

**LAI YIH FOOTWEAR CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

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.
DECEMBER 31, 2023 AND 2022 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
TABLE OF CONTENTS

Contents	Page
1. Cover Page	1
2. Table of Contents	2 ~ 3
3. Independent Auditors' Report	4 ~ 9
4. Consolidated Balance Sheets	10 ~ 11
5. Consolidated Statements of Comprehensive Income	12
6. Consolidated Statements of Changes in Equity	13
7. Consolidated Statements of Cash Flows	14
8. Notes to the Consolidated Financial Statements	15 ~ 61
(1) History and Organisation	15
(2) The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation	15
(3) Application of New Standards, Amendments and Interpretations	15 ~ 16
(4) Summary of Material Accounting Policies	16 ~ 32
(5) Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty	32
(6) Details of Significant Accounts	32 ~ 49

Contents	Page
(7) Related Party Transactions	50 ~ 52
(8) Pledged Assets	52
(9) Significant Contingent Liabilities and Unrecognised Contract Commitments	52
(10) Significant Disaster Loss	52
(11) Significant Events after the Balance Sheet Date	52
(12) Others	52 ~ 59
(13) Supplementary Disclosures	59 ~ 60
(14) Segment Information	60 ~ 61

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of LAI YIH FOOTWEAR CO., LTD. and subsidiaries (the "Group") as at December 31, 2023 and 2022, 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, 2023 and 2022, 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 *Auditors' 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 matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 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 2023 consolidated financial statements is stated as follows:

Assessment of allowance for inventory valuation loss

Description

Refer to Note 4(11) 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(4) for the details of allowance for inventory valuation loss. The Group's balances of inventories and allowance for inventory valuation loss were NT\$4,085,168 thousand and NT\$144,053 thousand on December 31, 2023, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Wu, Sung-Yuan

Hsu, Chien-Yeh

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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, 2023, AND 2022 AND JANUARY 1, 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		(adjusted) December 31, 2022		(adjusted) January 1, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 4,418,919	17	\$ 4,654,650	18	\$ 6,022,019	26
1136	Current financial assets at amortised cost	6(2)	3,334	-	3,261	-	2,795	-
1170	Accounts receivable, net	6(3)	3,483,993	13	3,965,133	16	1,214,663	5
1180	Accounts receivable-related parties, net	7(2)	-	-	-	-	10,295	-
1200	Other receivables		97,683	-	101,004	-	83,628	-
1220	Current tax assets		8,617	-	9,430	-	105,260	1
130X	Inventories	6(4)	4,085,168	15	3,772,745	15	4,498,724	19
1479	Other current assets, others	6(5)	1,982,307	8	1,209,151	5	592,246	3
11XX	Current assets		<u>14,080,021</u>	<u>53</u>	<u>13,715,374</u>	<u>54</u>	<u>12,529,630</u>	<u>54</u>
Non-current assets								
1535	Non-current financial assets at amortised cost	6(2) and 8	14,252	-	279,545	1	12,195	-
1550	Investments accounted for under equity method		51,915	-	65,280	-	65,920	-
1600	Property, plant and equipment	6(6) and 8	11,000,155	42	9,851,880	39	9,365,817	40
1755	Right-of-use assets	6(7) and 8	1,258,101	5	1,292,249	5	1,041,613	4
1780	Intangible assets		10,046	-	7,635	-	9,649	-
1840	Deferred income tax assets	6(20)	77,471	-	112,437	-	135,701	1
1990	Other non-current assets, others		67,348	-	197,906	1	149,742	1
15XX	Non-current assets		<u>12,479,288</u>	<u>47</u>	<u>11,806,932</u>	<u>46</u>	<u>10,780,637</u>	<u>46</u>
1XXX	Total assets		<u>\$ 26,559,309</u>	<u>100</u>	<u>\$ 25,522,306</u>	<u>100</u>	<u>\$ 23,310,267</u>	<u>100</u>

(Continued)

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023, AND 2022 AND JANUARY 1, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		(adjusted) December 31, 2022		(adjusted) January 1, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(8)	\$ 3,759,856	14	\$ 2,543,731	10	\$ 3,444,444	15
2130	Current contract liabilities	6(15)	58,452	-	56,370	-	76,655	-
2150	Notes payable		20	-	26	-	88	-
2170	Accounts payable		1,668,073	6	1,066,109	4	1,192,794	5
2180	Accounts payable-related parties	7(2)	19,581	-	13,885	-	18,435	-
2200	Other payables	6(9)	1,582,411	6	1,263,069	5	1,036,111	5
2220	Other payables-related parties	7(2)	246	-	316	-	524	-
2230	Income tax payable		138,243	1	420,950	2	142,349	1
2280	Current lease liabilities	6(7)	34,532	-	28,879	-	31,959	-
2320	Current portion of long-term borrowings	6(10)	-	-	491,360	2	221,440	1
2399	Other current liabilities, others		12,318	-	17,010	-	24,346	-
21XX	Current liabilities		<u>7,273,732</u>	<u>27</u>	<u>5,901,705</u>	<u>23</u>	<u>6,189,145</u>	<u>27</u>
Non-current liabilities								
2540	Long-term borrowings	6(10)	-	-	491,360	2	885,760	4
2570	Deferred income tax liabilities	6(20)	166,667	1	160,645	1	122,264	-
2580	Non-current lease liabilities	6(7)	392,313	1	391,824	1	236,691	1
2670	Other non-current liabilities, others		22	-	1,032	-	782	-
25XX	Non-current liabilities		<u>559,002</u>	<u>2</u>	<u>1,044,861</u>	<u>4</u>	<u>1,245,497</u>	<u>5</u>
2XXX	Total Liabilities		<u>7,832,734</u>	<u>29</u>	<u>6,946,566</u>	<u>27</u>	<u>7,434,642</u>	<u>32</u>
Equity								
Equity attributable to owners of the parent								
Share capital								
3110	Share capital-common stock	6(12)	2,200,000	8	2,200,000	9	2,200,000	9
Capital surplus								
3200	Capital surplus	6(13)	12,661,753	48	12,661,753	50	13,208,110	57
Retained earnings								
3350	Unappropriated retained earnings	6(14)	2,885,712	11	2,614,337	10	218,909	1
Other equity interest								
3400	Other equity interest		(2,280)	-	82,209	-	(590,078)	(3)
31XX	Equity attributable to owners of the parent		<u>17,745,185</u>	<u>67</u>	<u>17,558,299</u>	<u>69</u>	<u>15,036,941</u>	<u>64</u>
36XX	Non-controlling interests	4(3)	<u>981,390</u>	<u>4</u>	<u>1,017,441</u>	<u>4</u>	<u>838,684</u>	<u>4</u>
3XXX	Total Equity		<u>18,726,575</u>	<u>71</u>	<u>18,575,740</u>	<u>73</u>	<u>15,875,625</u>	<u>68</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 26,559,309</u>	<u>100</u>	<u>\$ 25,522,306</u>	<u>100</u>	<u>\$ 23,310,267</u>	<u>100</u>

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31				
		2023		2022 (adjusted)		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(15)	\$ 28,015,569	100	\$ 31,338,313	100
5000	Operating costs	6(4)(19) and 7(2)	(24,242,737)	(87)	(25,647,710)	(82)
5900	Gross profit from operations		<u>3,772,832</u>	<u>13</u>	<u>5,690,603</u>	<u>18</u>
5950	Gross profit from operations		<u>3,772,832</u>	<u>13</u>	<u>5,690,603</u>	<u>18</u>
	Operating expenses	6(19)				
6100	Selling expenses		(463,519)	(2)	(616,495)	(2)
6200	Administrative expenses		(1,184,649)	(4)	(1,098,789)	(3)
6300	Research and development expenses		(618,821)	(2)	(649,856)	(2)
6450	Expected credit impairment gain (loss)	12(2)	<u>3,106</u>	<u>-</u>	<u>(1,084)</u>	<u>-</u>
6000	Total operating expenses		<u>(2,263,883)</u>	<u>(8)</u>	<u>(2,366,224)</u>	<u>(7)</u>
6900	Net operating income		<u>1,508,949</u>	<u>5</u>	<u>3,324,379</u>	<u>11</u>
	Non-operating income and expenses					
7100	Interest income	6(16)	97,373	-	36,149	-
7010	Other income		66,190	-	28,505	-
7020	Other gains and losses	6(17)	398,331	2	343,103	1
7050	Finance costs	6(18)	(196,675)	(1)	(120,667)	-
7060	Share of loss of associates and joint ventures accounted for using equity method		<u>-</u>	<u>-</u>	<u>(14,864)</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>365,219</u>	<u>1</u>	<u>272,226</u>	<u>1</u>
7900	Profit before income tax		<u>1,874,168</u>	<u>6</u>	<u>3,596,605</u>	<u>12</u>
7950	Income tax expense	6(20)	(564,482)	(2)	(881,066)	(3)
8000	Profit from continuing operations		<u>1,309,686</u>	<u>4</u>	<u>2,715,539</u>	<u>9</u>
8200	Net profit		<u>\$ 1,309,686</u>	<u>4</u>	<u>\$ 2,715,539</u>	<u>9</u>
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(\$ 51,959)	-	\$ 640,933	2
8360	Total components of other comprehensive income that will be reclassified to profit or loss		<u>(51,959)</u>	<u>-</u>	<u>640,933</u>	<u>2</u>
8300	Other comprehensive (loss) income		<u>(\$ 51,959)</u>	<u>-</u>	<u>\$ 640,933</u>	<u>2</u>
8500	Total comprehensive income		<u>\$ 1,257,727</u>	<u>4</u>	<u>\$ 3,356,472</u>	<u>11</u>
	Profit, attributable to:					
8610	Owners of the parent		<u>\$ 1,378,267</u>	<u>4</u>	<u>\$ 2,505,428</u>	<u>8</u>
8620	Non-controlling interests		<u>(\$ 68,581)</u>	<u>-</u>	<u>\$ 210,111</u>	<u>1</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		<u>\$ 1,293,778</u>	<u>4</u>	<u>\$ 3,177,715</u>	<u>10</u>
8720	Non-controlling interests		<u>(\$ 36,051)</u>	<u>-</u>	<u>\$ 178,757</u>	<u>1</u>
	Basic earnings per share	6(21)				
9750	Basic earnings per share		<u>\$</u>	<u>6.26</u>	<u>\$</u>	<u>11.39</u>
	Diluted earnings per share	6(21)				
9850	Diluted earnings per share		<u>\$</u>	<u>6.26</u>	<u>\$</u>	<u>11.39</u>

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent							
Notes	Ordinary share	Capital surplus	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
2022 (adjusted)							
	\$ 2,200,000	\$13,208,110	\$ 220,836	(\$ 590,078)	\$15,038,868	\$ 839,519	\$15,878,387
	-	-	(1,927)	-	(1,927)	(835)	(2,762)
	<u>2,200,000</u>	<u>13,208,110</u>	<u>218,909</u>	<u>(590,078)</u>	<u>15,036,941</u>	<u>838,684</u>	<u>15,875,625</u>
	-	-	2,505,428	-	2,505,428	210,111	2,715,539
	-	-	-	672,287	672,287	(31,354)	640,933
	-	-	<u>2,505,428</u>	<u>672,287</u>	<u>3,177,715</u>	<u>178,757</u>	<u>3,356,472</u>
	-	3,643	-	-	3,643	-	3,643
6(14)	-	(550,000)	-	-	(550,000)	-	(550,000)
6(14)	-	-	(110,000)	-	(110,000)	-	(110,000)
	<u>\$ 2,200,000</u>	<u>\$12,661,753</u>	<u>\$ 2,614,337</u>	<u>\$ 82,209</u>	<u>\$17,558,299</u>	<u>\$ 1,017,441</u>	<u>\$18,575,740</u>
2023							
	<u>\$ 2,200,000</u>	<u>\$12,661,753</u>	<u>\$ 2,614,337</u>	<u>\$ 82,209</u>	<u>\$17,558,299</u>	<u>\$ 1,017,441</u>	<u>\$18,575,740</u>
	-	-	1,378,267	-	1,378,267	(68,581)	1,309,686
	-	-	-	(84,489)	(84,489)	32,530	(51,959)
	-	-	<u>1,378,267</u>	<u>(84,489)</u>	<u>1,293,778</u>	<u>(36,051)</u>	<u>1,257,727</u>
	-	-	(6,892)	-	(6,892)	-	(6,892)
6(14)	-	-	(1,100,000)	-	(1,100,000)	-	(1,100,000)
	<u>\$ 2,200,000</u>	<u>\$12,661,753</u>	<u>\$ 2,885,712</u>	<u>(\$ 2,280)</u>	<u>\$17,745,185</u>	<u>\$ 981,390</u>	<u>\$18,726,575</u>

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,874,168	\$ 3,596,605
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(19)	1,459,455	1,378,894
Amortisation expense	6(19)	5,359	6,432
Expected credit impairment (gain) loss	12(2)	(3,106)	1,084
Finance costs	6(18)	196,675	120,667
Interest income	6(16)	(97,373)	(36,149)
Share of loss of associates accounted for using the equity method		-	14,864
Gain on disposal of property, plant and equipment	6(17)	(3,746)	(5,216)
Gain on lease modification	6(7)(17)	-	(11,559)
Impairment loss	6(17)	13,554	-
Unrealised foreign exchange (gain) loss		(596,982)	11,725
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		469,263	(2,751,899)
Accounts receivable-related parties, net		-	10,295
Inventories		(300,961)	725,979
Other receivables		3,488	(17,376)
Other current assets		(805,111)	(611,715)
Changes in operating liabilities			
Contract liabilities		2,122	(20,285)
Notes payable		(5)	(62)
Accounts payable		619,273	(126,685)
Accounts payable-related parties		9,200	(4,550)
Other payables		336,008	199,797
Other payables-related parties		(70)	-
Other current liabilities		(4,864)	(7,336)
Cash inflow generated from operations		3,176,347	2,473,510
Interest received		97,373	36,149
Interest paid		(196,675)	(120,667)
Income taxes paid		(794,310)	(435,296)
Net cash flows from operating activities		<u>2,282,735</u>	<u>1,953,696</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(2,331)	(246,944)
Proceeds from disposal of financial assets at amortised cost		271,471	-
Acquisition of property, plant and equipment	6(22)	(2,523,020)	(1,362,223)
Proceeds from disposal of property, plant and equipment		21,927	39,989
Decrease (increase) in guarantee deposits paid		5,030	(20,476)
Acquisition of intangible assets	6(22)	(11,071)	(3,002)
Decrease (increase) in other non-current assets		71,814	(24,353)
Acquisition of right-of-use assets		(1,795)	(99,256)
Net cash flows used in investing activities		<u>(2,167,975)</u>	<u>(1,716,265)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(23)	16,524,420	-
Decrease in short-term borrowings	6(23)	(15,083,960)	(1,168,509)
Repayments of long-term borrowings	6(23)	(997,238)	(238,435)
(Decrease) increase in guarantee deposits received	6(23)	(1,025)	233
Payments of lease liabilities	6(23)	(32,415)	(21,812)
Cash dividends paid	6(14)	(1,100,000)	(660,000)
Net cash flows used in financing activities		<u>(690,218)</u>	<u>(2,088,523)</u>
Effect of exchange rate changes on cash and cash equivalents		339,727	483,723
Net decrease in cash and cash equivalents		(235,731)	(1,367,369)
Cash and cash equivalents at beginning of year		4,654,650	6,022,019
Cash and cash equivalents at end of year		<u>\$ 4,418,919</u>	<u>\$ 4,654,650</u>

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

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

LAI YIH FOOTWEAR CO., LTD. (the “Company”) was incorporated in the Cayman Islands on June 19, 2021. The Company is 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 19, 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 Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the production and sales of sports and leisure shoes.

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 12, 2024.

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 FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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.

Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’ The amendments require an entity to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Upon adoption, the Group expects to recognise a deferred tax asset and liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities retrospectively as of January 1, 2022. These amendments resulted to an increase in deferred tax assets by \$45,660,

\$51,848 and \$48,586 and deferred tax liabilities by \$47,279 , \$54,609 and \$57,649 as of December 31, 2023, 2022 and January 1, 2022, respectively, and a decrease in retained earnings by \$7,653 and \$1,927 and non-controlling interests by \$1,409 and \$835 as of January 1, 2023 and 2022, respectively, and an increase in income tax expense and earning per share by \$7,443 and \$0.034(in dollars),and \$6,301 and \$0.029(in dollars),respectively, for the years end December 31 2023 and 2022.

(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 and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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:

<u>New Standards, Interpretations and Amendments</u>	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 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
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.

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. 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 non-controlling 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.

(Remainder of page intentionally left blank)

B. Subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	
The Company	LAI YIH FOOTWEAR CO., LTD. (LAI YIH SAMOA)	Holding company	100%	100%	
LAI YIH SAMOA	FLOURISH THRIVE DEVELOPMENTS LIMITED	Import and export trading	100%	100%	
LAI YIH SAMOA	CHEER ACCESS LTD. (CHEER ACCESS)	Holding and import and export trading	100%	100%	
LAI YIH SAMOA	BILLION STAR INTERNATIONAL CO., LTD. (BILLION STAR)	Holding and import and export trading	100%	100%	
LAI YIH SAMOA	PORTRICH TRADING LIMITED (PORTRICH)	Holding company	100%	100%	
LAI YIH SAMOA	OVERSEA FAITH CO., LTD. (OVERSEA FAITH)	Holding company	100%	100%	
LAI YIH SAMOA	MEGA RIVER INVESTMENT CO., LTD. (MEGA RIVER)	Holding company	100%	100%	
LAI YIH SAMOA	KING GLOBAL DEVELOPMENT CROP (KING	Holding company	100%	100%	

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	
LAI YIH SAMOA	THRIVE FOISON LIMITED (THRIVE FOISON)	Holding company	100%	100%	
LAI YIH SAMOA	BRILLIANT METERO LIMITED (BRILLIANT METERO)	Holding company	100%	100%	
LAI YIH SAMOA	POLO INTERNATIONAL HOLDING LTD. (POLO)	Holding company 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 3
LAI YIH SAMOA	JUMBO POWER ENTERPRISES LIMITED (JUMBO POWER)	Holding company and sales of sports and leisure shoes	50%	50%	Note 4
PORTRICH	LAC TY II COMPANY LIMITED (LAC TY II)	Production and sales of sports and leisure shoes	100%	100%	
OVERSEA FAITH	VINH LONG FOOTWEAR CO., LTD (TY XUAN)	Production and sales of sports and leisure shoes	85%	85%	

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	
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%	
JUMBO POWER	SUPERB KING INVESTMENTS LIMITED (SUPERB KING)	Holding company	100%	100%	
SUPERB KING	YANGZHOU BAOYI SHOES MANUFACTURING CO., LTD. (BAOYI)	Production and sales of sports and leisure shoes	100%	100%	
THRIVE FOISON	TY BACH COMPANY LIMITED (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%	
BRILLIANT METERO	ZHONGSHAN YIBO FOOTWEAR COMPANY LIMITED (ZHONGSHAN YIBO)	Research and development of sports and leisure shoes	-	100%	Note 1
POLO	TSANG YIH COMPANY LIMMITED (TSANG YIH)	Production and sales of sports and leisure shoes	73%	73%	Note 6

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	Ownership (%)	Description
			December 31, 2023	December 31, 2022	
EVERYIELD	TSANG YIH COMPANY LIMMITED (TSANG YIH)	Production and sales of sports and leisure shoes	27%	27%	Note 6
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 FAITH	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 FAITH	PT. YIHXIN FOOTWEAR INDONESIA (YIHXIN)	Production and sales of sports and leisure shoes	50%	50%	Note 2
KING GLOBAL	PT. YIHXIN FOOTWEAR INDONESIA (YIHXIN)	Production and sales of sports and leisure shoes	50%	50%	Note 2
EVERYIELD	PT ALNU SPORTING GOODS INDONESIA (ALNU)	Production and sales of sports and leisure shoes	51%	-	Note 5

Note 1: ZHONGSHAN YIBO was dissolved and liquidated on March 13, 2023 and remitted back investments on July 4, 2023 but had not changed the investment amount approved by the Investment Commission.

Note 2: OVERSEA FAITH and KING GLOBAL jointly established YIHXIN in March 2022 and held 100% of share.

Note 3: 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 Groups.

Note 4: 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.

Note 5: EVERYIELD invested US\$1,530 in ALNU in December 2023 and completed the registration in the same month.

Note 6: POLO and EVERYIELD jointly held 100% of share in TSANG YIH. POLO increased capital for machinery and equipment amounting to US\$413 for the year ended December 31, 2022. After the capital increase the shareholding ratio of POLO and EVERYIELD became 73% and 27%, respectively.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.

(Remainder of page intentionally left blank)

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

As of December 31, 2023 and 2022, the non-controlling interest amounted to \$981,390 and \$1,017,441, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
VINH LONG FOOTWEAR CO., LTD	Vietnam	\$ 587,689	15	\$ 483,844	15

Summarised financial information of the subsidiaries:

Balance sheets

	VINH LONG FOOTWEAR CO., LTD	
	December 31, 2023	December 31, 2022
Current assets	\$ 3,460,504	\$ 2,361,890
Non-current assets	2,043,974	2,285,530
Current liabilities	(1,549,637)	(1,388,042)
Non-current liabilities	(36,917)	(33,752)
Total net assets	<u>\$ 3,917,924</u>	<u>\$ 3,225,626</u>

Statements of comprehensive income

	VINH LONG FOOTWEAR CO., LTD	
	Year ended December 31	
	2023	2022
Revenue	\$ 11,077,333	\$ 11,126,058
Profit before income tax	877,864	791,132
Income tax expense	(182,775)	(167,449)
Profit for the year	695,089	623,683
Total comprehensive income for the year	<u>\$ 695,089</u>	<u>\$ 623,683</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 104,263</u>	<u>\$ 93,552</u>

Statements of cash flows

	VINH LONG FOOTWEAR CO., LTD	
	Year ended December 31	
	2023	2022
Net cash provided by operating activities	\$ 383,728	\$ 1,163,070
Net cash used in investing activities	(156,698)	(438,517)
Net cash used in financing activities	(227,566)	(722,303)
Effect of exchange rates on cash and cash equivalents	42	(5)
(Decrease) increase in cash and cash equivalents	(494)	2,245
Cash and cash equivalents, beginning of year	3,626	1,381
Cash and cash equivalents, end of year	<u>\$ 3,132</u>	<u>\$ 3,626</u>

(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 is 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.

A. Foreign currency transactions and balances

- 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.
- 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.
- 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:

- Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- All resulting exchange differences are recognised in other comprehensive income.

(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 arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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 within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(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 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. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. 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.

(8) 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.

(9) Impairment of financial assets

For financial assets at amortised cost, 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.

(10) Derecognition of financial assets

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

(11) 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 necessary to make the sale.

(12) Investments accounted for using the 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 do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect 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. When the Group disposes its investment in an associate and 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.
- F. 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.

(13) 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

(14) 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.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(16) 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.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. 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.

(18) 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.

(19) 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

The pension costs of defined contribution plans are recognised as expense during the period when employees provide services.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' 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.

(20) 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 Company 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. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- 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 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.

(21) 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.

(22) 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.

(23) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells sports and leisure outdoor shoes, fabrics, shoe materials and other related products. Sales are recognised 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 accrued expenses).
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(24) 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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 products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$4,085,168.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 2,846	\$ 46,143
Checking accounts and demand deposits	4,234,852	4,608,507
Time deposits	181,221	-
	<u>\$ 4,418,919</u>	<u>\$ 4,654,650</u>

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 amounting to \$17,586 and \$282,806 on December 31, 2023 and 2022, respectively, as financial assets at amortised cost.

C. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over three months	\$ 2,257	\$ 3,261
Restricted time deposits	1,077	-
	\$ 3,334	\$ 3,261
Non-current items:		
Restricted time deposits	\$ 14,252	\$ 13,474
Time deposits with maturity over one year	-	266,071
	\$ 14,252	\$ 279,545

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

	Year ended December 31	
	2023	2022
Interest income	\$ 7,217	\$ 3,858

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

C. 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 deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 3,485,216	\$ 3,969,399
Less: Allowance for uncollectible accounts	(1,223)	(4,266)
	\$ 3,483,993	\$ 3,965,133

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

	December 31, 2023	December 31, 2022
Not past due	\$ 3,481,002	\$ 3,950,615
Up to 30 days	3,572	16,881
31 to 90 days	142	916
Over 90 days	500	987
	\$ 3,485,216	\$ 3,969,399

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,214,663.

C. As at December 31, 2023 and 2022, 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).

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 908,272	(\$ 113,922)	\$ 794,350
Work in progress	969,952	-	969,952
Finished goods	2,327,980	(30,131)	2,297,849
Inventory in transit	23,017	-	23,017
	<u>\$ 4,229,221</u>	<u>(\$ 144,053)</u>	<u>\$ 4,085,168</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 990,076	(\$ 115,235)	\$ 874,841
Work in progress	800,191	(453)	799,738
Finished goods	2,126,048	(45,874)	2,080,174
Inventory in transit	17,992	-	17,992
	<u>\$ 3,934,307</u>	<u>(\$ 161,562)</u>	<u>\$ 3,772,745</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 24,204,249	\$ 25,823,901
Loss on scrapping inventories	95,211	231
Gain on physical inventory	-	(1,205)
Revenue from sale of scraps	(8,855)	(11,057)
Gain on reversal of decline in market value	(47,868)	(164,160)
	<u>\$ 24,242,737</u>	<u>\$ 25,647,710</u>

The Group reversed a previous inventory write-down because of inventories with decline in the market value were partially sold by the Group during the years ended December 31, 2023 and 2022.

(5) Other current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Excess business tax paid	\$ 1,759,403	\$ 1,029,758
Prepaid expenses	181,976	75,256
Prepayments to suppliers	16,181	46,506
Temporary debits	7,626	12,616
Others	17,121	45,015
	<u>\$ 1,982,307</u>	<u>\$ 1,209,151</u>

(6) Property, plant and equipment

Year ended December 31, 2023

<u>Cost</u>	<u>Opening balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Buildings and structures	\$ 8,415,648	\$ 42,277	(\$ 3,995)	\$ 381,287	\$ 8,479	\$ 8,843,696
Machinery and equipment	6,681,045	274,392	(256,170)	1,653	21,145	6,722,065
Transportation equipment	78,466	10,319	(2,315)	-	74	86,544
Office equipment	136,608	5,397	(54)	-	618	142,569
Miscellaneous equipment	880,631	189,101	(203,884)	211,304	(2,786)	1,074,366
Unfinished construction and equipment under acceptance	<u>650,870</u>	<u>1,974,998</u>	<u>(9,837)</u>	<u>(414,587)</u>	<u>(75,143)</u>	<u>2,126,301</u>
	<u>16,843,268</u>	<u>\$ 2,496,484</u>	<u>(\$ 476,255)</u>	<u>\$ 179,657</u>	<u>(\$ 47,613)</u>	<u>18,995,541</u>
<u>Accumulated depreciation</u>						
Buildings and structures	(\$ 2,003,560)	(\$ 378,817)	\$ 3,995	\$ -	\$ 10,293	(\$ 2,368,089)
Machinery and equipment	(4,291,652)	(690,071)	249,340	-	1,454	(4,730,929)
Transportation equipment	(42,988)	(8,990)	2,315	-	14	(49,649)
Office equipment	(70,349)	(19,102)	35	-	223	(89,193)
Miscellaneous equipment	(582,839)	(285,861)	202,389	(94,290)	3,075	(757,526)
	<u>(6,991,388)</u>	<u>(\$ 1,382,841)</u>	<u>\$ 458,074</u>	<u>(\$ 94,290)</u>	<u>\$ 15,059</u>	<u>(7,995,386)</u>
Book value	<u>\$ 9,851,880</u>					<u>\$ 11,000,155</u>

Year ended December 31, 2022

Cost	Opening balance	Additions	Reductions	Transfers	Effect of exchange rate changes	Ending balance
Buildings and structures	\$ 7,420,064	\$ 110,931	(\$ 6,649)	\$ 517,560	\$ 373,742	\$ 8,415,648
Machinery and equipment	6,065,902	447,961	(65,755)	7,003	225,934	6,681,045
Transportation equipment	74,199	3,594	(1,691)	22	2,342	78,466
Office equipment	130,372	1,277	(1,063)	2,533	3,489	136,608
Miscellaneous equipment	731,213	215,749	(104,170)	3,514	34,325	880,631
Unfinished construction and equipment under acceptance	<u>557,469</u>	<u>606,967</u>	<u>-</u>	<u>(535,923)</u>	<u>22,357</u>	<u>650,870</u>
	<u>14,979,219</u>	<u>\$ 1,386,479</u>	<u>(\$ 179,328)</u>	<u>(\$ 5,291)</u>	<u>\$ 662,189</u>	<u>16,843,268</u>
<u>Accumulated depreciation</u>						
Buildings and structures	(\$ 1,594,726)	(\$ 344,466)	\$ 2,735	\$ -	(\$ 67,103)	(\$ 2,003,560)
Machinery and equipment	(3,482,149)	(722,239)	34,978	-	(122,242)	(4,291,652)
Transportation equipment	(35,495)	(8,164)	1,682	-	(1,011)	(42,988)
Office equipment	(51,190)	(19,115)	1,005	-	(1,049)	(70,349)
Miscellaneous equipment	(449,842)	(218,972)	104,155	-	(18,180)	(582,839)
	<u>(5,613,402)</u>	<u>(\$ 1,312,956)</u>	<u>\$ 144,555</u>	<u>\$ -</u>	<u>(\$ 209,585)</u>	<u>(6,991,388)</u>
Book value	<u>\$ 9,365,817</u>					<u>\$ 9,851,880</u>

A. The significant components of buildings include fire safety equipments , building decoration and Electrical&Plumbing equipments , 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.

(7) Lease transactions - lessee

- A. The Group leases various assets including land and buildings. 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. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The Group short-term leases with a lease term of 12 months or less comprise buildings. Low-value assets comprise printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 956,040	\$ 977,572
Buildings	291,409	298,366
Transportation equipment	10,652	16,311
	<u>\$ 1,258,101</u>	<u>\$ 1,292,249</u>

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 23,573	\$ 22,366
Buildings	47,081	39,962
Transportation equipment	5,960	3,610
	<u>\$ 76,614</u>	<u>\$ 65,938</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$40,142 and \$314,344, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 6,007	\$ 5,118
Expense on short-term lease contracts	\$ 22,467	\$ 23,094
Gain on lease modification	\$ -	\$ 11,559

- F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$60,889 and \$50,024, respectively.

(8) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 648,014	1.94% ~ 6.3%	Land use right and property, plant and equipment
Unsecured borrowings	<u>3,111,842</u>	2.5% ~ 6.32%	None
	<u>\$ 3,759,856</u>		

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 444,388	4.35% ~ 5.06%	Land use right and property, plant and equipment
Unsecured borrowings	1,607,983	1.05% ~ 5.5%	None
Syndicated unsecured borrowings	<u>491,360</u>	5.57%	None
	<u>\$ 2,543,731</u>		

- A. Interest expense recognised in profit or loss amounted to \$148,324 and \$84,774 for the years ended December 31, 2023 and 2022, respectively.
- B. The Company entered into a syndicated borrowings contract with total facilities of tranche B amounting to US\$32,000 with the syndicate bank composed of 7 banks including CTBC Bank as the management bank on May 7, 2021 to repay borrowings from financial institutions and increase working capital. The Group had repaid the syndicated unsecured borrowings in advance on October 30, 2023.
- C. In addition to other relevant regulations, the abovementioned syndicated unsecured borrowings contract also includes the following restrictions: During the credit term, the following financial ratios shall be maintained and be reviewed once annually as per the annual financial statements:
- (a) Current ratio shall not be less than 130%.
 - (b) Leverage ratio shall not be higher than 70%.
 - (c) Net tangible assets shall not be less than NT\$14,000,000.
 - (d) Interest coverage ratio shall not be less than 200%.
- D. In accordance with the regulations of the borrowings contract, during the contract period, the Company shall comply with certain financial ratios such as current ratio, debt ratio, net tangible assets and interest coverage ratio at the end of the year, if there is any breach of contract, the management bank may require all payments to be terminated and interest to be paid immediately. The abovementioned restrictions had not been violated based on the review and calculation of financial ratios on December 31, 2023 and 2022.

(9) Other payables

	December 31, 2023	December 31, 2022
Payable on wages and bonuses	\$ 1,232,292	\$ 984,355
Payable on professional service fees	78,969	46,435
Payable on equipment	57,553	73,695
Others	213,597	158,584
	<u>\$ 1,582,411</u>	<u>\$ 1,263,069</u>

(10) Long-term borrowings

Type of borrowings	Expiry date	Interest rate range	Collateral	December 31, 2022
Bank borrowings				
Syndicated unsecured borrowings	July 28, 2024	5.7%	None	\$ 982,720
Less: Current portion				(491,360)
				<u>\$ 491,360</u>

There were no such transactions on December 31, 2023.

- A. Interest expense recognised in profit or loss amounted to \$42,344 and \$30,775 for the years ended December 31, 2023 and 2022, respectively.
- B. The Group entered into a syndicated borrowings contract with total facilities of tranche A amounting to US\$40,000 with the syndicate bank composed of 7 banks including CTBC Bank as the management bank on May 7, 2021 to repay borrowings from financial institutions and increase working capital. The Group had repaid the syndicated unsecured borrowings in advance on October 30, 2023.
- C. In addition to other relevant regulations, the abovementioned syndicated unsecured borrowings contract also includes the following restrictions: During the credit term, the following financial ratios shall be maintained and be reviewed once annually as per the annual financial statements:
- (a) Current ratio shall not be less than 130%.
 - (b) Leverage ratio shall not be higher than 70%.
 - (c) Net tangible assets shall not be less than NT\$14,000,000.
 - (d) Interest coverage ratio shall not be less than 200%.
- D. In accordance with the regulations of the borrowings contract, during the contract period, the Company shall comply with certain financial ratios such as current ratio, debt ratio, net tangible assets and interest coverage ratio at the end of the year, if there is any breach of contract, the management bank may require all payments to be terminated and interest to be paid immediately. The abovementioned restrictions had not been violated based on the review and calculation of financial ratios on December 31, 2023 and 2022.

(11) 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, 2023 and 2022, were \$8,256 and \$8,003, respectively.
- B. The mainland China subsidiaries, BAOYI and ZHONGSHAN YIBO, have set up 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 years ended December 31, 2023 and 2022 was \$57,888 and \$42,304, respectively.
- 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, 2023 and 2022, were \$685,715 and \$661,907, respectively.

(12) Share capital

As of December 31, 2023, the Company's authorised capital was \$8,000,000, consisting of 800,000 thousand shares of ordinary stock, and the paid-in capital was \$2,200,000 with a par value of NT\$10 (in dollars) per share.

(13) 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 reserve 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. At any time other than during the listing period, subject to the Companies Law of the Cayman Islands, the Board of Directors can set aside all or certain share premium, other reserves, earnings or distributable profit as capital, which will be distributed to shareholders in the form of new shares based on their shareholding ratio.
- C. During the listing period, 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.

(14) Retained earnings

- A. Under the Company's Articles of Incorporation, if there has 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. The first and second points above are only applicable if the Company is listed on any securities exchange market in the Republic of China (R.O.C.).
- D. The shareholders resolved the appropriation of 2021 earnings on December 15, 2022. Cash dividends from capital surplus amounted to \$550,000 at \$2.5 (in dollars) per share and cash dividends from retained earnings amounted to \$110,000 at \$0.5 (in dollars) per share.
- E. The shareholders resolved the appropriation of 2022 earnings on November 8, 2023. Cash dividends from retained earnings amounted to \$1,100,000 at \$5 (in dollars) per share.
- F. The shareholders resolved the appropriation of 2023 earnings on March 12, 2024. Cash dividends from capital surplus amounted to \$440,000 at \$2 (in dollars) per share and cash dividends from retained earnings amounted to \$660,000 at \$3 (in dollars) per share.

(15) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	\$ 28,015,569	\$ 31,338,313

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, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
- Advance sales receipts	\$ 58,452	\$ 56,370	\$ 76,655

Revenue recognised that was included in the contract liability balance at the beginning of the

year

	Year ended December 31	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year		
- Advance sales receipts	\$ 56,370	\$ 76,655

(16) Interest income

	Year ended December 31	
	2023	2022
Interest income from bank deposits	\$ 90,156	\$ 32,291
Interest income from financial assets measured at amortised cost	7,217	3,858
	\$ 97,373	\$ 36,149

(17) Other gains and losses

	Year ended December 31	
	2023	2022
Foreign exchange gains	\$ 457,770	\$ 344,391
Gains on disposals of property, plant and equipment	3,746	5,216
Gains arising from lease modifications	-	11,559
Impairment loss	(13,554)	-
Other gains and losses	(49,631)	(18,063)
	\$ 398,331	\$ 343,103

(18) Finance costs

	Year ended December 31	
	2023	2022
Interest expense		
Bank borrowings	\$ 190,668	\$ 115,549
Lease liabilities	6,007	5,118
	\$ 196,675	\$ 120,667

(19) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense		
Wages and salaries	\$ 7,479,701	\$ 7,521,484
Labour and health insurance fees	220,378	169,880
Pension costs	751,859	712,214
Other personnel expenses	436,864	325,930
	<u>\$ 8,888,802</u>	<u>\$ 8,729,508</u>
Depreciation charges on property, plant and equipment	<u>\$ 1,382,841</u>	<u>\$ 1,312,956</u>
Depreciation charges on right-of-use assets	<u>\$ 76,614</u>	<u>\$ 65,938</u>
Amortisation charges	<u>\$ 5,359</u>	<u>\$ 6,432</u>

(20) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 512,908	\$ 816,902
Prior year income tax under (over) estimation	<u>6,713</u>	<u>(470)</u>
Total current tax	<u>519,621</u>	<u>816,432</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>\$ 44,861</u>	<u>\$ 64,634</u>
Total deferred tax	<u>44,861</u>	<u>64,634</u>
Income tax expense	<u>\$ 564,482</u>	<u>\$ 881,066</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 476,109	\$ 831,413
Expenses disallowed by tax regulation	11,765	25,075
Tax exempt income by tax regulation	-	(10,017)
Taxable loss not recognised as deferred tax assets	78,033	32,372
Change in assessment of realisation of deferred tax assets	(8,138)	2,724
Prior year income tax under (over) estimation	6,713	(470)
Others	-	(31)
Income tax expense	<u>\$ 564,482</u>	<u>\$ 881,066</u>

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, tax losses and investment tax credits are as follows:

	2023			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Translation differences</u>	<u>December 31</u>
Deferred tax assets:				
- Temporary differences:				
Allowance for inventory valuation loss	\$ 22,107	(\$ 5,858)	(\$ 198)	\$ 16,051
Unrealised gross profit from sales	6,796	2,312	(36)	9,072
Unrealised exchange loss	11,508	(11,675)	167	-
Book-tax difference on right-of-use assets	48,586	(1,657)	(1,269)	45,660
Others	2,696	(5,583)	3,556	669
Tax losses	<u>20,744</u>	<u>(14,819)</u>	<u>94</u>	<u>6,019</u>
	<u>\$ 112,437</u>	<u>(\$ 37,280)</u>	<u>\$ 2,314</u>	<u>\$ 77,471</u>
- Deferred tax liabilities:				
Gain on investments accounted for using the equity method	(\$ 33,456)	\$ 33,952	(\$ 496)	\$ -
Book-tax difference on lease liabilities	(57,649)	9,070	1,300	(47,279)
Unrealised exchange gain	<u>(69,540)</u>	<u>(50,603)</u>	<u>755</u>	<u>(119,388)</u>
	<u>(\$ 160,645)</u>	<u>(\$ 7,581)</u>	<u>\$ 1,559</u>	<u>(\$ 166,667)</u>
	<u>(\$ 48,208)</u>	<u>(\$ 44,861)</u>	<u>\$ 3,873</u>	<u>(\$ 89,196)</u>

	2022			
	January 1	Recognised in profit or loss	Translation differences	December 31
Deferred tax assets:				
- Temporary differences:				
Allowance for inventory valuation loss	\$ 41,587	(\$ 24,032)	\$ 4,552	\$ 22,107
Unrealised gross profit from sales	13,312	(7,738)	1,222	6,796
Unrealised exchange loss	2,783	8,418	307	11,508
Allowance for sales returns and discounts	2,084	(2,084)	-	-
Book-tax difference on right-of-use assets	51,848	(3,262)	-	48,586
Others	1,290	1,406	-	2,696
Tax losses	<u>22,797</u>	<u>(2,724)</u>	<u>671</u>	<u>20,744</u>
	<u>\$ 135,701</u>	<u>(\$ 30,016)</u>	<u>\$ 6,752</u>	<u>\$ 112,437</u>
- Deferred tax liabilities:				
Gain on investments accounted for using the equity method	(\$ 36,211)	\$ 6,517	(\$ 3,762)	(\$ 33,456)
Book-tax difference on lease liabilities	(54,609)	(3,039)	(1)	(57,649)
Unrealised exchange gain	<u>(31,444)</u>	<u>(38,096)</u>	<u>-</u>	<u>(69,540)</u>
	<u>(\$ 122,264)</u>	<u>(\$ 34,618)</u>	<u>(\$ 3,763)</u>	<u>(\$ 160,645)</u>
	<u>\$ 13,437</u>	<u>(\$ 64,634)</u>	<u>\$ 2,989</u>	<u>(\$ 48,208)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2021	Amount assessed	349,440	291,171	2024 - 2026
2022	Amount assessed	61,658	61,658	2025
2023	Amount filed	519,756	519,756	2026 - 2028

December 31, 2022				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	Amount assessed	3,876	3,876	2023
2019	Amount assessed	212,212	212,212	2024
2020	Amount assessed	373,363	373,363	2023 - 2025
2021	Amount assessed	548,582	548,582	2024 - 2026
2022	Amount filed	153,089	153,089	2025 - 2027

E. The income tax returns of (SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH through 2021 have been assessed and approved by the Tax Authority.

(21) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic and diluted earnings per share</u>			
Profit attributable to the parent	\$ 1,378,267	220,000	\$ 6.26

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic and diluted earnings per share</u>			
Profit attributable to the parent	\$ 2,505,428	220,000	\$ 11.39

(22) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 2,581,851	\$ 1,386,479
Add: Opening balance of payable on equipment	73,695	46,742
Add: Ending balance of prepayments for equipment	17,178	6,784
Less: Ending balance of payable on equipment	(57,553)	(73,695)
Less: Opening balance of prepayments for equipment	(6,784)	(4,087)
Less: Other current assets transfer to property, plant and equipment	(8,241)	-
Less: Other non-current assets transfer to property, plant and equipment	(77,126)	-
Cash paid during the year	\$ 2,523,020	\$ 1,362,223

	Year ended December 31	
	2023	2022
Purchase of intangible assets	\$ 7,718	\$ 3,002
Add: Ending balance of prepayments	3,353	-
Cash paid during the year	\$ 11,071	\$ 3,002

(23) Changes in liabilities from financing activities

	2023				
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 2,543,731	\$ 982,720	\$ 1,032	\$ 420,703	\$ 3,948,186
Changes in cash flow from financing activities	1,440,460	(997,238)	(1,025)	(38,422)	403,775
Impact of changes in foreign exchange rate	(224,335)	14,518	15	210	(209,592)
Interest expense	-	-	-	6,007	6,007
Changes in other non-cash items	-	-	-	38,347	38,347
At December 31	<u>\$ 3,759,856</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 426,845</u>	<u>\$ 4,186,723</u>
	2022				
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 3,444,444	\$ 1,107,200	\$ 782	\$ 268,650	\$ 4,821,076
Changes in cash flow from financing activities	(1,168,509)	(238,435)	233	(26,930)	(1,433,641)
Impact of changes in foreign exchange rate	267,796	113,955	17	19,427	401,195
Interest expense	-	-	-	5,118	5,118
Changes in other non-cash items	-	-	-	154,438	154,438
At December 31	<u>\$ 2,543,731</u>	<u>\$ 982,720</u>	<u>\$ 1,032</u>	<u>\$ 420,703</u>	<u>\$ 3,948,186</u>

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 is the same as the Company)
TIENHUNG CO., LTD (TIENHUNG)	Other related party (related party of the Company's subsidiary)
PRIME ASIA LEATHER CORPORATION (PRIME ASIA CHINA)	Other related party (related party of the Company's subsidiary)
IDEA (MACAO COMMERCIAL OFFSHORE) LIMITED (IDEA)	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)
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)

(2) Significant related party transactions

A. Purchases

	Year ended December 31	
	2023	2022
Purchases of goods:		
Other related parties	\$ 379,849	\$ 271,072
Associate	22,643	-
	\$ 402,492	\$ 271,072
Purchases of services:		
Other related parties	\$ 21,390	\$ 44,732
Associate	5,173	-
Income tax expense	26,563	44,732
	\$ 429,055	\$ 315,804

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.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Other related parties	\$ 19,581	\$ 12,745
Associate	-	1,140
	<u>19,581</u>	<u>13,885</u>
Other payables:		
Other related parties	<u>246</u>	<u>316</u>
	<u>246</u>	<u>316</u>
	<u>\$ 19,827</u>	<u>\$ 14,201</u>

Accounts payable arise mainly from purchase transactions. Other payables arise mainly from expense on purchasing samples.

C. Lease transactions - lessee

(a) The Group leases buildings from AN LAC. Rental contracts are made for periods from 2018 to 2030 and 2021 to 2030, respectively. Rents are paid in a lump sum and monthly at commencement of the contracts, respectively.

(b) Lease liabilities

i. Outstanding balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
AN LAC	<u>\$ 103,289</u>	<u>\$ 118,086</u>

ii. Interest expense

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
AN LAC	<u>\$ 1,461</u>	<u>\$ 1,630</u>

D. Endorsements and guarantees provided to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
CHUNG TE LI/ LIN CHANG YUNG	<u>\$ 3,759,857</u>	<u>\$ 3,542,824</u>

The Chairman and directors of the Company serve as the guarantors for the borrowings contracts and syndicated borrowings contracts of the Company with CTBC Bank, Mega Commercial Bank, E.SUN Commercial Bank, Fubon Commercial Bank, Cathay United Bank, First Commercial Bank and Bank SinoPac.

E. Rent expense

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
ZHUO YIH	<u>\$ 7,582</u>	<u>\$ 6,648</u>

The Group leases offices from ZHUO YIH. Rental contracts are made for the years ended December 31, 2023 and 2022. Monthly rents are \$632 and \$554, respectively.

(3) Key management compensation

	Year ended December 31	
	2023	2022
Short-term employee benefits	\$ 89,119	\$ 77,542
Post-employment benefits	664	679
	<u>\$ 89,783</u>	<u>\$ 78,221</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Time deposits (shown as financial assets at amortised cost)	\$ 15,329	\$ 13,474	Creation of pledge
Right-of-use assets	208,342	213,166	Short-term and medium-and-long-term borrowings
Property, plant and equipment	788,616	825,337	Short-term and medium-and-long-term borrowings
	<u>\$ 1,012,287</u>	<u>\$ 1,051,977</u>	

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, 2023	December 31, 2022
Property, plant and equipment	\$ 931,172	\$ 358,014
Intangible assets	-	948
	<u>\$ 931,172</u>	<u>\$ 358,962</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Refer to Note 6(14) F. for the appropriation of 2023 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, 2023 and 2022 were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total liabilities	\$ 7,832,734	\$ 6,946,566
Total assets	\$ 26,559,309	\$ 25,522,306
Debt ratio	<u>29%</u>	<u>27%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 4,418,919	\$ 4,654,650
Financial assets at amortised cost	17,586	282,806
Accounts receivable (including related parties)	3,483,993	3,965,133
Other receivables (including related parties)	97,683	101,004
Guarantee deposits paid	29,740	34,576
	<u>\$ 8,047,921</u>	<u>\$ 9,038,169</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,759,856	\$ 2,543,731
Notes payable	20	26
Accounts payable (including related parties)	1,687,654	1,079,994
Other accounts payable (including related parties)	1,582,657	1,263,385
Long-term borrowings (including current portion)	-	982,720
Guarantee deposits received	22	1,032
	<u>\$ 7,030,209</u>	<u>\$ 5,870,888</u>
Lease liability	<u>\$ 426,845</u>	<u>\$ 420,703</u>

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. 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, 2023

	Foreign currency		
	amount		
	(in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 203,418	30.705	\$ 6,245,950
USD:VND	145,547	24,240	4,469,021
USD:RMB	14,186	7.0972	435,581
USD:IDR	21,781	15.361	668,786
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 164,925	30.705	\$ 5,064,022
USD:VND	54,375	24,240	1,669,584
USD:RMB	1,104	7.0972	33,898

December 31, 2022

	Foreign currency		
	amount		
	(in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 223,948	30.71	\$ 6,877,443
USD:VND	91,332	24,240	2,897,065
USD:RMB	14,252	6.9686	437,674
USD:IDR	39,500	15,353	1,213,045
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 115,097	30.71	\$ 3,534,629
USD:VND	144,281	24,240	4,576,097
USD:RMB	685	6.9686	21,037

- 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, 2023 and 2022, amounted to \$457,770 and \$344,391, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023					
Sensitivity analysis					
	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	5%	\$	312,298	\$	-
USD:VND	5%		223,451		-
USD:RMB	5%		21,779		-
USD:IDR	5%		33,439		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	5%	\$	253,201	\$	-
USD:VND	5%		83,479		-
USD:RMB	5%		1,695		-
Year ended December 31, 2022					
Sensitivity analysis					
	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	5%	\$	343,872	\$	-
USD:VND	5%		144,853		-
USD:RMB	5%		21,884		-
USD:IDR	5%		60,652		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	5%	\$	176,731	\$	-
USD:VND	5%		228,830		-
USD:RMB	5%		1,052		-

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from short-term borrowings and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2023 and 2022, 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, 2023 and 2022 would have increased/decreased by \$34,273 thousand and \$34,227 thousand, 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, 2023 and 2022, the

provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
<u>December 31, 2023</u>					
Expected loss rate	0.0131%	6.27%	30.28%	100%	
Total book value	\$ 3,481,002	\$ 3,572	\$ 142	\$ 500	\$ 3,485,216
Loss allowance	\$ 456	\$ 224	\$ 43	\$ 500	\$ 1,223
<u>December 31, 2022</u>					
Expected loss rate	0.001%	16.36%	52.08%	100%	
Total book value	\$ 3,950,615	\$ 16,881	\$ 916	\$ 987	\$ 3,969,399
Loss allowance	\$ 40	\$ 2,762	\$ 477	\$ 987	\$ 4,266

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023	
	Accounts receivable	
At January 1	\$	4,266
Reversal of impairment loss	(3,106)
Effect of foreign exchange		63
At December 31	\$	1,223
	2022	
	Accounts receivable	
At January 1	\$	2,837
Provision for impairment		1,084
Effect of foreign exchange		345
At December 31	\$	4,266

(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. For the Group's undrawn borrowing facilities on December 31, 2023 and 2022, the facilities expiring within one year amounted to \$3,612,553 and \$5,049,834, respectively, and the facilities expiring beyond one year amounted to \$5,834 and \$497,502, respectively.
- 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, 2023	Less than	Between 6	Between 1	Between 2	Over 5
	6 months	months and 1 year	and 2 year(s)	and 5 years	years
<u>Non-derivative financial liabilities:</u>					
Short-term borrowings	\$ 3,790,046	\$ -	\$ -	\$ -	\$ -
Notes payable	20	-	-	-	-
Accounts payable (including related parties)	1,687,654	-	-	-	-
Other payables (including related parties)	1,582,657	-	-	-	-
Lease liability	25,821	14,756	37,576	255,272	179,204
December 31, 2022	Less than	Between 6	Between 1	Between 2	Over 5
	6 months	months and 1 year	and 2 year(s)	and 5 years	years
<u>Non-derivative financial liabilities:</u>					
Short-term borrowings	\$ 2,513,676	\$ 54,220	\$ -	\$ -	\$ -
Notes payable	26	-	-	-	-
Accounts payable (including related parties)	1,079,994	-	-	-	-
Other payables (including related parties)	1,263,385	-	-	-	-
Lease liability	20,036	13,881	30,885	73,770	353,801
Long-term borrowings (including current portion)	263,262	289,422	533,118	-	-

(3) Fair value information

The Group did not engage in trading in financial instruments measured at fair value.

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 marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or

20% of the Company's paid-in capital: Please refer to table 3.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. 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 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

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. The Group operates business only in a single industry since the operating revenue, operating profit and identifiable assets used of the segment account for more than 90% of the total operating revenue, total operating profit and total assets.

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
US	\$ 8,455,426	\$ -	\$ 11,147,588	\$ -
Germany	3,981,795	-	4,245,867	-
China	3,604,461	267,548	4,526,698	323,856
Americas	3,111,480	-	2,659,172	-
Europe	2,706,142	-	2,909,771	-
Asia	2,702,238	25,849	2,928,680	21,360
Belgium	1,392,161	-	1,544,167	-
Indonesia	205,680	1,976,904	213,410	297,775
Vietnam	7,384	7,478,893	34,646	7,856,513
Myanmar	-	2,556,716	-	2,815,590
Others	1,848,802	-	1,128,314	-
	<u>\$ 28,015,569</u>	<u>\$ 12,305,910</u>	<u>\$ 31,338,313</u>	<u>\$ 11,315,094</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31	
	2023	2022
	A	\$ 16,175,576
B	5,979,438	7,464,853
	<u>\$ 22,155,014</u>	<u>\$ 23,981,038</u>

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31,		Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower (Note 4)	Reason for short-term financing	Collateral		Limit on loans granted to a single party (Note 5)	Ceiling on total loans granted (Note 5)	Footnote	
					2023	2023 (Note 6)						Item	Value				
1	LAI YIH FOOTWEAR CO., LTD.	FLOURISH THRIVE DEVELOPMENTS LIMITED	Other receivables (financing)	Yes	\$ 921,150	\$ 921,150	\$ -	0	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 17,673,649	\$ 17,673,649	
1	LAI YIH FOOTWEAR CO., LTD.	THRIVE FOISON LIMITED	Other receivables (financing)	Yes	2,456,400	1,228,200	30,705	0	2	-	Operating capital	-	None	-	17,673,649	17,673,649	
1	LAI YIH FOOTWEAR CO., LTD.	PORTRICH TRADING LIMITED	Other receivables (financing)	Yes	3,070,500	2,149,350	116,679	0	2	-	Operating capital	-	None	-	17,673,649	17,673,649	
1	LAI YIH FOOTWEAR CO., LTD.	POLO INTERNATIONAL HOLDING LTD.	Other receivables (financing)	Yes	1,995,825	1,381,725	474,392	0	2	-	Operating capital	-	None	-	17,673,649	17,673,649	
1	LAI YIH FOOTWEAR CO., LTD.	KING GLOBAL DEVELOPMENT CROP	Other receivables (financing)	Yes	921,150	-	-	0	2	-	Operating capital	-	None	-	17,673,649	17,673,649	
1	LAI YIH FOOTWEAR CO., LTD.	LAC TY COMPANY LIMITED	Other receivables (financing)	Yes	1,842,300	1,842,300	170,106	1.5	2	-	Operating capital	-	None	-	3,534,730	7,069,460	
1	LAI YIH FOOTWEAR CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	3,377,550	1,995,825	-	1.5	2	-	Operating capital	-	None	-	3,534,730	7,069,460	
2	THRIVE FOISON LIMITED	TY BACH COMPANY LIMITED	Other receivables (financing)	Yes	2,916,975	1,842,300	541,943	1.5	2	-	Operating capital	-	None	-	4,596,871	4,596,871	
2	THRIVE FOISON LIMITED	GRAND WISDOM COMPANY LIMITED	Other receivables (financing)	Yes	614,100	614,100	-	1.5	2	-	Operating capital	-	None	-	4,596,871	4,596,871	
3	PORTRICH TRADING LIMITED	LAC TY II COMPANY LIMITED	Other receivables (financing)	Yes	2,456,400	2,456,400	525,056	1.5	2	-	Operating capital	-	None	-	3,771,785	3,771,785	
4	King Global Development Corp	YIH SHUO FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	1,569,026	675,510	251,781	1.5	2	-	Operating capital	-	None	-	1,749,830	1,749,830	
4	King Global Development Corp	LAI YIH FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	1,381,725	798,330	460,575	0	2	-	Operating capital	-	None	-	1,749,830	1,749,830	
5	MEGA RIVER INVESTMENT CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	546,549	300,909	70,622	0	2	-	Operating capital	-	None	-	1,386,752	1,386,752	
6	FLOURISH THRIVE DEVELOPMENTS LIMITED	LAI YIH FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	2,916,975	2,916,975	1,332,597	0	2	-	Operating capital	-	None	-	2,334,888	2,334,888	
7	OVERSEA FAITH CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Other receivables (financing)	Yes	568,043	307,050	264,063	0	2	-	Operating capital	-	None	-	3,750,915	3,750,915	
8	POLO INTERNATIONAL HOLDING LTD.	TSANG YIH COMPANY LIMMITED	Other receivables (financing)	Yes	460,575	307,050	-	0	2	-	Operating capital	-	None	-	1,893,432	1,893,432	

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: The column of 'Nature of loan' shall fill in (1)'Business transaction or (2)'Short-term financing'.

Note 4: 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 5: 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) FLOURISH THRIVE DEVELOPMENTS LIMITED, THRIVE FOISON LIMITED, PORTRICH TRADING LIMITED, POLO INTERNATIONAL HOLDING LTD. and King Global Development Corp 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 the Company's net assets in the financial statements.

(2) 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 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.

(3) 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 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.

(4) TY BACH Company Limited and GRAND WISDOM COMPANY LIMITED 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.

(5) LAC TY II COMPANY LIMITED 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 PORTRICH TRADING LIMITED's net assets in the financial statements.

(6) 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.

(7) 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.

(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 MEGA RIVER INVESTMENT CO., LTD.'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 FLOURISH THRIVE DEVELOPMENTS LIMITED's net assets in the financial statements.

(10) 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.

(11) Tsang Yih Company Limited 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 POLO INTERNATIONAL HOLDING LTD.'s net assets in the financial statements.

Note 6: The amount of ending balance was equal to the limit on loans as approved by the Board of Directors.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Company name	Relationship with the endorser/guarantor (Note 2)	Party being endorsed/ guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (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	\$	17,673,649	\$	3,285,435	\$	767,625	\$	537,338	\$	-	4.34%	\$	17,673,649	Y	N	N	Note 8
1	LAI YIH FOOTWEAR CO., LTD.	LAC TY II COMPANY LIMITED	4		17,673,649		614,100		307,050		102,603		-	1.74%		17,673,649	Y	N	N	Note 9
1	LAI YIH FOOTWEAR CO., LTD.	YIH SHUO FOOTWEAR CO., LTD.	4		17,673,649		921,150		921,150		432,074		921,150	5.21%		17,673,649	Y	N	N	
1	LAI YIH FOOTWEAR CO., LTD.	TY BACH COMPANY LIMITED	4		17,673,649		1,228,200		1,228,200		215,940		1,228,200	6.95%		17,673,649	Y	N	N	
1	LAI YIH FOOTWEAR CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	2		8,836,825		767,625		460,575		46,058		-	2.61%		8,836,825	Y	N	N	Note 10
2	FLOURISH THRIVE DEVELOPMENTS LIMITED	LAC TY COMPANY LIMITED	1		938,533		921,150		460,575		351,635		-	19.73%		3,502,332	N	N	N	Note 11
2	FLOURISH THRIVE DEVELOPMENTS LIMITED	YIH SHUO FOOTWEAR CO., LTD.	4		2,334,888		307		307		307		-	0.01%		2,334,888	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 seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly or 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. However, the amount that the Board of Directors authorised chairperson to exercise in accordance with Paragraph 8, Article 12 of the "Regulations Governing Loaning of Funds and Making of Endorsement/guarantee by Public Companies" is the amount resolved by the Chairman of the Board.

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 FLOURISH THRIVE DEVELOPMENTS LIMITED (FLOURISH THRIVE). The credit contract matured in August 2023 with the amount of USD 50,000 thousand.

By considering the overall capital needs, the Company increased the endorsements/guarantees amount for the above endorsements/guarantees amounting to USD 25,000 thousand as resolved by the Board of Directors on June 26, 2023 in advance.

In order to meet the reporting requirements, the balance of endorsements/guarantees shall be presented as double counting starting from the date of the event. After FLOURISH THRIVE completes the renewal of the bank borrowings, the Company's actual outstanding endorsement/guarantee amount provided for a single party (FLOURISH THRIVE) at December 31, 2023 will be decreased to USD 25,000 thousand. Ratio of outstanding endorsement/guarantee amount to net assets of the latest financial statements will be decreased to 4.34%.

Note 9: LAI YIH FOOTWEAR CO., LTD. provided financing endorsements/guarantees to LAC TY II COMPANY LIMITED (LAC TY II). The credit contract matured in September 2023 with the amount of USD 10,000 thousand.

By considering the overall capital needs, the Company increased the endorsements/guarantees amount for the above endorsements/guarantees amounting to USD 10,000 thousand as resolved by the Board of Directors on June 26, 2023 in advance.

In order to meet the reporting requirements, the balance of endorsements/guarantees shall be presented as double counting starting from the date of the event. After LAC TY II completes the renewal of the bank borrowings, the Company's actual outstanding endorsement/guarantee amount provided for a single party (LAC TY II) at December 31, 2023 will be decreased to USD 10,000 thousand. Ratio of outstanding endorsement/guarantee amount to net assets of the latest financial statements will be decreased to 1.74%.

Note 10: LAI YIH FOOTWEAR CO., LTD. provided financing endorsements/guarantees to VINH LONG FOOTWEAR CO., LTD. (TY XUAN). The credit contract matured in November 2023 with the amount of USD 10,000 thousand.

By considering the overall capital needs, the Company increased the endorsements/guarantees amount for the above endorsements/guarantees amounting to USD 15,000 thousand as resolved by the Board of Directors on June 26, 2023 in advance.

In order to meet the reporting requirements, the balance of endorsements/guarantees shall be presented as double counting starting from the date of the event. After TY XUAN completes the renewal of the bank borrowings, the Company's actual outstanding endorsement/guarantee amount provided for a single party (TY XUAN) at December 31, 2023 will be decreased to USD 40,000 thousand. Ratio of outstanding endorsement/guarantee amount to net assets of the latest financial statements will be decreased to 2.61%.

Note 11: FLOURISH THRIVE DEVELOPMENTS LIMITED provided financing endorsements/guarantees to LAC TY COMPANY LIMITED (LAC TY). The credit contract matured in September 2023 with the amount of USD 15,000 thousand.

By considering the overall capital needs, the Company increased the endorsements/guarantees amount for the above endorsements/guarantees amounting to USD 15,000 thousand as resolved by the Board of Directors on June 26, 2023 in advance.

In order to meet the reporting requirements, the balance of endorsements/guarantees shall be presented as double counting starting from the date of the event. After LAC TY completes the renewal of the bank borrowings, the Company's actual outstanding endorsement/guarantee amount provided for a single party (LAC TY) at December 31, 2023 will be decreased to USD 15,000 thousand. Ratio of outstanding endorsement/guarantee amount to net assets of the latest financial statements will be decreased to 19.73%.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities		Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2023		
	(Note 1)	General ledger account			Number of shares (Note 4)	Amount	Number of shares (Note 4)	Amount	Number of shares (Note 4)	Selling price	Book value	Gains (losses) on disposal	Number of shares	Amount
LAI YIH FOOTWEAR CO., LTD.	Share ownership	Investments accounted for using equity method	THRIVE FOISON LIMITED	Subsidiary	104,500	\$ 3,209,195	57,000	\$ 1,750,185	-	\$ -	\$ -	\$ -	161,500	\$ 4,959,380
LAI YIH FOOTWEAR CO., LTD.	Share ownership	Investments accounted for using equity method	MEGA RIVER INVESTMENT CO., LTD.	Subsidiary	36,100	1,108,631	14,500	445,223	-	-	-	-	50,600	1,553,854
THRIVE FOISON LIMITED	Share ownership	Investments accounted for using equity method	PT. YIH QUAN FOOTWEAR INDONESIA	Subsidiary	-	445,295	-	675,510	-	-	-	-	-	1,120,805
MEGA RIVER INVESTMENT CO., LTD.	Share ownership	Investments accounted for using equity method	PT. YIH QUAN FOOTWEAR INDONESIA	Subsidiary	-	445,295	-	675,510	-	-	-	-	-	1,120,805
THRIVE FOISON LIMITED	Share ownership	Investments accounted for using equity method	TY BACH Company Limited	Subsidiary	-	1,074,850	-	921,150	-	-	-	-	-	1,996,000

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: The companies with "-" in the blank had no shares issued.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:					Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
						Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
PT. YIH QUAN FOOTWEAR INDONESIA	Buildings and structures	2022/8/25	\$ 1,220,392	\$ 1,055,676	PT. TAKENAKA INDONESIA	None	-	-	-	-	Inquiry and negotiation	Production factory -	
PT. YIH QUAN FOOTWEAR INDONESIA	Buildings and structures	2023/2/1	610,343	370,134	PT. INDONESIA XIN HAI STEEL STRUCTURE	None	-	-	-	-	Inquiry and negotiation	Production factory -	

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: It was translated into New Taiwan dollars at spot exchange rates prevailing at the balance sheet.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	CHEER ACCESS LTD.	Same ultimate parent company	Sales	\$ 2,402,201	8.57%	60 days after receipt of goods	-	-	\$ 463,962	13.32%	Notes 1, 3
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Sales	942,637	3.36%	60 days after receipt of goods	-	-	162,227	4.66%	Notes 1, 3
POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	1,228,457	4.38%	75 days after receipt of goods	-	-	175,583	5.04%	Notes 1, 3
POLO INTERNATIONAL HOLDING LTD.	TSANG YIH COMPANY LIMMITED	Same ultimate parent company	Purchases	555,089	2.29%	60 days after monthly billings	-	-	-	-	Note 1
LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	938,533	3.35%	75 days after receipt of goods	-	-	141,932	4.07%	Notes 1, 3
LAC TY COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	296,999	1.06%	Colleted based on the contract	-	-	37,199	1.07%	Notes 1, 3
LAC TY COMPANY LIMITED	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	237,562	0.85%	Colleted based on the contract	-	-	21,985	0.63%	Notes 1, 3
LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	7,182,365	25.64%	75 days after receipt of goods	-	-	1,592,913	45.72%	Notes 1, 3
LAC TY II COMPANY LIMITED	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Purchases	397,593	1.64%	60 days after receipt of goods	-	-	(84,499)	5.01%	Note 1
VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	10,993,778	39.24%	45 days after receipt of goods	-	-	1,422,520	40.83%	Notes 1, 3
VINH LONG FOOTWEAR CO., LTD.	CHEER ACCESS LTD.	Same ultimate parent company	Purchases	904,965	3.73%	60 days after receipt of goods	-	-	(111,708)	6.62%	Note 1
VINH LONG FOOTWEAR CO., LTD.	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Purchases	521,536	2.15%	60 days after receipt of goods	-	-	(71,922)	4.26%	Note 1
YIH SHUO FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	2,970,933	10.60%	60 days after receipt of goods	-	-	719,732	20.66%	Notes 1, 3
YIH SHUO FOOTWEAR CO., LTD.	CHEER ACCESS LTD.	Same ultimate parent company	Purchases	741,768	3.06%	60 days after receipt of goods	-	-	(155,705)	9.23%	Note 1
TY BACH COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	1,650,032	5.89%	60 days after receipt of goods	-	-	498,895	14.32%	Notes 1, 3
TY BACH COMPANY LIMITED	CHEER ACCESS LTD.	Same ultimate parent company	Purchases	641,522	2.65%	60 days after receipt of goods	-	-	(89,449)	5.30%	Note 1
TY BACH COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	146,483	0.52%	60 days after receipt of goods	-	-	24,240	0.70%	Note 1
TY BACH COMPANY LIMITED	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	291,132	1.04%	60 days after receipt of goods	-	-	2,737	0.08%	Note 1
GRAND WISDOM COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	213,741	0.76%	60 days after receipt of goods	-	-	27,601	0.79%	Note 1
PT. YIH QUAN FOOTWEAR INDONESIA	CHEER ACCESS LTD.	Same ultimate parent company	Purchases	108,699	0.45%	60 days after receipt of goods	-	-	(107,099)	6.35%	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 NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023		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	\$ 463,962	6.93	\$ -	-	400,962	\$ -	Notes 1, 4
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Accounts receivable	162,227	5.68	-	-	162,227	-	Notes 1, 4
CHEER ACCESS LTD.	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Accounts receivable	111,708	9.36	-	-	111,708	-	Note 1
CHEER ACCESS LTD.	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Accounts receivable	155,705	7.17	-	-	116,709	-	Note 1
CHEER ACCESS LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Accounts receivable	107,099	2.03	-	-	29,688	-	Note 1
POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	175,583	4.23	-	-	175,583	-	Notes 1, 4
LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	141,932	6.66	-	-	121,346	-	Notes 1, 4
LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	1,592,913	6.53	-	-	1,229,539	-	Notes 1, 4
VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	1,422,520	10.17	-	-	1,422,520	-	Notes 1, 4
YIH SHUO FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	719,732	4.57	-	-	719,732	-	Notes 1, 4
TY BACH COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	498,895	3.53	-	-	498,895	-	Notes 1, 4
LAI YIH FOOTWEAR CO., LTD.	PORTRICH TRADING LIMITED	Same ultimate parent company	Other receivables	116,679	-	-	-	24,564	-	Notes 1, 2
LAI YIH FOOTWEAR CO., LTD.	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Other receivables	474,392	-	-	-	53,734	-	Notes 1, 2
LAI YIH FOOTWEAR CO., LTD.	LAC TY COMPANY LIMITED	Same ultimate parent company	Other receivables	170,106	-	-	-	-	-	Notes 1, 2
FLOURISH THRIVE DEVELOPMENTS LIMITED	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables	1,332,597	-	-	-	353,108	-	Notes 1, 2
PORTRICH TRADING LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Other receivables	525,056	-	-	-	21,494	-	Notes 1, 2
OVERSEA FAITH CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables	264,063	-	-	-	-	-	Notes 1, 2
KING GLOBAL DEVELOPMENT CROP	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables	460,575	-	-	-	-	-	Notes 1, 2
KING GLOBAL DEVELOPMENT CROP	YIH SHUO FOOTWEAR CO., LTD	Same ultimate parent company	Other receivables	251,781	-	-	-	181,160	-	Notes 1, 2
THRIVE FOISON LIMITED	TY BACH COMPANY LIMITED	Same ultimate parent company	Other receivables	541,943	-	-	-	-	-	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 not calculated.

Note 3: As of February 29, 2024.

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, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)	Footnote
				General ledger account	Amount	Transaction terms		
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	CHEER ACCESS LTD.	Same ultimate parent company	Sales	2,402,201	Note 4	8.57%	Note 5
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD	Same ultimate parent company	Sales	942,637	Note 4	3.36%	Note 5
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	CHEER ACCESS LTD.	Same ultimate parent company	Accounts receivable	463,962	Note 4	1.75%	Note 5
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Accounts receivable	162,227	Note 4	0.61%	Note 5
2	CHEER ACCESS LTD.	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Accounts receivable	111,708	Note 4	0.42%	
2	CHEER ACCESS LTD.	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Accounts receivable	155,705	Note 4	0.59%	
2	CHEER ACCESS LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Accounts receivable	107,099	Note 4	0.40%	
3	POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	1,228,457	Note 4	4.38%	Note 5
3	POLO INTERNATIONAL HOLDING LTD.	TSANG YIH COMPANY LIMMITED	Same ultimate parent company	Purchases	555,089	Note 4	1.98%	
3	POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	175,583	Note 4	0.66%	Note 5
4	LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	938,533	Note 4	3.35%	Note 5
4	LAC TY COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	296,999	Note 4	1.06%	
4	LAC TY COMPANY LIMITED	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	237,562	Note 4	0.85%	
4	LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	141,932	Note 4	0.53%	Note 5
5	LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	7,182,365	Note 4	25.64%	Note 5
5	LAC TY II COMPANY LIMITED	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Purchases	397,593	Note 4	1.42%	
5	LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	1,592,913	Note 4	6.00%	Note 5
6	VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	10,993,778	Note 4	39.24%	Note 5
6	VINH LONG FOOTWEAR CO., LTD.	CHEER ACCESS LTD.	Same ultimate parent company	Purchases	904,965	Note 4	3.23%	
6	VINH LONG FOOTWEAR CO., LTD.	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Purchases	521,536	Note 4	1.86%	
6	VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	1,422,520	Note 4	5.36%	Note 5
7	VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	2,970,933	Note 4	10.60%	Note 5
7	VINH LONG FOOTWEAR CO., LTD.	CHEER ACCESS LTD.	Same ultimate parent company	Purchases	741,768	Note 4	2.65%	
7	VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	719,732	Note 4	2.71%	Note 5
8	TY BACH COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	1,650,032	Note 4	5.89%	Note 5
8	TY BACH COMPANY LIMITED	CHEER ACCESS LTD.	Same ultimate parent company	Purchases	641,522	Note 4	2.29%	

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)	Footnote
				General ledger account	Amount	Transaction terms		
8	TY BACH COMPANY LIMITED	LAC TY COMPANY LIMITED	Same ultimate parent company	Sales	146,483	Note 4	0.52%	
8	TY BACH COMPANY LIMITED	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	291,132	Note 4	1.04%	
8	TY BACH COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	498,895	Note 4	1.88%	Note 5
9	GRAND WISDOM COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	213,741	Note 4	0.76%	
10	PT. YIH QUAN FOOTWEAR INDONESIA	CHEER ACCESS LTD.	Same ultimate parent company	Purchases	108,699	Note 4	0.39%	
11	LAI YIH FOOTWEAR CO., LTD.	PORTRICH TRADING LIMITED	Same ultimate parent company	Other receivables (financing)	116,679	Note 4	0.44%	
11	LAI YIH FOOTWEAR CO., LTD.	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Other receivables (financing)	474,392	Note 4	1.79%	
11	LAI YIH FOOTWEAR CO., LTD.	LAC TY COMPANY LIMITED	Same ultimate parent company	Other receivables (financing)	170,106	Note 4	0.64%	
12	FLOURISH THRIVE DEVELOPMENTS LIMITED	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	1,332,597	Note 4	5.02%	
13	PORTRICH TRADING LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Other receivables (financing)	525,056	Note 4	1.98%	
14	OVERSEA FAITH CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	264,063	Note 4	0.99%	
15	KING GLOBAL DEVELOPMENT CROP	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	460,575	Note 4	1.73%	
15	KING GLOBAL DEVELOPMENT CROP	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	251,781	Note 4	0.95%	
16	THRIVE FOISON LIMITED	TY BACH COMPANY LIMITED	Same ultimate parent company	Other receivables (financing)	541,943	Note 4	2.04%	

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: Transaction amount exceeds \$100 million.

Note 7: The transactions were eliminated when preparing the consolidated financial statements.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (Note 1)	Ownership (%)	Book value			
LAI YIH FOOTWEAR CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Samoa	Holding company	\$ 4,829,897	\$ 4,830,683	157,300	100%	\$ 17,673,649	\$ 1,402,752	\$ 1,402,752	
LAI YIH FOOTWEAR CO., LTD.	FLOURISH THRIVE DEVELOPMENTS LIMITED	Samoa	Holding company	30,705	30,710	1,000	100%	2,334,888	1,351,294	-	
LAI YIH FOOTWEAR CO., LTD.	CHEER ACCESS LTD.	Seychelles	Investment holdings and import and export trade	30,705	30,710	1,000	100%	34,017	2,658	-	Note2
LAI YIH FOOTWEAR CO., LTD.	BILLION STAR INTERNATIONAL CO., LTD.	Seychelles	Investment holdings and import and export trade	30,705	30,710	1,000	100%	33,668	2,271	-	Note2
LAI YIH FOOTWEAR CO., LTD.	PORTRICH TRADING LIMITED	Samoa	Holding company	3,531,075	3,531,650	115,000	100%	3,771,785	174,000	-	Note2
LAI YIH FOOTWEAR CO., LTD.	OVERSEA FAITH CO., LTD.	Seychelles	Holding company	2,380,252	2,380,639	77,520	100%	3,750,915	610,377	-	Note2
LAI YIH FOOTWEAR CO., LTD.	MEGA RIVER INVESTMENT CO., LTD.	Seychelles	Holding company	1,553,673	1,108,631	50,600	100%	1,386,752	21,029	-	Note2
LAI YIH FOOTWEAR CO., LTD.	KING GLOBAL DEVELOPMENT CROP	Samoa	Holding company	1,865,620	1,811,890	60,760	100%	1,749,830	196,034	-	Note2
LAI YIH FOOTWEAR CO., LTD.	THRIVE FOISON LIMITED	Samoa	Holding company	4,958,858	3,209,195	161,500	100%	4,596,871	(312,810)	-	Note2
LAI YIH FOOTWEAR CO., LTD.	BRILLIANT METERO LIMITED	Samoa	Holding company	33,622	33,627	1,095	100%	556	392	-	Note2
LAI YIH FOOTWEAR CO., LTD.	POLO INTERNATIONAL HOLDING LTD.	Samoa	Investment holdings and production and sales of sports and casual shoes	2,144,744	2,145,094	69,850	100%	1,893,432	(202,149)	-	Note2
LAI YIH FOOTWEAR CO., LTD.	EVERYIELD CO., LTD.	Anguilla	Holding company	1,090,949	1,044,140	35,530	100%	626,400	(56,535)	-	Note2
LAI YIH FOOTWEAR CO., LTD.	LAC TY COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	45,210	45,217	-	50%	107	121,034	-	Note2
LAC TY COMPANY LIMITED	JUMBO POWER ENTERPRISES LIMITED	British Virgin Islands	Investment holdings and sales of sports and casual shoes	245,640	245,680	8,000	50%	360,178	(455,413)	-	Note2
PORTRICH TRADING LIMITED	LAC TY II COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	3,167,606	3,168,122	-	100%	3,196,341	152,416	-	Note2
OVERSEA FAITH CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	Vietnam	Production and sales of sports and casual shoes	2,218,436	2,218,798	-	85%	3,330,235	705,248	-	Note2
KING GLOBAL DEVELOPMENT CROP	VINH LONG FOOTWEAR CO., LTD.	Vietnam	Production and sales of sports and casual shoes	1,541,683	1,487,900	-	85%	880,511	219,363	-	Note2
MEGA RIVER INVESTMENT CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	Vietnam	Production and sales of sports and casual shoes	272,062	262,571	-	15%	155,384	219,363	-	Note2
MEGA RIVER INVESTMENT CO., LTD.	VINH TY COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	92,115	92,130	-	24.23%	51,915	-	-	Note2
JUMBO POWER ENTERPRISES LIMITED	SUPERB KING INVESTMENTS LIMITED	Hong Kong	Holding company	491,280	491,360	-	100%	481,442	(454,566)	-	Note2

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (Note 1)	Ownership (%)	Book value			
THRIVE FOISON LIMITED	TY BACH COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	3,070,500	2,149,700	-	100%	2,251,331 (353,401)	-	Note2
THRIVE FOISON LIMITED	GRAND WISDOM COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	767,625	614,200	-	100%	724,326	23,037	-	Note2
POLO INTERNATIONAL HOLDING LTD.	TSANG YIH COMPANY LIMMITED	Myanmar	Production and sales of sports and casual shoes	2,949,550	2,939,501	96,061	73%	1,561,644 (207,122)	-	Note2
EVERYIELD CO., LTD.	TSANG YIH COMPANY LIMMITED	Myanmar	Production and sales of sports and casual shoes	1,104,269	1,104,449	35,964	27%	584,657 (207,122)	-	Note2
MEGA RIVER INVESTMENT CO., LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	1,120,733	445,295	-	50%	1,099,285	1,990	-	Note2
THRIVE FOISON LIMITED	PT. YIH QUAN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	1,120,733	445,295	-	50%	1,099,285	1,990	-	Note2
OVERSEA FAITH CO., LTD.	PT. YIHFULL FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	153,525	153,550	-	50%	149,675	20,246	-	Note2
PORTRICH TRADING LIMITED	PT. YIHFULL FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	153,525	153,550	-	50%	149,675	20,247	-	Note2
OVERSEA FAITH CO., LTD.	PT. YIHXIN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	1,535	7,678	-	50%	1,082	87	-	Note2
KING GLOBAL DEVELOPMENT CORP	PT. YIHXIN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	1,535	7,678	-	50%	1,082	87	-	Note2
EVERYIELD CO., LTD.	PT ALNU SPORTING GOODS INDONESIA	Indonesia	Production and sales of sports and casual shoes	46,979	-	-	51%	40,090	-	-	

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).

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2023

Table 9

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, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				to Mainland China as of January 1, 2023	China	to Taiwan										
YANGZHOU BAOYI SHOES MANUFACTURING CO., LTD.	Production and sales of sports and casual shoes	\$ 344,768	(2)	\$ 344,768	\$ -	\$ -	\$ 344,768			(\$ 490,434)	50%	(\$ 245,217)	338,834	\$ 870,721	Note 3	
ZHONGSHAN YIBO FOOTWEAR COMPANY LIMITED	Research and development of sports and casual shoes	-	(2)	32,697	-	254	-			-	100%	(110)	-	-	Note 4	

Note 1: Investment methods are classified into the following three 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) Indirectly investment in mainland China through companies registered in a third region (BRILLIANT METERO LIMITED).

Note 2: The investment income (loss) for the year ended December 31, 2023 was calculated based on the financial statements which were reviewed by R.O.C. parent company's CPA.

Note 3: Paid-in capital was converted at the exchange rate of NTD 30.71:USD 1 prevailing on December 31, 2023, respectively.

Note 4: Zhongshan Yibo Footwear Company Limited was dissolved and liquidated on March 13, 2023. However, the bank deposits were remitted back on July 4, 2023, the investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) had not been changed.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Major shareholders information

Year ended December 31, 2023

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
WIDE SOURCE CO., LTD.	38,500,000	17.50%
FAITH CONNECT CO., LTD.	23,474,000	10.67%
TOP GATHER CO., LTD.	21,860,140	9.94%
SAVE WEALTH CO., LTD.	20,988,000	9.54%
GAIN SMART LTD.	17,600,000	8.00%
KEEN HUGE LTD.	17,600,000	8.00%
AMPLE SMART LTD.	17,600,000	8.00%
HARVEST LINK LTD.	11,000,000	5.00%
RISING STEP LTD.	11,000,000	5.00%

Note: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5%.