

**LAI YIH FOOTWEAR CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023**

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.

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, 2024 and 2023, 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, 2024 and 2023, 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 Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2024 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 2024 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\$6,074,600 thousand and NT\$74,871 thousand on December 31, 2024, 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 6, 2025

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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,966,034	12	\$ 4,418,919	17
1136	Current financial assets at amortised cost	6(2) and 8	3,746	-	3,334	-
1170	Accounts receivable, net	6(3)	7,426,297	22	3,483,993	13
1200	Other receivables		21,911	-	97,683	-
1220	Current tax assets		1,394	-	8,617	-
130X	Inventories	6(4)	5,999,729	17	4,085,168	15
1479	Other current assets, others	6(5)	2,392,946	7	1,982,307	8
11XX	Current assets		19,812,057	58	14,080,021	53
Non-current assets						
1535	Non-current financial assets at amortised cost	6(2) and 8	15,306	-	14,252	-
1550	Investments accounted for under equity method		458,869	1	51,915	-
1600	Property, plant and equipment	6(6) and 8	12,298,149	36	11,000,155	42
1755	Right-of-use assets	6(7), 7(2) and 8	1,200,421	4	1,258,101	5
1780	Intangible assets		11,843	-	10,046	-
1840	Deferred income tax assets	6(20)	73,397	-	77,471	-
1990	Other non-current assets, others		227,051	1	67,348	-
15XX	Non-current assets		14,285,036	42	12,479,288	47
1XXX	Total Assets		\$ 34,097,093	100	\$ 26,559,309	100

(Continued)

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(8)	\$ 3,311,796	10	\$ 3,759,856	14
2130	Current contract liabilities	6(15)	109,061	-	58,452	-
2150	Notes payable		6	-	20	-
2170	Accounts payable		2,129,655	6	1,668,073	6
2180	Accounts payable-related parties	7(2)	8,868	-	19,581	-
2200	Other payables	6(9)	1,945,970	6	1,582,411	6
2220	Other payables-related parties	7(2)	-	-	246	-
2230	Income tax payable		599,952	2	138,243	1
2280	Current lease liabilities	6(7) and 7(2)	43,773	-	34,532	-
2399	Other current liabilities, others		16,019	-	12,318	-
21XX	Current liabilities		<u>8,165,100</u>	<u>24</u>	<u>7,273,732</u>	<u>27</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(20)	201,552	1	166,667	1
2580	Non-current lease liabilities	6(7) and 7(2)	401,165	1	392,313	1
2670	Other non-current liabilities, others		-	-	22	-
25XX	Non-current liabilities		<u>602,717</u>	<u>2</u>	<u>559,002</u>	<u>2</u>
2XXX	Total Liabilities		<u>8,767,817</u>	<u>26</u>	<u>7,832,734</u>	<u>29</u>
Equity						
Equity attributable to owners of parent						
	Share capital	6(12)				
3110	Share capital-common stock		2,494,000	7	2,200,000	8
	Capital surplus	6(13)				
3200	Capital surplus		15,322,516	45	12,661,753	48
	Retained earnings	6(14)				
3350	Unappropriated retained earnings		6,044,030	18	2,885,712	11
	Other equity interest					
3400	Other equity interest		<u>539,590</u>	<u>1</u>	<u>(2,280)</u>	<u>-</u>
31XX	Equity attributable to owners of parent		<u>24,400,136</u>	<u>71</u>	<u>17,745,185</u>	<u>67</u>
36XX	Non-controlling interests	4(3)	<u>929,140</u>	<u>3</u>	<u>981,390</u>	<u>4</u>
3XXX	Total Equity		<u>25,329,276</u>	<u>74</u>	<u>18,726,575</u>	<u>71</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total Liabilities and Equity		<u>\$ 34,097,093</u>	<u>100</u>	<u>\$ 26,559,309</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, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(15)		\$ 37,689,899	100	\$ 28,015,569	100
5000 Operating costs	6(4)(19)		(30,231,229)	(80)	(24,242,737)	(87)
5900 Gross profit from operations			<u>7,458,670</u>	<u>20</u>	<u>3,772,832</u>	<u>13</u>
Operating expenses	6(19)					
6100 Selling expenses			(564,643)	(2)	(463,519)	(2)
6200 Administrative expenses			(1,517,970)	(4)	(1,184,649)	(4)
6300 Research and development expenses			(675,200)	(2)	(618,821)	(2)
6450 Expected credit impairment gain(loss)	12(2)		(16,996)	-	3,106	-
6000 Total operating expenses			(2,774,809)	(8)	(2,263,883)	(8)
6900 Net operating income			<u>4,683,861</u>	<u>12</u>	<u>1,508,949</u>	<u>5</u>
Total non-operating income and expenses						
7100 Interest income	6(16)		108,871	-	97,373	-
7010 Other income			60,992	-	66,190	-
7020 Other gains and losses	6(17)		590,310	2	398,331	2
7050 Finance costs	6(18)		(175,198)	-	(196,675)	(1)
7060 Share of profit of associates and joint ventures accounted for using equity method			<u>1,622</u>	<u>-</u>	<u>-</u>	<u>-</u>
7000 Non-operating income and expenses			<u>586,597</u>	<u>2</u>	<u>365,219</u>	<u>1</u>
7900 Profit before income tax			5,270,458	14	1,874,168	6
7950 Income tax expense	6(20)		(1,100,792)	(3)	(564,482)	(2)
8200 Profit			<u>\$ 4,169,666</u>	<u>11</u>	<u>\$ 1,309,686</u>	<u>4</u>
Other comprehensive income						
Total components of other comprehensive income that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations			\$ 543,164	2	(\$ 51,959)	-
8300 Other comprehensive income (loss)			<u>\$ 543,164</u>	<u>2</u>	<u>(\$ 51,959)</u>	<u>-</u>
8500 Total comprehensive income			<u>\$ 4,712,830</u>	<u>13</u>	<u>\$ 1,257,727</u>	<u>4</u>
Profit (loss), attributable to:						
8610 Owners of parent			<u>\$ 3,818,318</u>	<u>10</u>	<u>\$ 1,378,267</u>	<u>4</u>
8620 Non-controlling interests			<u>\$ 351,348</u>	<u>1</u>	<u>(\$ 68,581)</u>	<u>-</u>
Comprehensive income (loss) attributable to:						
8710 Owners of parent			<u>\$ 4,360,188</u>	<u>12</u>	<u>\$ 1,293,778</u>	<u>4</u>
8720 Non-controlling interests			<u>\$ 352,642</u>	<u>1</u>	<u>(\$ 36,051)</u>	<u>-</u>
Basic earnings per share	6(21)					
9750 Basic earnings per share			<u>\$ 16.13</u>		<u>\$ 6.26</u>	
Diluted earnings per share	6(21)					
9850 Diluted earnings per share			<u>\$ 16.11</u>		<u>\$ 6.26</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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent						
	Notes	Ordinary share	Capital surplus, additional paid- in capital	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
<u>2023</u>								
Balance at January 1, 2023		\$ 2,200,000	\$12,661,753	\$ 2,614,337	\$ 82,209	\$17,558,299	\$ 1,017,441	\$18,575,740
Profit (loss) for the year		-	-	1,378,267	-	1,378,267	(68,581)	1,309,686
Other comprehensive income (loss) for the year		-	-	-	(84,489)	(84,489)	32,530	(51,959)
Total comprehensive income (loss)		-	-	1,378,267	(84,489)	1,293,778	(36,051)	1,257,727
Share of loss of associates and joint ventures accounted for using equity method		-	-	(6,892)	-	(6,892)	-	(6,892)
Appropriation and distribution of 2022 earnings:	6(14)							
Cash dividends of ordinary share		-	-	(1,100,000)	-	(1,100,000)	-	(1,100,000)
Balance at December 31, 2023		\$ 2,200,000	\$12,661,753	\$ 2,885,712	(\$ 2,280)	\$17,745,185	\$ 981,390	\$18,726,575
<u>2024</u>								
Balance at January 1, 2024		\$ 2,200,000	\$12,661,753	\$ 2,885,712	(\$ 2,280)	\$17,745,185	\$ 981,390	\$18,726,575
Profit for the year		-	-	3,818,318	-	3,818,318	351,348	4,169,666
Other comprehensive income for the year		-	-	-	541,870	541,870	1,294	543,164
Total comprehensive income		-	-	3,818,318	541,870	4,360,188	352,642	4,712,830
Appropriation and distribution of 2023 earnings:	6(13)(14)							
Cash dividends of ordinary share		-	-	(660,000)	-	(660,000)	-	(660,000)
Cash dividends from capital surplus		-	(440,000)	-	-	(440,000)	-	(440,000)
Cash capital increase	6(12)	294,000	3,010,726	-	-	3,304,726	-	3,304,726
Share-based payments	6(11)	-	90,037	-	-	90,037	-	90,037
Non-controlling interests decrease	4(3)	-	-	-	-	-	(404,892)	(404,892)
Balance at December 31, 2024		\$ 2,494,000	\$15,322,516	\$ 6,044,030	\$ 539,590	\$24,400,136	\$ 929,140	\$25,329,276

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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 5,270,458	\$ 1,874,168
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(19)	1,368,043	1,459,455
Amortisation expense	6(19)	6,644	5,359
Expected credit impairment loss (gain)	12(2)	16,996	(3,106)
Finance costs	6(18)	175,198	196,675
Interest income	6(16)	(108,871)	(97,373)
Share-based payments	6(11)	90,037	-
Share of gain of associates accounted for using the equity method		(1,622)	-
Gain on disposal of property, plant and equipment	6(17)	(3,883)	(3,746)
Property, plant and equipment transferred to expense	6(22)	26	-
Impairment loss	6(17)	-	13,554
Unrealised foreign exchange gain		(872,492)	(596,982)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(3,956,697)	469,263
Other receivables		71,876	3,488
Inventories		(1,819,792)	(300,961)
Other current assets		(356,854)	(805,111)
Changes in operating liabilities			
Contract liabilities		49,407	2,122
Notes payable		(14)	(5)
Accounts payable		444,064	619,273
Accounts payable-related parties		(11,164)	9,200
Other payables		216,419	336,008
Other payables-related parties		(213)	(70)
Other current liabilities		4,189	(4,864)
Cash inflow generated from operations		581,755	3,176,347
Interest received		108,871	97,373
Interest paid		(175,198)	(196,675)
Income taxes paid		(594,698)	(794,310)
Net cash flows (used in) from operating activities		(79,270)	2,282,735
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(91,029)	(2,331)
Proceeds from disposal of financial assets at amortised cost		1,218	271,471
Acquisition of property, plant and equipment	6(22)	(2,539,651)	(2,523,020)
Proceeds from disposal of property, plant and equipment		136,463	21,927
Acquisition of intangible assets	6(22)	(9,384)	(11,071)
Acquisition of right-of-use assets		(1,231)	(1,795)
(Increase) decrease in guarantee deposits paid		(10,345)	5,030
(Increase) decrease in other non-current assets		(6,561)	71,814
Consolidated cash impact of individual changes		(536,594)	-
Net cash flows used in investing activities		(3,057,114)	(2,167,975)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(23)	11,078,276	16,524,420
Decrease in short-term borrowings	6(23)	(11,691,579)	(15,083,960)
Repayments of long-term borrowings	6(23)	-	997,238
Payments of lease liabilities	6(23)	(45,958)	(32,415)
Decrease in guarantee deposits received	6(23)	(22)	(1,025)
Cash dividend	6(14)(23)	(660,000)	(1,100,000)
Cash from capital surplus	6(13)(23)	(440,000)	-
Cash capital increase	6(12)	3,304,726	-
Net cash flows from (used in) financing activities		1,545,443	(690,218)
Effect of exchange rate changes on cash and cash equivalents		1,138,056	339,727
Net decrease in cash and cash equivalents		(452,885)	(235,731)
Cash and cash equivalents at beginning of year		4,418,919	4,654,650
Cash and cash equivalents at end of year		\$ 3,966,034	\$ 4,418,919

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, 2024 AND 2023

(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 and its subsidiaries (collectively referred herein as the “Group”) are an investment holding company established as part of an organisational restructuring as a result of applying for listing on the Taiwan Stock Exchange. The Company issued new shares on June 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 Group is primarily engaged in the production and sales of sports and leisure shoes. The Company was listed on the Taiwan Stock Exchange starting from June 12, 2024.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 6, 2025.

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 2024 are as follows:

New Standards, Interpretations and Amendments	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.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
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
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

IFRS 18, 'Presentation and disclosure in financial statements'

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

apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

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

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

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>	<u>Ownership (%)</u>	<u>Description</u>
			<u>December 31, 2024</u>	<u>December 31, 2023</u>	
The Company	LAI YIH FOOTWEAR CO., LTD. (LAI YIH SAMOA)	Holding company	100%	100%	
LAI YIH SAMOA	FLOURISH THRIVE DEVELOPMENTS LIMITED (FLOURISH THRIVE)	Import and export trade	100%	100%	
LAI YIH SAMOA	CHEER ACCESS LTD. (CHEER ACCESS)	Investment holding and import and export trade	100%	100%	
LAI YIH SAMOA	BILLION STAR INTERNATIONAL CO., LTD. (BILLION STAR)	Investment holding and import and export trade	100%	100%	
LAI YIH SAMOA	PORTRICH TRADING LIMITED (PORTRICH)	Holding company	100%	100%	
LAI YIH SAMOA	OVERSEA FAITH CO., LTD. (OVERSEA)	Holding company	100%	100%	
LAI YIH SAMOA	MEGA RIVER INVESTMENT CO., LTD. (MEGA RIVER)	Holding company	100%	100%	
LAI YIH SAMOA	KING GLOBAL DEVELOPMENT CORP (KING GLOBAL)	Holding company	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	Ownership (%)	Description
			December 31, 2024	December 31, 2023	
LAI YIH SAMOA	THRIVE FOISON LIMITED (THRIVE FOISON)	Holding company	100%	100%	
LAI YIH SAMOA	BRILLIANT METERO LIMITED (BRILLIANT)	Holding company	100%	100%	
LAI YIH SAMOA	POLO INTERNATIONAL HOLDING LTD. (POLO)	Investment holding and production and sales of sports and leisure shoes	100%	100%	
LAI YIH SAMOA	EVERYIELD CO., LTD. (EVERYIELD)	Holding company	100%	100%	
LAI YIH SAMOA	LAC TY COMPANY LIMITED (LAC TY)	Production and sales of sports and leisure shoes	50%	50%	Note 2
LAI YIH SAMOA	JUMBO POWER ENTERPRISES LIMITED (JUMBO POWER)	Investment holding and sales of sports and leisure shoes	-	50%	Note 3
PORTRICH	LAC TY II COMPANY LIMITED (LAC TY II)	Production and sales of sports and leisure shoes	100%	100%	
OVERSEA	VINH LONG FOOTWEAR CO., LTD (TY XUAN)	Production and sales of sports and leisure shoes	85%	85%	

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>	<u>Ownership (%)</u>	<u>Description</u>
			<u>December 31, 2024</u>	<u>December 31, 2023</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%	Note 3
SUPERB KING	YANGZHOU BAOYI SHOES MANUFACTURING CO., LTD. (BAOYI)	Production and sales of sports and leisure shoes	-	100%	Note 3
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	ZHONGSHAN YIBO FOOTWEAR COMPANY LIMITED (ZHONGSHAN YIBO)	Research and development of sports and leisure shoes	-	-	Note 1
POLO	TSANG YIH COMPAMY LIMITED (TSANG YIH)	Production and sales of sports and leisure shoes	73%	73%	

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>	<u>Ownership (%)</u>	<u>Description</u>
			<u>December 31, 2024</u>	<u>December 31, 2023</u>	
EVERYIELD	TSANG YIH COMPAMY LIMITED (TSANG YIH)	Production and sales of sports and leisure shoes	27%	27%	
MEGA RIVER	PT. YIH QUAN FOOTWEAR INDONESIA (YIH QUAN)	Production and sales of sports and leisure shoes	50%	50%	
THRIVE FOISON	PT. YIH QUAN FOOTWEAR INDONESIA (YIH QUAN)	Production and sales of sports and leisure shoes	50%	50%	
OVERSEA	PT. YIHFULL FOOTWEAR INDONESIA (YIHFULL)	Production and sales of sports and leisure shoes	50%	50%	
PORTRICH	PT. YIHFULL FOOTWEAR INDONESIA (YIHFULL)	Production and sales of sports and leisure shoes	50%	50%	
OVERSEA	PT. YIHXIN FOOTWEAR INDONESIA (YIHXIN)	Production and sales of sports and leisure shoes	50%	50%	
KING GLOBAL	PT. YIHXIN FOOTWEAR INDONESIA (YIHXIN)	Production and sales of sports and leisure shoes	50%	50%	
EVERYIELD	PT ALNU SPORTING GOODS INDONESIA (ALNU)	Production and sales of sports and leisure shoes	51%	51%	Note 4
OVERSEA	PT. YIH YOU FOOTWEAR INDONESIA(YIH YOU)	Production and sales of sports and leisure shoes	60%	-	Note 5
PORTRICH	PT. YIH YOU FOOTWEAR INDONESIA(YIH YOU)	Production and sales of sports and leisure shoes	40%	-	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: LAC TY was included as a consolidated subsidiary as its directors were the same as the Group, key management personnel were all assigned by the Group and brand key technical services were all controlled by the Group.

Note 3: JUMBO POWER was included as a consolidated subsidiary as its executives of its main business activities, investment holding and sales of sports and leisure shoes, were all assigned by the Group and brand key technical services were all controlled by the Group. However, since September 2024, Jumbo Power has changed its main business activities to investment holding and non-residential premises lease. As the Group was no longer in charge of the relevant business activities, the Group lost control over Jumbo Power. Therefore, Jumbo Power was no longer included in the consolidated financial statements and was transferred to investments accounted for using equity method from the date when the control was lost.

Note 4: EVERYIELD CO., LTD. invested US\$1,530 thousand in PT ALNU SPORTING GOODS INDONESIA in December 2023 and completed the registration in the same month.

Note 5: PORTRICH TRADING LIMITED and OVERSEA FAITH CO., LTD. jointly held 100% of share in PT. YIH YOU FOOTWEAR INDONESIA.

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

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

E. Significant restrictions: None.

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

As of December 31, 2024 and 2023, the non-controlling interest amounted to \$929,140 and \$981,390, 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, 2024		December 31, 2023	
		Amount	Ownership (%)	Amount	Ownership (%)
VINH LONG FOOTWEAR CO., LTD	Vietnam	\$ 777,526	15%	\$ 587,689	15%

Summarised financial information of the subsidiaries:

Balance sheets

	VINH LONG FOOTWEAR CO., LTD	
	December 31, 2024	December 31, 2023
Current assets	\$ 4,348,799	\$ 3,460,504
Non-current assets	1,928,710	2,043,974
Current liabilities	(1,061,108)	(1,549,637)
Non-current liabilities	(32,897)	(36,917)
Total net assets	<u>\$ 5,183,504</u>	<u>\$ 3,917,924</u>

Statements of comprehensive income

	VINH LONG FOOTWEAR CO., LTD	
	Year ended December 31	
	2024	2023
Revenue	\$ 13,169,434	\$ 11,077,333
Profit before income tax	1,470,536	877,864
Income tax expense	(291,711)	(182,775)
Profit for the year	<u>1,178,825</u>	<u>695,089</u>
Total comprehensive income for the year	<u>\$ 1,178,825</u>	<u>\$ 695,089</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 176,824</u>	<u>\$ 104,263</u>

Statements of cash flows

VINH LONG FOOTWEAR CO., LTD			
Year ended December 31			
	2024		2023
Net cash provided by operating activities	\$ 715,321	\$	383,728
Net cash used in investing activities	(220,146)	(	156,698)
Net cash used in financing activities	(489,963)	(	227,566)
Effect of exchange rates on cash and cash equivalents	100		42
Increase (decrease) in cash and cash equivalents	5,312	(	494)
Cash and cash equivalents, beginning of year	3,132		3,626
Cash and cash equivalents, end of year	\$ 8,444	\$	3,132

(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

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.
- (d) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

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

- (a) Assets 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.

The Group classifies all assets that do not comply with the above criteria as non-current.

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

The Group classifies all liabilities that do not comply with the above criteria as non-current.

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

(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 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 statutory/constructive obligations or made payments on behalf of the associate.

- C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- F. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

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

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

(14) 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

(15) 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.

(16) Intangible assets

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.

(17) 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.

(18) Borrowings

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

(19) 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.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) 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' remuneration

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

(22) Share-based payment

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

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is

determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

(24) 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.

(25) 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.

(26) Revenue recognition

Sales of goods

- A. The Group manufactures and sells sports and leisure outdoor shoes, fabrics, shoe materials and other related products. Sales are recognised based on the bill of lading when control of the products has transferred, being when the products are shipped, and there is no unfulfilled obligation that could affect the sales counterparty's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the sales counterparty, and either the sales counterparty has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from sales of goods is measured at fair value of the consideration received or receivable, less estimated customer returns, discounts and other similar discounts and allowances. The Company estimates possible sales returns and discounts based on historical results and by considering different contract terms to recognise refund liabilities (recorded as other payables).
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the

chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the fast changing consumption goods market and innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2024, the carrying amount of inventories was \$5,999,729.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and revolving funds	\$ 5,354	\$ 2,846
Checking accounts and demand deposits	3,671,185	4,234,852
Time deposits	289,495	181,221
	<u>\$ 3,966,034</u>	<u>\$ 4,418,919</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 and be pledged to others as collateral amounting to \$19,052 and \$17,586 on December 31, 2024 and 2023, respectively, as financial assets at amortised cost.

(2) Financial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposits with maturity over three months	\$ 2,303	\$ 2,257
Restricted time deposits	1,443	1,077
	<u>\$ 3,746</u>	<u>\$ 3,334</u>
Non-current items:		
Restricted time deposits	15,306	14,252
	<u>\$ 15,306</u>	<u>\$ 14,252</u>

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

	Year ended December 31	
	2024	2023
Interest income	<u>\$ 1,771</u>	<u>\$ 7,217</u>

B. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the carrying amount of financial assets at amortised cost.

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

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

(3) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable	\$ 7,444,516	\$ 3,485,216
Less: Allowance for uncollectible accounts	(18,219)	(1,223)
	<u>\$ 7,426,297</u>	<u>\$ 3,483,993</u>

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

	December 31, 2024	December 31, 2023
Not past due	\$ 7,380,017	\$ 3,481,002
Up to 30 days	54,335	3,572
31 to 90 days	8,458	142
Over 91 days	1,706	500
	<u>\$ 7,444,516</u>	<u>\$ 3,485,216</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, accounts receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$3,965,133.

C. As at December 31, 2024 and 2023, 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, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,395,408	(\$ 37,451)	\$ 1,357,957
Work in progress	1,655,620	-	1,655,620
Finished goods	2,939,171	(37,420)	2,901,751
Inventory in transit	84,401	-	84,401
	<u>\$ 6,074,600</u>	<u>(\$ 74,871)</u>	<u>\$ 5,999,729</u>

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>

The cost of inventories recognised as expense for the year:

Year ended December 31			
	2024	2023	
Cost of goods sold	\$ 30,274,066	\$ 24,204,249	
Gain on reversal of decline in market value	(71,878)	(47,868)	
Loss on scrapping inventories	43,180	95,211	
Revenue from sale of scraps	(14,139)	(8,855)	
	<u>\$ 30,231,229</u>	<u>\$ 24,242,737</u>	

The Group because the sales of certain inventories which loss of valuation inventories net realisable value increase and accounted for as reductions of cost of goods sold.

(5) Other current assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Excess business tax paid (or Net Input VAT)	\$ 2,093,478	\$ 1,759,403
Prepaid expenses	248,613	181,976
Prepayments to suppliers	6,879	16,181
Others	<u>43,976</u>	<u>24,747</u>
	<u>\$ 2,392,946</u>	<u>\$ 1,982,307</u>

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(6) Property, plant and equipment

Year ended December 31, 2024

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

Year ended December 31, 2023

Cost	Beginning balance	Addition	Decrease	Transfer	Net exchange differences	Ending balance
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	650,870	1,974,998	(9,837)	(414,587)	(75,143)	2,126,301
	<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>
Accumulated depreciation						
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>

- A. The significant components of buildings include fire safety equipment, building decoration and electrical & plumbing equipment, which are depreciated over 6 years, 7 years and 8 years, respectively.
- B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- C. Property, plant and equipment mentioned above are all for self-used.

(7) Lease transactions - lessee

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

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Land	\$ 910,065	\$ 956,040
Buildings	284,526	291,409
Transportation equipment	5,830	10,652
	<u>\$ 1,200,421</u>	<u>\$ 1,258,101</u>

	Year ended December 31	
	2024	2023
	Depreciation charge	Depreciation charge
Land	\$ 22,799	\$ 23,573
Buildings	60,030	47,081
Transportation equipment	6,534	5,960
	<u>\$ 89,363</u>	<u>\$ 76,614</u>

- D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$59,602 and \$40,142, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 10,428	\$ 6,007
Expense on short-term lease contracts	<u>\$ 13,242</u>	<u>\$ 22,467</u>

- F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were \$69,628 and \$60,889, respectively.
- G. Information about the right-of-use that were pledged to others as collaterals is provided in Note 8.

(8) Short-term borrowings

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

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 648,014	1.94%~6.30%	Land use right and property, plant and equipment
Unsecured borrowings	3,111,842	2.50%~6.32%	None
	<u>\$ 3,759,856</u>		

Interest expense recognised in profit or loss amounted to \$164,770 and \$148,324, for the years ended December 31, 2024 and 2023, respectively.

(9) Other payables

	December 31, 2024	December 31, 2023
Payable on wages, salaries and bonuses	\$ 1,161,805	\$ 1,232,292
Payable on machinery and equipment	154,978	57,553
Payable on professional service fees	122,593	78,969
Payable on employees' compensation	99,438	-
Payable on directors remuneration	59,663	-
Others	347,493	213,597
	<u>\$ 1,945,970</u>	<u>\$ 1,582,411</u>

(10) 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, 2024 and 2023, were \$8,730 and \$8,256, respectively.
- B. The mainland China subsidiaries, BAOYI and ZHONGSHAN YIBO (transferred to investments

accounted for using equity method since September 2024), have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The amount that the Group contributed to the competent authority designated by the Government for the years ended December 31, 2024 and 2023 was \$3,212 and \$57,888, 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, 2024 and 2023, were \$774,864 and \$685,715, respectively.

(11) Share-based payment

- A. For the year ended December 31, 2024, the share-based payment arrangements of the Group's subsidiaries were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	May 28, 2024	3,590	NA	Vested immediately

The above share-based payment arrangements are settled by equity.

- B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility (Note)	Expected option life	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	May 28, 2024	110.05	85	25.21%	0.0247 year	1.28%	25.08

Note: Expected price volatility rate was estimated by using the average of the annualised standard deviation by using the stock prices of comparable companies in the same industry during a certain period in previous year.

- C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2024	2023
Equity-settled	\$ 90,037	\$ -

(12) Share capital

- A. As of December 31, 2024, the Company's authorised capital was \$8,000,000, consisting of 800,000 thousand shares of ordinary stock, and the paid-in capital was \$2,494,000 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2024	2023
At January 1	\$ 220,000	\$ 220,000
Cash capital increase	29,400	-
At December 31	\$ 249,400	\$ 220,000

- B. The Board of Directors during its meeting on March 12, 2024 adopted a resolution to increase the Company's capital by issuing 29,400 thousand ordinary shares with a par value of \$10 (in dollars) per share with the effective date set on June 7, 2024.

(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 surplus shall be used except for offsetting the losses of the Company. The Company shall not use the capital surplus to offset its capital losses unless the legal reserve and special reserve set aside for purposes of loss offset is insufficient to offset such losses.
- B. Subject to the Companies Law of the Cayman Islands, where the Company incurs no loss, it may, by a special resolution, distribute its statutory reserve, the share premium account and/or the income from endowments received by the Company, which are in the capital surplus which are available for distribution, in whole or in part, by issuing new, fully paid shares and/or by cash to its shareholders.
- C. The shareholders resolved the appropriation of 2023 earnings on May 30, 2024. Cash dividends from capital surplus amounted to \$440,000 at \$2 (in dollars) per share. However, the Company increased its capital before selling the shares in the market on June 7, 2024. As a result, the outstanding amount of the Company's ordinary stocks increased and the distributed amount was adjusted to \$1.76 (in dollars) per share.

(14) Retained earnings

A. When the Company's shares are traded on any Taiwan Stock Exchange, under the Company's Articles of Incorporation, if there is current year's earnings, before distribution, the Company shall:

- (a) Pay all taxes;
- (b) Offset prior years' operating losses;
- (c) Set aside 10% of the remaining amount as legal reserve until the legal reserve equals the paid-in capital;
- (d) Set aside special reserve according to the regulations of the competent authority. The remainder is the distributable earnings for the period.

Dividends can be distributed from the distributable earnings for the period or the unappropriated retained earnings for the prior period.

B. All directors are entitled to obtain year-end remuneration not higher than 2% of 'profit of the current year' only in the form of cash every year. All employees of the Company and its subsidiaries are entitled to obtain year-end compensation not lower than 2% of 'profit of the current year' in the form of cash, stocks or any combination of the two every year.

C. 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.

D. The shareholders resolved the appropriation of 2023 earnings on May 30, 2024. Cash dividends from retained earnings amounted to \$660,000 at \$3 (in dollars) per share. However, the Company increased its capital before selling the shares in the market on June 7, 2024. As a result, the outstanding amount of the Company's ordinary stocks increased and the distributed amount was adjusted to \$2.65 (in dollars) per share.

E. The shareholders resolved the appropriation of the 2024 earnings on March 6, 2025. Cash dividends from retained earnings amounted to \$2,244,600 at \$9 (in dollars) per share.

For the appropriation of the 2025 earnings, as of March 6, 2025, the shareholders had not resolved the appropriation.

(15) Operating revenue

	Year ended December 31	
	2024	2023
Revenue from contracts with customers	\$ 37,689,899	\$ 28,015,569

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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities:			
- Advance sales receipts	\$ <u>109,061</u>	\$ <u>58,452</u>	\$ <u>56,370</u>

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

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
- Advance sales receipts	\$ <u>58,452</u>	\$ <u>56,370</u>

(16) Interest income

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 107,100	\$ 90,156
Interest income from financial assets measured at amortised cost	1,771	7,217
	\$ <u>108,871</u>	\$ <u>97,373</u>

(17) Other gains and losses

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Foreign exchange gains	\$ 663,082	\$ 457,770
Gains on disposals of property, plant and equipment	3,883	3,746
Impairment loss	- (	13,554)
Other gains and losses	(76,655)	(49,631)
	\$ <u>590,310</u>	\$ <u>398,331</u>

(18) Finance costs

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Interest expense		
Bank borrowings	\$ 164,770	\$ 190,668
Lease liabilities	10,428	6,007
	\$ <u>175,198</u>	\$ <u>196,675</u>

(19) Expenses by nature

	Year ended December 31	
	2024	2023
Employee benefit expense		
Wages and salaries	\$ 7,813,721	\$ 7,479,701
Labour and health insurance fees	219,817	220,378
Pension costs	786,806	751,859
Other personnel expenses	411,995	436,864
	<u>\$ 9,232,339</u>	<u>\$ 8,888,802</u>
Depreciation charges on property, plant and equipment	<u>\$ 1,278,680</u>	<u>\$ 1,382,841</u>
Depreciation charges on right-of-use assets	<u>\$ 89,363</u>	<u>\$ 76,614</u>
Amortisation charges	<u>\$ 6,644</u>	<u>\$ 5,359</u>

- A. For the year ended December 31, 2024, employees' compensation was accrued at \$99,438; directors' remuneration was accrued at \$59,663. The aforementioned amounts were recognised in salary expenses.
- B. There is no such circumstance for the year ended December 31, 2023.
- C. The employees' compensation and directors' remuneration were estimated and accrued based on 2.5% and 1.5% of distributable profit of current period for the year ended December 31, 2024.
- D. Employees' and directors' by the company as proposed by the board of directors will be posted in the "Market Observation Post System "at the website of the taiwan stock exchange.

(20) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 1,046,508	\$ 512,908
Prior year income tax underestimation	14,317	6,713
Total current tax	<u>1,060,825</u>	<u>519,621</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>\$ 39,967</u>	<u>\$ 44,861</u>
Total deferred tax	<u>39,967</u>	<u>44,861</u>
Income tax expense	<u>\$ 1,100,792</u>	<u>\$ 564,482</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 1,061,936	\$ 476,109
Expenses disallowed by tax regulation	8,666	11,765
Taxable loss not recognised as deferred tax assets	21,353	78,033
Change in assessment of realisation of deferred tax assets	(5,480)	(8,138)
Prior year income tax (over) under estimation	14,317	6,713
Income tax expense	<u>\$ 1,100,792</u>	<u>\$ 564,482</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 difference and tax losses are as follows:

	2024			
	January 1	Recognised in profit or loss	Translation differences	December 31
Deferred tax assets:				
-Temporary differences:				
Allowance for inventory valuation loss	\$ 16,051	(\$ 7,270)	\$ 242	\$ 9,023
Unrealised gross profit from sales	9,072	5,073	721	14,866
Unrealised exchange loss	-	2	-	2
Book-tax difference on lease liabilities	45,660	1,186	1,747	48,593
Others	669	244	-	913
Tax losses	<u>6,019</u>	<u>(6,094)</u>	<u>75</u>	<u>-</u>
	<u>\$ 77,471</u>	<u>(\$ 6,859)</u>	<u>\$ 2,785</u>	<u>\$ 73,397</u>
-Deferred tax liabilities:				
Book-tax difference on right-of-use assets	(\$ 47,279)	\$ 2,610	(\$ 1,776)	(\$ 46,445)
Unrealised exchange gain	(119,388)	(35,718)	(1)	(155,107)
	<u>(\$ 166,667)</u>	<u>(\$ 33,108)</u>	<u>(\$ 1,777)</u>	<u>(\$ 201,552)</u>
	<u>(\$ 89,196)</u>	<u>(\$ 39,967)</u>	<u>\$ 1,008</u>	<u>(\$ 128,155)</u>

2023				
	January 1	Recognised in profit or loss	Translation differences	December 31
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 lease liabilities	48,586	(1,657)	(1,269)	45,660
Others	2,696	(5,583)	3,556	669
Tax losses	20,744	(14,819)	94	6,019
	<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 right-of-use assets	(57,649)	9,070	1,300	(47,279)
Unrealised exchange gain	(69,540)	(50,603)	755	(119,388)
	<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>

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

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	Amount assessed	\$ 61,658	\$ 61,658	2025
2023	Amount assessed	439,970	439,970	2026-2028
2024	Amount filed	97,061	97,061	2027

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

E. The income tax returns of (SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH through 2022 have been assessed and approved by the Tax Authority.

(21) Earnings per share

Year ended December 31, 2024			
		Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)
	<u>Amount after tax</u>	<u>(share in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to the parent	<u>\$ 3,818,318</u>	<u>236,708</u>	<u>\$ 16.13</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	3,818,318	236,708	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>261</u>	
Profit attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 3,818,318</u>	<u>236,969</u>	<u>\$ 16.11</u>
Year ended December 31, 2023			
		Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)
	<u>Amount after tax</u>	<u>(share in thousands)</u>	
<u>Basic and diluted earnings per share</u>			
Profit attributable to the parent	<u>\$ 1,378,267</u>	<u>220,000</u>	<u>\$ 6.26</u>

The number of weighted-average outstanding shares is included for assumed conversion of all dilutive potential ordinary shares at the calculation of diluted earnings per share, based on the assumption that employees' compensation will be all distributed in the form of shares during this year.

(22) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2024	2023
Purchase of property, plant and equipment	\$ 2,484,558	\$ 2,581,851
Add: Opening balance of payable on equipment	57,553	73,695
Add: Ending balance of prepayments for equipment	159,377	17,178
Less: Ending balance of payable on equipment	(154,978)	(57,553)
Less: Opening balance of prepayments for equipment	(17,178)	(6,784)
Add: property, plant and equipment transferred to expense	26	-
Add: property, plant and equipment transferred to current assets	10,293	-
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	<u>\$ 2,539,651</u>	<u>\$ 2,523,020</u>

	Year ended December 31	
	2024	2023
Purchase of intangible assets	\$ 8,313	\$ 7,718
Add: Ending balance of prepayments	4,424	3,353
Less: Opening balance of prepayments	(3,353)	-
Cash paid during the year	<u>\$ 9,384</u>	<u>\$ 11,071</u>

(23) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities	Payable on dividends	Cash from capital surplus	Liabilities from financing activities-gross
At January 1, 2024	\$3,759,856	\$ -	\$ 22	\$ 426,845	\$ -	\$ -	\$ 4,186,723
Changes in cash flow from financing activities	(613,303)	-	(22)	(45,958)	(660,000)	(440,000)	(1,759,283)
Impact of changes in foreign exchange rate	165,243	-	-	11,325	-	-	176,568
Changes in other non-cash items	-	-	-	52,726	660,000	440,000	1,152,726
At December 31, 2024	<u>\$3,311,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,756,734</u>

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities	Payable on dividends	Liabilities from financing activities-gross
At January 1, 2023	\$ 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)	(32,415)	(1,100,000)	(690,218)
Impact of changes in foreign exchange rate	(224,335)	14,518	15	210	-	(209,592)
Changes in other non-cash items	-	-	-	38,347	1,100,000	1,138,347
At December 31, 2023	<u>\$ 3,759,856</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 426,845</u>	<u>\$ -</u>	<u>\$ 4,186,723</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
VINH TY COMPANY LIMITED (VINH TY)	Associate (associate accounted for using the equity method of the Company)
ZHUO YIH FOOTWEAR CO., LTD (ZHUO YIH)	Other related party (representative of the entity is the same as the Company's)
TIENHUNG CO., LTD (TIENHUNG)	Other related party (related party of the Company's subsidiary)
AN LAC COMPANY LTD (AN LAC)	Other related party (related party of the Company's subsidiary)
IDEA (MACAO COMMERCIAL OFFSHORE) LIMITED (IDEA)	Other related party (related party of the Company's subsidiary) (Note)
PRIME ASIA LEATHER CORPORATION (PRIME ASIA)	Other related party (related party of the Company's subsidiary) (Note)
CHUNG TE LI	Key management personnel of the Group (Chairman of the Group)
LIN CHANG YUNG	Key management personnel of the Group (director of the Group)

Note: It was no longer a related party since September 2024. Please refer to Note 4(3).

(2) Significant related party transactions

A. Purchases

	Year ended December 31	
	2024	2023
Purchases of goods:		
Other related parties	\$ 541,044	\$ 379,849
Associate	6,551	22,643
	<u>547,595</u>	<u>402,492</u>
Purchases of services:		
Other related parties	\$ 24,532	\$ 21,390
Associate	-	5,173
	<u>24,532</u>	<u>26,563</u>
	<u>\$ 572,127</u>	<u>\$ 429,055</u>

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

	December 31, 2024	December 31, 2023
Accounts payable:		
Other related parties	\$ 1,750	\$ 19,581
Associate	7,118	-
	<u>8,868</u>	<u>19,581</u>
Other payables:		
Other related parties	-	246
	<u>-</u>	<u>246</u>
	<u>\$ 8,868</u>	<u>\$ 19,827</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, 2021 to 2030, and 2024 to 2027, respectively. Rents are paid in a lump sum, monthly and monthly at commencement of the contracts, respectively.
- (b) The Group leases buildings from ZHUO YIH. Rental contracts are made for a period from 2024 to 2028. Rents are paid monthly at commencement of the contracts.

(c) Acquisition of right-of-use assets

	December 31, 2024	December 31, 2023
AN LAC	\$ 4,389	\$ -
ZHUO YIH	34,179	-
	<u>\$ 38,568</u>	<u>\$ -</u>

(d) Lease liabilities

i. Outstanding balance

	December 31, 2024	December 31, 2023
AN LAC	\$ 88,566	\$ 103,289
ZHUO YIH	28,178	-
	<u>\$ 116,744</u>	<u>\$ 103,289</u>

ii. Interest expense

	Year ended December 31	
	2024	2023
AN LAC	\$ 3,087	\$ 1,461
ZHUO YIH	1,991	-
	<u>\$ 5,078</u>	<u>\$ 1,461</u>

D. Endorsements and guarantees provided to related parties

	December 31, 2024	December 31, 2023
CHUNG TE LI/ LIN CHANG YUNG	<u>\$ 3,311,931</u>	<u>\$ 3,759,857</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

	Year ended December 31	
	2024	2023
ZHUO YIH	<u>\$ -</u>	<u>\$ 7,582</u>

The Group leases offices from ZHUO YIH. Rental contracts are for the year ended December 31, 2023. Monthly rent is \$632 thousand.

(3) Key management compensation

	Year ended December 31	
	2024	2023
Short-term employee benefits	\$ 91,070	\$ 89,119
Post-employment benefits	638	664
	<u>\$ 91,708</u>	<u>\$ 89,783</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2024	December 31, 2023	
Time deposits (shown as financial assets at amortised cost)	\$ 16,749	\$ 15,329	Performance guarantee
Right-of-use assets	206,176	208,342	Short-term borrowings
Property, plant and equipment	1,044,032	788,616	Short-term borrowings
	<u>\$ 1,266,957</u>	<u>\$ 1,012,287</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, 2024	December 31, 2023
Property, plant and equipment	\$ 477,040	\$ 931,172
Intangible assets	3,129	-
	<u>\$ 480,169</u>	<u>\$ 931,172</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Refer to Note 6(15) E. for the appropriation of 2024 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, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 8,767,817	\$ 7,832,734
Total assets	\$ 34,097,093	\$ 26,559,309
Debt ratio	<u>26%</u>	<u>29%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 3,966,034	\$ 4,418,919
Financial assets at amortised cost	19,052	17,586
Accounts receivable	7,426,297	3,483,993
Other receivables (including related parties)	21,911	97,683
Guarantee deposits paid	40,620	29,740
	<u>\$ 11,473,914</u>	<u>\$ 8,047,921</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,311,796	\$ 3,759,856
Notes payable	6	20
Accounts payable (including related parties)	2,138,523	1,687,654
Other accounts payable (including related parties)	1,945,970	1,582,657
Guarantee deposits received	-	22
	<u>\$ 7,396,295</u>	<u>\$ 7,030,209</u>
Lease liability	<u>\$ 444,938</u>	<u>\$ 426,845</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, VND and IDR. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and VND expenditures. Natural hedges are adopted by group companies to minimise the foreign exchange risk exposure with the Group treasury.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD, NTD, VND, RMB and IDR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2024				
	Foreign currency amount			
	(in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	312,080	32.79	\$ 10,231,530
USD:VND		201,582	25,376	6,608,853
USD:IDR		16,286	16,155	533,934
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	233,764	32.79	\$ 7,663,962
USD:VND		100,621	25,376	3,298,858
USD:IDR		24,301	16,155	796,704

	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

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, 2024 and 2023, amounted to \$663,082 and \$457,770, respectively.

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

Year ended December 31, 2024					
Sensitivity analysis					
		Effect on profit		Effect on other	
Degree of variation		or loss		comprehensive	
				income	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	5%	\$	511,577	\$	-
USD:VND	5%		330,443		-
USD:IDR	5%		26,697		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	5%	\$	383,198	\$	-
USD:VND	5%		164,943		-
USD:IDR	5%		39,835		-

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		-

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 2024 and 2023, 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, 2024 and 2023 would have increased/decreased by \$31,384 and \$34,273, 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, 2024 and 2023, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	Over 91 days past due	Total
<u>December 31, 2024</u>					
Expected loss rate	0.0479%	15.75%	52.25%	100.00%	
Total book value	\$ 7,380,017	\$ 54,335	\$ 8,458	\$ 1,706	\$ 7,444,516
Loss allowance	\$ 3,535	\$ 8,559	\$ 4,419	\$ 1,706	\$ 18,219
<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

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

	2024
	Accounts receivable
At January 1	\$ 1,223
Provision for impairment	16,996
At December 31	\$ 18,219
	2023
	Accounts receivable
At January 1	\$ 4,266
Reversal of impairment loss	(3,106)
Effect of foreign exchange	63
At December 31	\$ 1,223

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.
- ii. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The Group has the following undrawn borrowing facilities:

	December 31, 2024	December 31, 2023
Expiring within one year	\$ 5,188,547	\$ 3,612,553
Expiring beyond one year	-	5,834
	\$ 5,188,547	\$ 3,618,387

- 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, 2024	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
Short-term borrowings	\$ 3,136,421	\$ 198,377	\$ -	\$ -	\$ -
Notes payable	6	-	-	-	-
Accounts payable (including related parties)	2,138,523	-	-	-	-
Other payables (including related parties)	1,945,970	-	-	-	-
Lease liability	30,322	22,737	214,228	104,631	160,380

December 31, 2023	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 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

(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.

(5) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31			
	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
US	\$ 11,796,849	\$ -	\$ 8,455,426	\$ -
Netherlands	6,862,117	-	655,745	-
Asia	4,596,951	44,806	3,945,458	25,849
Americas	4,234,970	-	3,111,480	-
Europe	2,188,837	-	1,160,550	-
UK	1,848,863	-	889,847	-
China	1,719,818	-	3,604,461	267,548
Belgium	1,555,820	-	1,392,161	-
Germany	1,258,358	-	3,981,795	-
Indonesia	316,317	3,177,420	205,680	1,976,904
Vietnam	75,873	8,024,565	7,384	7,478,893
Myanmar	-	2,461,849	-	2,556,716
Others	1,235,126	-	605,582	-
	<u>\$ 37,689,899</u>	<u>\$ 13,708,640</u>	<u>\$ 28,015,569</u>	<u>\$ 12,305,910</u>

Note: The information of revenue is categorized based on the geographical location of the customers who purchase from the group.

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31	
	2024	2023
A	\$ 22,087,963	\$ 16,175,576
B	8,467,655	3,760,396
C	6,712,856	5,979,438
	<u>\$ 37,268,474</u>	<u>\$ 25,915,410</u>

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Party being endorsed/ guaranteed															
			Relationship with the endorser/guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of	Outstanding endorsement/ guarantee amount at	Actual amount	Amount of	Ratio of accumulated	Ceiling on total amount of	Provision of	Provision of	Provision of		
(Note 1)	Endorser/guarantor	Company name	(Note 2)	(Note 3)	December 31, 2024	December 31, 2024	drawn down	endorsements/guarant	endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	endorsements/ guarantees provided	endorsements/ guarantees by parent company to subsidiary	endorsements/ guarantees by subsidiary to parent company	endorsements/ guarantees to the party in Mainland China	Footnote	
					(Note 4)	(Note 5)	(Note 6)	ees secured with collateral		(Note 3)	(Note 7)	(Note 7)	(Note 7)		
1	LAI YIH FOOTWEAR CO., LTD.	FLOURISH THRIVE DEVELOPMENTS LIMITED	4	\$ 20,953,565	\$ 1,639,250	\$ 819,625	\$ 491,775	\$ -	3.91%	\$ 20,953,565	N	N	N		
1	LAI YIH FOOTWEAR CO., LTD.	LAC TY II COMPANY LIMITED	4	20,953,565	819,625	491,775	-	-	2.35%	20,953,565	N	N	N		
1	LAI YIH FOOTWEAR CO., LTD.	YIH SHUO FOOTWEAR CO., LTD.	4	20,953,565	1,147,475	1,147,475	214,467	-	5.48%	20,953,565	N	N	N	Note 8	
1	LAI YIH FOOTWEAR CO., LTD.	TY BACH COMPANY LIMMITED	4	20,953,565	1,639,250	1,639,250	647,106	-	7.82%	20,953,565	N	N	N	Note 9	
1	LAI YIH FOOTWEAR CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	2	10,476,783	819,625	327,850	-	-	1.56%	10,476,783	N	N	N		
1	LAI YIH FOOTWEAR CO., LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	4	20,953,565	196,710	196,710	196,710	-	0.94%	20,953,565	N	N	N		
2	FLOURISH THRIVE DEVELOPMENTS LIMITED	LAC TY COMPANY LIMITED	1	572,524	885,195	393,420	69,177	-	11.22%	5,259,904	N	N	N		
2	FLOURISH THRIVE DEVELOPMENTS LIMITED	YIH SHUO FOOTWEAR CO., LTD.	4	3,506,603	328	328	328	-	0.01%	3,506,603	N	N	N		

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1)The Company is '0'.
- (2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following four categories; fill in the number of category each case belongs to:

- (1)Having business relationship.
- (2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

Note 3: In accordance with the Company's Regulations Governing the Provision of Endorsements and Guarantees, ceiling on total amount of endorsements/guarantees provided by the Company to other companies is 50% of the current net assets, and limit on endorsements/guarantees provided for a single party is 50% of the current net assets.

Ceiling on total amount of endorsements/guarantees provided by LAI YIH FOOTWEAR CO., LTD. to other companies is 50% of the current net assets, and limit on endorsements/guarantees provided for a single party is 50% of the current net assets.

However, the amount of endorsements/guarantees between the companies which the Company holds 100% of the voting rights directly and indirectly is the Company's current net assets.

Ceiling on total endorsements/guarantees provided by FLOURISH THRIVE DEVELOPMENTS LIMITED to other companies is 150% of the current net assets, and limit on endorsements/guarantees provided for a single party is 150% of the current net assets.

However, the amount of endorsements/guarantees between the companies which the Company holds 100% of the voting rights directly and indirectly is the Company's current net assets.

For the companies having business relationship with the Company, in addition to the aforementioned rules, the limit on endorsements/guarantees provided for a single party is limited to the total transaction amount in the most recent year (transaction amount represents the higher amount of purchase or sales).

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: LAI YIH FOOTWEAR CO., LTD. provided financing endorsements/guarantees to YIH SHUO FOOTWEAR CO., LTD. (TY THAC). The credit contract matured in December 2024 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 20,000 thousand as resolved by the Board of Directors on November 11, 2024 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 THAC completes the renewal of the bank borrowings, the Company's actual outstanding endorsement/guarantee amount provided for a single party (TY THAC) at

December 31, 2024 will be decreased to USD 20,000 thousand. Ratio of outstanding endorsement/guarantee amount to net assets of the latest financial statements will be decreased to 5.48%.

Note 9: LAI YIH FOOTWEAR CO., LTD. provided financing endorsements/guarantees to TY BACH COMPANY LIMMITED (TY BACH). The credit contract matured in December 2024 with the amount of USD 20,000 thousand.

By considering the overall capital needs, the Company increased the endorsements/guarantees amount for the above endorsements/guarantees amounting to USD 20,000 thousand as resolved by the Board of Directors on November 11, 2024 in advance.

In order to meet the reporting requirements, the balance of endorsements/guarantees shall presented as double counting starting from the date of the event. After TY BACH completes the renewal of the bank borrowings, the Company's actual outstanding endorsement/guarantee amount provided for a single party (TY BACH) at December 31, 2024 will

be decreased to USD 30,000 thousand. Ratio of outstanding endorsement/guarantee amount to net assets of the latest financial statements will be decreased to 7.82%.

Company Name

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, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2024		Addition (Note 3)		Disposal (Note 3)			Gain (loss) on disposal	Balance as at December 31, 2024	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value		Number of shares	Amount
THRIVE FOISON LIMITED	Share ownership	Investments accounted for using equity method	PT. YIH QUAN FOOTWEAR INDONESIA	Subsidiary	-	\$ 1,120,733	-	\$ 360,635	-	\$ -	\$ -	\$ -	-	\$ 1,481,368
MEGA RIVER INVESTMENT CO., LTD.	Share ownership	Investments accounted for using equity method	PT. YIH QUAN FOOTWEAR INDONESIA	Subsidiary	-	1,120,733	-	360,635	-	-	-	-	-	1,481,368
LAI YIH FOOTWEAR CO., LTD.	Share ownership	Investments accounted for using equity method	MEGA RIVER INVESTMENT CO., LTD.	Subsidiary	-	1,553,673	-	367,192	-	-	-	-	-	1,920,865
LAI YIH FOOTWEAR CO., LTD.	Share ownership	Investments accounted for using equity method	PORTRICH TRADING LIMITED	Subsidiary	-	3,531,075	-	721,270	-	-	-	-	-	4,252,345
PORTRICH TRADING LIMITED	Share ownership	Investments accounted for using equity method	LAC TY II COMPANY LIMITED	Subsidiary	-	3,167,606	-	655,700	-	-	-	-	-	3,823,306
KING GLOBAL DEVELOPMENT CORP	Share ownership	Investments accounted for using equity method	YIH SHUO FOOTWEAR CO., LTD.	Subsidiary	-	1,541,683	-	511,643	-	-	-	-	-	2,053,326

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, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

						If the counterparty is a related party, information as to the last transaction of the real					Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	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	\$ 1,239,863	\$ 1,179,722	PT. TAKENAKA INDONESIA	None	-	-	-	-	Inquiry and negotiation	Production factory	-
PT. YIH QUAN FOOTWEAR INDONESIA	Buildings and structures	2023/2/1	620,080	541,348	PT. INDONESIA XIN HAI STEEL STRUCTURE	None	-	-	-	-	Inquiry and negotiation	Production factory	-
PT. YIH QUAN FOOTWEAR INDONESIA	Buildings and structures	2023/7/27	352,715	304,171	PT. INDOWIN ENGINEERING INDONESIA	None	-	-	-	-	Inquiry and negotiation	Production factory	-
LAC TY II COMPANY LIMITED	Right-of-use assets	2024/6/13	422,382	300,950	HAI SON CO., LTD	None	-	-	-	-	Inquiry and negotiation	Development Center	-

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, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Differences in transaction terms compared to third party transactions											
			Transaction		(Note 1)		Notes/accounts receivable (payable)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	CHEER ACCESS LTD.	Same ultimate parent company	Sales	\$ 3,665,009	9.72%	60 days after receipt of goods	-	-	\$ 645,882	8.70%	Notes 1, 3
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Sales	1,540,037	4.09%	60 days after receipt of goods	-	-	290,473	3.91%	Notes 1, 3
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Sales	308,691	0.82%	60 days after receipt of goods	-	-	40,749	0.55%	Notes 1, 3
CHEER ACCESS LTD.	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	922,872	2.45%	60 days after receipt of goods	-	-	40,876	0.55%	Note 1
CHEER ACCESS LTD.	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	931,736	2.47%	60 days after receipt of goods	-	-	155,306	2.09%	Note 1
CHEER ACCESS LTD.	TY BACH COMPANY LIMMITED	Same ultimate parent company	Sales	1,194,120	3.17%	60 days after receipt of goods	-	-	209,482	2.82%	Note 1
CHEER ACCESS LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Sales	622,264	1.65%	60 days after receipt of goods	-	-	240,217	3.23%	Note 1
BILLION STAR INTERNATIONAL CO., LTD.	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	694,842	1.84%	60 days after receipt of goods	-	-	200,295	2.70%	Note 1
BILLION STAR INTERNATIONAL CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	668,805	1.77%	60 days after receipt of goods	-	-	59,868	0.81%	Note 1
BILLION STAR INTERNATIONAL CO., LTD.	GRAND WISDOM COMPANY LIMITED	Same ultimate parent company	Sales	169,735	0.45%	60 days after receipt of goods	-	-	29,254	0.39%	Note 1
POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN	Same ultimate parent company	Sales	1,855,104	4.92%	75 days after receipt of goods	-	-	189,546	2.55%	Notes 1, 3
LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN	Same ultimate parent company	Sales	572,524	1.52%	75 days after receipt of goods	-	-	138,100	1.86%	Notes 1, 3
LAC TY COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	559,891	1.49%	Colleted based on the contract	-	-	48,279	0.65%	Notes 1, 2
LAC TY COMPANY LIMITED	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	246,089	0.65%	Colleted based on the contract	-	-	23,148	0.31%	Notes 1, 2
LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN	Same ultimate parent company	Sales	10,413,336	27.63%	75 days after receipt of goods	-	-	2,226,255	29.98%	Notes 1, 3
VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN	Same ultimate parent company	Sales	13,150,201	34.89%	45 days after receipt of goods	-	-	2,152,460	28.98%	Notes 1, 3
YIH SHUO FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN	Same ultimate parent company	Sales	4,884,327	12.96%	60 days after receipt of goods	-	-	1,082,705	14.58%	Notes 1, 3
TY BACH COMPANY LIMMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN	Same ultimate parent company	Sales	3,431,403	9.10%	60 days after receipt of goods	-	-	950,100	12.79%	Notes 1, 3
TY BACH COMPANY LIMMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	240,963	0.64%	60 days after receipt of goods	-	-	22,931	0.31%	Note 1
GRAND WISDOM COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	561,168	1.49%	60 days after receipt of goods	-	-	77,100	1.04%	Note 1
TSANG YIH COMPANY LIMMITED	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Sales	772,061	2.05%	60 days per month	-	-	-	0.00%	Note 1
PT. YIH QUAN FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN	Same ultimate parent company	Sales	237,444	0.63%	60 days after receipt of goods	-	-	102,457	1.38%	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, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024		Turnover rate	Overdue receivables		Action taken	Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts	Footnote
			Accounts	Amount		Amount					
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	CHEER ACCESS LTD.	Same ultimate parent company	Accounts receivable	\$ 645,882	6.60	\$ -	-	-	\$ 313,167	\$ -	Notes 1, 4
(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Accounts receivable	290,473	6.80	-	-	-	152,651	-	Notes 1, 4
CHEER ACCESS LTD.	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Accounts receivable	155,306	5.99	-	-	-	103,118	-	Note 1
CHEER ACCESS LTD.	TY BACH COMPANY LIMMITED	Same ultimate parent company	Accounts receivable	209,482	7.99	-	-	-	179,145	-	Note 1
CHEER ACCESS LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Accounts receivable	240,217	3.58	-	-	-	-	-	Note 1
BILLION STAR INTERNATIONAL CO., LTD.	LAC TY II COMPANY LIMITED	Same ultimate parent company	Accounts receivable	200,295	4.88	-	-	-	106,212	-	Note 1
POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	189,546	10.16	-	-	-	158,607	-	Notes 1, 4
LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	138,100	4.09	-	-	-	99,345	-	Notes 1, 4
LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	2,226,255	5.45	-	-	-	1,799,270	-	Notes 1, 4
VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	2,152,460	7.36	-	-	-	2,015,668	-	Notes 1, 4
YIH SHUO FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	1,082,705	5.42	-	-	-	793,442	-	Notes 1, 4
TY BACH COMPANY LIMMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	950,100	4.74	-	-	-	930,270	-	Notes 1, 4
PT. YIH QUAN FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	102,457	4.63	-	-	-	-	-	Notes 1, 4
LAI YIH FOOTWEAR CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables	3,475,210	-	-	-	-	-	-	Notes 1, 2
LAI YIH FOOTWEAR CO., LTD.	MEGA RIVER INVESTMENT CO., LTD.	Same ultimate parent company	Other receivables	163,925	-	-	-	-	-	-	Notes 1, 2
LAI YIH FOOTWEAR CO., LTD.	THRIVE FOISON LIMITED	Same ultimate parent company	Other receivables	626,194	-	-	-	-	-	-	Notes 1, 2
LAI YIH FOOTWEAR CO., LTD.	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Other receivables	510,462	-	-	-	-	64,586	-	Notes 1, 2
LAI YIH FOOTWEAR CO., LTD.	LAC TY COMPANY LIMITED	Same ultimate parent company	Other receivables	163,925	-	-	-	-	-	-	Notes 1, 2
FLOURISH THRIVE DEVELOPMENTS LIMITED	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables	1,413,034	-	-	-	-	360,635	-	Notes 1, 2
PORTRICH TRADING LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Other receivables	321,293	-	-	-	-	-	-	Notes 1, 2
OVERSEA FAITH CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables	278,673	-	-	-	-	-	-	Notes 1, 2
MEGA RIVER INVESTMENT CO., LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Other receivables	164,137	-	-	-	-	-	-	Notes 1, 2

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts	Footnote
			Accounts	Amount		Amount	Action taken			
KING GLOBAL DEVELOPMENT CORP	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables	272,116	-	-	-	272,116	-	Notes 1, 2
THRIVE FOISON LIMITED	TY BACH COMPANY LIMMITED	Same ultimate parent company	Other receivables	804,872	-	-	-	-	-	Notes 1, 2
THRIVE FOISON LIMITED	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Other receivalbes	183,835	-	-	-	-	-	Notes 1, 2

Note 1: The transactions were eliminated when preparing the consolidated financial statements.

Note 2: The amount was composed of other receivables and thus the turnover rate was not calculated.

Note 3: As of February 28, 2025.

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, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Transaction	Footnote
							Percentage of consolidated total operating revenues or total assets (Note 3)	
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	CHEER ACCESS LTD.	Same ultimate parent company	Sales	3,665,009	Note 4	9.72%	Notes 5, 7
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD	Same ultimate parent company	Sales	1,540,037	Note 4	4.09%	Notes 5, 7
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Sales	308,691	Note 4	0.82%	Notes 5, 7
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	CHEER ACCESS LTD.	Same ultimate parent company	Accounts receivable	645,882	Note 4	1.89%	Notes 5, 7
1	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	BILLION STAR INTERNATIONAL CO., LTD.	Same ultimate parent company	Accounts receivable	290,473	Note 4	0.85%	Notes 5, 7
2	CHEER ACCESS LTD.	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	922,872	Note 4	2.45%	Note 7
2	CHEER ACCESS LTD.	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	931,736	Note 4	2.47%	Note 7
2	CHEER ACCESS LTD.	TY BACH COMPANY LIMMITED	Same ultimate parent company	Sales	1,194,120	Note 4	3.17%	Note 7
2	CHEER ACCESS LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Sales	622,264	Note 4	1.65%	Note 7
2	CHEER ACCESS LTD.	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Accounts receivable	155,306	Note 4	0.46%	Note 7
2	CHEER ACCESS LTD.	TY BACH COMPANY LIMMITED	Same ultimate parent company	Accounts receivable	209,482	Note 4	0.61%	Note 7
2	CHEER ACCESS LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Accounts receivable	240,217	Note 4	0.70%	Note 7
3	BILLION STAR INTERNATIONAL CO., LTD.	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	694,842	Note 4	1.84%	Note 7
3	BILLION STAR INTERNATIONAL CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	668,805	Note 4	1.77%	Note 7
3	BILLION STAR INTERNATIONAL CO., LTD.	GRAND WISDOM COMPANY LIMITED	Same ultimate parent company	Sales	169,735	Note 4	0.45%	Note 7
3	BILLION STAR INTERNATIONAL CO., LTD.	LAC TY II COMPANY LIMITED	Same ultimate parent company	Accounts receivable	200,295	Note 4	0.59%	Note 7
4	POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	1,855,104	Note 4	4.92%	Notes 5, 7
4	POLO INTERNATIONAL HOLDING LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	189,546	Note 4	0.56%	Notes 5, 7
5	LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	572,524	Note 4	1.52%	Notes 5, 7
5	LAC TY COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	559,891	Note 4	1.49%	Note 7
5	LAC TY COMPANY LIMITED	VINH LONG FOOTWEAR CO., LTD.	Same ultimate parent company	Sales	246,089	Note 4	0.65%	Note 7
5	LAC TY COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	138,100	Note 4	0.41%	Notes 5, 7
6	LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	10,413,336	Note 4	27.63%	Notes 5, 7
6	LAC TY II COMPANY LIMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	2,226,225	Note 4	6.53%	Notes 5, 7
7	VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	13,150,201	Note 4	34.89%	Notes 5, 7
7	VINH LONG FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	2,152,460	Note 4	6.31%	Notes 5, 7
8	YIH SHUO FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	4,884,327	Note 4	12.96%	Notes 5, 7
8	YIH SHUO FOOTWEAR CO., LTD.	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	1,082,705	Note 4	3.18%	Notes 5, 7

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Year ended December 31, 2024

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		
9	TY BACH COMPANY LIMMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	3,431,403	Note 4	9.10%	Notes 5, 7
9	TY BACH COMPANY LIMMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	240,963	Note 4	0.64%	Note 7
9	TY BACH COMPANY LIMMITED	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	950,100	Note 4	2.79%	Notes 5, 7
10	GRAND WISDOM COMPANY LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Sales	561,168	Note 4	1.49%	Note 7
11	TSANG YIH COMPANY LIMMITED	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Sales	772,061	Note 4	2.05%	Note 7
12	PT. YIH QUAN FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Sales	237,444	Note 4	0.63%	Note 7
12	PT. YIH QUAN FOOTWEAR INDONESIA	(SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	Same ultimate parent company	Accounts receivable	102,457	Note 4	0.27%	Note 7
13	LAI YIH FOOTWEAR CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	3,475,210	Note 4	10.19%	Note 7
14	LAI YIH FOOTWEAR CO., LTD.	MEGA RIVER INVESTMENT CO., LTD.	Same ultimate parent company	Other receivables (financing)	163,925	Note 4	0.48%	Note 7
14	LAI YIH FOOTWEAR CO., LTD.	THRIVE FOISON LIMITED	Same ultimate parent company	Other receivables (financing)	626,194	Note 4	1.84%	Note 7
14	LAI YIH FOOTWEAR CO., LTD.	POLO INTERNATIONAL HOLDING LTD.	Same ultimate parent company	Other receivables (financing)	510,462	Note 4	1.50%	Note 7
14	LAI YIH FOOTWEAR CO., LTD.	LAC TY COMPANY LIMITED	Same ultimate parent company	Other receivables (financing)	163,925	Note 4	0.48%	Note 7
15	FLOURISH THRIVE DEVELOPMENTS LIMITED	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	1,413,034	Note 4	4.14%	Note 7
16	PORTRICH TRADING LIMITED	LAC TY II COMPANY LIMITED	Same ultimate parent company	Other receivables (financing)	321,293	Note 4	0.94%	Note 7
17	OVERSEA FAITH CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	278,673	Note 4	0.82%	Note 7
18	MEGA RIVER INVESTMENT CO., LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Other receivables (financing)	164,137	Note 4	0.48%	Note 7
19	KING GLOBAL DEVELOPMENT CORP	YIH SHUO FOOTWEAR CO., LTD.	Same ultimate parent company	Other receivables (financing)	272,116	Note 4	0.80%	Note 7
18	THRIVE FOISON LIMITED	TY BACH COMPANY LIMMITED	Same ultimate parent company	Other receivables (financing)	804,872	Note 4	2.36%	Note 7
18	THRIVE FOISON LIMITED	PT. YIH QUAN FOOTWEAR INDONESIA	Same ultimate parent company	Other receivables (financing)	183,835	Note 4	0.54%	Note 7

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total assets 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, 2024

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, 2024					Investment income (loss) recognised by the Company for the year ended December 31, 2024		Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares (Note 1)	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2024				
									December 31, 2024	(Note 3)			
LAI YIH FOOTWEAR CO., LTD.	LAI YIH FOOTWEAR CO., LTD.	Samoa	Holding company	\$ 5,157,081	\$ 4,829,897	\$ 157,300	100%	\$ 20,953,565	\$ 3,995,625	\$ 3,995,625			
LAI YIH FOOTWEAR CO., LTD.	FLOURISH THRIVE DEVELOPMENTS LIMITED	Samoa	Holding company	32,785	30,705	1,000	100%	3,506,603	2,271,078	-			
LAI YIH FOOTWEAR CO., LTD.	CHEER ACCESS LTD.	Seychelles	Investment holdings and import and export trade	32,785	30,705	1,000	100%	39,173	2,794	-	Note 2		
LAI YIH FOOTWEAR CO., LTD.	BILLION STAR INTERNATIONAL CO., LTD.	Seychelles	Investment holdings and import and export trade	32,785	30,705	1,000	100%	38,571	2,568	-	Note 2		
LAI YIH FOOTWEAR CO., LTD.	PORTRICH TRADING LIMITED	Samoa	Holding company	4,491,545	3,531,075	137,000	100%	5,102,963	520,379	-	Note 2		
LAI YIH FOOTWEAR CO., LTD.	OVERSEA FAITH CO., LTD.	Seychelles	Holding company	2,836,558	2,380,252	86,520	100%	5,144,229	1,004,102	-	Note 2		
LAI YIH FOOTWEAR CO., LTD.	MEGA RIVER INVESTMENT CO., LTD.	Seychelles	Holding company	2,026,113	1,553,673	61,800	100%	1,712,467 (	65,382)	-	Note 2		
LAI YIH FOOTWEAR CO., LTD.	KING GLOBAL DEVELOPMENT CORP	Samoa	Holding company	1,992,000	1,865,620	60,760	100%	2,430,160	599,553	-	Note 2		
LAI YIH FOOTWEAR CO., LTD.	THRIVE FOISON LIMITED	Samoa	Holding company	5,589,843	4,958,858	170,500	100%	4,930,020 (	68,456)	-	Note 2		
LAI YIH FOOTWEAR CO., LTD.	BRILLIANT METERO LIMITED	Samoa	Holding company	35,900	33,622	1,095	100%	564 (	29)	-	Note 2		
LAI YIH FOOTWEAR CO., LTD.	POLO INTERNATIONAL HOLDING LTD.	Samoa	Investment holdings and production and sales of sports and casual shoes	2,290,032	2,144,744	69,850	100%	1,801,294 (	215,879)	-	Note 2		
LAI YIH FOOTWEAR CO., LTD.	EVERYIELD CO., LTD.	Anguilla	Holding company	1,198,292	1,090,949	36,550	100%	665,264 (	36,075)	-	Note 2		
LAI YIH FOOTWEAR CO., LTD.	LAC TY COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	48,273	45,210	-	50%	95,776	189,944	-	Note 2		
LAI YIH FOOTWEAR CO., LTD.	JUMBO POWER ENTERPRISES LIMITED	British Virgin Islands	Investment holdings and sales of sports and casual shoes	262,280	245,640	8,000	50%	403,437	196,137	-	Note 2		
PORTRICH TRADING LIMITED	LAC TY II COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	3,841,174	3,167,606	-	100%	4,420,823	510,425	-	Note 2		
OVERSEA FAITH CO., LTD.	VINH LONG FOOTWEAR CO., LTD.	Vietnam	Production and sales of sports and casual shoes	2,368,716	2,218,436	-	85%	4,405,979	1,178,825	-	Note 2		
KING GLOBAL DEVELOPMENT CORP	YIH SHUO FOOTWEAR CO.,LTD	Vietnam	Production and sales of sports and casual shoes	2,157,761	1,541,683	-	85%	1,998,751	688,192	-	Note 2		
MEGA RIVER INVESTMENT CO., LTD.	YIH SHUO FOOTWEAR CO.,LTD	Vietnam	Production and sales of sports and casual shoes	380,781	272,062	-	15%	352,721	688,192	-	Note 2		
MEGA RIVER INVESTMENT CO., LTD.	VINH TY COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	98,355	92,115	-	24%	55,432	-	-	Note 2		
JUMBO POWER ENTERPRISES LIMITED	SUPERB KING INVESTMENTS LIMITED	Hong Kong	Holding company	524,560	491,280	-	100%	664,990	205,050	-	Note 2		
THRIVE FOISON LIMITED	TY BACH COMPANY LIMMITED	Vietnam	Production and sales of sports and casual shoes	3,278,500	3,070,500	-	100%	2,379,046	82,217	-	Note 2		

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2024

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, 2024				Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares (Note 1)	Ownership (%)	Book value				
											(Note 3)	
THRIVE FOISON LIMITED	GRAND WISDOM COMPANY LIMITED	Vietnam	Production and sales of sports and casual shoes	852,410	767,625	-	100%	780,378		8,909	-	Note 2
POLO INTERNATIONAL HOLDING LTD.	TSANG YIH COMPANY LIMMITED	Myanmar	Production and sales of sports and casual shoes	3,149,356	2,949,550	96,061	73%	1,595,331 (		97,061)	-	Note 2
EVERYIELD CO., LTD.	TSANG YIH COMPANY LIMMITED	Myanmar	Production and sales of sports and casual shoes	1,179,074	1,104,269	35,964	27%	597,269 (		97,061)	-	Note 2
MEGA RIVER INVESTMENT CO., LTD.	PT. YIH QUAN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	1,557,288	1,120,733	-	50%	1,301,670 (		338,747)	-	Note 2
THRIVE FOISON LIMITED	PT. YIH QUAN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	1,557,288	1,120,733	-	50%	1,301,670 (		338,747)	-	Note 2
OVERSEA FAITH CO., LTD.	PT. YIHFULL FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	163,925	153,525	-	50%	154,186		4,419	-	Note 2
PORTRICH TRADING LIMITED	PT. YIHFULL FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	163,925	153,525	-	50%	154,186		4,419	-	Note 2
OVERSEA FAITH CO., LTD.	PT. YIHXIN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	1,147	1,535	-	50%	464 (		289)	-	Note 2
KING GLOBAL DEVELOPMENT CORP	PT. YIHXIN FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	1,147	1,535	-	50%	464 (		289)	-	Note 2
OVERSEA FAITH CO., LTD.	PT. YIH YOU FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	295,065	-	-	60%	294,834 (		47)	-	Note 2
PORTRICH TRADING LIMITED	PT. YIH YOU FOOTWEAR INDONESIA	Indonesia	Production and sales of sports and casual shoes	196,710	-	-	40%	196,556 (		47)	-	Note 2
EVERYIELD CO., LTD.	PT ALNU SPORTING GOODS INDONESIA	Indonesia	Production and sales of sports and casual shoes	83,602	46,979	-	51%	66,292 (		18,776)	-	Note 2

Note 1: The companies with “-” in the blank had no shares issued.

Note 2: It pertained to the second-tier subsidiary and its reinvested company, which were not presented in the investment income (loss).

Note 3: Initial investment amount was converted at the exchange rate of NTD 32.79:USD 1 prevailing on December 31, 2024, respectively.

Note 4: Investment income (loss) for the year ended December 31, 2024 was calculated based on the financial statements which were reviewed by the Company's CPA.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2024

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

												Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024	
Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024 (Note 2)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
YANGZHOU BAOWI SHOES MANUFACTURING CO., LTD.	Production and sales of sports and casual shoes	\$ 368,123	(2)	\$ 368,123	\$ -	\$ -	\$ 368,123	\$ 205,145	50%	\$ 102,573	401,974	\$ 941,636	Note 3

Note 1: Investment methods are classified into the following two 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).

Note 2: The investment income (loss) for the year ended December 31, 2024 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 32.79:USD 1 prevailing on December 31, 2024.

LAI YIH FOOTWEAR CO., LTD. AND SUBSIDIARIES

Major shareholders information

Year ended December 31, 2024

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
WIDE SOURCE CO., LTD.	38,500,000	15.43%
FAITH CONNECT CO., LTD.	23,474,000	9.41%
TOP GATHER CO., LTD.	21,860,140	8.76%
SAVE WEALTH CO., LTD.	20,988,000	8.41%
AMPLE SMART LTD.	17,600,000	7.05%
GAIN SMART LTD.	16,700,000	6.69%
KEEN HUGE LTD.	16,700,000	6.69%

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%.