,879,854	-	(112,001)	3,310,535
Flourish Thrive Developments Limited (hereinafter referred to as: Flourish Thrive SAMOA)	1,000	13,014,957	9,888,298	3,126,659	44,922,176	2,402,100	1,889,443
Cheer Access Ltd (hereinafter referred to as: Cheer Access)	1,000	715,998	676,534	39,464	3,199,867	(43)	1,895
Billion Star International Co., Ltd (hereinafter referred to as: Billion Star)	1,000	294,407	254,949	39,458	1,963,857	(43)	2,462
Portrich Trading Limited (hereinafter referred to as: Portrich)	153,750	5,528,449	-	5,528,449	-	(1,346)	277,179
Oversea Faith Co., Ltd (hereinafter referred to as: Oversea Faith)	95,520	5,514,839	-	5,514,839	-	(35)	455,645
King Global Development Corp. (hereinafter referred to as: King Global)	60,760	2,505,868	-	2,505,868	-	(36)	241,679
Mega River Investment Co., Ltd. (hereinafter referred to as: Mega River)	61,800	1,896,749	251,440	1,645,309	-	(43)	61,500
Thrive Foison Limited (hereinafter referred to as: Thrive Foison)	177,500	5,947,245	880,040	5,067,205	-	(72)	270,921
Brilliant Metero Limited (hereinafter referred to as: Brilliant Metero)	-	-	-	-	-	(179)	(181)
Polo International Holding Ltd. (hereinafter referred to as: Polo)	69,850	2,597,768	712,869	1,884,899	2,174,761	81,313	156,794
Everyield Co., Ltd. (hereinafter referred to as: Everyield)	38,800	828,034	110,005	718,029	-	(183)	22,303
Lac Ty Company Limited (hereinafter referred to as: Lacty)	2,945	596,512	221,843	374,669	1,346,688	248,545	197,196
Lac Ty II Company Limited (hereinafter referred to as: Lacty III)	142,000	5,734,728	1,004,374	4,730,354	10,266,489	99,017	266,010
Pt. Yihfull Footwear Indonesia (hereinafter referred to as: Yihfull)	10,000	378,927	80,076	298,851	600,310	8,012	14,167
Pt. Yihyou Footwear Indonesia (hereinafter referred to as: Yih You)	30,000	929,472	2,383	927,089	-	(3,346)	11,651
Vinh Long Footwear Co., Ltd. (hereinafter referred to as: Vinh Long)	105,153	5,861,928	834,762	5,027,166	11,418,298	536,335	518,808
Pt. Yihxin Footwear Indonesia (hereinafter referred to as: Yihxin)	44	-	-	-	-	(69)	(47)
Yih Shuo Footwear Co., Ltd. (hereinafter referred to as: Yih Shuo)	77,430	2,858,021	398,305	2,459,716	3,975,101	247,738	282,521
Pt. Yihquan Footwear Indonesia (hereinafter referred to as: Yihquan)	95,000	3,972,370	1,527,620	2,444,750	2,674,976	108,088	41,615
Ty Bach Company Limited (hereinafter referred to as: Ty Bach)	100,000	3,945,517	1,589,257	2,356,260	5,314,238	208,505	149,462
Grand Wisdom Company Limited (hereinafter referred to as: Grand Wisdom)	33,000	1,139,629	117,149	1,022,480	1,048,354	93,885	84,239
Tsang Yih Company Limited (hereinafter referred to as: Tsang Yih)	132,025	2,357,743	152,536	2,205,207	888,167	(111,233)	102,405
Pt. Alnu Sporting Goods Indonesia (hereinafter referred to as: Alnu)	7,250	418,433	244,517	173,916	331,190	(7,193)	(9,260)

(II) Consolidated financial business statements of related enterprises: the same as the consolidated financial statements, please refer to pages 143 to 221.
Link to MOPS: https://mops.twse.com.tw/mops/#/web/home

(III) Reports on Subsidiaries：Not applicable

II. The handling of private placement securities in the most recent year and as of the date of publication of the annual report: No such situation.

III. Other necessary supplementary explanations: None.

VIII. In the most recent year and as of the date of publication of the annual report, events that have a significant impact on shareholders' equity or securities prices as stipulated in Article 36, Paragraph 2, subparagraph 2 of the Securities and Exchange Act have occurred: None.

IX. Major differences from our country's regulations on the protection of shareholders' rights and interests

The Company has amended its Articles of Association according to "Checklist of Major Issues Regarding the Protection of Shareholders' Rights for Foreign Issuers in Their Jurisdiction of Incorporation" (hereinafter referred to as "Checklist of Shareholders' Rights Protection") announced by the Taiwan Stock Exchange Corporation on May 2, 2024. However, due to slight inconsistencies between Cayman Islands laws and Taiwan laws, some of the major issues regarding the protection of shareholders' rights listed in the Checklist of Shareholders' Rights Protection are not necessarily applicable to the Company. The following table explains the differences between the Company's currently effective Articles of Association (hereinafter referred to as the "Articles") and the Checklist of Shareholders' Rights Protection due to the provisions of Cayman Islands laws, as well as the provisions of the Articles.

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
1. A company shall not cancel its shares unless it reduces its capital in accordance with the resolution of the shareholders' meeting; when reducing its capital, it shall be reduced in proportion to the shares held by the shareholders. 2. When a company reduces its capital, it may return its shares with asset other than cash; the asset returned and the amount of the offset shall be subject to a resolution of the shareholders' meeting and the consent of the shareholder who received the asset. 3. The value of the property mentioned in the preceding paragraph and the amount of offset shall be submitted by the board of directors to the ROC CPAs for verification and certification before the	1. According to the provisions of Article 14 of the Cayman Companies Act, the reduction of share capital (Reduction of Share Capital) must be approved by the Court in addition to passing a special resolution of the shareholders' meeting to take effect. 2. According to the Cayman Companies Act, a company may cancel its shares under the following circumstances: (1) Capital reduction through a special resolution of the shareholders' meeting and approved by the Cayman Court; (2) The Company repurchases its shares in accordance with its Articles of Association, and it is not a situation where the Company holds treasury shares.	The capital reduction procedure stipulated in Article 24(b) of the Company's Articles of Association has not been revised. This is because the capital reduction (Reduction of Share Capital) stipulated in Article 14 of the Cayman Companies Act does not take effect except through a special approval by the shareholders' meeting. In addition to passing the resolution, it must be approved by the Court. The provisions of the Cayman Companies Act are mandatory and all companies registered in the Cayman Islands must comply with them. Therefore, Article 24(b) of this Article has not been amended. However, to simultaneously comply with Cayman Islands laws and Taiwan laws, the Company has accordingly amended Articles 16(a), 16(b), and 16(c) of the Articles of Association. Even without obtaining approval from the Cayman Islands Court, the Company may still achieve the effect of capital reduction by repurchasing and canceling its shares. Additionally, the types of refunding capital and the methods of verification, valuation, and offsetting amounts have been stipulated according to the contents of this checklist. This difference has been

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
shareholders' meeting.		disclosed in the prospectus, so the impact on shareholders' rights should be limited.
The company shall convene a shareholders' meeting within the territory of the Republic of China. If a shareholders' meeting is convened outside the Republic of China, the stock exchange must be submitted for approval within two days after the board of directors resolves or the shareholders obtain the convening permission from the competent authority.	According to Article 61 of the Cayman Companies Act, if there are no special provisions in the Articles of Association, three shareholders have the right to convene a shareholders' meeting.	According to Article 32 of the Company's Articles of Association, if the board of directors fails to convene a shareholders' meeting at the request of the minority shareholders, the minority shareholders may directly convene the meeting without first seeking permission from the competent authority. According to the provisions of this Article, minority shareholders do not need to obtain permission from the competent authority in advance to convene a shareholders' meeting. Therefore, if a shareholders' meeting is convened overseas, it is not necessary to obtain the convening permission from the competent authority before reporting to the stock exchange for approval. The reason why this Article has not been amended is that for shareholders of a company to convene a shareholders' meeting on their own, the Cayman Company Act does not give any competent authority the authority to convene a shareholders' meeting for minority shareholders. According to the amended Articles of Association, minority shareholders still have the authority to convene shareholders' meetings, so the impact of this difference on shareholders' rights should be limited.

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
If a shareholder continues for more than one year and holds more than 3% of the total issued shares, he or she may record the proposed matters and reasons in writing and request the board of directors to convene an extraordinary meeting of shareholders. If the board of directors fails to notify the convenor within fifteen days after the request is made, the shareholders may convene the meeting on their own with the permission of the competent authority.	According to Article 61 of the Cayman Companies Act, if there are no special provisions in the Articles of Association, three shareholders have the right to convene a shareholders' meeting.	Article 32 of the Company's Articles of Association stipulates that if the board of directors fails to convene a shareholders' meeting at the request of the minority shareholders, the minority shareholders may directly convene the meeting without first seeking permission from the competent authority. The reason why this Article has not been amended is that for shareholders of a company to convene a shareholders' meeting on their own, the Cayman Company Act does not give any competent authority the authority to convene a shareholders' meeting for minority shareholders. According to the amended Articles of Association, minority shareholders still have the authority to convene shareholders' meetings, so the impact of this difference on shareholders' rights should be limited.
When a company exercises its voting rights in writing or electronically, the method of exercise shall be stated in the notice of convening the shareholders' meeting. A shareholder’s exercise of voting rights in writing or by electronic means will be deemed to have attended the meeting in person, However, the provisional motions and amendments to the original motions of the shareholders' meeting will be deemed to have abstained from voting.	According to Cayman Laws, shareholders may vote in person or by appointing a proxy on their behalf. Shareholders may also pass resolutions in writing. Under Cayman Laws, a "written vote" or "electronic vote" is equivalent to a designated proxy.	Article 54(a) of the Company's Articles of Association stipulates that when shareholders exercise their voting rights in writing or electronically, they are deemed to have designated the stock affairs agent recognized by the Financial Supervisory Commission or the chairman of the shareholders' meeting as their proxy. This is different from the provisions of our country's laws. This is because according to Cayman Laws, a shareholder's "written vote" or "electronic vote" is equivalent to a designated proxy. As the aforementioned Cayman Companies Act provisions are mandatory, all companies registered in the Cayman Islands must comply with them. This difference has been disclosed in the annual report, thus the impact on shareholders' rights should be limited.
1. The Company's Articles of Association may stipulate that the distribution of profits or appropriation of losses shall be made after the end of each quarter or half a fiscal year. 2. Proposals for distribution profits or appropriation of losses for the first three quarters or the first half of the fiscal year of the Company should be submitted to the audit	Cayman Companies Act does not have relevant regulations on the time and procedures for profit distribution or loss appropriation.	According to Article 44 of the Articles of Association, the Company distributes dividends or covers losses only at the end of each fiscal year, so there is no provision for interim dividend distribution or loss coverage in the Articles.

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
committee for review together with the business report and financial statements before being submitted to the board of directors for resolution. 3. When a company distributes surplus in accordance with the provisions of the preceding paragraph, it shall first estimate and retain tax payable, make up for losses in accordance with the law, and set aside statutory surplus reserve. However, this does not apply when the statutory surplus reserve reaches the amount of paid-in capital. 4. When the Company distributes dividends by issuing new shares according to the second item, it requires the presence of shareholders representing more than two-thirds of the total issued shares, with the approval of a majority of the voting rights of the shareholders present. If the total number of shares of the shareholders present is insufficient, the presence of shareholders representing more than half of the total issued shares, with the approval of two-thirds of the voting rights of the shareholders present is required; for cash distribution, it should be decided by the board of directors. 5. When the Company distributes dividends or covers losses according to the previous four items, it should be based on the financial		

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
statements audited or reviewed by CPAs.		
If the convening procedure or resolution method of the shareholders' meeting violates the law or the Articles of Association, shareholders may request the Court to revoke the resolution, and the Taiwan Taipei District Court may be the Court of first instance.	According to Cayman Laws, any change or revocation of a shareholders' meeting resolution should be resolved by a new shareholders' meeting. There is no relevant regulation in the Cayman Companies Act that shareholders can apply to the Court to revoke the resolution of the shareholders' meeting.	Although the Company's Articles of Association contain similar provisions in Article 46, the provisions are slightly different from Taiwan Company Act. This is because the following important matters concerning the protection of shareholders' rights are statutory rights of revocation, and their legal effects cannot be achieved by provisions of the Articles of Association; there must be legal provisions granting shareholders the right of revocation. Although Article 46 of the Company's Articles of Association differs slightly from the following important provisions for the protection of shareholders' rights, when the convening procedure or resolution method of the shareholders' meeting violates the law or the Articles of Association, the Company's Articles do not restrict shareholders' rights to file lawsuits or seek remedies in the Court. Whether the Court (whether in our country or the Cayman Islands) will revoke the shareholders' meeting resolution for violating the law or the Company's Articles should be determined by the Court based on the applicable law granting shareholders the right of revocation, and judged according to its discretion. These differences arise from the nature of shareholders' rights of revocation, and the Company's Articles do not restrict shareholders' rights to file lawsuits or seek remedies in the Court.
The following proposals involving significant shareholder rights should be attended by shareholders representing more than two-thirds of the total issued shares, with the approval of a majority of the voting rights of the shareholders present. If the total number of shares of the shareholders present is insufficient, the presence of shareholders representing more than half of the total issued shares, with the approval of two-thirds of the voting rights of	1. A special resolution, as defined by Section 60 of the Cayman Companies Act, means a resolution approved by at least two-thirds of the shareholders holding at least a majority of the Company's issued shares with voting rights who are present in person or by proxy (if allowed) at a meeting duly notified that the resolution will be approved as a special resolution. 2. According to the Cayman Companies Act, matters requiring special resolution include:	According to Articles 33 and 35 of the Company's Articles of Association, resolutions regarding (1) amendments to the articles, (2) mergers, and (3) voluntary dissolution not due to the Company's inability to pay its debts as they fall due, must be approved by at least two-thirds of the shareholders holding at least a majority of the issued shares with voting rights who are present in person or by proxy (if allowed) (i.e., a special resolution as defined by the Cayman Companies Act). The Articles do not provide for "the resolution to be approved by the presence of shareholders representing more than half of the total issued shares, with the approval of at least two-thirds of the voting rights of the shareholders present".

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
the shareholders present is required: 1. A company entering into, amending, or terminating contracts concerning the lease of all business, entrusting management, or regular joint operation with others; transferring all or a substantial part of the business or assets; acquiring all business or assets of others that significantly impact the Company's operations. 2. Amend the Articles of Association 3. If any change in the Articles of Association damages the rights of shareholders of special shares, it must be resolved by a meeting of special shareholders. 4. Distributing all or part of dividends by issuing new shares 5. Resolution on dissolution, merger or division 6. Share conversion	(1) Change the company name (if it is an exempted company, this includes adopting or changing the dual name in English and foreign languages); (2) Amend or supplement the Articles of Association; (3) Revise or supplement the purpose, powers or other specially stated matters related to the Company's memorandum of incorporation; (4) Reduce share capital or capital redemption reserve; (5) The company decided to dissolve voluntarily due to reasons other than its inability to pay off due debts. (6) Merger. 3. There is no provision for division in the Cayman Companies Act.	This is because the resolution thresholds set by the Cayman Companies Act for amendments to the articles, mergers, and voluntary dissolution not due to the Company's inability to pay its debts are mandatory provisions that all companies registered in the Cayman Islands must comply with; therefore, Articles 33 and 35 of the Company's Articles of Association have not been amended. Since the resolution thresholds set by the Cayman Companies Act for these matters are not inconsistent with the provisions of the Taiwan Company Act, and this difference has been disclosed in the prospectus, the impact on shareholders' rights should be limited.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025 AND 2024

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

DECEMBER 31, 2025 AND 2024 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of LAI YIH FOOTWEAR CO., LTD.

PWC 25004584

Opinion

We have audited the accompanying consolidated balance sheets of LAI YIH FOOTWEAR CO., LTD. and subsidiaries (the "Group") as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and

appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Group's 2025 consolidated financial statements is stated as follows:

Assessment of allowance for inventory valuation loss

Description

Refer to Note 4(12) for the accounting policies on evaluation of inventories, Note 5(2) for the accounting estimates and assumption uncertainty of evaluation of inventories and Note 6(5) for the details of allowance for inventory valuation loss. The Group's balances of inventories and allowance for inventory valuation loss were NT$4,779,431 thousand and NT$89,686 thousand on December 31, 2025, respectively.

Inventories of the Group are mainly sports and leisure shoes and are measured at the lower of cost and net realisable value. Inventories aged over a certain period of time and separately recognised as obsolete inventories are measured at the lower of cost and net realisable value and provided allowance for inventory valuation losses based on individually identified reasonable net realizable value and usable condition of obsolete or slow-moving inventories. Considering that the Group's allowance for inventory valuation losses has a significant impact on the financial statements, we classify the allowance for inventory valuation losses as one of this year's key audit matters.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding on and assessed the reasonableness of the policies and procedures of the Group's subsequent evaluation of inventories and provision for loss on obsolete and slow-moving inventories.
2. Reviewed the annual physical inventory count plan and participated in the annual physical inventory count to assess the effectiveness of the management's classification and control over obsolete inventories.
3. Obtained the inventory aging reports, verified the relevant supporting documents of the inventory change date and ascertained the classification of age ranges of inventories was correct and consistent with the policies.
4. Obtained the net realisable value report of each inventory, ascertained the calculation logic was consistently applied, tested the basis information for estimating the net realisable value of inventories, including verifying supporting documents of sales price, purchases price, etc. and recalculated and assessed the reasonableness of the assessment of allowance for inventory valuation loss.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

independence, and where applicable, related safeguards.

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

Lai, Chih-Wei　　Wu, Sung-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2026

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2025 AMOUNT	%	December 31, 2024 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 7,988,223	22	$ 3,966,034	12
1110	Current financial assets at fair value through profit or loss	6(2)	16,450	-	-	-
1136	Current financial assets at amortised cost	6(3) and 8	6,513	-	3,746	-
1170	Accounts receivable, net	6(4)	7,375,158	21	7,426,297	22
1200	Other receivables		8,325	-	21,911	-
1220	Current tax assets		7	-	1,394	-
130X	Inventories	6(5)	4,689,745	13	5,999,729	17
1479	Other current assets, others	6(6)	2,498,627	7	2,392,946	7
11XX	**Current assets**		22,583,048	63	19,812,057	58
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(3) and 8	15,117	-	15,306	-
1550	Investments accounted for under equity method		440,714	1	458,869	1
1600	Property, plant and equipment	6(7) and 8	11,769,338	33	12,298,149	36
1755	Right-of-use assets	6(8), 7(2) and 8	1,067,284	3	1,200,421	4
1780	Intangible assets		16,962	-	11,843	-
1840	Deferred income tax assets	6(22)	99,665	-	73,397	-
1990	Other non-current assets, others		101,840	-	227,051	1
15XX	**Non-current assets**		13,510,920	37	14,285,036	42
1XXX	**Total Assets**		$ 36,093,968	100	$ 34,097,093	100

(Continued)

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2025 AMOUNT	%	December 31, 2024 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 1,848,004	5	$ 3,311,796	10
2130	Current contract liabilities	6(17)	58,397	-	109,061	-
2150	Notes payable		6	-	6	-
2170	Accounts payable		1,696,836	5	2,129,655	6
2180	Accounts payable-related parties	7(2)	8,101	-	8,868	-
2200	Other payables	6(10)	1,677,229	4	1,945,970	6
2230	Income tax payable		277,706	1	599,952	2
2280	Current lease liabilities	6(8) and 7(2)	44,159	-	43,773	-
2399	Other current liabilities, others		12,956	-	16,019	-
21XX	**Current liabilities**		5,623,394	15	8,165,100	24
	Non-current liabilities					
2530	Bonds payable	6(11)	4,689,228	13	-	-
2570	Deferred income tax liabilities	6(22)	269,879	1	201,552	1
2580	Non-current lease liabilities	6(8) and 7(2)	349,913	1	401,165	1
25XX	**Non-current liabilities**		5,309,020	15	602,717	2
2XXX	**Total Liabilities**		10,932,414	30	8,767,817	26
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(14)				
3110	Share capital-common stock		2,494,000	7	2,494,000	7
	Capital surplus	6(15)				
3200	Capital surplus		15,752,613	43	15,322,516	45
	Retained earnings	6(16)				
3310	Legal reserve		381,832	1	-	-
3350	Unappropriated retained earnings		6,660,526	19	6,044,030	18
	Other equity interest					
3400	Other equity interest		(1,122,611)	(3)	539,590	1
31XX	**Equity attributable to owners of parent**		24,166,360	67	24,400,136	71
36XX	**Non-controlling interests**	4(3)	995,194	3	929,140	3
3XXX	**Total Equity**		25,161,554	70	25,329,276	74
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total Liabilities and Equity**		$ 36,093,968	100	$ 34,097,093	100

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

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2025		2024	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17)	$ 39,594,659	100	$ 37,689,899	100
5000	Operating costs	6(5)(21)	(33,248,169)	(84)	(30,231,229)	(80)
5900	Gross profit from operations		6,346,490	16	7,458,670	20
	Operating expenses	6(21)				
6100	Selling expenses		(596,099)	(1)	(564,643)	(2)
6200	Administrative expenses		(1,271,963)	(3)	(1,517,970)	(4)
6300	Research and development expenses		(718,735)	(2)	(675,200)	(2)
6450	Expected credit impairment gain (loss)	12(2)	16,580	-	(16,996)	-
6000	Total operating expenses		(2,570,217)	(6)	(2,774,809)	(8)
6900	Net operating income		3,776,273	10	4,683,861	12
	Total non-operating income and expenses					
7100	Interest income	6(18)	70,726	-	108,871	-
7010	Other income		52,357	-	60,992	-
7020	Other gains and losses	6(19)	529,881	1	590,310	2
7050	Finance costs	6(20)	(168,421)	-	(175,198)	-
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method		(17,011)	-	1,622	-
7000	Non-operating income and expenses		467,532	1	586,597	2
7900	**Profit before income tax**		4,243,805	11	5,270,458	14
7950	Income tax expense	6(22)	(827,810)	(2)	(1,100,792)	(3)
8200	**Profit**		$ 3,415,995	9	$ 4,169,666	11
	Other comprehensive income					
	Total components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		($ 1,769,214)	(5)	$ 543,164	2
8300	**Other comprehensive (loss) income**		($ 1,769,214)	(5)	$ 543,164	2
8500	**Total comprehensive income**		$ 1,646,781	4	$ 4,712,830	13
	Profit, attributable to:					
8610	Owners of parent		$ 3,247,647	9	$ 3,818,318	10
8620	Non-controlling interests		$ 168,348	-	$ 351,348	1
	Comprehensive income attributable to:					
8710	Owners of parent		$ 1,585,446	4	$ 4,360,188	12
8720	Non-controlling interests		$ 61,335	-	$ 352,642	1
	Basic earnings per share	6(23)				
9750	Basic earnings per share		$	13.02	$	16.13
	Diluted earnings per share	6(23)				
9850	Diluted earnings per share		$	12.95	$	16.11

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

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
				Retained Earnings					
	Notes	Ordinary share	Capital surplus, additional paid-in capital	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
2024									
Balance at January 1, 2024		$ 2,200,000	$ 12,661,753	$ -	$ 2,885,712	($ 2,280)	$ 17,745,185	$ 981,390	$ 18,726,575
Profit for the year		-	-	-	3,818,318	-	3,818,318	351,348	4,169,666
Other comprehensive income for the year		-	-	-	-	541,870	541,870	1,294	543,164
Total comprehensive income		-	-	-	3,818,318	541,870	4,360,188	352,642	4,712,830
Appropriation and distribution of 2023 earnings:	6(15)(16)								
Cash dividends of ordinary share		-	-	-	(660,000)	-	(660,000)	-	(660,000)
Cash dividends from capital surplus		-	(440,000)	-	-	-	(440,000)	-	(440,000)
Cash capital increase	6(14)	294,000	3,010,726	-	-	-	3,304,726	-	3,304,726
Share-based payments	6(13)	-	90,037	-	-	-	90,037	-	90,037
Non-controlling interests decrease	4(3)	-	-	-	-	-	-	(404,892)	(404,892)
Balance at December 31, 2024		$ 2,494,000	$ 15,322,516	$ -	$ 6,044,030	$ 539,590	$ 24,400,136	$ 929,140	$ 25,329,276
2025									
Balance at January 1, 2025		$ 2,494,000	$ 15,322,516	$ -	$ 6,044,030	$ 539,590	$ 24,400,136	$ 929,140	$ 25,329,276
Profit for the year		-	-	-	3,247,647	-	3,247,647	168,348	3,415,995
Other comprehensive loss for the year		-	-	-	-	(1,662,201)	(1,662,201)	(107,013)	(1,769,214)
Total comprehensive income (loss)		-	-	-	3,247,647	(1,662,201)	1,585,446	61,335	1,646,781
Appropriation and distribution of 2024 earnings:	6(16)								
Legal reserve		-	-	381,832	(381,832)	-	-	-	-
Cash dividends of ordinary share		-	-	-	(2,244,600)	-	(2,244,600)	-	(2,244,600)
Issuance of convertible bonds	6(11)	-	430,078	-	-	-	430,078	-	430,078
Claim from disgorgement		-	19	-	-	-	19	-	19
Changes in percentage of ownership interests in subsidiaries	4(3)	-	-	-	(4,719)	-	(4,719)	4,719	-
Balance at December 31, 2025		$ 2,494,000	$ 15,752,613	$ 381,832	$ 6,660,526	($ 1,122,611)	$ 24,166,360	$ 995,194	$ 25,161,554

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

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 4,243,805	$ 5,270,458
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(21)	1,306,219	1,368,043
Amortisation expense	6(21)	9,707	6,644
Expected credit impairment (gain) loss	12(2)	(16,580)	16,996
Loss on financial assets at fair value through profit or loss	6(19)	2,150	-
Finance costs	6(20)	168,421	175,198
Interest income	6(18)	(70,726)	(108,871)
Share-based payments	6(13)	-	90,037
Share of loss (gain) of associates accounted for using the equity method		17,011	(1,622)
Loss (gain) on disposal of property, plant and equipment	6(19)	12,628	(3,883)
Property, plant and equipment transferred to expense	6(24)	-	26
Unrealised foreign exchange gain		(926,429)	(872,492)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		67,282	(3,956,697)
Other receivables		12,415	71,876
Inventories		954,191	(1,819,792)
Other current assets		(282,814)	(356,854)
Changes in operating liabilities			
Contract liabilities		(50,665)	49,407
Notes payable		-	(14)
Accounts payable		(339,591)	444,064
Accounts payable-related parties		(767)	(11,164)
Other payables		(92,572)	216,419
Other payables-related parties		-	(213)
Other current liabilities		(2,081)	4,189
Cash inflow generated from operations		5,011,604	581,755
Interest received		70,726	108,871
Interest paid		(171,950)	(175,198)
Income taxes paid		(1,094,865)	(594,698)
Net cash flows from (used in) operating activities		3,815,515	(79,270)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(3,324)	(91,029)
Proceeds from disposal of financial assets at amortised cost		-	1,218
Acquisition of property, plant and equipment	6(24)	(1,558,945)	(2,539,651)
Proceeds from disposal of property, plant and equipment		78,355	136,463
Acquisition of intangible assets	6(24)	(6,486)	(9,384)
Acquisition of right-of-use assets		(103)	(1,231)
Decrease (increase) in guarantee deposits paid		3,434	(10,345)
Increase in other non-current assets		(1,794)	(6,561)
Consolidated cash impact of individual changes		-	(536,594)
Net cash flows used in investing activities		(1,488,863)	(3,057,114)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(25)	20,112,380	11,078,276
Decrease in short-term borrowings	6(25)	(21,389,115)	(11,691,579)
Proceeds from issuance of corporate bonds	6(25)	5,099,168	-
Payments of lease liabilities	6(25)	(54,942)	(45,958)
Decrease in guarantee deposits received	6(25)	-	(22)
Cash dividend	6(16)(25)	(2,244,600)	(660,000)
Cash from capital surplus	6(15)(25)	-	(440,000)
Cash capital increase	6(14)	-	3,304,726
Claim from disgorgement		19	-
Net cash flows from financing activities		1,522,910	1,545,443
Effect of exchange rate changes on cash and cash equivalents		172,627	1,138,056
Net increase (decrease) in cash and cash equivalents		4,022,189	(452,885)
Cash and cash equivalents at beginning of year		3,966,034	4,418,919
Cash and cash equivalents at end of year		$ 7,988,223	$ 3,966,034

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

1. History and Organisation

LAI YIH FOOTWEAR CO., LTD. (the "Company") was incorporated in the Cayman Islands on June 16, 2021. The Company and its subsidiaries (collectively referred herein as the "Group") are an investment holding company established as part of an organisational restructuring as a result of applying for listing on the Taiwan Stock Exchange. The Company issued new shares on June 16, 2021 to acquire 100% equity interest in LAI YIH FOOTWEAR CO., LTD. and became the holding company of all consolidated entities after completing the reorganisation. The Group is primarily engaged in the production and sales of sports and leisure shoes. The Company was listed on the Taiwan Stock Exchange starting from June 12, 2024.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 5, 2026.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ' Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027(Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'	January 1, 2027

Note：The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the financial assets (including derivative instruments) at fair value through profit or loss, the consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

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B. Subsidiaries and second-tier subsidiaries included in the consolidated financial statements and movements for the year are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
The Company	LAI YIH FOOTWEAR CO., LTD. (LAI YIH SAMOA)	Holding company	100%	100%	
LAI YIH SAMOA	FLOURISH THRIVE DEVELOPMENTS LIMITED (FLOURISH THRIVE)	Import and export trade	100%	100%	
LAI YIH SAMOA	CHEER ACCESS LTD. (CHEER ACCESS)	Investment holding and import and export trade	100%	100%	
LAI YIH SAMOA	BILLION STAR INTERNATIONAL CO., LTD. (BILLION STAR)	Investment holding and import and export trade	100%	100%	
LAI YIH SAMOA	PORTRICH TRADING LIMITED (PORTRICH)	Holding company	100%	100%	
LAI YIH SAMOA	OVERSEA FAITH CO., LTD. (OVERSEA)	Holding company	100%	100%	
LAI YIH SAMOA	MEGA RIVER INVESTMENT CO., LTD. (MEGA RIVER)	Holding company	100%	100%	
LAI YIH SAMOA	KING GLOBAL DEVELOPMENT CORP (KING GLOBAL)	Holding company	100%	100%	
LAI YIH SAMOA	THRIVE FOISON LIMITED (THRIVE FOISON)	Holding company	100%	100%	
LAI YIH SAMOA	BRILLIANT METERO LIMITED (BRILLIANT)	Holding company	-	100%	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
LAI YIH SAMOA	POLO INTERNATIONAL HOLDING LTD. (POLO)	Investment holding and production and sales of sports and leisure shoes	100%	100%	
LAI YIH SAMOA	EVERYIELD CO., LTD. (EVERYIELD)	Holding company	100%	100%	
LAI YIH SAMOA	LAC TY COMPANY LIMITED (LAC TY)	Production and sales of sports and leisure shoes	50%	50%	Note 1
PORTRICH	LAC TY II COMPANY LIMITED (LAC TY II)	Production and sales of sports and leisure shoes	100%	100%	
OVERSEA	VINH LONG FOOTWEAR CO., LTD (TY XUAN)	Production and sales of sports and leisure shoes	85%	85%	
KING GLOBAL	YIH SHUO FOOTWEAR CO., LTD (TY THAC)	Production and sales of sports and leisure shoes	85%	85%	
MEGA RIVER	YIH SHUO FOOTWEAR CO., LTD (TY THAC)	Production and sales of sports and leisure shoes	15%	15%	
THRIVE FOISON	TY BACH COMPANY LIMITTED (TY BACH)	Production and sales of sports and leisure shoes	100%	100%	
THRIVE FOISON	GRAND WISDOM COMPANY LIMITED (GRAND WISDOM)	Production and sales of sports and leisure shoes	100%	100%	
POLO	TSANG YIH COMPAMY LIMITED (TSANG YIH)	Production and sales of sports and leisure shoes	73%	73%	
EVERYIELD	TSANG YIH COMPAMY LIMITED (TSANG YIH)	Production and sales of sports and leisure shoes	27%	27%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
MEGA RIVER	PT. YIH QUAN FOOTWEAR INDONESIA (YIH QUAN)	Production and sales of sports and leisure shoes	50%	50%	
THRIVE FOISON	PT. YIH QUAN FOOTWEAR INDONESIA (YIH QUAN)	Production and sales of sports and leisure shoes	50%	50%	
OVERSEA	PT. YIHFULL FOOTWEAR INDONESIA (YIHFULL)	Production and sales of sports and leisure shoes	50%	50%	
PORTRICH	PT. YIHFULL FOOTWEAR INDONESIA (YIHFULL)	Production and sales of sports and leisure shoes	50%	50%	
OVERSEA	PT. YIHXIN FOOTWEAR INDONESIA (YIHXIN)	Production and sales of sports and leisure shoes	50%	50%	
KING GLOBAL	PT. YIHXIN FOOTWEAR INDONESIA (YIHXIN)	Production and sales of sports and leisure shoes	50%	50%	
EVERYIELD	PT. ALNU SPORTING GOODS INDONESIA (ALNU)	Production and sales of sports and leisure shoes	66.21%	51%	Note 4
OVERSEA	PT. YIH YOU FOOTWEAR INDONESIA(YIH YOU)	Production and sales of sports and leisure shoes	60%	60%	Note 2
PORTRICH	PT. YIH YOU FOOTWEAR INDONESIA(YIH YOU)	Production and sales of sports and leisure shoes	40%	40%	Note 2

Note 1: LAC TY was included as a consolidated subsidiary as its directors were the same as the Group, key management personnel were all assigned by the Group and brand key technical services were all controlled by the Group.

Note 2: PORTRICH TRADING LIMITED and OVERSEA FAITH CO., LTD. jointly held 100% of share in PT. YIH YOU FOOTWEAR INDONESIA.

Note 3: In order to meet the Group's long-term development plans and to continuously integrate the resources, the Company liquidated BRILLIANT METERO LIMITED in accordance with the relevant local regulations on July 4, 2025.

Note 4: In May 2025, EVERYIELD CO., LTD. increased its capital in PT. ALNU SPORTING GOODS INDONESIA. EVERYIELD CO., LTD. held 66.21% of share in PT. ALNU SPORTING GOODS INDONESIA after the capital increase.

Note 5: JUMBO POWER was included as a consolidated subsidiary as its executives of its main business activities, investment holding and sales of sports and leisure shoes, were all assigned by the Group and brand key technical services were all controlled by the Group. However, since September 2024, Jumbo Power has changed its main business activities to investment holding and non-residential premises lease. As the Group was no longer in charge of the relevant business activities, the Group lost control over Jumbo Power. Therefore, Jumbo Power was no longer included in the consolidated financial statements and was transferred to investments accounted for using equity method from the date when the control was lost.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2025 and 2024, the non-controlling interest amounted to $995,194 and $929,140, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2025		December 31, 2024	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
VINH LONG FOOTWEAR CO.. LTD	Vietnam	$ 754,075	15%	$ 777,526	15%

Summarised financial information of the subsidiaries:

Balance sheets

	VINH LONG FOOTWEAR CO., LTD	
	December 31, 2025	December 31, 2024
Current assets	$ 4,242,267	$ 4,348,799
Non-current assets	1,619,662	1,928,710
Current liabilities	(808,880)	(1,061,108)
Non-current liabilities	(25,883)	(32,897)
Total net assets	$ 5,027,166	$ 5,183,504

Statements of comprehensive income

	VINH LONG FOOTWEAR CO., LTD	
	Year ended December 31	
	2025	2024
Revenue	$ 11,418,298	$ 13,169,434
Profit before income tax	661,700	1,470,536
Income tax expense	(142,892)	(291,711)
Profit for the year	518,808	1,178,825
Total comprehensive income for the year	$ 518,808	$ 1,178,825
Comprehensive income attributable to non-controlling interest	$ 77,821	$ 176,824

Statements of cash flows

	VINH LONG FOOTWEAR CO., LTD	
	Year ended December 31	
	2025	2024
Net cash provided by operating activities	$ 462,537	$ 715,321
Net cash used in investing activities	(156,689)	(220,146)
Net cash used in financing activities	(303,718)	(489,963)
Effect of exchange rates on cash and cash equivalents	(614)	100
Increase in cash and cash equivalents	1,516	5,312
Cash and cash equivalents, beginning of year	8,444	3,132
Cash and cash equivalents, end of year	$ 9,960	$ 8,444

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency was originally the US dollars; however, the consolidated financial statements are presented in New Taiwan dollars under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities. Considering the efficiency of Group’s financing management, the Company has changed its functional role to plan Group’s financing activities in Taiwan primarily in New Taiwan dollars. In response to changes in the economic environment, the Company’s Board of Directors resolved to change the Company’s functional currency from US dollars to New Taiwan dollars, and starting from October 1, 2025, the change will be applied prospectively in accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates”. Following the change, the consolidated financial statements are presented in New Taiwan dollars, the Company’s functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their

translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the Group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(d) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;

(b) Assets that are held primarily for the purpose of trading;

(c) Assets that are expected to be realised within twelve months after the reporting period;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled in the normal operating cycle;

(b) Liabilities that are held primarily for the purpose of trading;

(c) Liabilities that are due to be settled within twelve months after the reporting period;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost, including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessaryto make the sale.

(13) Investments accounted for using equity method - associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

F. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

G. When the Group disposes its investment in an associate and loses significant influence over this

associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Joint operation and investment accounted for using equity method- joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 50 years
Machinery and equipment	3 ~ 20 years
Transportation equipment	4 ~ 10 years
Office equipment	3 ~ 10 years
Miscellaneous equipment	2 ~ 10 years

(16) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(17) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 7 years.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options. The Group classifies the bonds payable upon issuance as a financial asset and an equity instrument in accordance with the contract terms. They are accounted for as follows:

(a) The embedded call options are recognised initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets at fair value through profit or loss'.

(b) The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

(c) The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

(d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

(e) When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total carrying amount of the abovementioned liability component and 'capital surplus—share options'.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either

discharged or cancelled or expires.

(23) Embedded derivatives

A. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

B. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity

instruments that eventually vest.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets and tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets and tax losses are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(29) Revenue recognition

Sale of goods

A. The Group manufactures and sells sports and leisure outdoor shoes, fabrics, shoe materials and other related products. Sales are recognised based on the bill of lading when control of the products has transferred, being when the products are shipped, and there is no unfulfilled obligation that could affect the sales counterparty's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the sales counterparty, and either the sales counterparty has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from sales of goods is measured at fair value of the consideration received or receivable, less estimated customer returns, discounts and other similar discounts and allowances. The Company estimates possible sales returns and discounts based on historical results and by considering different contract terms to recognise refund liabilities (recorded as other payables).

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional becausel only the passage of time is required before the payment is due.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group’s accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due

to the fast changing consumption goods market and innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the produets within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2025, the carrying amount of inventories was $4,689,745.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and revolving funds	$ 5,212	$ 5,354
Checking accounts and demand deposits	7,488,194	3,671,185
Time deposits	494,817	289,495
	$ 7,988,223	$ 3,966,034

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group classified the time deposits with maturity over three months that did not meet short-term cash commitments and be pledged to others as collateral amounting to $21,630 and $19,052 on December 31, 2025 and 2024, respectively, as financial assets at amortised cost.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2025	December 31, 2024
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Call options of convertible corporate bonds	$ 18,600	$ -
Valuation adjustment	(2,150)	-
	$ 16,450	$ -

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2025	2024
Financial assets mandatorily measured at fair value through profit or loss	($ 2,150)	$ -

B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Financial assets at amortised cost

Items	December 31, 2025	December 31, 2024
Current items:		
Restricted time deposits	$ 4,377	$ 1,443
Time deposits with maturity over three months	2,136	2,303
	$ 6,513	$ 3,746
Non-current items:		
Restricted time deposits	$ 15,117	$ 15,306
	$ 15,117	$ 15,306

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2025	2024
Interest income	$ 556	$ 1,771

B. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the carrying amount of financial assets at amortised cost.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable	$ 7,376,797	$ 7,444,516
Less: Allowance for uncollectible accounts	(1,639)	(18,219)
	$ 7,375,158	$ 7,426,297

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2025	December 31, 2024
Not past due	$ 7,342,214	$ 7,380,017
Up to 30 days	28,768	54,335
31 to 90 days	5,632	8,458
Over 91 days	183	1,706
	$ 7,376,797	$ 7,444,516

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, accounts receivable were all from contracts with customers. And as of January 1, 2024, the balance of receivables from contracts with customers amounted to $3,483,993.

C. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was the carrying amount of the accounts receivable.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,165,061	($ 53,978)	$ 1,111,083
Work in progress	1,094,683	-	1,094,683
Finished goods	2,365,090	(35,708)	2,329,382
Inventory in transit	154,597	-	154,597
	$ 4,779,431	($ 89,686)	$ 4,689,745

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,395,408	($ 37,451)	$ 1,357,957
Work in progress	1,655,620	-	1,655,620
Finished goods	2,939,171	(37,420)	2,901,751
Inventory in transit	84,401	-	84,401
	$ 6,074,600	($ 74,871)	$ 5,999,729

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2025	2024
Cost of goods sold	$ 33,225,365	$ 30,274,066
Loss on (gain on reversal of) decline in market value	19,949	(71,878)
Loss on scrapping inventories	19,513	43,180
Revenue from sale of scraps	(16,658)	(14,139)
	$ 33,248,169	$ 30,231,229

The gain on reversal of decline in market value was because of the increase in the net realisable value of certain inventories, which had been written down due to loss of valuation inventories, that were sold and accounted for as reductions of cost of goods sold.

(6) Other current assets

	December 31, 2025	December 31, 2024
Excess business tax paid (or Net Input VAT)	$ 2,153,083	$ 2,093,478
Prepaid expenses	243,255	248,613
Prepayments to suppliers	36,048	6,879
Others	66,241	43,976
	$ 2,498,627	$ 2,392,946

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(7) Property, plant and equipment

	Year ended December 31, 2025					
Cost	Beginning balance	Addition	Decrease	Transfer	Net exchange differences	Ending balance
Lands	$ -	$ 440,245	$ -	$ -	$ 1,311	$ 441,556
Buildings and structures	11,307,566	58,186	(108,021)	209,154	(744,670)	10,722,215
Machinery and equipment	7,263,776	405,530	(159,840)	142,925	(511,405)	7,140,986
Transportation equipment	98,687	9,323	(217)	95	(7,061)	100,827
Office equipment	168,315	12,838	(1,530)	(3,720)	(12,247)	163,656
Miscellaneous equipment	1,076,146	143,306	(244,902)	47,941	(67,407)	955,084
Unfinished construction and equipment under acceptance	609,501	471,095	(3,968)	(325,792)	(44,928)	705,908
	20,523,991	$ 1,540,523	($ 518,478)	$ 70,603	($ 1,386,407)	20,230,232
Accumulated depreciation						
Buildings and structures	($ 2,504,680)	($ 414,099)	$ 39,098	$ 27	$ 158,473	($ 2,721,181)
Machinery and equipment	(4,841,756)	(583,556)	142,315	(17)	338,873	(4,944,141)
Transportation equipment	(57,393)	(9,755)	216	-	4,072	(62,860)
Office equipment	(110,467)	(16,733)	978	961	7,983	(117,278)
Miscellaneous equipment	(711,546)	(196,761)	244,888	2,117	45,868	(615,434)
	(8,225,842)	($ 1,220,904)	$ 427,495	$ 3,088	$ 555,269	(8,460,894)
Book value	$ 12,298,149					$ 11,769,338

	Year ended December 31, 2024						
Cost	Beginning balance	Addition	Decrease	Transfer	Net exchange differences	Effect from changes of consolidated entities	Ending balance
Buildings and structures	$ 8,843,696	$ 740,557	($ 9,981)	$ 1,826,917	$ 328,507	($ 422,130)	$ 11,307,566
Machinery and equipment	6,722,065	1,036,723	(754,722)	102,613	183,788	(26,691)	7,263,776
Transportation equipment	86,544	13,659	(3,538)	-	2,022	-	98,687
Office equipment	142,569	23,183	(724)	271	3,016	-	168,315
Miscellaneous equipment	1,074,366	192,344	(313,527)	90,590	34,184	(1,811)	1,076,146
Unfinished construction and equipment under acceptance	2,126,301	488,411	-	(2,030,724)	25,513	-	609,501
	18,995,541	$ 2,494,877	($ 1,082,492)	($ 10,333)	$ 577,030	($ 450,632)	20,523,991
Accumulated depreciation							
Buildings and structures	($ 2,368,089)	($ 366,627)	$ 9,981	$ -	($ 86,681)	$ 306,736	($ 2,504,680)
Machinery and equipment	(4,730,929)	(638,985)	626,324	-	(122,188)	24,022	(4,841,756)
Transportation equipment	(49,649)	(9,370)	2,795	-	(1,169)	-	(57,393)
Office equipment	(89,193)	(19,997)	644	1	(1,922)	-	(110,467)
Miscellaneous equipment	(757,526)	(243,701)	310,168	13	(21,801)	1,301	(711,546)
	(7,995,386)	($ 1,278,680)	$ 949,912	$ 14	($ 233,761)	$ 332,059	(8,225,842)
Book value	$ 11,000,155						$ 12,298,149

A. The significant components of buildings include fire safety equipment, building decoration and electrical & plumbing equipment, which are depreciated over 6 years, 7 years and 8 years, respectively.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

C. Property, plant and equipment mentioned above are all for self-use.

(8) Lease transactions - lessee

A. The Group leases various assets including land, buildings and transportation equipment. Rental contracts are typically made for periods of 3 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The underlying assets of short-term leases leased by the Group are employee dormitories and factory building. Low-value assets comprise printers.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2025	December 31, 2024
	Carrying amount	Carrying amount
Land	$ 828,632	$ 910,065
Buildings	234,621	284,526
Transportation equipment	4,031	5,830
	$ 1,067,284	$ 1,200,421

	Year ended December 31	
	2025	2024
	Depreciation charge	Depreciation charge
Land	$ 20,198	$ 22,799
Buildings	59,582	60,030
Transportation equipment	5,535	6,534
	$ 85,315	$ 89,363

D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were $35,653 and $59,602, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2025	2024
Items affecting profit or loss		
Interest expense on lease liabilities	$ 9,542	$ 10,428
Expense on short-term lease contracts	$ 5,637	$ 13,242

F. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases were $70,121 and $69,628, respectively.

G. Information about the right-of-use assets that were pledged to others as collaterals is provided in Note 8.

(9) Short-term borrowings

Type of borrowings	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 402,224	4.50%～4.57%	Land use right and property, plant and equipment
Unsecured borrowings	1,445,780	4.28%～4.50%	None
	$ 1,848,004		

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 1,123,853	5.30%~5.55%	Land use right and property, plant and equipment
Unsecured borrowings	2,187,943	4.43%~5.53%	None
	$ 3,311,796		

Interest expense recognised in profit or loss amounted to $149,907 and $164,770, for the years ended December 31, 2025 and 2024, respectively.

(10) Other payables

	December 31, 2025	December 31, 2024
Payable on wages, salaries and bonuses	$ 1,210,011	$ 1,161,805
Payable on machinery and equipment	88,460	154,978
Payable on employees'compensation	84,584	99,438
Payable on professional service fees	69,031	122,593
Payable on directors' remuneration	50,973	59,663
Others	174,170	347,493
	$ 1,677,229	$ 1,945,970

(11) Bonds payable

	December 31, 2025	December 31, 2024
Bonds payable	$ 5,000,000	$ -
Less: Discount on bonds payable	(310,772)	-
	$ 4,689,228	$ -

A.The Company issued the First domestic unsecured convertible bonds, as approved by the regulatory authority.

(a) The terms are as follows:

i. The bonds were issued at $4,500,000, 0%, and at 100% of par value. The bonds mature three years from the issue date (November 28, 2025 ~ November 28, 2028) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 28, 2025.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company at any time during the period from the date after three months of the bonds issued to the maturity date by notifying the Taiwan Depository & Clearing Corporation through the dealer to the Company, except for (i) the stop transfer period as specified in the terms of the bonds or the laws/regulations; (ii) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased; (iv) the period from the commencement date of the cessation of conversion of the share certificate and the prior day before the commencement date of trading of the new share certificate. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. As of December 31, 2025, the conversion price was $246.4 (in dollars) per share.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30%(inclusive) for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount.

v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and will not be resold or reissued；all rights and obligations attached to the bonds are also extinguished.

(b) As of December 31, 2025, the outstanding principal amount of the convertible bonds had not yet been converted into ordinary shares.

(c) As of December 31, 2025,regarding the issuance of convertible bonds, the equity conversion options amounting to $297,945 were separated from the liability component and were recognised in 'capital surplus-share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation were 2.22%.

B. The Company issued the Second domestic unsecured convertible bonds, as approved by the regulatory authority.

(a) The terms are as follows:

i. The bonds were issued at $500,000, 0%, and at 119.83% of par value. The bonds mature three years from the issue date (December 10, 2025 ~ December 10, 2028) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on

December 10, 2025.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company at any time during the period from the date after three months of the bonds issued to the maturity date by notifying the Taiwan Depository & Clearing Corporation through the dealer to the Company, except for (i) the stop transfer period as specified in the terms of the bonds or the laws/regulations; (ii) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased; (iv) the period from the commencement date of the cessation of conversion of the share certificate and the prior day before the commencement date of trading of the new share certificate. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. As of December 31, 2025, the conversion price was $245.2 (in dollars) per share.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30%(inclusive) for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount.

v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and will not resold or reissued；all rights and obligations attached to the bonds are also extinguished.

(b) As of December 31, 2025, the outstanding principal amount of the convertible bonds had not yet been converted into ordinary shares.

(c) As of December 31, 2025 regarding the issuance of convertible bonds, the equity conversion options amounting to $132,133 were separated from the liability component and were recognised in 'capital surplus-share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation were 2.25%.

(12) Pensions

A. Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the

Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024, were $9,864 and $8,730, respectively.

B. The mainland China subsidiaries, BAOYI and ZHONGSHAN YIBO (transferred to investments accounted for using equity method since September 2024), have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The amount that the Group contributed to the competent authority designated by the Government for the year ended December 31, 2024 was $3,212, there was no such transaction for the year ended December 31, 2025.

C. The Group' s subsidiaries, LAC TY, LAC TY II, TY XUAN, TY THAC, TY BACH and GRAND WISDOM, are subject to relevant regulations in Vietnam and contribute labor pension fund based on certain percentage of employees' monthly salaries and wages to relevant competent authority monthly according to the regulations in Vietnam. Other than the monthly contributions, the Group has no further obligations. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024, were $820,458 and $774,864, respectively.

D. The Group' s subsidiaries, YIH QUAN, YIHFULL, ALNU and YIH YOU, are subject to relevant regulations in Indonesia and contribute labor pension fund based on certain percentage of employees' monthly salaries and wages to relevant competent authority monthly according to the regulations in Indonesia. Other than the monthly contributions, the Group has no further obligations. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024, were $27,736 and $11,569, respectively.

(13) Share-based payment

A. For the year ended December 31, 2024, the share-based payment arrangements of the Group's subsidiaries were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	May 28, 2024	3,590 thousand shares	NA	Vested immediately

The above share-based payment arrangements are settled by equity.

B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility (Note)	Expected option life	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	May 28, 2024	110.05	85	25.21%	0.0247 year	1.28%	25.08

Note: Expected price volatility rate was estimated by using the average of the annualised standard deviation by using the stock prices of comparable companies in the same industry during a certain period in previous year.

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31
	2024
Equity-settled	$ 90,037

For the year ended December 31, 2025: None.

(14) Share capital

A. As of December 31, 2025, the Company's authorised capital was $8,000,000, consisting of 800,000 thousand shares of ordinary stock, and the paid-in capital was $2,494,000 with a par value of NT$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2025	2024
At January 1	249,400	220,000
Cash capital increase	-	29,400
At December 31	249,400	249,400

B. The Board of Directors during its meeting on March 12, 2024 adopted a resolution to increase the Company's capital by issuing 29,400 thousand ordinary shares with a par value of $10 (in dollars) per share with the effective date set on June 7, 2024.

(15) Capital surplus

A. Unless otherwise provided in the Companies Law of the Cayman Islands, listed companies' regulations, and the Company's Articles of Incorporation, neither the legal reserve nor the capital surplus shall be used except for offsetting the losses of the Company. The Company shall not use the capital surplus to offset its capital losses unless the legal reserve and special reserve set aside for purposes of loss offset is insufficient to offset such losses.

B. Subject to the Companies Law of the Cayman Islands, where the Company incurs no loss, it may, by a special resolution, distribute its statutory reserve, the share premium account and/or the income from endowments received by the Company, which are in the capital surplus which are

available for distribution, in whole or in part, by issuing new, fully paid shares and/or by cash to its shareholders.

C. The shareholders resolved the appropriation of 2023 earnings on May 30, 2024. Cash dividends from capital surplus amounted to $440,000 at $2 (in dollars) per share. However, the Company increased its capital before selling the shares in the market on June 7, 2024. As a result, the outstanding amount of the Company's ordinary stocks increased and the distributed amount was adjusted to $1.76 (in dollars) per share.

D. The Board of Directors resolved the appropriation of 2025 earnings on March 5, 2026. Cash dividends from capital surplus amounted to $498,800 at $2 (in dollars) per share. The aforementioned appropriation of 2025 earnings has not been resolved by the shareholders.

(16) Retained earnings

A. When the Company's shares are traded on any Taiwan Stock Exchange, under the Company's Articles of Incorporation, if there is current year's earnings, before distribution, the Company shall:

(a) Pay all taxes;

(b) Offset prior years' operating losses;

(c) Set aside 10% of the remaining amount as legal reserve until the legal reserve equals the paid-in capital;

(d) Set aside special reserve according to the regulations of the competent authority. The remainder is the distributable earnings for the period.

Dividends can be distributed from the distributable earnings for the period or the unappropriated retained earnings for the prior period.

B. All directors are entitled to obtain year-end remuneration not higher than 2% of 'profit of the current year' only in the form of cash every year. All employees of the Company and its subsidiaries are entitled to obtain year-end compensation not lower than 2% of 'profit of the current year' in the form of cash, stocks or any combination of the two every year.

C. In accordance with the regulations, the Company shall set aside special reserve arising from the debit balances on other equity items at the balance sheet date before distributing earnings. When debit balances on other equity items are reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The Board of Directors resolved the appropriation of 2025 earnings on March 5, 2026.And the shareholders resolved the appropriation of 2024 and 2023 earnings on May 27, 2025 and May 30, 2024, respectively. Details are as follows：

	Year ended December 31			
	2025		2024	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 324,765		$ 381,832	
Special reserve	1,122,611		-	
Cash dividends	1,745,800	$ 7.00	2,244,600	$ 9.00
	$ 3,193,176		$ 2,626,432	

	Year ended December 31	
	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	$ -	
Cash dividends	660,000	$ 3.00
	$ 660,000	

However, the Company increased its capital before selling the shares in the market on June 7, 2024. As a result, the outstanding amount of the Company's ordinary stocks increased and the distributed amount of 2023 was adjusted to $2.65 (in dollars) per share.

As of March 5, 2026, the appropriation of the 2025 earning has not been resolved by the shareholders.

(17) Operating revenue

	Year ended December 31	
	2025	2024
Revenue from contracts with customers	$ 39,594,659	$ 37,689,899

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of control at a point in time. Revenue can be disaggregated according to geographical regions. Refer to Note 14(5) for relevant information.

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities:			
- Advance sales receipts	$ 58,397	$ 109,061	$ 58,452

Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2025	2024
Revenue recognised that was included in the contract liability balance at the beginning of the year		
- Advance sales receipts	$ 108,850	$ 58,452

(18) Interest income

	Year ended December 31	
	2025	2024
Interest income from bank deposits	$ 70,170	$ 107,100
Interest income from financial assets measured at amortised cost	556	1,771
	$ 70,726	$ 108,871

(19) Other gains and losses

	Year ended December 31	
	2025	2024
Foreign exchange gains	$ 598,782	$ 663,082
Loss on financial assets at fair value through profit or loss	(2,150)	-
(Loss) gains on disposals of property, plant and equipment	(12,628)	3,883
Other gains and losses	(54,123)	(76,655)
	$ 529,881	$ 590,310

(20) Finance costs

	Year ended December 31	
	2025	2024
Interest expense		
Bank borrowings	$ 149,907	$ 164,770
Lease liabilities	9,542	10,428
Bonds payable	8,972	-
	$ 168,421	$ 175,198

(21) Expenses by nature

	Year ended December 31	
	2025	2024
Employee benefit expense		
Wages and salaries	$ 8,481,233	$ 7,813,721
Labour and health insurance fees	228,010	208,248
Pension costs	858,058	798,375
Other personnel expenses	469,185	411,995
	$ 10,036,486	$ 9,232,339
Depreciation charges on property, plant and equipment	$ 1,220,904	$ 1,278,680
Depreciation charges on right-of-use assets	$ 85,315	$ 89,363
Amortisation charges	$ 9,707	$ 6,644

A. For the years ended December 31, 2025 and 2024, employees' compensation were accrued at $84,584 and $99,438, respectively; directors' remuneration were accrued at $50,750 and $59,663, respectively. The aforementioned amounts were recognised in salary expenses.

B. The employees' compensation and directors' remuneration were estimated and accrued based on 2.5% and 1.5% of distributable profit of current period for the years ended December 31, 2025 and 2024, respectively.

C. Employees' compensation and directors' remuneration for 2024 as resolved at the meeting of the Board of Directors were in agreement with those amounts recognised in the 2024 financial statements.

D. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31	
	2025	2024
Current tax:		
Current tax on profits for the year	$ 777,876	$ 1,046,508
Prior year income tax underestimation	9,344	14,317
Total current tax	787,220	1,060,825
Deferred tax:		
Origination and reversal of temporary differences	$ 40,590	$ 39,967
Total deferred tax	40,590	39,967
Income tax expense	$ 827,810	$ 1,100,792

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate (note)	$ 822,948	$ 1,061,936
Expenses disallowed by tax regulation	17,988	8,666
Prior year income tax underestimation	9,344	14,317
Taxable loss not recognised as deferred tax assets	-	21,353
Change in assessment of realisation of deferred tax assets	(22,470)	(5,480)
Income tax expense	$ 827,810	$ 1,100,792

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2025			
	January 1	Recognised in profit or loss	Translation differences	December 31
Deferred tax assets:				
-Temporary differences:				
Allowance for inventory valuation loss	$ 9,023	$ 3,917	($ 661)	$ 12,279
Unrealised gross profit from sales	14,866	(3,574)	(643)	10,649
Unrealised exchange loss	2	13	-	15
Book-tax difference on lease liabilities	48,593	30,284	(2,830)	76,047
Others	913	(238)	-	675
	$ 73,397	$ 30,402	($ 4,134)	$ 99,665
Deferred tax liabilities:				
-Temporary differences:				
Book-tax difference on right-of-use assets	($ 46,445)	($ 49,039)	$ 2,659	($ 92,825)
Unrealised exchange gain	(155,107)	(21,953)	6	(177,054)
	($ 201,552)	($ 70,992)	$ 2,665	($ 269,879)
	($ 128,155)	($ 40,590)	($ 1,469)	($ 170,214)

	2024			
	January 1	Recognised in profit or loss	Translation differences	December 31
Deferred tax assets:				
-Temporary differences:				
Allowance for inventory valuation loss	$ 16,051	($ 7,270)	$ 242	$ 9,023
Unrealised gross profit from sales	9,072	5,073	721	14,866
Unrealised exchange loss	-	2	-	2
Book-tax difference on lease liabilities	45,660	1,186	1,747	48,593
Others	669	244	-	913
Tax losses	6,019	(6,094)	75	-
	$ 77,471	($ 6,859)	$ 2,785	$ 73,397
Deferred tax liabilities:				
-Temporary differences:				
Book-tax difference on right-of-use assets	($ 47,279)	$ 2,610	($ 1,776)	($ 46,445)
Unrealised exchange gain	(119,388)	(35,718)	(1)	(155,107)
	($ 166,667)	($ 33,108)	($ 1,777)	($ 201,552)
	($ 89,196)	($ 39,967)	$ 1,008	($ 128,155)

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2025				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	Amount assessed	$ 167,953	$ 167,953	2026
2024	Amount assessed	97,061	97,061	2027

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	Amount assessed	$ 61,658	$ 61,658	2025
2023	Amount assessed	439,970	439,970	2026-2028
2024	Amount filed	97,061	97,061	2027

E. The income tax returns of (SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH through 2023 have been assessed and approved by the Tax Authority.

(23) Earnings per share

	Year ended December 31, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 3,247,647	249,400	$ 13.02
Diluted earnings per share			
Profit attributable to the parent	3,247,647	249,400	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	381	
Convertible bonds	11,122	1,824	
Profit attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,258,769	251,605	$ 12.95

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 3,818,318	236,708	$ 16.13
Diluted earnings per share			
Profit attributable to the parent	3,818,318	236,708	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	261	
Profit attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,818,318	236,969	$ 16.11

The number of weighted-average outstanding shares is included for assumed conversion of all dilutive potential ordinary shares at the calculation of diluted earnings per share, based on the assumption that employees' compensation will be all distributed in the form of shares during this year.

(24) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2025	2024
Purchase of property, plant and equipment	$ 1,614,214	$ 2,484,558
Add: Opening balance of payable on equipment	154,978	57,553
Add: Ending balance of prepayments for equipment	31,489	159,377
Less: Ending balance of payable on equipment	(82,359)	(154,978)
Less: Opening balance of prepayments for equipment	(159,377)	(17,178)
Add: Property, plant and equipment transferred to expense	-	26
Add: Property, plant and equipment transferred to current assets	-	10,293
Cash paid during the year	$ 1,558,945	$ 2,539,651

	Year ended December 31	
	2025	2024
Purchase of intangible assets	$ 15,122	$ 8,313
Add: Ending balance of prepayments	1,889	4,424
Less: Ending balance of payables	(6,101)	-
Less: Opening balance of prepayments	(4,424)	(3,353)
Cash paid during the year	$ 6,486	$ 9,384

(25) Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Lease liabilities	Payable on dividends	Liabilities from financing activities-gross
At January 1, 2025	$ 3,311,796	$ -	$ 444,938	$ -	$ 3,756,734
Changes in cash flow from financing activities	(1,276,735)	5,099,168	(54,942)	(2,244,600)	1,522,891
Impact of changes in foreign exchange rate	(187,057)	-	(27,790)	-	(214,847)
Changes in other non-cash items	-	(409,940)	31,866	2,244,600	1,866,526
At December 31, 2025	$ 1,848,004	$ 4,689,228	$ 394,072	$ -	$ 6,931,304

	Short-term borrowings	Guarantee deposits received	Lease liabilities	Payable on dividends	Cash from capital surplus	Liabilities from financing activities-gross
At January 1, 2024	$ 3,759,856	$ 22	$ 426,845	$ -	$ -	$ 4,186,723
Changes in cash flow from financing activities	(613,303)	(22)	(45,958)	(660,000)	(440,000)	(1,759,283)
Impact of changes in foreign exchange rate	165,243	-	11,325	-	-	176,568
Changes in other non-cash items	-	-	52,726	660,000	440,000	1,152,726
At December 31, 2024	$ 3,311,796	$ -	$ 444,938	$ -	$ -	$ 3,756,734

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
VINH TY COMPANY LIMITED (VINH TY)	Associate (associate accounted for using the equity method of the Company)
ZHUO YIH FOOTWEAR CO., LTD (ZHUO YIH)	Other related party (representative of the entity is the same as the Company's)
TIENHUNG CO., LTD (TIENHUNG)	Other related party (related party of the Company's subsidiary)
AN LAC COMPANY LTD (AN LAC)	Other related party (related party of the Company's subsidiary)
PRIME ASIA LEATHER CORPORATION (PRIME ASIA)	Other related party (related party of the Company's subsidiary) (Note)
CHUNG TE LI	Key management personnel of the Group (Chairman of the Group)
LIN CHANG YUNG	Key management personnel of the Group (Director of the Group)

Note: The Group lost its control over Jumbo Power starting from September 2024. Accordingly, Jumbo Power's related parties were no longer the Group's related parties since the date when the control was lost.

(2) Significant related party transactions

A. Purchases

	Year ended December 31	
Purchases of goods:		
Other related parties	$ -	$ 541,044
Associate	-	6,551
	-	547,595
Purchases of services:		
Other related parties	$ 21,418	$ 24,532
	21,418	24,532
	$ 21,418	$ 572,127

(a) Raw materials are purchased based on the price lists in force and terms that would be available to third parties. The payment terms are 45 days after monthly billings.

(b) Processing is purchased based on the price lists in force and terms that would be available to third parties. The payment terms are 30 days after monthly billings.

B. Payables to related parties

	December 31, 2025	December 31, 2024
Accounts payable:		
Other related parties	$ 1,498	$ 1,750
Associate	6,603	7,118
	$ 8,101	$ 8,868

Accounts payable arise mainly from purchase transactions.

C. Lease transactions - lessee

(a) The Group leases buildings from AN LAC. Rental contracts are made for periods from 2018 to 2030, 2021 to 2030, and 2024 to 2027, respectively. Rents are paid in a lump sum, monthly and monthly at commencement of the contracts, respectively.

(b) The Group leases buildings from ZHUO YIH. Rental contracts are made for a period from 2024 to 2028. Rents are paid monthly at commencement of the contracts. Rents will be adjusted with the increases of price indexes starting from 2025. Thus, the amount of the remeasurement of the lease liability shall be recognised as an adjustment to the right-of-use asset.

(c) Acquisition of right-of-use assets

	December 31, 2025	December 31, 2024
AN LAC	$ -	$ 4,389
ZHUO YIH	2,626	34,179
	$ 2,626	$ 38,568

(d) Lease liabilities

i. Outstanding balance

	December 31, 2025	December 31, 2024
AN LAC	$ 63,776	$ 88,566
ZHUO YIH	23,435	28,178
	$ 87,211	$ 116,744

ii. Interest expense

	Year ended December 31	
	2025	2024
AN LAC	$ 3,320	$ 3,087
ZHUO YIH	797	1,991
	$ 4,117	$ 5,078

D. Endorsements and guarantees provided to related parties

	December 31, 2025	December 31, 2024
CHUNG TE LI/ LIN CHANG YUNG	$ 1,848,004	$ 3,311,931

The Chairman and directors of the Company serve as the guarantors for the borrowings contracts of the Company with CTBC Bank, E.SUN Commercial Bank, Fubon Commercial Bank and Bank SinoPac.

(3) Key management compensation

	Year ended December 31	
	2025	2024
Short-term employee benefits	$ 64,536	$ 91,070
Post-employment benefits	603	638
	$ 65,139	$ 91,708

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2025	December 31, 2024	Purpose
Time deposits (shown as financial assets at amortised cost)	$ 19,494	$ 16,749	Performance guarantee
Right-of-use assets	185,400	206,176	Short-term borrowings
Property, plant and equipment	901,122	1,044,032	Short-term borrowings
	$ 1,106,016	$ 1,266,957	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2025	December 31, 2024
Property, plant and equipment	$ 339,263	$ 477,040
Investments accounted for using equity method	234,042	-
Intangible assets	342	3,129
	$ 573,647	$ 480,169

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Refer to Note 6(16) D. for the appropriation of 2025 earnings.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the debt ratio. This ratio is calculated as total liabilities divided by total capital.

The Group monitors capital by reviewing the debt ratios periodically. The debt ratios at December 31, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Total liabilities	$ 10,932,414	$ 8,767,817
Total assets	$ 36,093,968	$ 34,097,093
Debt ratio	30%	26%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2025	December 31, 2024
Financial assets		
Financial assets at fair value through profit or loss	$ 16,450	$ -
Financial assets at amortised cost		
Cash and cash equivalents	$ 7,988,223	$ 3,966,034
Financial assets at amortised cost	21,630	19,052
Accounts receivable	7,375,158	7,426,297
Other receivables	8,325	21,911
Guarantee deposits paid	34,775	40,620
	$ 15,428,111	$ 11,473,914
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 1,848,004	$ 3,311,796
Notes payable	6	6
Accounts payable (including related parties)	1,704,937	2,138,523
Other accounts payable	1,677,229	1,945,970
Bonds payable	4,689,228	-
	$ 9,919,404	$ 7,396,295
Lease liability	$ 394,072	$ 444,938

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, VND and IDR. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and VND expenditures. Natural hedges are adopted by Group companies to minimise the foreign exchange risk exposure with the Group treasury.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD, NTD, VND, RMB and IDR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2025		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 419,676	31.43	$ 13,190,429
USD:VND	227,095	26,224	7,137,584
USD:IDR	39,289	16,779	1,234,855
Financial liabilities			
Monetary items			
USD:NTD	$ 277,914	31.43	$ 8,734,845
USD:VND	62,376	26,224	1,960,474
USD:IDR	44,603	16,779	1,401,861

	December 31, 2024		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 312,080	32.79	$ 10,231,530
USD:VND	201,582	25,376	6,608,853
USD:IDR	16,286	16,155	533,934
Financial liabilities			
Monetary items			
USD:NTD	$ 233,764	32.79	$ 7,663,962
USD:VND	100,621	25,376	3,298,858
USD:IDR	24,301	16,155	796,704

iv. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024, amounted to $598,782 and $663,082, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2025		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	5%	$ 659,521	$ -
USD:VND	5%	356,879	-
USD:IDR	5%	61,743	-
Financial liabilities			
Monetary items			
USD:NTD	5%	$ 436,742	$ -
USD:VND	5%	98,024	-
USD:IDR	5%	70,093	-

	Year ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	5%	$ 511,577	$ -
USD:VND	5%	330,443	-
USD:IDR	5%	26,697	-
Financial liabilities			
Monetary items			
USD:NTD	5%	$ 383,198	$ -
USD:VND	5%	164,943	-
USD:IDR	5%	39,835	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. For the Group's call options embedded in convertible bonds (shown as financial assets at fair value through profit or loss), the prices of equity securities would change due to the change of the future value of investee companies. If the Company's stock price had increased/decreased by 5% with all other variables held constant, post-tax profit for the year ended December 31, 2025 would have increased/decreased by $2,000 and ($600), respectively, as a result of gains/losses on financial assets classified as at fair value through profit or loss. There was no such transaction for the year ended December 31, 2024.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2025 and 2024, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US dollars.

ii.If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2025 and 2024 would have increased/decreased by $17,796 and $31,384, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a

significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2025 and 2024, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	Over 91 days past due	Total
December 31, 2025					
Expected loss rate	0.0057%	1.75%	9.41%	100.00%	
Total book value	$ 7,342,214	$ 28,768	$ 5,632	$ 183	$ 7,376,797
Loss allowance	$ 422	$ 504	$ 530	$ 183	$ 1,639
December 31, 2024					
Expected loss rate	0.0479%	15.75%	52.25%	100.00%	
Total book value	$ 7,380,017	$ 54,335	$ 8,458	$ 1,706	$ 7,444,516
Loss allowance	$ 3,535	$ 8,559	$ 4,419	$ 1,706	$ 18,219

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2025
	Accounts receivable
At January 1	$ 18,219
Reversal of impairment loss	(16,580)
At December 31	$ 1,639

	2024
	Accounts receivable
At January 1	$ 1,223
Provision for impairment	16,996
At December 31	$ 18,219

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

ii. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

Floating rate	December 31, 2025	December 31, 2024
Expiring within one year	$ 6,003,130	$ 5,188,547

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2025	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:					
Short-term borrowings	$ 1,858,797	$ -	$ -	$ -	$ -
Notes payable	6	-	-	-	-
Accounts payable (including related parties)	1,704,937	-	-	-	-
Other payables	1,677,229	-	-	-	-
Lease liability	21,252	177,366	47,687	85,883	138,433
Bonds payable	-	-	-	5,000,000	-

December 31, 2024	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:					
Short-term borrowings	$ 3,136,421	$ 198,377	$ -	$ -	$ -
Notes payable	6	-	-	-	-
Accounts payable (including related parties)	2,138,523	-	-	-	-
Other payables	1,945,970	-	-	-	-
Lease liability	30,322	22,737	214,228	104,631	160,380

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the convertible bonds issued by the Group is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The call options of convertible corporate bonds issued by the Group are included in Level 3.

B. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

	December 31, 2025			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 4,689,228	$ -	$ 4,700,151	$ -

There were no such transactions on December 31, 2024.

(b) The methods and assumptions of fair value estimate are as follows:

Bonds payable: It is measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2025 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Call options of convertible corporate bonds	$ -	$ -	$ 16,450	$ 16,450

There were no such transactions on December 31, 2024.

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

ii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	2025
	Embedded derivatives
At January 1	$ -
Additions for the year	18,600
Losses recognised in profit or loss (Note)	(2,150)
At December 31	$ 16,450

Note: Recorded as non-operating income and expense.

There were no such transactions for the year ended December 31, 2024.

F. External valuation specialist engaged by the Group is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Call options of convertible bonds	$ 16,450	Binomial tree valuation model	Stock price volatility	59.93%	The higher the stock price volatility, the higher the fair value

There were no such transactions on December 31, 2024.

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2025	
			Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Call options of convertible bonds	Stock price volatility	±5%	$ 1,700	($ 3,150)

There were no such transactions for the year ended December 31, 2024.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

E. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

F. Significant inter-company transactions during the reporting period: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

14. Segment Information

(1) General information

The Company and its subsidiaries are primarily engaged in the production and sales of sports and leisure shoes. Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions and has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Board of Directors evaluates the performance of the operating segments based on a measure of income/(loss) before tax.

(3) Reconciliation for segment revenue and income (loss)

The Group has only one reportable operating segment. Segment revenue and income (loss) in the financial statements are used to evaluate the performance of the operating segments.

(4) Information on products and services

The Group is primarily engaged in the production and sales of sports and leisure shoes.

(5) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows :

	Year ended December 31			
	2025		2024	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
US	$ 13,817,405	$ -	$ 11,796,849	$ -
Europe	6,634,559	-	2,188,837	-
Asia	6,543,562	41,204	4,596,951	44,806
Netherlands	5,997,447	-	6,862,117	-
Americas	5,590,653	-	4,234,970	-
U.K.	-	-	1,848,863	-
China	-	-	1,719,818	-
Belgium	-	-	1,555,820	-
Germany	-	-	1,258,358	-
Indonesia	-	3,537,336	316,317	3,177,420
Vietnam	-	7,142,659	75,873	8,024,565
Myanmar	-	2,199,450	-	2,461,849
Others	1,011,033	-	1,235,126	-
	$ 39,594,659	$ 12,920,649	$ 37,689,899	$ 13,708,640

Note：The information of revenue is categorized based on the geographical location of the customers who purchase from the Group.

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31	
	2025	2024
A	$ 22,327,036	$ 22,087,963
B	11,269,393	8,467,655
C	4,896,704	6,712,856
	$ 38,493,133	$ 37,268,474

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2025

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2025 (Note 3)	Balance at December 31, 2025 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted to a single party (Note 7)	Footnote
													Item	Value			
0	The Company	LAI YIH FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	$ 4,463,060	$ 3,614,450	$ 2,630,691	0	2	$ -	Operating capital	$ -	None	$ -	$ 4,833,272	$ 9,666,544	
1	LAI YIH FOOTWARE CO., LTD.	THRIVE FOISON LIMITED	Other receivables (financing)	Yes	1,948,660	1,885,800	880,040	0	2	-	Operating capital	-	None	-	22,879,854	22,879,854	
1	LAI YIH FOOTWARE CO., LTD.	PORTRICH TRADING LIMITED	Other receivables (financing)	Yes	785,750	314,300	-	0	2	-	Operating capital	-	None	-	22,879,854	22,879,854	
1	LAI YIH FOOTWARE CO., LTD.	POLO INTERNATIONAL HOLDING LTD.	Other receivables (financing)	Yes	1,100,050	1,100,050	390,989	0	2	-	Operating capital	-	None	-	22,879,854	22,879,854	
1	LAI YIH FOOTWARE CO., LTD.	MEGA RIVER INVESTMENT CO., LTD.	Other receivables (financing)	Yes	628,600	471,450	251,440	0	2	-	Operating capital	-	None	-	22,879,854	22,879,854	
1	LAI YIH FOOTWARE CO., LTD.	KING GLOBAL DEVELOPMENT CORP	Other receivables (financing)	Yes	157,150	-	-	0	2	-	Operating capital	-	None	-	22,879,854	22,879,854	
1	LAI YIH FOOTWARE CO., LTD.	EVERYIELD CO., LTD.	Other receivables (financing)	Yes	125,720	125,720	110,005	0	2	-	Operating capital	-	None	-	22,879,854	22,879,854	
1	LAI YIH FOOTWARE CO., LTD.	FLOURISH THRIVE DEVELOPMENTS LIMITED	Other receivables (financing)	Yes	1,257,200	1,257,200	-	0	2	-	Operating capital	-	None	-	22,879,854	22,879,854	
1	LAI YIH FOOTWARE CO., LTD.	LAC TY COMPANY LIMITED	Other receivables (financing)	Yes	942,900	314,300	-	1.5	2	-	Operating capital	-	None	-	4,575,971	9,151,942	
1	LAI YIH FOOTWARE CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	157,150	157,150	-	1.5	2	-	Operating capital	-	None	-	4,575,971	9,151,942	
2	THRIVE FOISON LIMITED	TY BACH COMPANY LIMMITED	Other receivables (financing)	Yes	1,414,350	1,100,050	862,754	1.5	2	-	Operating capital	-	None	-	5,067,205	5,067,205	
2	THRIVE FOISON LIMITED	GRAND WISDOM COMPANY LIMITED	Other receivables (financing)	Yes	314,300	157,150	-	1.5	2	-	Operating capital	-	None	-	5,067,205	5,067,205	
2	THRIVE FOISON LIMITED	PT. YIH QUAN FOOTWEAR INDONESIA	Other receivables (financing)	Yes	942,900	942,900	471,450	1.5	2	-	Operating capital	-	None	-	5,067,205	5,067,205	
3	PORTRICH TRADING LIMITED	LAC TY II COMPANY LIMITED	Other receivables (financing)	Yes	942,900	314,300	-	1.5	2	-	Operating capital	-	None	-	5,528,449	5,528,449	
3	PORTRICH TRADING LIMITED	LAI YIH FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	314,300	-	-	0	2	-	Operating capital	-	None	-	5,528,449	5,528,449	
4	KING GLOBAL DEVELOPMENT CORP	YIH SHUO FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	534,310	157,150	-	1.5	2	-	Operating capital	-	None	-	2,505,868	2,505,868	
4	KING GLOBAL DEVELOPMENT CORP	LAI YIH FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	942,900	942,900	389,732	0	2	-	Operating capital	-	None	-	2,505,868	2,505,868	
5	MEGA RIVER INVESTMENT CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	157,150	-	-	0	2	-	Operating capital	-	None	-	1,645,309	1,645,309	
5	MEGA RIVER INVESTMENT CO., LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Other receivables (financing)	Yes	628,600	471,450	251,440	1.5	2	-	Operating capital	-	None	-	1,645,309	1,645,309	
6	FLOURISH THRIVE DEVELOPMENTS LIMITED	LAI YIH FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	1,728,650	1,414,350	1,195,912	0	2	-	Operating capital	-	None	-	3,126,659	3,126,659	
7	OVERSEA FAITH CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	942,900	628,600	518,595	0	2	-	Operating capital	-	None	-	5,514,839	5,514,839	
8	EVERYIELD CO., LTD.	PT. ALNU SPORTING GOODS INDONESIA	Other receivables (financing)	Yes	62,860	62,860	62,860	1.5	2	-	Operating capital	-	None	-	143,606	287,212	
8	EVERYIELD CO., LTD.	PT. ALNU SPORTING GOODS INDONESIA	Other receivables (financing)	Yes	62,860	62,860	47,145	4	2	-	Operating capital	-	None	-	143,606	287,212	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2025.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

(1) LAI YIH FOOTWARE CO.,LTD. is a subsidiary which 100% directly and indirectly invested by The Company. Limit on loans granted to a single party is 20% of the Company's net assets in the financial statements and ceiling on total loans granted is 40% of the Company's net assets in the financial statements.

(2) THRIVE FOISON LIMITED, PORTRICH TRADING LIMITED, POLO INTERNATIONAL HOLDING LTD, MEGA RIVER INVESTMENT CO., LTD, KING GLOBAL DEVELOPMENT CORP, EVERYIELD CO., LTD.and FLOURISH THRIVE DEVELOPMENTS LIMITED are subsidiaries which 100% directly and indirectly invested by the Company. Ceiling on total loans granted and limit on loans granted to a single party are 100% of LAI YIH FOOTWEAR CO., LTD.'s net assets in the financial statements.

(3) LAC TY COMPANY LIMITED is a subsidiary which 50% directly and indirectly invested by the Group. Limit on loans granted to a single party is 20% of the LAI YIH FOOTWEAR CO., LTD.'s net assets in the financial statements and ceiling on total loans granted is 40% of LAI YIH FOOTWEAR CO., LTD.'s net assets in the financial statements.

(4) VINH LONG FOOTWEAR CO., LTD. is a subsidiary which 85% directly and indirectly invested by the Group. Limit on loans granted to a single party is 20% of LAI YIH FOOTWEAR CO., LTD.'s net assets in the financial statements and ceiling on total loans granted is 40% of LAI YIH FOOTWEAR CO., LTD.'s net assets in the financial statements.

(5) TY BACH COMPANY LIMMITED,GRAND WISDOM COMPANY LIMITED and PT. YIH QUAN FOOTWEAR INDONESIA are subsidiaries which 100% directly and indirectly invested by the Group. Ceiling on total loans granted and limit on loans granted to a single party are 100% of THRIVE FOISON LIMITED's net assets in the financial statements.

(6) LAC TY II COMPANY LIMITED and LAI YIH FOOTWEAR CO., LTD.are a subsidiary which 100% directly and indirectly invested by the Group. Ceiling on total loans granted and limit on loans granted to a single party are 100% of PORTRICH TRADING LIMITED's net assets in the financial statements.

(7) YIH SHUO FOOTWEAR CO., LTD. is a subsidiary which 100% directly and indirectly invested by the Group. Ceiling on total loans granted and limit on loans granted to a single party are 100% of KING GLOBAL DEVELOPMENT CORP's net assets in the financial statements.

(8) LAI YIH FOOTWEAR CO., LTD. is a subsidiary which 100% directly and indirectly invested by the Group. Ceiling on total loans granted and limit on loans granted to a single party are 100% of KING GLOBAL DEVELOPMENT CORP's net assets in the financial statements.

(9) LAI YIH FOOTWEAR CO., LTD. is a subsidiary which 100% directly and indirectly invested by the Group. Ceiling on total loans granted and limit on loans granted to a single party are 100% of MEGA RIVER INVESTMENT CO., LTD.'s net assets in the financial statements.

(10) PT. YIH QUAN FOOTWEAR INDONESIA is a subsidiary which 100% directly and indirectly invested by the Group. Ceiling on total loans granted and limit on loans granted to a single party are 100% of MEGA RIVER INVESTMENT CO., LTD.'s net assets in the financial statements.

(11) LAI YIH FOOTWEAR CO., LTD. is a subsidiary which 100% directly and indirectly invested by the Group. Ceiling on total loans granted and limit on loans granted to a single party are 100% of FLOURISH THRIVE DEVELOPMENTS LIMITED's net assets in the financial statements.

(12) LAI YIH FOOTWEAR CO., LTD. is a subsidiary which 100% directly and indirectly invested by the Group. Ceiling on total loans granted and limit on loans granted to a single party are 100% of OVERSEA FAITH CO., LTD.'s net assets in the financial statements.

(13) PT. ALNU SPORTING GOODS INDONESIA is a subsidiary which 66.21% directiy and indirectly invested by the Group.Limit on loans granted to a single party is 20% of EVERYIELD CO .,LTD.'s net assets in the financial statements and ceiling on total loans granted is 40% of EVERYIELD CO .,LTD.'s net assets in the financial statements.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2025

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

		Party being endorsed/ guaranteed												
Number (Note 1)	Endorser/guarantor	Company name	Relationship with the endorser/guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2025 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
1	LAI YIH FOOTWEAR CO., LTD.	FLOURISH THRIVE DEVELOPMENTS LIMITED	4	$ 22,879,854	$ 2,042,950	$ 1,257,200	$ 785,750	$ -	5.49%	$ 22,879,854	N	N	N	
1	LAI YIH FOOTWEAR CO., LTD.	LAC TY II COMPANY LIMITED	4	22,879,854	942,900	471,450	-	-	2.06%	22,879,854	N	N	N	
1	LAI YIH FOOTWEAR CO., LTD.	YIH SHUO FOOTWEAR CO., LTD.	4	22,879,854	1,257,200	628,600	-	-	2.75%	22,879,854	N	N	N	
1	LAI YIH FOOTWEAR CO., LTD.	TY BACH COMPANY LIMMITED	4	22,879,854	1,885,800	1,885,800	268,449	-	8.24%	22,879,854	N	N	N	
1	LAI YIH FOOTWEAR CO., LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	4	22,879,854	660,030	471,450	-	-	2.06%	22,879,854	N	N	N	
2	FLOURISH THRIVE DEVELOPMENTS LIMITED	YIH SHUO FOOTWEAR CO., LTD.	4	3,126,959	314	314	314	-	0.01%	3,126,659	N	N	N	
2	FLOURISH THRIVE DEVELOPMENTS LIMITED	VINH LONG FOOTWEAR CO., LTD.	1	4,689,988	1,886	1,886	629	-	0.06%	4,689,988	N	N	N	
2	FLOURISH THRIVE DEVELOPMENTS LIMITED	LAC TY COMPANY LIMITED	1	518,357	314	314	-	-	0.01%	4,689,988	N	N	N	
2	FLOURISH THRIVE DEVELOPMENTS LIMITED	LAC TY II COMPANY LIMITED	4	3,126,659	943	943	943	-	0.03%	3,126,659	N	N	N	
2	FLOURISH THRIVE DEVELOPMENTS LIMITED	TSANG YIH COMPANY LIMMITED	4	3,126,659	629	629	-	-	0.02%	3,126,659	N	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following four categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

Note 3: In accordance with the Company's Regulations Governing the Provision of Endorsements and Guarantees, ceiling on total amount of endorsements/guarantees provided by the Company to other companies is 50% of the current net assets, and limit on endorsements/guarantees provided for a single party is 50% of the current net assets.

Ceiling on total amount of endorsements/guarantees provided by LAI YIH FOOTWEAR CO., LTD. to other companies is 50% of the current net assets, and limit on endorsements/guarantees provided for a single party is 50% of the current net assets.

However, the amount of endorsements/guarantees between the companies which the Company holds 100% of the voting rights directly and indirectly is the Company's current net assets.

Ceiling on total endorsements/guarantees provided by FLOURISH THRIVE DEVELOPMENTS LIMITED to other companies is 150% of the current net assets, and limit on endorsements/guarantees provided for a single party is 150% of the current net assets.

However, the amount of endorsements/guarantees between the companies which the Company holds 100% of the voting rights directly and indirectly is the Company's current net assets.

For the companies having business relationship with the Company, in addition to the aforementioned rules, the limit on endorsements/guarantees provided for a single party is limited to the total transaction amount in the most recent year (transaction amount represents the higher amount of purchase or sales).

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8:LAI YIH FOOTWEAR CO., LTD. provided financing endorsements/guarantees to TY BACH COMPANY LIMITED (TY BACH). The credit contract matured in December 2025 with the amount of USD 30,000 thousand.

By considering the overall capital needs, the Company increased the endorsements/guarantees amount to the above endorsements/guarantees amounting to USD 30,000 thousand as resolved by the Board of Directors on November 11, 2025 in advance.

In order to meet the reporting requirements, the balance of endorsements/guarantees shall presented as double counting starting from the date of the event. After TY BACH completes the renewal of the bank borrowings, the Company's actual outstanding endorsement/guarantee amount provided for a single party (TY BACH) at December 31, 2025 will be decreased to USD 30,000 thousand. Ratio of outstanding endorsement/guarantee amount to net assets of the latest financial statements will be decreased to 8.24%.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2025

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	CHEER ACCESS LTD.	Same ultimate parent company	Sales	$ 3,193,139	8.06%	60 days after receipt of goods	-	-	$ 676,534	9.17%	Notes 1, 3
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Sales	1,947,940	4.92%	60 days after receipt of goods	-	-	254,949	3.46%	Notes 1, 3
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Sales	189,944	0.48%	60 days after receipt of goods	-	-	43,014	0.58%	Notes 1, 3
CHEER ACCESS LTD.	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	464,455	1.17%	60 days after receipt of goods	-	-	29,414	0.40%	Note 1
CHEER ACCESS LTD.	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	776,208	1.96%	60 days after receipt of goods	-	-	138,222	1.87%	Note 1
CHEER ACCESS LTD.	TY BACH COMPANY LIMMITED	Same ultimate parent company	Sales	933,512	2.36%	60 days after receipt of goods	-	-	107,910	1.46%	Note 1
CHEER ACCESS LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Sales	1,025,693	2.59%	60 days after receipt of goods	-	-	400,987	5.44%	Note 1
BILLION STAR INTERNATIONAL CO., LTD.	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	1,053,963	2.66%	60 days after receipt of goods	-	-	155,351	2.11%	Note 1
BILLION STAR INTERNATIONAL CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	861,231	2.18%	60 days after receipt of goods	-	-	97,474	1.32%	Note 1
POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	2,174,761	5.49%	45 days after receipt of goods	-	-	234,454	3.18%	Notes 1, 3
LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	518,357	1.31%	75 days after receipt of goods	-	-	176,108	2.39%	Notes 1, 3
LAC TY COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	550,138	1.39%	Colleted based on the contract	-	-	29,200	0.40%	Notes 1, 2
LAC TY COMPANY LIMITED	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	277,874	0.70%	Colleted based on the contract	-	-	21,545	0.29%	Notes 1, 2
LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	10,222,857	25.82%	75 days after receipt of goods	-	-	2,237,893	30.34%	Notes 1, 3
VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	11,383,659	28.75%	45 days after receipt of goods	-	-	2,614,791	35.45%	Notes 1, 3
YIH SHUO FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	3,896,163	9.84%	60 days after receipt of goods	-	-	1,052,905	14.28%	Notes 1, 3
TY BACH COMPANY LIMMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	5,166,917	13.05%	60 days after receipt of goods	-	-	808,120	10.96%	Notes 1, 3
TY BACH COMPANY LIMMITED	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	139,853	0.35%	60 days after receipt of goods	-	-	8,370	0.11%	Note 1
GRAND WISDOM COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	805,918	2.04%	60 days after monthly billings	-	-	118,034	1.60%	Note 1
GRAND WISDOM COMPANY LIMITED	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	189,358	0.48%	30 days after monthly billings	-	-	17,895	0.24%	Note 1
TSANG YIH COMPANY LIMMITED	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Sales	888,167	2.24%	60 days after monthly billings	-	-	133,056	1.80%	Note 1
PT. YIH QUAN FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	2,674,432	6.75%	45 days after receipt of goods	-	-	537,325	7.29%	Notes 1, 3
PT. YIHFULL FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	600,310	1.52%	30 days after monthly billings	-	-	125,212	1.70%	Notes 1, 3

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2025

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
PT. ALNU SPORTING GOODS INDONESIA	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Sales	$ 331,190	0.84%	30 days after monthly billings	-	-	$ 49,222	0.67%	Note 1

Note 1: The transactions were eliminated when preparing the consolidated financial statements.
Note 2: Advance receipts for service revenue is collected based on the transaction terms in the contract, and is transferred to revenue monthly based on the actual amount incurred.
Note 3: (SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH is a branch of FLOURISH THRIVE DEVELOPMENTS LIMITED, which is regarded as the same entity in the consolidated financial statements.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

December 31, 2025

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2025		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts	Footnote
			Accounts	Amount		Amount	Action taken			
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	CHEER ACCESS LTD.	Same ultimate parent company	Accounts receivable	$ 676,534	4.83	$ -	-	$ 378,977	$ -	Notes 1, 4
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Accounts receivable	254,949	7.14	-	-	154,979	-	Notes 1, 4
CHEER ACCESS LTD.	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Accounts receivable	138,222	5.29	-	-	52,859	-	Note 1
CHEER ACCESS LTD.	TY BACH COMPANY LIMMITED	Same ultimate parent company	Accounts receivable	107,910	5.88	-	-	63,050	-	Note 1
CHEER ACCESS LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Accounts receivable	400,987	3.20	-	-	240,172	-	Note 1
BILLION STAR INTERNATIONAL CO., LTD.	LAC TY II COMPANY LIMITED	Same ultimate parent company	Accounts receivable	155,351	5.93	-	-	69,264	-	Note 1
POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	234,454	10.26	-	-	209,264	-	Notes 1, 4
LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	176,108	3.30			82,776		Notes 1, 4
LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	2,237,893	4.58	-	-	939,386	-	Notes 1, 4
VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	2,614,791	4.78	-	-	784,278	-	Notes 1, 4
YIH SHUO FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	1,052,905	3.65	-	-	281,237	-	Notes 1, 4
TY BACH COMPANY LIMMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	808,120	5.88	-	-	341,359	-	Notes 1, 4
GRAND WISDOM COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Accounts receivable	118,034	8.26			118,034		Note 1
TSANG YIH COMPANY LIMMITED	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Accounts receivable	133,056	6.70	-	-	70,383	-	Note 1
PT. YIH QUAN FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	537,325	8.36	-	-	446,830	-	Notes 1, 4
PT. YIHFULL FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	125,212	9.35	-	-	91,306	-	Notes 1, 4
The Company	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables	2,630,691	-	-	-	669,459	-	Notes 1, 2
LAI YIH FOOTWEAR CO., LTD.	MEGA RIVER INVESTMENT CO., LTD.	Same ultimate parent company	Other receivables	251,440	-	-	-	-	-	Notes 1, 2
LAI YIH FOOTWEAR CO., LTD.	THRIVE FOISON LIMITED	Same ultimate parent company	Other receivables	880,040	-	-	-	3,143	-	Notes 1, 2
LAI YIH FOOTWEAR CO., LTD.	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Other receivables	390,989	-	-	-	296,699	-	Notes 1, 2
LAI YIH FOOTWEAR CO., LTD.	EVERYIELD CO., LTD.	Same ultimate parent company	Other receivables	110,005	-	-	-	-	-	Notes 1, 2
FLOURISH THRIVE DEVELOPMENTS LIMITED	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables	1,195,912	-	-	-	638,029	-	Notes 1, 2
OVERSEA FAITH CO.,LTD.	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables	518,595	-	-	-	-	-	Notes 1, 2

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

December 31, 2025

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2025		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts	Footnote
			Accounts	Amount		Amount	Action taken			
MEGA RIVER INVESTMENT CO., LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Other receivables	$ 253,454	-	$ -	-	$ -	$ -	Notes 1, 2
KING GLOBAL DEVELOPMENT CORP	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables	389,732	-	-	-	201,152	-	Notes 1, 2
THRIVE FOISON LIMITED	TY BACH COMPANY LIMMITED	Same ultimate parent company	Other receivables	862,754	-	-	-	-	-	Notes 1, 2
THRIVE FOISON LIMITED	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Other receivalbes	474,223	-	-	-	-	-	Notes 1, 2
EVERYIELD CO., LTD.	PT. ALNU SPORTING GOODS INDONESIA	Same ultimate parent company	Other receivalbes	110,725	-	-	-	-	-	Notes 1, 2

Note 1: The transactions were eliminated when preparing the consolidated financial statements.
Note 2: The amount was composed of other receivables and thus the turnover rate was not calculated.
Note 3: As of January 31, 2026.
Note 4: (SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH is a branch of FLOURISH THRIVE DEVELOPMENTS LIMITED, which is regarded as the same entity in the consolidated financial statements.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2025

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction				
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)	Footnote
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	CHEER ACCESS LTD.	Same ultimate parent company	Sales	$ 3,193,139	Note 4	8.06%	Notes 5, 7
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD	Same ultimate parent company	Sales	1,947,940	Note 4	4.92%	Notes 5, 7
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Sales	189,944	Note 4	0.48%	Notes 5, 7
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	CHEER ACCESS LTD.	Same ultimate parent company	Accounts receivable	676,534	Note 4	1.87%	Notes 5, 7
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD	Same ultimate parent company	Accounts receivable	254,949	Note 4	0.71%	Notes 5, 7
2	CHEER ACCESS LTD.	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	464,455	Note 4	1.17%	Note 7
2	CHEER ACCESS LTD.	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	776,208	Note 4	1.96%	Note 7
2	CHEER ACCESS LTD.	TY BACH COMPANY LIMMITED	Same ultimate parent company	Sales	933,512	Note 4	2.36%	Note 7
2	CHEER ACCESS LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Sales	1,025,693	Note 4	2.59%	Note 7
2	CHEER ACCESS LTD.	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Accounts receivable	138,222	Note 4	0.38%	Note 7
2	CHEER ACCESS LTD.	TY BACH COMPANY LIMMITED	Same ultimate parent company	Accounts receivable	107,910	Note 4	0.30%	Note 7
2	CHEER ACCESS LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Accounts receivable	400,987	Note 4	1.11%	Note 7
3	BILLION STAR INTERNATIONAL CO., LTD.	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	1,053,963	Note 4	2.66%	Note 7
3	BILLION STAR INTERNATIONAL CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	861,231	Note 4	2.18%	Note 7
3	BILLION STAR INTERNATIONAL CO., LTD.	LAC TY II COMPANY LIMITED	Same ultimate parent company	Accounts receivable	155,351	Note 4	0.43%	Note 7
4	POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	2,174,761	Note 4	5.49%	Notes 5, 7
4	POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	234,454	Note 4	0.65%	Notes 5, 7
5	LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	518,357	Note 4	1.31%	Notes 5, 7
5	LAC TY COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	550,138	Note 4	1.39%	Note 7
5	LAC TY COMPANY LIMITED	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	277,874	Note 4	0.70%	Note 7
5	LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH		Accounts receivable	176,108	Note 4	0.49%	Notes 5, 7
6	LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	10,222,857	Note 4	25.82%	Notes 5, 7
6	LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	2,237,893	Note 4	6.20%	Notes 5, 7
7	VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	11,383,659	Note 4	28.75%	Notes 5, 7
7	VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	2,614,791	Note 4	7.24%	Notes 5, 7
8	YIH SHUO FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	3,896,163	Note 4	9.84%	Notes 5, 7
8	YIH SHUO FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	1,052,905	Note 4	2.92%	Notes 5, 7
9	TY BACH COMPANY LIMMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	5,166,917	Note 4	13.05%	Notes 5, 7
9	TY BACH COMPANY LIMMITED	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	139,853	Note 4	0.35%	Note 7

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2025

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction				
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)	Footnote
9	TY BACH COMPANY LIMMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	$ 808,120	Note 4	2.24%	Notes 5, 7
10	GRAND WISDOM COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	805,918	Note 4	2.04%	Note 7
10	GRAND WISDOM COMPANY LIMITED	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	189,358	Note 4	0.48%	Note 7
10	GRAND WISDOM COMPANY LIMITED	LAC TY II COMPANY LIMITED		Accounts receivable	118,034	Note 4	0.33%	Note 7
11	TSANG YIH COMPANY LIMMITED	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Sales	888,167	Note 4	2.24%	Note 7
11	TSANG YIH COMPANY LIMMITED	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Accounts receivable	133,056	Note 4	0.37%	Note 7
12	PT. YIH QUAN FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	2,674,432	Note 4	6.75%	Notes 5, 7
12	PT. YIH QUAN FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	537,325	Note 4	1.49%	Notes 5, 7
13	PT. YIHFULL FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	600,310	Note 4	1.52%	Notes 5, 7
13	PT. YIHFULL FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	125,212	Note 4	0.35%	Notes 5, 7
14	PT ALNU SPORTING GOODS INDONESIA	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Sales	331,190	Note 4	0.84%	Note 7
15	The Company	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	2,630,691	Note 4	7.29%	Note 7
16	LAI YIH FOOTWEAR CO., LTD.	MEGA RIVER INVESTMENT CO., LTD.	Same ultimate parent company	Other receivables (financing)	251,440	Note 4	0.70%	Note 7
16	LAI YIH FOOTWEAR CO., LTD.	THRIVE FOISON LIMITED	Same ultimate parent company	Other receivables (financing)	880,040	Note 4	2.44%	Note 7
16	LAI YIH FOOTWEAR CO., LTD.	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Other receivables (financing)	390,989	Note 4	1.08%	Note 7
16	LAI YIH FOOTWEAR CO., LTD.	EVERYIELD CO., LTD.	Same ultimate parent company	Other receivables (financing)	110,005	Note 4	0.30%	Note 7
17	FLOURISH THRIVE DEVELOPMENTS LIMITED	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	1,195,912	Note 4	3.31%	Note 7
18	OVERSEA FAITH CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	518,595	Note 4	1.44%	Note 7
19	MEGA RIVER INVESTMENT CO., LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Other receivables (financing)	253,454	Note 4	0.70%	Note 7
20	KING GLOBAL DEVELOPMENT CORP	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	389,732	Note 4	1.08%	Note 7
21	THRIVE FOISON LIMITED	TY BACH COMPANY LIMMITED	Same ultimate parent company	Other receivables (financing)	862,754	Note 4	2.39%	Note 7
21	THRIVE FOISON LIMITED	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Other receivables (financing)	474,223	Note 4	1.31%	Note 7
22	EVERYIELD CO., LTD.	PT. ALNU SPORTING GOODS INDONESIA	Same ultimate parent company	Other receivables (financing)	110,725	Note 4	0.31%	Note 7

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: It is determined by reference to market prices and based on mutual agreements.

Note 5: (SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH is a branch of FLOURISH THRIVE DEVELOPMENTS LIMITED, which is regarded as the same entity in the consolidated financial statements.

Note 6: Disclosing only the amount of NT $100 million of related party transactions.

Note 7: The transactions were eliminated when preparing the consolidated financial statements.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Names, locations and other information of investee companies (not including investees in Mainland China)

Year ended December 31, 2025

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2025					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2025 (Note3)	Balance as at December 31, 2024	Number of shares (Note 1)	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 4)	Footnote
The Company	LAI YIH FOOTWEAR CO., LTD.	Samoa	Holding company	$ 4,788,999	$ 5,157,081	157,300	100%	$ 22,879,854	$ 3,310,535	$ 3,310,535	
LAI YIH FOOTWEAR CO., LTD.	FLOURISH THRIVE DEVELOPMENTS LIMITED	Samoa	Holding company	31,430	32,785	1,000	100%	3,126,659	1,889,443	-	
LAI YIH FOOTWEAR CO., LTD.	CHEER ACCESS LTD.	Seychelles	Investment holdings and import and export trade	31,430	32,785	1,000	100%	39,464	1,895	-	Note 2
LAI YIH FOOTWEAR CO., LTD.	BILLION STAR INTERNATIONAL CO., LTD.	Seychelles	Investment holdings and import and export trade	31,430	32,785	1,000	100%	39,458	2,462	-	Note 2
LAI YIH FOOTWEAR CO., LTD.	PORTRICH TRADING LIMITED	Samoa	Holding company	4,832,363	4,491,545	153,750	100%	5,528,449	277,179	-	Note 2
LAI YIH FOOTWEAR CO., LTD.	OVERSEA FAITH CO., LTD.	Seychelles	Holding company	3,002,194	2,836,558	95,520	100%	5,514,839	455,645	-	Note 2
LAI YIH FOOTWEAR CO., LTD.	MEGA RIVER INVESTMENT CO., LTD.	Seychelles	Holding company	1,942,374	2,026,113	61,800	100%	1,645,309	61,500	-	Note 2
LAI YIH FOOTWEAR CO., LTD.	KING GLOBAL DEVELOPMENT CORP	Samoa	Holding company	1,909,671	1,992,000	60,760	100%	2,505,868	241,679	-	Note 2
LAI YIH FOOTWEAR CO., LTD.	THRIVE FOISON LIMITED	Samoa	Holding company	5,578,825	5,589,843	177,500	100%	5,067,205	270,921	-	Note 2
LAI YIH FOOTWEAR CO., LTD.	BRILLIANT METERO LIMITED	Samoa	Holding company	-	35,900	-	-	-	(181)	-	Note 5
LAI YIH FOOTWEAR CO., LTD.	POLO INTERNATIONAL HOLDING LTD.	Samoa	Investment holdings and production and sales of sports and casual shoes	2,195,386	2,290,032	69,850	100%	1,884,899	156,794	-	Note 2
LAI YIH FOOTWEAR CO., LTD.	EVERYIELD CO., LTD.	Anguilla	Holding company	1,219,484	1,198,292	38,800	100%	718,029	22,303	-	Note 2
LAI YIH FOOTWEAR CO., LTD.	LAC TY COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	46,278	48,273	-	50%	187,335	197,196	-	Note 2
LAI YIH FOOTWEAR CO., LTD.	JUMBO POWER ENTERPRISES LIMITED	British Virgin Islands	Holding company	251,440	262,280	8,000	50%	393,371	(22,517)	-	Note 2
PORTRICH TRADING LIMITED	LAC TY II COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	4,248,159	3,841,174	-	100%	4,730,354	266,010	-	Note 2
OVERSEA FAITH CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	Vietnam	Production and sales of sports and casual shoes	2,270,818	2,368,716	-	85%	4,273,091	518,808	-	Note 2
KING GLOBAL DEVELOPMENT CORP	YIH SHUO FOOTWEAR CO.,LTD	Vietnam	Production and sales of sports and casual shoes	2,068,581	2,157,761	-	85%	2,090,758	282,521	-	Note 2
MEGA RIVER INVESTMENT CO., LTD.	YIH SHUO FOOTWEAR CO.,LTD	Vietnam	Production and sales of sports and casual shoes	365,044	380,781	-	15%	368,957	282,521	-	Note 2
MEGA RIVER INVESTMENT CO., LTD.	VINH TY COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	94,290	98,355	-	24%	47,343	(23,739)	-	Note 2
JUMBO POWER ENTERPRISES LIMITED	SUPERB KING INVESTMENTS LIMITED	Hong Kong	Holding company	343,216	524,560	-	100%	430,455	(22,048)	-	Note 2
THRIVE FOISON LIMITED	TY BACH COMPANY LIMMITED	Vietnam	Production and sales of sports and casual shoes	3,143,000	3,278,500	-	100%	2,356,261	149,462	-	Note 2
THRIVE FOISON LIMITED	GRAND WISDOM COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	1,037,190	852,410	-	100%	1,022,480	84,239	-	Note 2

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Names, locations and other information of investee companies (not including investees in Mainland China)

Year ended December 31, 2025

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2025					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2025 (Note3)	Balance as at December 31, 2024	Number of shares (Note 1)	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 4)	Footnote
POLO INTERNATIONAL HOLDING LTD.	TSANG YIH COMPANY LIMMITED	Myanmar	Production and sales of sports and casual shoes	$ 3,019,194	$ 3,149,356	96,061	73%	$ 1,604,504	$ 102,405	$ -	Note 2
EVERYIELD CO., LTD.	TSANG YIH COMPANY LIMMITED	Myanmar	Production and sales of sports and casual shoes	1,130,343	1,179,074	35,964	27%	600,703	102,405	-	Note 2
MEGA RIVER INVESTMENT CO., LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	1,492,925	1,557,288	-	50%	1,222,375	41,615	-	Note 2
THRIVE FOISON LIMITED	PT. YIH QUAN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	1,492,925	1,557,288	-	50%	1,222,375	41,615	-	Note 2
OVERSEA FAITH CO., LTD.	PT. YIHFULL FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	157,150	163,925	-	50%	149,425	14,167	-	Note 2
PORTRICH TRADING LIMITED	PT. YIHFULL FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	157,150	163,925	-	50%	149,425	14,167	-	Note 2
OVERSEA FAITH CO., LTD.	PT. YIHXIN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	696	1,147	-	50%	-	(47)	-	Note 2
KING GLOBAL DEVELOPMENT CORP	PT. YIHXIN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	696	1,147	-	50%	-	(47)	-	Note 2
OVERSEA FAITH CO., LTD.	PT. YIH YOU FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	565,740	295,065	-	60%	556,254	11,651	-	Note 2
PORTRICH TRADING LIMITED	PT. YIH YOU FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	377,160	196,710	-	40%	370,836	11,651	-	Note 2
EVERYIELD CO., LTD.	PT. ALNU SPORTING GOODS INDONESIA	Indonesia	Production and sales of sports and casual shoes	150,864	83,602	-	66.21%	115,150	(9,260)	-	Note 2

Note 1: The companies with "-" in the blank had no shares issued.

Note 2: It pertained to the second-tier subsidiary and its reinvested company, which were not presented in the investment income (loss).

Note 3: Initial investment amount was converted at the exchange rate of NTD 31.43:USD 1 prevailing on December 31, 2025.

Note 4: Investment income (loss) for the year ended December 31, 2025 was calculated based on the financial statements which were audited by the Company's CPA.

Note 5:In order to meet the Group's long-term development plans and to continuously integrate the resources, the Company liquidated BRILLIANT METERO LIMITED in accordance with the relevant local regulations on July 4, 2025.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China-Basic information

Year ended December 31, 2025

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2025			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee as of December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 2)	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Remitted to Mainland China	Remitted back to Taiwan							
YANGZHOU BAOYI SHOES MANUFACTURING CO., LTD.	Non-residential premises lease	$ 352,909	(2)	$ 352,909	$ -	$ -	$ 352,909	($ 21,962)	50%	($ 10,981)	392,247	$ 941,636	Note 3

Note 1: Investment methods are classified into the following categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China

(2) Indirectly investment in mainland China through companies registered in a third region (JUMBO POEWR ENTERPRISES LIMITED)

(3) Other methods.

Note 2: The investment income (loss) for the year ended December 31, 2025 was calculated based on the financial statements which were audited by R.O.C. parent company's CPA.

Note 3: Paid-in capital, Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025 and Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025 were converted at the exchange rate of NTD 31.43:USD 1 prevailing on December 31, 2025

LAIYIH GROUP

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Chairman Chung Te-Li