

**FENG TAY ENTERPRISES COMPANY LIMITED  
AND ITS SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 30, 2022 and 2021**

**Address: No. 52, Kegong 8th Road, Douliu City, Yunlin County**  
**Telephone: (05)537-9100**

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~13
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	13
(6) Explanation of significant accounts	13~41
(7) Related-party transactions	42~43
(8) Pledged assets	43
(9) Commitments and contingencies	43
(10) Losses Due to Major Disasters	44
(11) Subsequent Events	44
(12) Others	44
(13) Other disclosures	
(a) Information on significant transactions	45~54
(b) Information on investment	54~56
(c) Information on investment in mainland China	56~57
(d) Major shareholders	57
(14) Segment information	58~59



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web home.kpmg/tw

## Independent Auditors' Review Report

To the Board of Directors of Feng Tay Enterprises Company Limited:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Feng Tay Enterprises Company Limited and its subsidiaries (“the Group”), as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As stated in Note (4)(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$12,715,943 thousand and \$11,526,702 thousand, constituting 23.80% and 28.09% of consolidated total assets as of September 30, 2022 and 2021, respectively; total liabilities amounting to \$4,186,050 thousand and \$3,700,341 thousand, constituting 15.28% and 16.28% of consolidated total liabilities as of September 30, 2022 and 2021, respectively, and total comprehensive income (loss) amounting to \$888,463 thousand, \$29,938 thousand, \$1,862,307 thousand and \$120,757 thousand, constituting 21.20%, (9.60)%, 17.98% and 4.11% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2022 and 2021, respectively.

Furthermore, as stated in Note (6)(d), the other equity accounted investments of the Group in its investee companies of \$1,023,679 thousand and \$707,062 thousand as of September 30, 2022 and 2021, respectively, and its equity in net gain (loss) on these investee companies of \$80,801 thousand, \$(39,117) thousand, \$192,696 thousand and \$1,596 thousand for the three months and nine months ended September 30, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

**Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Rou-Lan Kuo and Shu-Ling Lien.

KPMG

Taipei, Taiwan (Republic of China)  
November 10, 2022

**Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ reviewreport and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ reviewreport and consolidated financial statements, the Chinese version shall prevail.

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards**

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**

**September 30, 2022, December 31, 2021, and September 30, 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

		September 30, 2022		December 31, 2021		September 30, 2021				September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (Note (6)(a))	\$ 4,405,355	8	3,820,459	8	3,809,904	9	2100	Short-term borrowings (Note (6)(j))	\$ 3,661,910	7	6,300,675	13	5,519,940	14
1170	Accounts receivable (Notes (6)(b) and (q))	10,329,529	19	8,567,534	18	3,562,041	9	2130	Current contract liabilities (Note (6)(q))	380	-	403	-	402	-
1180	Accounts receivable due from related parties, net (Notes (6)(b), (q) and (7))	10,783	-	13,118	-	-	-	2170	Notes and accounts payable	4,868,337	9	3,960,166	9	3,307,633	8
1200	Other receivables (Note (7))	649,486	1	631,589	2	429,702	1	2200	Other payables	5,821,884	11	4,672,025	10	3,734,129	9
1220	Current tax assets	216,872	1	178,851	-	153,575	-	2230	Current tax liabilities	2,743,161	5	1,761,214	4	1,675,564	4
130X	Inventories (Note (6)(c))	10,112,471	19	9,374,817	20	9,077,045	22	2280	Current lease liabilities (Note (6)(l))	35,582	-	33,158	-	14,649	-
1476	Other current financial assets (Note (8))	514,924	1	1,044,985	2	1,050,327	3	2320	Long-term liabilities, current portion (Note (6)(k))	14,776	-	37,186	-	37,439	-
1479	Other current assets, others	1,228,295	2	814,889	2	982,150	2	2399	Other current liabilities, others	24,838	-	19,476	-	45,001	-
	<b>Total current assets</b>	<u>27,467,715</u>	<u>51</u>	<u>24,446,242</u>	<u>52</u>	<u>19,064,744</u>	<u>46</u>		<b>Total current liabilities</b>	<u>17,170,868</u>	<u>32</u>	<u>16,784,303</u>	<u>36</u>	<u>14,334,757</u>	<u>35</u>
<b>Non-current assets:</b>															
1550	Investments accounted for using equity method (Note (6)(d))	1,023,679	2	719,726	2	707,062	2	2540	Long-term borrowings (Note (6)(k))	1,888,585	3	2,853,288	6	1,359,839	3
1600	Property, plant and equipment (Note (6)(f))	20,566,591	39	18,059,715	38	17,980,895	44	2570	Deferred tax liabilities (Note (6)(n))	3,713,351	7	3,276,537	7	3,072,971	8
1755	Right-of-use assets (Note (6)(g))	1,775,244	3	1,650,198	3	1,408,854	3	2580	Non-current lease liabilities (Note (6)(l))	564,038	1	534,191	1	493,514	1
1760	Investment property, net (Note (6)(h))	69,330	-	64,004	-	63,100	-	2640	Non-current net defined benefit liability (Note (6)(m))	3,742,928	7	3,356,409	7	3,302,446	8
1780	Intangible assets (Note (6)(i))	408,562	1	401,207	1	390,199	1	2670	Other non-current liabilities	322,364	1	251,898	1	165,609	-
1840	Deferred tax assets (Note (6)(n))	1,324,790	3	1,232,747	3	1,062,916	3		<b>Total non-current liabilities</b>	<u>10,231,266</u>	<u>19</u>	<u>10,272,323</u>	<u>22</u>	<u>8,394,379</u>	<u>20</u>
1980	Other non-current financial assets (Note (8))	237,500	-	71,532	-	78,501	-		<b>Total liabilities</b>	<u>27,402,134</u>	<u>51</u>	<u>27,056,626</u>	<u>58</u>	<u>22,729,136</u>	<u>55</u>
1990	Other non-current assets	552,004	1	279,818	1	284,738	1	<b>Equity attributable to owners of parent</b>							
	<b>Total non-current assets</b>	<u>25,957,700</u>	<u>49</u>	<u>22,478,947</u>	<u>48</u>	<u>21,976,265</u>	<u>54</u>	<b>(Note (6)(o)):</b>							
								3110	Total capital stock	8,816,811	17	8,816,811	18	8,816,811	22
								3200	Capital surplus	50,914	-	50,916	-	50,008	-
									Retained earnings:						
								3310	Legal reserve	5,577,243	10	5,126,375	11	5,126,375	13
								3320	Special reserve	2,559,457	5	2,082,107	4	2,082,107	5
								3350	Unappropriated retained earnings	7,428,123	14	4,593,319	10	3,013,586	7
									Other equity interest:						
								3410	Exchange differences on translation of foreign financial statements	(278,572)	(1)	(2,559,457)	(5)	(2,487,390)	(6)
									<b>Total equity attributable to owners of parent:</b>	<u>24,153,976</u>	<u>45</u>	<u>18,110,071</u>	<u>38</u>	<u>16,601,497</u>	<u>41</u>
								36XX	<b>Non-controlling interests</b>	<u>1,869,305</u>	<u>4</u>	<u>1,758,492</u>	<u>4</u>	<u>1,710,376</u>	<u>4</u>
									<b>Total equity</b>	<u>26,023,281</u>	<u>49</u>	<u>19,868,563</u>	<u>42</u>	<u>18,311,873</u>	<u>45</u>
<b>Total assets</b>		<u>\$ 53,425,415</u>	<u>100</u>	<u>46,925,189</u>	<u>100</u>	<u>41,041,009</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 53,425,415</u>	<u>100</u>	<u>46,925,189</u>	<u>100</u>	<u>41,041,009</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months and nine months ended September 30, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

	<u>For the three months ended September 30</u>				<u>For the nine months ended September 30</u>				
	<u>2022</u>		<u>2021</u>		<u>2022</u>		<u>2021</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
4000	Operating revenues (Notes (6)(q) and (7))	\$ 25,881,159	100	12,590,437	100	73,039,500	100	51,625,122	100
5000	Operating costs (Note (6)(c))	(19,636,120)	(76)	(11,081,161)	(88)	(55,152,833)	(76)	(40,394,611)	(78)
	Gross profit from operations	6,245,039	24	1,509,276	12	17,886,667	24	11,230,511	22
	Operating expenses:								
6100	Selling and administrative expenses	(2,429,979)	(9)	(1,548,200)	(12)	(6,859,094)	(9)	(5,134,098)	(10)
6300	Research and development expenses	(831,743)	(3)	(530,850)	(4)	(2,370,104)	(3)	(1,862,973)	(4)
	Total operating expenses	(3,261,722)	(12)	(2,079,050)	(16)	(9,229,198)	(12)	(6,997,071)	(14)
	Net operating income	2,983,317	12	(569,774)	(4)	8,657,469	12	4,233,440	8
	Non-operating income and expenses:								
7100	Interest income (Note (6)(s))	15,096	-	10,545	-	40,004	-	28,931	-
7010	Other income (Note (6)(s))	262,165	1	166,418	1	574,990	1	440,854	1
7020	Other gains and losses, net (Note (6)(s))	765,541	3	16,570	-	1,592,583	2	80,429	-
7050	Financial costs (Note (6)(s))	(49,174)	-	(24,155)	-	(119,989)	-	(72,977)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(d))	80,801	-	(39,117)	-	192,696	-	1,596	-
	Total non-operating income and expenses	1,074,429	4	130,261	1	2,280,284	3	478,833	1
	Profit (loss) from continuing operations before tax	4,057,746	16	(439,513)	(3)	10,937,753	15	4,712,273	9
7950	Income tax benefit (expenses) (Note (6)(n))	(1,106,610)	(4)	131,870	1	(2,969,637)	(4)	(1,332,962)	(2)
	Net profit (loss)	2,951,136	12	(307,643)	(2)	7,968,116	11	3,379,311	7
	Other comprehensive income (loss):								
8360	Item that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	1,181,645	4	(4,167)	-	2,278,981	3	(429,616)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	63,549	-	96	-	119,525	-	(16,170)	-
8399	Income tax related to components of other comprehensive income that will may be reclassified to profit or loss	(5,292)	-	(8)	-	(9,953)	-	1,346	-
	Item that may be reclassified subsequently to profit or loss	1,239,902	4	(4,079)	-	2,388,553	3	(444,440)	(1)
	Other comprehensive income (loss)	1,239,902	4	(4,079)	-	2,388,553	3	(444,440)	(1)
8500	Total comprehensive income (loss)	\$ 4,191,038	16	(311,722)	(2)	10,356,669	14	2,934,871	6
	Net profit (loss), attributable to:								
8610	Net profit (loss), attributable to owners of parent	\$ 2,722,300	11	(411,916)	(3)	7,377,915	10	2,928,952	6
8620	Net profit, attributable to non-controlling interests	228,836	1	104,273	1	590,201	1	450,359	1
		\$ 2,951,136	12	(307,643)	(2)	7,968,116	11	3,379,311	7
	Comprehensive income (loss) attributable to:								
8710	Comprehensive income (loss), attributable to owners of parent	\$ 3,907,950	15	(410,156)	(3)	9,658,800	13	2,523,669	5
8720	Comprehensive income, attributable to non-controlling interests	283,088	1	98,434	1	697,869	1	411,202	1
		\$ 4,191,038	16	(311,722)	(2)	10,356,669	14	2,934,871	6
	Earnings (loss) per share (Note (6)(p))								
9750	Basic earnings (loss) per share	\$ 3.09		(0.47)		8.37		3.32	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity  
For the nine months ended September 30, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital Ordinary shares	Capital surplus	Legal reserve	Retained earnings Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements			
<b>Balance on January 1, 2021</b>	\$ 8,816,811	50,025	4,676,373	1,247,402	4,631,561	(2,082,107)	17,340,065	2,015,027	19,355,092
Net profit	-	-	-	-	2,928,952	-	2,928,952	450,359	3,379,311
Other comprehensive loss	-	-	-	-	-	(405,283)	(405,283)	(39,157)	(444,440)
Total comprehensive income (loss)	-	-	-	-	2,928,952	(405,283)	2,523,669	411,202	2,934,871
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	450,002	-	(450,002)	-	-	-	-
Special reserve appropriated	-	-	-	834,705	(834,705)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,262,220)	-	(3,262,220)	-	(3,262,220)
Due to donated assets received	-	(17)	-	-	-	-	(17)	-	(17)
Changes in non-controlling interests	-	-	-	-	-	-	-	(715,853)	(715,853)
<b>Balance on September 30, 2021</b>	<b>\$ 8,816,811</b>	<b>50,008</b>	<b>5,126,375</b>	<b>2,082,107</b>	<b>3,013,586</b>	<b>(2,487,390)</b>	<b>16,601,497</b>	<b>1,710,376</b>	<b>18,311,873</b>
<b>Balance on January 1, 2022</b>	\$ 8,816,811	50,916	5,126,375	2,082,107	4,593,319	(2,559,457)	18,110,071	1,758,492	19,868,563
Net profit	-	-	-	-	7,377,915	-	7,377,915	590,201	7,968,116
Other comprehensive income	-	-	-	-	-	2,280,885	2,280,885	107,668	2,388,553
Total comprehensive income	-	-	-	-	7,377,915	2,280,885	9,658,800	697,869	10,356,669
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	450,868	-	(450,868)	-	-	-	-
Special reserve appropriated	-	-	-	477,350	(477,350)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,614,893)	-	(3,614,893)	-	(3,614,893)
Due to donated assets received	-	(2)	-	-	-	-	(2)	-	(2)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	17,049	17,049
Changes in non-controlling interests	-	-	-	-	-	-	-	(604,105)	(604,105)
<b>Balance on September 30, 2022</b>	<b>\$ 8,816,811</b>	<b>50,914</b>	<b>5,577,243</b>	<b>2,559,457</b>	<b>7,428,123</b>	<b>(278,572)</b>	<b>24,153,976</b>	<b>1,869,305</b>	<b>26,023,281</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the nine months ended September 30, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 10,937,753	4,712,273
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	2,080,762	1,846,653
Amortization expense	37,224	31,388
Interest expense	119,989	72,977
Interest income	(40,004)	(28,931)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(192,696)	(1,596)
Loss on disposal of property, plant and equipment	19,380	9,456
Gain on disposal of investment properties	-	(109,481)
Impairment losses	8,779	7,641
<b>Total adjustments to reconcile profit</b>	<u>2,033,434</u>	<u>1,828,107</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in accounts receivable	(1,692,132)	3,748,321
Decrease (increase) in other receivables	48,019	(49,287)
Decrease (increase) in inventories	424,055	(1,284,328)
Decrease (increase) in other current assets	(7,512)	(35,153)
Decrease (increase) in other current financial assets	530,064	(931,090)
Decrease (increase) in other non-current assets	100,609	80,363
<b>Total changes in operating assets</b>	<u>(596,897)</u>	<u>1,528,826</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in current contract liabilities	(407)	(1,733)
Increase (decrease) in notes and accounts payable	651,051	(1,888,357)
Increase (decrease) in other payable	917,262	(1,006,015)
Increase (decrease) in other current liabilities	(2,782)	17,782
Increase (decrease) in net defined benefit liability	17,619	88,668
Increase (decrease) in other non-current liabilities	32,260	32,630
<b>Total changes in operating liabilities</b>	<u>1,615,003</u>	<u>(2,757,025)</u>
<b>Total changes in operating assets and liabilities</b>	<u>1,018,106</u>	<u>(1,228,199)</u>
<b>Total adjustments</b>	<u>3,051,540</u>	<u>599,908</u>
Cash inflow generated from operations	13,989,293	5,312,181
Interest received	41,709	32,032
Interest paid	(119,833)	(73,078)
Income taxes paid	(1,690,879)	(2,246,100)
<b>Net cash flows from operating activities</b>	<u>12,220,290</u>	<u>3,025,035</u>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	422
Acquisition of property, plant and equipment	(2,933,859)	(2,369,720)
Proceeds from disposal of property, plant and equipment	82,476	84,530
Acquisition of intangible assets	(39,084)	(44,203)
Proceeds from disposal of intangible assets	1,770	-
Acquisition of right-of-use assets	(8,126)	(67,786)
Proceeds from disposal of investment properties	-	121,952
Decrease (increase) in other non-current financial assets	(147,889)	(5,259)
Decrease (increase) in other non-current assets	(296,471)	26,721
Dividends received	5,672	49,539
<b>Net cash flows used in investing activities</b>	<u>(3,335,511)</u>	<u>(2,203,804)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	(2,834,932)	2,046,634
Proceeds from long-term borrowings	831,299	726,999
Repayments of long-term borrowings	(2,019,968)	(290,184)
Payment of lease liabilities	(43,901)	(29,872)
Cash dividends paid	(3,614,893)	(3,262,220)
Change in non-controlling interests	(695,717)	(783,330)
<b>Net cash flows used in financing activities</b>	<u>(8,378,112)</u>	<u>(1,591,973)</u>
Effect of exchange rate changes on cash and cash equivalents	78,229	(136,511)
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>584,896</u>	<u>(907,253)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>3,820,459</u>	<u>4,717,157</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,405,355</u>	<u>3,809,904</u>

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**September 30, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Feng Tay Enterprises Company Limited (hereinafter referred to as “the Company”), founded in 1971, is a manufacturer specialized in athletic shoes. Other business activities include developing and producing casual shoes, inline skates, ice skates, ski boots, cycling shoes, golf balls, soccer balls, backpack and handbags, ice hockey helmets and sticks, footwear accessories, as well as shoe molds and tools. The Company has a headquarter located at the Yunlin Science and Industrial Park, wherein it conducts order management, product development, technology research, finished goods and shoe material trade, and constant cultivation of multinational management talents, while its factories of mass production are spread throughout China, Vietnam, Indonesia, and India. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). Please refer to note 14 for related information of the Group entities’ main business activities.

**(2) Approval date and procedures of the consolidated financial statements:**

The consolidated financial statements were authorized for issuance by the board of directors on November 10, 2022.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

**(4) Summary of significant accounting policies:**

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

- (b) Basis of consolidation

- (i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	PT Feng Tay Indonesia Enterprises	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	99.81 %	99.81 %	99.81 %	PT Feng Tay Indonesia Enterprises was established in Indonesia in 1992, and has paid in capital of USD27,000,000.(Note1)
The Company	Growth-Link Overseas Co., Ltd. (GLO)	Investment holding, selling of athletic shoes, and trading of footwear materials.	100.00 %	100.00 %	100.00 %	Growth-Link Overseas Co., Ltd. was established in Bermuda in 1991, and has paid in capital of USD27,513,036 (including share premium of USD27,453,036).

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company & GLO	VX Holdings Limited (VXH)	Investment holding.	92.13 %	92.13 %	92.13 %	VX Holdings Limited was established in British Virgin Islands in 1997, and has paid in capital of USD32,335,923 (including share premium of USD32,254,923).(Note1)
The Company & GLO	Dona Orient Holdings Limited (DOH)	Investment holding.	100.00 %	100.00 %	100.00 %	Dona Orient Holdings Limited was established in British Virgin Islands in 2003, and has paid in capital of USD111,593,053 (including share premium of USD111,483,817).
The Company & GLO	PT Rich Valley Indonesia	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	100.00 %	100.00 %	100.00 %	PT Rich Valley Indonesia was established in Indonesia in 2019, and has paid in capital of USD31,062,158.(Note1)
The Company	Great Eastern Industries Limited	International trade services.	100.00 %	100.00 %	100.00 %	Great Eastern Industries Limited, was established in Hong Kong in 2019, and has paid in capital of USD1,000,000 (including share premium of USD999,000).(Note1)
The Company	Great South Private Limited	Investing holding.	100.00 %	100.00 %	- %	Great South Private Limited was established in Singapore in 2021, and has paid in capital of SGD800,000.(Note1)
The Company	India Tindivanam Footwear Private Limited	Manufactures athletic shoes, semi-finished footwear and footwear accessories.	88.00 %	- %	- %	India Tindivanam Footwear Private Limited was established in India in 2022, and has paid in capital of INR375,000,000. (Note1)
GLO	Fujian Da Feng Holdings Co., Ltd. (DF)	Investment holding.	70.00 %	70.00 %	70.00 %	Fujian Da Feng Holdings Co., Ltd. was established in Fujian Province, China in 1993, and has paid in capital of USD27,000,000.(Note1)
DF	Fujian Lifeng Footwear Ind. Dev. Co., Ltd. (LF)	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Fujian Lifeng Footwear Ind. Dev. Co., Ltd. was established in Fujian Province, China in 1988, and has paid in capital of USD15,000,000.
GLO and DF	Fujian Xiefeng Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Fujian Xiefeng Footwear Co., Ltd. was established in Fujian Province, China in 1989, and has paid in capital of USD15,000,000.
GLO and DF	Fujian San Feng Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	80.00 %	80.00 %	80.00 %	Fujian San Feng Footwear Co., Ltd. was established in Fujian Province, China in 1992, and has paid in capital of USD15,000,000.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
GLO, DF, LF and XM	Fujian Great Hope Footwear Co., Ltd.(GH)	Manufactures athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	100.00 %	100.00 %	100.00 %	Fujian Great Hope Footwear Co., Ltd. was established in Fujian Province, China in 1989, and has paid in capital of USD7,950,000.(Note1)
GLO	Xie Feng Mold Co., Ltd. Putian, Fujian(XM)	Manufactures and repairs molds, cutting dies, shoe lasts, injections, and processing of metal parts.	50.34 %	50.34 %	50.34 %	Xie Feng Mold Co., Ltd. Putian, Fujian was established in Fujian Province, China in 1991, and has paid in capital of USD3,000,000.(Note1)
LF, GH and XM	Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	100.00 %	100.00 %	100.00 %	Suzhou Yufeng Plastic Technology Co., Ltd., was established in Jiangsu Province, China in 2009, and has paid in capital of USD2,562,738.(Note1)
GLO	Fujian Wu Feng Department Store Co., Ltd.	Wholesaler and retailer of general merchandise, and related services.	50.00 %	50.00 %	50.00 %	Fujian Wu Feng Department Store Co., Ltd. was established in Fujian Province, China in 1992, and has paid in capital of USD4,500,000.(Note1)
GLO	Dona Pacific Holdings Limited (DPH)	Investment holding and sale of finished shoes.	92.00 %	92.00 %	92.00 %	Dona Pacific Holdings Ltd., was established in British Virgin Islands in 2000, and has paid in capital of USD13,558,901 (including share premium of USD13,533,901).(Note1)
GLO	VX Mold Co., Ltd. (VXM)	Investment holding.	93.00 %	93.00 %	93.00 %	VX Mold Co., Ltd., was established in British Virgin Islands in 1999, and has paid in capital of USD400,000.(Note1)
GLO	Lotus Footwear Enterprises Limited (LUH)	Investment holding business, and manufacturing and selling of finished shoes.	88.00 %	88.00 %	88.00 %	Lotus Footwear Enterprises Ltd., was established in British Virgin Islands in 2006, and has paid in capital of USD79,141,400 (including share premium of USD79,102,741).
VXH	Dona Victor Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Dona Victor Footwear Co., Ltd., was established in Vietnam in 1994, and has paid in capital of USD35,400,000.
DOH	Vietnam Dona Orient Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Vietnam Dona Orient Co.,Ltd., was established in Vietnam in 2003, and has paid in capital of USD44,000,000.
DOH	Vietnam Dona Standard Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Vietnam Dona Standard Footwear Co., Ltd., was established in Vietnam in 2006, and has paid in capital of USD75,700,000.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
DOH	Vung Tau Orient Co., Ltd.	Manufactures golf balls, soccer balls, backpack and bags.	100.00 %	100.00 %	100.00 %	Vung Tau Orient Co., Ltd., was established in Vietnam in 2005, and has paid in capital of USD24,500,000.(Note1)
DOH	Hold Gold Trading Co., Ltd.	Selling of finished shoes, golf balls, backpack, bags and soccer balls.	- %	100.00 %	100.00 %	Hold Gold Trading Co.,Ltd., was established in British Virgin Islands in 2010, and has paid in capital of USD100,000 (including share premium of USD99,900). (Note1) \ (Note2)
DOH	Vietnam Nam Ha Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Vietnam Nam Ha Footwear Co., Ltd., was established in Vietnam in 2019, and has paid in capital of USD 38,000,000. (Note1)
DPH	Dona Pacific (Vietnam) Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Dona Pacific (Vietnam) Co., Ltd., was established in Vietnam in 2000, and has paid in capital of USD20,000,000.
VXM	Dona Victor Molds MFG. Co., Ltd.	Manufactures and repairs molds, cutting dies, and processing of metal parts.	100.00 %	100.00 %	100.00 %	Dona Victor Molds MFG. Co., Ltd., was established in Vietnam in 1999, and has paid in capital of USD3,100,000.(Note1)
GLO and LUH	Cheyar SEZ Developers Private Ltd.	Development in India's Industrial Park.	100.00 %	100.00 %	100.00 %	Cheyar SEZ Developers Private Ltd., was established in Indian in 2006, and has paid in capital of USD103,968,351. (Note1)
LUH	East Wind Footwear Co., Ltd.	Investment holding and production of athletic shoes.	100.00 %	100.00 %	100.00 %	East Wind Footwear Co., Ltd., was established in British Virgin Islands in 2010, and has paid in capital of USD16,532,207 (including share premium of USD16,522,456).
LUH	Fairway Enterprises Co., Ltd.	Investment holding and production of athletic shoes.	100.00 %	100.00 %	100.00 %	Fairway Enterprises Co., Ltd., was established in British Virgin Islands in 2014, and has paid in capital of USD57,369,564 (including share premium of USD57,340,063).

Note1: This company is an non-significant subsidiary, its financial statements have not been reviewed.

Note2: This subsidiary was dissolved in April 2022.

(ii) Subsidiaries excluded from the consolidated financial statements: None.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Cash	\$ 2,658	1,003	990
Demand deposits and check deposit	1,735,482	1,218,416	1,751,848
Time deposits	<u>2,667,215</u>	<u>2,601,040</u>	<u>2,057,066</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 4,405,355</u>	<u>3,820,459</u>	<u>3,809,904</u>

Please refer to Note (6)(t) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Accounts receivable (including related parties)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable—measured at amortized cost	\$ 10,340,312	8,580,652	3,562,041
Less: Allowance for credit loss	-	-	-
	<u><u>\$ 10,340,312</u></u>	<u><u>8,580,652</u></u>	<u><u>3,562,041</u></u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The allowance for credit loss was determined as follows:

	<u>September 30, 2022</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Allowance for credit loss provision</u>
Current	\$ 9,759,333	0.00%	-
1 to 60 days past due	571,907	0.00%	-
61 days to 1 year past due	<u>9,072</u>	0.00%~50.00%	<u>-</u>
	<u><u>\$ 10,340,312</u></u>		<u><u>-</u></u>
	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Allowance for credit loss provision</u>
Current	\$ 7,283,255	0.00%	-
1 to 60 days past due	1,290,935	0.00%	-
61 days to 1 year past due	<u>6,462</u>	0.00%~50.00%	<u>-</u>
	<u><u>\$ 8,580,652</u></u>		<u><u>-</u></u>
	<u>September 30, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Allowance for credit loss provision</u>
Current	\$ 3,430,233	0.00%	-
1 to 60 days past due	125,113	0.00%	-
61 days to 1 year past due	<u>6,695</u>	0.00%~50.00%	<u>-</u>
	<u><u>\$ 3,562,041</u></u>		<u><u>-</u></u>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The movement in the allowance for accounts receivable was as follows:

	For the nine months ended September 30	
	2022	2021
	\$ -	-
Balance on September 30		

As of September 30, 2022, December 31, 2021 and September 30, 2021, none of the Group's accounts receivable was pledged as collateral for loans and borrowings.

(c) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials and supplies	\$ 5,301,665	4,680,122	5,178,704
Work in process	1,124,621	1,135,772	988,504
Finished goods	2,216,698	2,071,857	1,258,969
Merchandise inventory	228,250	152,063	135,251
Inventory in transit	1,234,080	1,333,423	1,511,160
Others	7,157	1,580	4,457
	<b>\$ 10,112,471</b>	<b>9,374,817</b>	<b>9,077,045</b>

The details of operating cost were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
	\$ 19,684,332	8,632,966	55,272,651	37,759,169
Cost of goods sold				
Unallocated production overheads	-	2,431,570	-	2,615,502
Net losses (gains) on inventories	(19)	-	411	(1,651)
Inventory scrap loss	1,851	1,616	4,644	3,733
Revenue from sale of scraps	(72,692)	(19,428)	(167,065)	(38,352)
Losses on obsolescence and inventory valuation	22,648	34,437	42,192	56,210
Total	<b>\$ 19,636,120</b>	<b>11,081,161</b>	<b>55,152,833</b>	<b>40,394,611</b>

Write-downs of inventories were due to the sluggish, obsolete, or unusable inventory, wherein the amount of the net realizable value of the inventory which were lower than the cost was recognized as operating costs.

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had not provided any inventories as collateral for its loans.

(Continued)



**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Joint ventures	\$ <u><u>1,023,679</u></u>	<u><u>719,726</u></u>	<u><u>707,062</u></u>

(i) Joint ventures

Shoe Majesty Co., Ltd. is a joint venture under the Group's joint arrangements. The Group classified the joint agreement as a joint venture using the equity method.

The Group's financial information for investments accounted for using the equity method that were individually insignificant was as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Individually insignificant joint venture	\$ <u><u>1,023,679</u></u>	<u><u>719,726</u></u>	<u><u>707,062</u></u>

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Attributable to the Group:				
Profit (loss) from continuing operation	\$ 80,801	(39,117)	192,696	1,596
Other comprehensive income (loss)	<u>58,257</u>	<u>88</u>	<u>109,572</u>	<u>(14,824)</u>
Comprehensive income (loss)	<u><u>\$ 139,058</u></u>	<u><u>(39,029)</u></u>	<u><u>302,268</u></u>	<u><u>(13,228)</u></u>

(ii) Collateral

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had not provided any investment accounted for using equity method as collaterals for its loans.

(iii) The unreviewed financial statements of investments accounted for using equity method

Investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Material non-controlling interest of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Da Feng Holdings Co., Ltd.	China	30.00 %	30.00 %	30.00 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in this information are the fair value adjustment made during the acquisition and the relevant difference in accounting principles between the Group and its subsidiaries as at the acquisition date. Intra-group transactions were not eliminated in this information.

(i) Da Feng Holdings Co., Ltd.'s collective financial information:

	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
Current assets	\$	34,447	1,322,920	213,155		
Non-current assets		2,787,649	1,707,959	2,547,177		
Current liabilities		(35,449)	(49,168)	(43,686)		
Net assets	\$	<u>2,786,647</u>	<u>2,981,711</u>	<u>2,716,646</u>		
Non-controlling interests	\$	<u>835,994</u>	<u>894,513</u>	<u>814,994</u>		
		<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>		
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
Net income	\$	388,039	206,705	976,944	755,042	
Other comprehensive income (loss)		58,093	(13,831)	149,600	19,122	
Comprehensive income	\$	<u>446,132</u>	<u>192,874</u>	<u>1,126,544</u>	<u>774,164</u>	
Profit, attributable to non-controlling interests	\$	<u>116,411</u>	<u>62,012</u>	<u>293,083</u>	<u>226,513</u>	
Comprehensive income, attributable to non-controlling interests	\$	<u>133,839</u>	<u>57,862</u>	<u>337,963</u>	<u>232,249</u>	

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Net cash flows from operating activities \$	13,490	16,414	2,964	(24,335)
Net cash flows from investing activities	(120,612)	(7,540)	959,008	1,045,451
Net cash flows from financing activities	39,998	10,768	(1,149,601)	(1,552,689)
Net increase (decrease) in cash and cash equivalents \$	<u>(67,124)</u>	<u>19,642</u>	<u>(187,629)</u>	<u>(531,573)</u>
Cash dividends to non-controlling interests \$	<u>-</u>	<u>-</u>	<u>344,880</u>	<u>465,807</u>

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the nine months ended September 30, 2022 and 2021 were as follows:

	Land	Buildings	Machinery and equipment	Computer and communication equipment	Test equipment	Transportation equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:										
Balance on January 1, 2022	\$ 1,585,956	13,272,490	19,511,422	439,680	113,563	441,603	526,556	88,908	839,820	36,819,998
Additions	-	79,113	249,830	21,392	6,382	20,450	30,581	2,120	2,241,037	2,650,905
Disposals	-	(36,056)	(471,083)	(12,900)	(6,335)	(13,906)	(5,821)	(2,126)	-	(548,227)
Reclassifications	-	559,351	1,160,482	19,314	2,858	56,095	23,125	7,197	(1,821,650)	6,772
Effect of changes in foreign exchange rates	55,302	1,236,189	2,480,316	39,583	-	56,195	63,421	4,074	67,799	4,002,879
Balance on September 30, 2022	<u>\$ 1,641,258</u>	<u>15,111,087</u>	<u>22,930,967</u>	<u>507,069</u>	<u>116,468</u>	<u>560,437</u>	<u>637,862</u>	<u>100,173</u>	<u>1,327,006</u>	<u>42,932,327</u>
Balance on January 1, 2021	\$ 1,596,826	12,966,118	18,104,311	402,740	105,054	316,652	523,656	83,541	1,099,299	35,198,197
Additions	-	8,801	96,971	35,058	3,267	11,396	8,722	5,052	2,193,681	2,362,948
Disposals	-	(21,826)	(466,917)	(10,176)	(2,265)	(9,698)	(18,550)	(3,440)	-	(532,872)
Reclassifications	-	348,347	1,566,427	10,782	4,056	105,512	22,634	1,854	(2,059,612)	-
Effect of changes in foreign exchange rates	(8,560)	(265,807)	(389,773)	(6,135)	-	(6,724)	(10,806)	(657)	(23,794)	(712,256)
Balance on September 30, 2021	<u>\$ 1,588,266</u>	<u>13,035,633</u>	<u>18,911,019</u>	<u>432,269</u>	<u>110,112</u>	<u>417,138</u>	<u>525,656</u>	<u>86,350</u>	<u>1,209,574</u>	<u>36,316,017</u>
Depreciation and impairment loss:										
Balance on January 1, 2022	\$ -	6,529,458	11,127,462	333,398	95,845	208,504	401,377	64,239	-	18,760,283
Depreciation	-	404,138	1,485,900	37,881	6,753	42,808	39,100	5,285	-	2,021,865
Impairment loss	-	-	8,686	61	-	31	1	-	-	8,779
Disposals	-	(31,107)	(377,602)	(11,874)	(6,028)	(12,466)	(5,480)	(1,814)	-	(446,371)
Reclassifications	-	-	-	11	-	(11)	-	6,772	-	6,772
Effect of changes in foreign exchange rates	-	590,875	1,320,272	28,911	-	24,234	47,241	2,875	-	2,014,408
Balance on September 30, 2022	<u>\$ -</u>	<u>7,493,364</u>	<u>13,564,718</u>	<u>388,388</u>	<u>96,570</u>	<u>263,100</u>	<u>482,239</u>	<u>77,357</u>	<u>-</u>	<u>22,365,736</u>
Balance on January 1, 2021	\$ -	6,168,537	10,234,841	299,195	90,445	182,901	387,310	61,081	-	17,424,310
Depreciation	-	379,131	1,304,498	38,835	5,542	29,456	37,304	5,271	-	1,800,037
Impairment loss	-	258	7,353	22	-	7	1	-	-	7,641
Disposals	-	(16,129)	(381,323)	(9,609)	(2,160)	(8,817)	(17,902)	(2,946)	-	(438,886)
Reclassifications	-	(1,569)	4,313	-	-	-	-	-	-	2,744
Effect of changes in foreign exchange rates	-	(118,611)	(325,910)	(4,443)	-	(3,546)	(7,747)	(467)	-	(460,724)
Balance on September 30, 2021	<u>\$ -</u>	<u>6,411,617</u>	<u>10,843,772</u>	<u>324,000</u>	<u>93,827</u>	<u>200,001</u>	<u>398,966</u>	<u>62,939</u>	<u>-</u>	<u>18,335,122</u>
Carrying amounts:										
Balance on January 1, 2022	\$ 1,585,956	6,743,032	8,383,960	106,282	17,718	233,099	125,179	24,669	839,820	18,059,715
Balance on September 30, 2022	<u>\$ 1,641,258</u>	<u>7,617,723</u>	<u>9,366,249</u>	<u>118,681</u>	<u>19,898</u>	<u>297,337</u>	<u>155,623</u>	<u>22,816</u>	<u>1,327,006</u>	<u>20,566,591</u>
Balance on January 1, 2021	\$ 1,596,826	6,797,581	7,869,470	103,545	14,609	133,751	136,346	22,460	1,099,299	17,773,887
Balance on September 30, 2021	<u>\$ 1,588,266</u>	<u>6,624,016</u>	<u>8,067,247</u>	<u>108,269</u>	<u>16,285</u>	<u>217,137</u>	<u>126,690</u>	<u>23,411</u>	<u>1,209,574</u>	<u>17,980,895</u>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the time being, a portion of the Company's land assets cannot be held in the name of the Company under the law; therefore, they have been respectively registered in the name of trustees—Chien-Hung Wang, Chairman of the Company, and Chien-Rong Wang, Vice Chairman of the Company, with whom the Company has entered into an agreement prescribing the rights and obligations of both parties. The land has been pledged to the Company. An amount of \$7,121 thousand was recognized as cost of land.

As of September 30, 2022, December 31, 2021 and September 30, 2021 the property, plant and equipment of the Company were not pledged as collateral for its loan.

(g) Right-of-use assets

The Group leases assets, including parking lots, plants, warehouses and telephone sets. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2022	\$ 1,697,289	84,697	13,736	11,001	1,806,723
Additions	8,769	-	-	1,023	9,792
Reclassification	-	-	-	(6,772)	(6,772)
Effect of changes in foreign exchange rates	183,546	(2,287)	2,023	194	183,476
Balance on September 30, 2022	<u>\$ 1,889,604</u>	<u>82,410</u>	<u>15,759</u>	<u>5,446</u>	<u>1,993,219</u>
Balance on January 1, 2021	\$ 1,465,910	30,755	14,133	11,281	1,522,079
Additions	67,370	-	-	-	67,370
Disposal/Write-off	-	-	-	(241)	(241)
Effect of changes in foreign exchange rates	(32,387)	(681)	(313)	(38)	(33,419)
Balance on September 30, 2021	<u>\$ 1,500,893</u>	<u>30,074</u>	<u>13,820</u>	<u>11,002</u>	<u>1,555,789</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2022	\$ 124,762	19,383	3,253	9,127	156,525
Depreciation	35,727	19,996	1,729	1,210	58,662
Reclassification	-	-	-	(6,772)	(6,772)
Effect of changes in foreign exchange rates	14,275	(5,424)	617	92	9,560
Balance on September 30, 2022	<u>\$ 174,764</u>	<u>33,955</u>	<u>5,599</u>	<u>3,657</u>	<u>217,975</u>
Balance on January 1, 2021	\$ 86,461	7,490	1,116	7,818	102,885
Depreciation	37,848	5,723	1,647	1,174	46,392
Disposal/Write-off	-	-	-	(241)	(241)
Effect of changes in foreign exchange rates	(1,857)	(203)	(35)	(6)	(2,101)
Balance on September 30, 2021	<u>\$ 122,452</u>	<u>13,010</u>	<u>2,728</u>	<u>8,745</u>	<u>146,935</u>
Carrying amount:					
Balance on January 1, 2022	<u>\$ 1,572,527</u>	<u>65,314</u>	<u>10,483</u>	<u>1,874</u>	<u>1,650,198</u>
Balance on September 30, 2022	<u>\$ 1,714,840</u>	<u>48,455</u>	<u>10,160</u>	<u>1,789</u>	<u>1,775,244</u>
Balance on January 1, 2021	<u>\$ 1,379,449</u>	<u>23,265</u>	<u>13,017</u>	<u>3,463</u>	<u>1,419,194</u>
Balance on September 30, 2021	<u>\$ 1,378,441</u>	<u>17,064</u>	<u>11,092</u>	<u>2,257</u>	<u>1,408,854</u>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Investment property

The cost, depreciation, and impairment of the Investment property of the Group for the nine months ended September 30, 2022 and 2021 were as follows:

	<u>Owned property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Cost:			
Balance on January 1, 2022	\$ 15,114	404,663	419,777
Effect of changes in foreign exchange rates	1,216	14,511	15,727
Balance on September 30, 2022	<u>\$ 16,330</u>	<u>419,174</u>	<u>435,504</u>
Balance on January 1, 2021	\$ 15,353	533,298	548,651
Disposals	-	(124,710)	(124,710)
Effect of changes in foreign exchange rates	(189)	(7,994)	(8,183)
Balance on September 30, 2021	<u>\$ 15,164</u>	<u>400,594</u>	<u>415,758</u>
Accumulated depreciation and impairment losses:			
Balance on January 1, 2022	\$ -	355,773	355,773
Depreciation	-	235	235
Effect of changes in foreign exchange rates	-	10,166	10,166
Balance on September 30, 2022	<u>\$ -</u>	<u>366,174</u>	<u>366,174</u>
Balance on January 1, 2021	\$ -	473,621	473,621
Depreciation	-	224	224
Disposal	-	(112,239)	(112,239)
Effect of changes in foreign exchange rates	-	(8,948)	(8,948)
Balance on September 30, 2021	<u>\$ -</u>	<u>352,658</u>	<u>352,658</u>
Carrying amount:			
Balance on January 1, 2022	<u>\$ 15,114</u>	<u>48,890</u>	<u>64,004</u>
Balance on September 30, 2022	<u>\$ 16,330</u>	<u>53,000</u>	<u>69,330</u>
Balance on January 1, 2021	<u>\$ 15,353</u>	<u>59,677</u>	<u>75,030</u>
Balance on September 30, 2021	<u>\$ 15,164</u>	<u>47,936</u>	<u>63,100</u>
Fair value:			
Balance on September 30, 2022			<u>\$ 349,418</u>
Balance on January 1, 2022			<u>\$ 336,612</u>
Balance on September 30, 2021			<u>\$ 333,940</u>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

In November 2020, the Group entered into a purchase intent contract whereby the buyer, which was a company, promised to purchase real estate in Yuanhong City from the Group by phases. In January 2021, the transfer of ownership, the first phase of the transaction, has been completed, and \$109,597 thousand was recognized as proceeds from disposal.

In December 2021, the buyer failed to complete the transaction within 360 days after the date on which the contract was entered into. Therefore, the Group issued a contract termination letter to the buyer but did not receive any response. The Group consulted the lawyer, and the lawyer judged that the buyer had already abandoned the purchase of the real estate in Yuanhong City. According to the liability clauses specified in the contract, the Group filed a claim for a liquidated damages of CNY5,000,000 against the buyer and the Group received a deposit of CNY3,000,000, which was accounted for as a portion of the liquidated damages and allocated to the three sellers, in proportion to the amount of the transaction's uncompleted part, and therefore the Group recognized CNY2,162,851 as other income. The Group decided not to pursue the remaining liquidated damages amounted of CNY2,000,000 from the buyer in April 22 after a comprehensive assessment of the low probability of winning the case.

Investment property includes commercial property held for value appreciation.

The fair value of commercial property was evaluated by a qualified independent valuation expert based on market value.

The land held for value appreciation was evaluated based on the publicly available average price of latest transactions, public information, and the cost to reacquire the subject matter on the transaction date. In addition, the current status, economy, function, and other factors of the subject matter were taken into consideration to estimate its value.

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Investment property of the Group was not pledged as collateral for its loans.

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the nine months ended September 30, 2022 and 2021 were as follows:

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Costs			
Balance on January 1, 2022	\$ 419,291	318,596	737,887
Additions	-	38,958	38,958
Disposal	-	(29,502)	(29,502)
Effect of changes in foreign exchange rates	<u>15,791</u>	<u>27,673</u>	<u>43,464</u>
Balance on September 30, 2022	<u>\$ 435,082</u>	<u>355,725</u>	<u>790,807</u>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Balance on January 1, 2021	\$ 422,395	269,614	692,009
Additions	-	44,736	44,736
Disposal	-	(10,007)	(10,007)
Effect of changes in foreign exchange rates	(2,444)	(4,800)	(7,244)
Balance on September 30, 2021	<u>\$ 419,951</u>	<u>299,543</u>	<u>719,494</u>
Accumulated amortization and impairment losses			
Balance on January 1, 2022	\$ 104,161	232,519	336,680
Amortization	-	37,224	37,224
Disposal	-	(27,732)	(27,732)
Effect of changes in foreign exchange rates	14,993	21,080	36,073
Balance on September 30, 2022	<u>\$ 119,154</u>	<u>263,091</u>	<u>382,245</u>
Balance on January 1, 2021	\$ 107,108	206,659	313,767
Amortization	-	31,388	31,388
Disposal	-	(10,007)	(10,007)
Effect of changes in foreign exchange rates	(2,320)	(3,533)	(5,853)
Balance on September 30, 2021	<u>\$ 104,788</u>	<u>224,507</u>	<u>329,295</u>
Carrying amounts:			
Balance on January 1, 2022	<u>\$ 315,130</u>	<u>86,077</u>	<u>401,207</u>
Balance on September 30, 2022	<u>\$ 315,928</u>	<u>92,634</u>	<u>408,562</u>
Balance on January 1, 2021	<u>\$ 315,287</u>	<u>62,955</u>	<u>378,242</u>
Balance on September 30, 2021	<u>\$ 315,163</u>	<u>75,036</u>	<u>390,199</u>

The Group determined whether an impairment loss of goodwill shall be recognized based on experience and actual operating results. As of September 30, 2022, December 31, 2021 and September 30, 2021, no impairment loss has been recognized.

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group did not provide any intangible asset as collateral for its loans.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (j) Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	\$ <u>3,661,910</u>	<u>6,300,675</u>	<u>5,519,940</u>
Range of interest rates	<u>1.28%~4.20%</u>	<u>0.55%~1.90%</u>	<u>0.55%~2.20%</u>

## (k) Long-term borrowings

The details were as follows:

	Currency	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	TWD	\$ -	1,500,000	-
Unsecured bank loans	USD	1,781,540	1,246,113	1,253,780
Other long-term borrowings	INR	<u>121,821</u>	<u>144,361</u>	<u>143,498</u>
		1,903,361	2,890,474	1,397,278
Less: current portion		<u>(14,776)</u>	<u>(37,186)</u>	<u>(37,439)</u>
Total		\$ <u>1,888,585</u>	<u>2,853,288</u>	<u>1,359,839</u>
Range of interest rates		<u>0.10%~4.40%</u>	<u>0.10%~1.16%</u>	<u>0.10%~1.16%</u>
Period		<u>2023~2026</u>	<u>2022~2026</u>	<u>2022~2026</u>

## (l) Lease liabilities

The Group lease liabilities were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	\$ <u>35,582</u>	<u>33,158</u>	<u>14,649</u>
Non-current	\$ <u>564,038</u>	<u>534,191</u>	<u>493,514</u>

For the maturities analysis, please refer to Note (6)(t).

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2022	2022	2021
Interest on lease liabilities	\$ <u>12,812</u>	<u>11,339</u>	<u>37,095</u>	<u>34,376</u>

(Continued)



**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the nine months ended September 30	
	2022	2021
	\$ 80,996	64,248
Total cash outflow for leases		

(i) Real estate leases

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group leases land and buildings for its parking, factory and warehouse. The leases of office space typically run for a period of 1 to 50 years. Some leases include an option to renew the lease term for the same duration at the end of the original contractual period.

(ii) Other leases

The Group leased telephone sets and photocopiers, with lease terms of three to five years.

(m) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

The expenses recognized in profit or loss for the Group amounted to \$142,191 thousand, \$140,224 thousand, \$373,025 thousand and \$337,863 thousand for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, respectively.

(ii) Defined contribution plans

The pension costs incurred from the contributions to the pension plans amounted to \$283,174 thousand, \$249,881 thousand, \$793,030 thousand and \$683,971 thousand for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, respectively.

(n) Income taxes

The details of the Group's income tax expense (benefit) were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
	1,106,610	(131,870)	2,969,637	1,332,962
Current tax expense				
Current period	\$ 1,108,970	(132,535)	2,976,641	1,324,486
Adjustment for prior periods	(2,360)	665	(7,004)	8,476
Income tax expense (benefit)				

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The amount of income tax recognized in other comprehensive income for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
	Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	\$ <u>(5,292)</u>	<u>(8)</u>	<u>(9,953)</u>	<u>1,346</u>

The Company's tax returns for the years up to 2019 have been assessed by the R.O.C. tax authorities.

In 2021, the dividends distributed by the subsidiaries of the Group are applicable to the regulations on repatriation of funds, the dividend amount is \$1,506,230 thousand, the tax rate is 10%, and the tax incentive amount is \$152,272 thousand. The amounts of restricted assets under the regulations on repatriation of funds on September 30, 2022, December 31, 2021 and September 30, 2021, were \$513,540 thousand, \$1,042,793 thousand and \$1,049,208 thousand, respectively.

For the year of 2011 to 2018, some of the Group's subsidiaries were embroiled in disputes with tax authorities over tax returns, and the amended amounts thereof had been approved and adjusted for the respective years of approval. Each subsidiary has filed an administrative relief application, which has been under review by the authorities concerned.

For the year of 2006 to 2013, some of the Group's subsidiaries in China were involved in disputes with tax authorities over tax returns, against which each of the subsidiaries has filed an appeal, and negotiations were undergone. The estimated tax expense was recognized in 2016; as of the reporting date, the negotiations were still in progress.

The Group's income tax returns must be filed individually by each entity instead of on a consolidated basis; consequently, the Group's income taxes were calculated using the local tax rate applicable to each entity.

(o) Capital and other equity

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Company's total rated share capital amounted to \$9,000,000 thousand, with a par value of \$10, and the number of shares all was 900,000 thousand ordinary shares. The aforementioned aggregate amount of rated equity is all ordinary shares. The issued shares are all 881,681 thousand ordinary shares, and all the consideration for issued shares has been received.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Capital surplus

The details of capital surplus were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Treasury share transactions	\$ 4,143	4,143	4,143
Gain on disposal of assets	32,980	32,980	32,980
Capital surplus-premium from merger	2,160	2,160	2,160
Donation from shareholders	2,765	2,767	1,859
Issued shares of subsidiaries not recognized in proportion to shareholding	8,866	8,866	8,866
	<u>\$ 50,914</u>	<u>50,916</u>	<u>50,008</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of annual net earnings, after deducting accumulated deficit, shall be set aside as a legal reserve and a special reserve shall be appropriated or reserved pursuant to laws or regulations. A portion or all of the remainder, together with the unappropriated retained earnings for the prior year, may be further distributed as dividends.

Since the Company is experiencing stable growth, in response to its long term financial planning, as well as its objective to achieve stable development and sustainable operation, it is necessary for the Board of Directors to propose a dividend distribution plan based on budget and capital demand of the following year, and have it resolved at the shareholders' meeting. Dividend distribution shall account for no less than 50% of distributable earnings, and stock dividends shall not exceed 80% of the distribution.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Special reserve

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. However, if the Company has set aside a special earnings reserve pursuant to the provisions of the preceding paragraph, it shall make a supplement to the difference between the stated reduction amount and the net of other equity. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On June 17, 2022, the shareholder's meetings resolved to distribute the 2021 earnings. On July 16, 2021, the shareholder's meetings resolved to distribute the 2020 earnings. These earnings were appropriated as follows:

	2021		2020	
	Amount (dollar)	Total	Amount (dollar)	Total
Dividends distributed to ordinary shareholders				
Cash	\$ 4.10	<u>3,614,893</u>	3.70	<u>3,262,220</u>

(iii) Other equity interest after tax

	<b>Exchange differences on translation of foreign financial statement</b>
Balance on January 1, 2022	\$ (2,559,457)
Exchange differences on translation of foreign financial statement	2,171,313
Exchange differences on associates accounted for using equity method	<u>109,572</u>
Balance on September 30, 2022	<u>\$ (278,572)</u>
Balance on January 1, 2021	\$ (2,082,107)
Exchange differences on translation of foreign financial statement	(390,459)
Exchange differences on associates accounted for using equity method	<u>(14,824)</u>
Balance on September 30, 2021	<u>\$ (2,487,390)</u>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Non-controlling interests (NCIs)

	<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	\$ 1,758,492	2,015,027
Shares attributed to non-controlling interests		
Net profit	590,201	450,359
Foreign currency translation differences for foreign operations	107,668	(39,157)
Changes in ownership interests in subsidiaries	17,049	-
Cash dividends paid to NCIs by subsidiaries	(577,666)	(715,853)
Capital returned to NCIs by subsidiaries on capital reduction	(26,439)	-
Balance on September 30	<b>\$ 1,869,305</b>	<b>1,710,376</b>

(p) Earnings (loss) per share

For the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, the Company's basic earnings (loss) per share were calculated as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Basic (loss) earnings per share</b>				
Net profit (loss) attributable to ordinary shareholders of the Company	<b>\$ 2,722,300</b>	<b>(411,916)</b>	<b>7,377,915</b>	<b>2,928,952</b>
Weighted average number of ordinary shares (basic)	881,681	881,681	881,681	881,681
<b>Basic earnings (loss) per share (dollars)</b>	<b>\$ 3.09</b>	<b>(0.47)</b>	<b>8.37</b>	<b>3.32</b>

The Company did not intend to calculate diluted earnings per share on the assumption that, the compensation to employees and directors for the year ended December 31, 2022, was distributed in cash using the same method for the preceding three years.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (q) Revenue from contracts with customer

## (i) Disaggregation of revenue

	<b>For the three months ended September 30, 2022</b>		
	<b>Segments of footwear manufacturing and sales</b>	<b>Other Segments</b>	<b>Total</b>
Primary geographical markets			
Singapore	\$ 18,706,565	498,964	19,205,529
America	2,516,966	321,028	2,837,994
Mainland China	1,244,808	4,946	1,249,754
Switzerland	1,098,532	-	1,098,532
Mexico	585,175	9,950	595,125
Other countries	<u>608,072</u>	<u>286,153</u>	<u>894,225</u>
	<b><u>\$ 24,760,118</u></b>	<b><u>1,121,041</u></b>	<b><u>25,881,159</u></b>
Major products/services lines			
Manufacturing and sale of footwear	\$ 24,760,118	-	24,760,118
Other	<u>-</u>	<u>1,121,041</u>	<u>1,121,041</u>
	<b><u>\$ 24,760,118</u></b>	<b><u>1,121,041</u></b>	<b><u>25,881,159</u></b>
	<b>For the three months ended September 30, 2021</b>		
	<b>Segments of footwear manufacturing and sales</b>	<b>Other Segments</b>	<b>Total</b>
Primary geographical markets			
Singapore	\$ 8,978,427	149,898	9,128,325
America	1,315,730	129,714	1,445,444
Mainland China	745,821	691	746,512
Switzerland	401,282	-	401,282
Mexico	334,243	4,884	339,127
Other countries	<u>392,063</u>	<u>137,684</u>	<u>529,747</u>
	<b><u>\$ 12,167,566</u></b>	<b><u>422,871</u></b>	<b><u>12,590,437</u></b>
Major products/services lines			
Manufacturing and sale of footwear	\$ 12,167,566	-	12,167,566
Other	<u>-</u>	<u>422,871</u>	<u>422,871</u>
	<b><u>\$ 12,167,566</u></b>	<b><u>422,871</u></b>	<b><u>12,590,437</u></b>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the nine months ended September 30, 2022</b>		
	<b>Segments of footwear manufacturing and sales</b>	<b>Other Segments</b>	<b>Total</b>
Primary geographical markets			
Singapore	\$ 52,778,859	1,427,075	54,205,934
America	7,329,276	841,065	8,170,341
Mainland China	3,700,255	5,875	3,706,130
Switzerland	2,726,554	2,233	2,728,787
Mexico	1,399,982	23,229	1,423,211
Other countries	<u>1,976,790</u>	<u>828,307</u>	<u>2,805,097</u>
	<b><u>\$ 69,911,716</u></b>	<b><u>3,127,784</u></b>	<b><u>73,039,500</u></b>
Major products/services lines			
Manufacturing and sale of footwear	\$ 69,911,716	-	69,911,716
Other	<u>-</u>	<u>3,127,784</u>	<u>3,127,784</u>
	<b><u>\$ 69,911,716</u></b>	<b><u>3,127,784</u></b>	<b><u>73,039,500</u></b>
	<b>For the nine months ended September 30, 2021</b>		
	<b>Segments of footwear manufacturing and sales</b>	<b>Other Segments</b>	<b>Total</b>
Primary geographical markets			
Singapore	\$ 38,070,322	870,282	38,940,604
America	5,079,549	253,314	5,332,863
Mainland China	2,534,517	691	2,535,208
Switzerland	1,486,876	-	1,486,876
Mexico	1,286,686	15,074	1,301,760
Other countries	<u>1,787,658</u>	<u>240,153</u>	<u>2,027,811</u>
	<b><u>\$ 50,245,608</u></b>	<b><u>1,379,514</u></b>	<b><u>51,625,122</u></b>
Major products/services lines			
Manufacturing and sale of footwear	\$ 50,245,608	-	50,245,608
Other	<u>-</u>	<u>1,379,514</u>	<u>1,379,514</u>
	<b><u>\$ 50,245,608</u></b>	<b><u>1,379,514</u></b>	<b><u>51,625,122</u></b>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Contract balances

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable(including related parties)	\$ 10,340,312	8,580,652	3,562,041
Less: allowance for credit loss	-	-	-
Total	<u>\$ 10,340,312</u>	<u>8,580,652</u>	<u>3,562,041</u>
Contract liabilities	<u>\$ 380</u>	<u>403</u>	<u>402</u>

Please refer to Note (6)(b) for the disclosure of accounts receivable and impairment.

(r) Compensation to employees and directors

The Company's Articles of Incorporation stipulate that if there is profit for the year, then, a minimum of 2.0% shall be allocated as employee compensation and a maximum of 1.8% as director compensation.

The Company estimated its employee compensation at respectively \$117,600 thousand, \$0 thousand, \$336,000 thousand and \$79,291 thousand for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, and estimated (reversed) its director compensation at \$63,235 thousand, \$(9,806) thousand, \$168,912 thousand and \$61,555 thousand for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, respectively. The estimated amounts, recognized as operating costs or expenses, were based on net profit before tax of for the respective periods, multiplied by the percentage of compensation to employees and directors, as specified in the Articles of Incorporation. If the actual amounts differ from the estimated amounts, the differences shall be accounted for as changes in accounting estimates and recognized as profit or loss in the next year.

For the years ended December 31, 2021 and 2020, the remunerations to employees amounted to \$185,000 thousand and \$165,000 thousand; and directors amounted to \$98,280 thousand and \$108,550 thousand, respectively. The information is available on the Market Observation Post System website. There was no difference between the amounts approved by Board of Directors.

(s) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021 were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	<u>\$ 15,096</u>	<u>10,545</u>	<u>40,004</u>	<u>28,931</u>

(Continued)



**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Other income

The details of the other income of the Group for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Rent income	\$ 847	945	2,571	2,885
Government subsidy	152,963	80,299	179,325	101,676
Income from export incentives	9,703	-	39,850	-
Other income	98,652	85,174	353,244	336,293
	<u>\$ 262,165</u>	<u>166,418</u>	<u>574,990</u>	<u>440,854</u>

(iii) Other gains and losses

The details of the Group's other gains and losses for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 770,096	29,573	1,630,638	1,526
Losses on disposal of property, plant and equipment	(5,509)	(3,510)	(19,380)	(9,456)
Gain(Losses) on disposal of investment property	-	(344)	-	109,481
Impairment loss	(6,500)	(1,792)	(8,779)	(7,641)
Others	7,454	(7,357)	(9,896)	(13,481)
	<u>\$ 765,541</u>	<u>16,570</u>	<u>1,592,583</u>	<u>80,429</u>

(iv) Financial costs

The details of the Group's financial cost for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest expenses	<u>\$ 49,174</u>	<u>24,155</u>	<u>119,989</u>	<u>72,977</u>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(t) Financial instruments

(i) Credit risks

1) Credit risk exposure

The carrying amounts of financial assets represented the maximum credit risk exposure of the Group.

2) The concentration of credit risk

On September 30, 2022, December 31, 2021 and September 30, 2021, 72%, 80% and 70% of the Group's total receivables were concentrated within a single overseas customer.

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
<b>September 30, 2022</b>							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 4,868,337	4,868,337	4,857,938	8,233	2,166	-	-
Other payables	5,821,884	5,821,884	5,805,009	16,875	-	-	-
Unsecured bank loans	5,443,450	5,594,712	3,543,665	199,923	1,851,124	-	-
Other long-term borrowings	121,821	122,096	61	14,830	54,110	53,095	-
Lease liabilities	599,620	1,528,409	56,486	30,905	83,112	178,428	1,179,478
	<u>\$ 16,855,112</u>	<u>17,935,438</u>	<u>14,263,159</u>	<u>270,766</u>	<u>1,990,512</u>	<u>231,523</u>	<u>1,179,478</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 3,960,166	3,960,166	3,939,514	20,652	-	-	-
Other payables	4,672,025	4,672,025	4,672,025	-	-	-	-
Unsecured bank loans	9,046,788	9,099,197	5,681,640	656,310	2,761,247	-	-
Other long-term borrowings	144,361	144,683	37,240	53	12,473	94,917	-
Lease liabilities	567,349	1,412,171	47,959	31,798	80,661	174,035	1,077,718
	<u>\$ 18,390,689</u>	<u>19,288,242</u>	<u>14,378,378</u>	<u>708,813</u>	<u>2,854,381</u>	<u>268,952</u>	<u>1,077,718</u>
<b>September 30, 2021</b>							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 3,307,633	3,307,633	3,278,168	28,488	977	-	-
Other payables	3,734,129	3,734,129	3,734,129	-	-	-	-
Unsecured bank loans	6,773,720	6,807,873	5,019,575	522,933	1,265,365	-	-
Other long-term borrowings	143,498	143,842	53	37,491	13,113	93,185	-
Lease liabilities	508,163	1,359,001	40,734	18,866	61,851	163,857	1,073,693
	<u>\$ 14,467,143</u>	<u>15,352,478</u>	<u>12,072,659</u>	<u>607,778</u>	<u>1,341,306</u>	<u>257,042</u>	<u>1,073,693</u>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risks

1) Exposure to currency risks

		<b>September 30, 2022</b>		
		<b>Foreign currency (In thousands)</b>	<b>Exchange rate</b>	<b>TWD</b>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	314,479	USD : TWD 31.700	9,968,969
		31,718	USD : CNY 7.0998	1,005,468
		0.30	USD : VND 23,870	10
VND		469,642,023	VND : USD 0.00004	610,535
INR		3,644,176	INR : USD 0.0123	1,416,491
IDR		77,473,643	IDR : USD 0.0001	162,695
<u>Non-monetary items</u>				
USD		32,293	USD : TWD 31.700	1,023,679
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		35,496	USD : TWD 31.700	1,125,228
		8,048	USD : CNY 7.0998	255,109
		0.33	USD : VND 23,870	10
VND		1,538,706,359	VND : USD 0.00004	2,000,318
INR		3,830,760	INR : USD 0.0123	1,489,016
IDR		1,174,727,763	IDR : USD 0.0001	2,466,928

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2021</b>					
<b>Foreign currency</b>					
<b>(In thousands)</b>		<b>Exchange rate</b>		<b>TWD</b>	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	301,489	USD : TWD	27.63	8,330,141
		36,677	USD : CNY	6.3757	1,013,394
		-	USD : VND	22,780	5
VND		454,930,701	VND : USD	0.00004	545,917
INR		2,753,372	INR : USD	0.0135	1,023,979
IDR		78,872,233	IDR : USD	0.0001	149,857
<u>Non-monetary items</u>					
USD		26,049	USD : TWD	27.63	719,726
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		38,025	USD : TWD	27.63	1,050,625
		6,318	USD : CNY	6.3757	174,566
		2	USD : VND	22,780	62
VND		1,588,636,552	VND : USD	0.00004	1,906,364
INR		3,529,802	INR : USD	0.0135	1,312,733
IDR		271,247,336	IDR : USD	0.0001	515,370
<b>September 30, 2021</b>					
<b>Foreign currency</b>					
<b>(In thousands)</b>		<b>Exchange rate</b>		<b>TWD</b>	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	128,256	USD : TWD	27.800	3,565,531
		28,294	USD : CNY	6.4854	786,584
		5	USD : VND	22,760	138
VND		264,556,188	VND : USD	0.00004	317,467
INR		2,245,017	INR : USD	0.0135	840,534
IDR		30,575,599	IDR : USD	0.0001	58,094
<u>Non-monetary items</u>					
USD		25,434	USD : TWD	27.800	707,062

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

September 30, 2021				
	Foreign currency (In thousands)	Exchange rate	TWD	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	46,670	USD : TWD	27.800	1,297,425
	4,962	USD : CNY	6.4854	137,942
	3	USD : VND	22,760	83
VND	828,820,503	VND : USD	0.00004	994,585
INR	3,412,776	INR : USD	0.0135	1,277,743
IDR	211,064,842	IDR : USD	0.0001	401,023

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. An appreciation or depreciation of 5% of the TWD against the USD, VND, INR and IDR for the nine months ended September 30, 2022 and 2021, would have increased or decreased the net profit before tax by \$291,378 thousand and \$72,977 thousand, respectively. Performed based on the same basis, the analysis of both periods assumed that all other variables remained constant.

3) Gains or losses on foreign exchange

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the nine months ended September 30, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$1,630,638 thousand and \$1,526 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year at the reporting date. The change in interest rate reported to the Company's key management was based on 50 basis points, which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

If the interest rate increases or decreases by 50 basis points, with all other variable factors remaining constant, the Group's net profit before tax would have decreased or increased by \$13,905 thousand and increased or decreased \$5,006 thousand for the nine months ended September 30, 2022 and 2021, respectively, due to the Company's borrowings at variable rates and banks deposits at variable rates. This was mainly due to the Company's deposits and borrowings at variable rates.

(v) Fair value information

1) Financial instruments not measured at fair value

The Group considered that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments measured at fair value

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

3) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance on January 1, 2021	\$ 422
Disposals	(422)
Balance on September 30, 2021	\$ -

(vi) Valuation techniques for financial instruments measured at fair value

The fair value of the unlisted stocks held the Group is mainly estimated using the discounted cash flow model method, with reference to the Group's future growth rate, net worth, and operation.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(u) Financial risk management

(i) Overview

The Group had exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risk. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statement.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The internal auditors perform regular reviews by taking risk management control procedures and report to the Board of Directors.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Trade and other receivables

Exposure to credit risk of the Group is mainly affected by the condition of each customer. However, the management also considers the demographics of the Group's customer base, including the default risk of the industry and the country in which customers operate, as these factors may have an influence on credit risk.

Management has established a credit policy, under which when available, and, in some cases, each new customer is analyzed individually for credit rating before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings bank references. Purchase limits are established for each customer, and these limits are reviewed periodically. Customers that fail to meet the Group's benchmark credit rating may transact with the Company only on a prepayment basis.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

In monitoring the credit risk of the customers, the Group groups them according to the credit characteristics of the customers; for example, by whether they are primary or secondary customers, region, industry, age and maturity date of receivables, and previously existing financial difficulties. The Group's accounts receivable were mainly due from Group's customers. Customers rated as high risk are classified as restricted customers and monitored, and those customers may transact with the Group only on a prepayment basis in the future.

The Group has established an allowance account for bad debts that represents its estimate of incurred losses in respect of trade receivables, other receivables, and investments. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

2) Investment

The credit risk exposure for the bank deposits and other financial instruments are measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

As of September 30, 2022, December 31, 2021 and September 30, 2021, there was no guarantee outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the total amount of unused credit facilities as of September 30, 2022, December 31, 2021 and September 30, 2021, amounted to \$13,875,108 thousand, \$8,585,588 thousand and \$9,621,498 thousand, respectively.

(Continued)



**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (TWD), US Dollars (USD) and China Yuan (CNY). The currencies used in these transactions are denominated in TWD, USD, VND, INR, IDR and CNY.

The interest is denominated in the currency used in the borrowings. Borrowings were generally denominated in currencies that match with the cash flows generated by the underlying operations of the Group, primarily TWD, USD and INR. This provided an economic hedge without derivatives being entered into, and therefore, hedge accounting was not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

2) Interest rate risk

The Group's risk exposure on to changes in interest rates is mainly attributable to short-term and long-term loans at floating rates. Any change in interest rates will cause the effective interest rates of short-term and long-term loans to change and thus cause the future cash flows to fluctuate over time.

3) Other market price risks

The Group did not enter into any commodity contract for purposes other than meeting the Group's expected consumption and sales demand; such contracts were not settled on a net basis.

(v) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to shareholders and other related parties, 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 dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shareholders, issue new shares or sell assets to settle any liabilities.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group's debt-to-equity ratios on the reporting dates were as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Total liabilities	\$ 27,402,134	27,056,626	22,729,136
Less: cash and cash equivalents	<u>(4,405,355)</u>	<u>(3,820,459)</u>	<u>(3,809,904)</u>
Net debt	22,996,779	23,236,167	18,919,232
Total equity	<u>26,023,281</u>	<u>19,868,563</u>	<u>18,311,873</u>
Total capital	<u><b>\$ 49,020,060</b></u>	<u><b>43,104,730</b></u>	<u><b>37,231,105</b></u>
Debt to equity ratio on period end	<u><b>46.91 %</b></u>	<u><b>53.91 %</b></u>	<u><b>50.82 %</b></u>

(w) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the nine months ended September 30, 2022 and 2021.

Reconciliation of liabilities arising from financing activities was as follows :

	<b>January 1, 2022</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>September 30, 2022</b>
			<b>Others</b>	<b>Foreign exchange movement</b>	
Long-term borrowings	\$ 2,890,474	(1,188,669)	-	201,556	1,903,361
Short-term borrowings	6,300,675	(2,834,932)	-	196,167	3,661,910
Lease liabilities	<u>567,349</u>	<u>(43,901)</u>	<u>9,792</u>	<u>66,380</u>	<u>599,620</u>
Total liabilities from financing activities	<u><b>\$ 9,758,498</b></u>	<u><b>(4,067,502)</b></u>	<u><b>9,792</b></u>	<u><b>464,103</b></u>	<u><b>6,164,891</b></u>
	<b>January 1, 2021</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>September 30, 2021</b>
			<b>Others</b>	<b>Foreign exchange movement</b>	
Long-term borrowings	\$ 985,448	436,815	-	(24,985)	1,397,278
Short-term borrowings	3,496,883	2,046,634	-	(23,577)	5,519,940
Lease liabilities	<u>544,048</u>	<u>(29,872)</u>	<u>67,370</u>	<u>(73,383)</u>	<u>508,163</u>
Total liabilities from financing activities	<u><b>\$ 5,026,379</b></u>	<u><b>2,453,577</b></u>	<u><b>67,370</b></u>	<u><b>(121,945)</b></u>	<u><b>7,425,381</b></u>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(7) Related-party transactions:**

(a) Name of related parties and relationship

The followings are entities that had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Shoe Majesty Co., Ltd.	A joint venture under the Group's joint arrangement
Shoe Majesty Trading Co., Ltd. (Note)	"
Vietnam Shoe Majesty Co., Ltd.	"
Hong Kong Shoe Majesty Trading Co., Ltd.	"

Note: This company was liquidated on December 9, 2021.

(b) Significant transactions with related parties

(i) Operating income

The amounts of significant sales by the Group to related parties were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
The Group is a joint venture under the joint agreement	\$ <u>38,282</u>	<u>9,423</u>	<u>110,778</u>	<u>57,659</u>

Sales prices for related parties were similar to those of the third-party customers.

(ii) Other revenue

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
The Group is a joint venture under the joint agreement	\$ <u>1,985</u>	<u>2,179</u>	<u>6,610</u>	<u>8,601</u>

(iii) Other expense

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
The Group is a joint venture under the joint agreement	\$ <u>15</u>	<u>-</u>	<u>15</u>	<u>-</u>

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Receivables due from Related Parties

The receivables due from related parties of the Group were as follows:

<u>Account item</u>	<u>Category of related party</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable	The Group is a joint venture under the joint agreement	\$ 10,783	13,118	-
Other receivables	The Group is a joint venture under the joint agreement	836	609	728
		<u>\$ 11,619</u>	<u>13,727</u>	<u>728</u>

(c) Key management personnel transactions

Key management personnel compensation comprised:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 158,877	33,063	449,616	240,055
Post-employment benefits	1,042	1,059	3,175	2,940
	<u>\$ 159,919</u>	<u>34,122</u>	<u>452,791</u>	<u>242,995</u>

(8) Pledged assets:

The book values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Other current financial assets	Customs deposit and lease deposit	\$ 1,384	2,192	1,119
Other non-current financial assets	Customs deposit and lease deposit	237,500	71,532	78,501
		<u>\$ 238,884</u>	<u>73,724</u>	<u>79,620</u>

(9) Commitments and contingencies:

- (a) As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group has issued promissory notes for short-term and long-term borrowings of \$9,353,000 thousand, \$8,486,700 thousand and \$8,502,000 thousand, respectively.
- (b) As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had payables in respect of important construction contracts, amounting to \$2,486,873 thousand, \$399,298 thousand and \$268,365 thousand, respectively.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

**(12) Others:**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the three months ended September 30, 2022			For the three months ended September 30, 2021		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		5,309,172	1,906,362	7,215,534	3,489,759	1,090,172	4,579,931
Labor and health insurance		529,334	119,624	648,958	457,447	109,925	567,372
Pension		352,036	73,329	425,365	311,244	78,861	390,105
Other employee benefits		569,889	157,487	727,376	404,278	99,774	504,052
Depreciation		546,730	166,460	713,190	466,195	157,420	623,615
Amortization		1,265	6,562	7,827	1,027	9,823	10,850

By item	By function	For the nine months ended September 30, 2022			For the nine months ended September 30, 2021		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		14,828,300	5,373,902	20,202,202	11,355,834	3,907,874	15,263,708
Labor and health insurance		1,456,921	351,965	1,808,886	1,345,041	331,957	1,676,998
Pension		938,502	227,553	1,166,055	809,467	212,367	1,021,834
Other employee benefits		1,826,935	452,480	2,279,415	1,482,087	323,355	1,805,442
Depreciation		1,586,058	494,704	2,080,762	1,380,161	466,492	1,846,653
Amortization		3,778	33,446	37,224	3,112	28,276	31,388

- (b) Impact of COVID-19

Due to the outbreak of Covid-19 in 2022, the Group's plants in Suzhou, China, were suspended from April 11 to April 24 in compliance with the local government's epidemic prevention policy and resumed work on April 25, with no significant impact on the Group's operations. The Group will continue to strengthen the epidemic prevention measures to cope with the development of the epidemic.

(Continued)

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures**

(a) Information on significant transactions

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2022 :

- i. Loans to other parties : None
- ii. Guarantees and endorsements for other parties : None
- iii. Securities held as of September 30, 2022 (excluding investment in subsidiaries, associates and joint ventures) : None
- iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock :

(In Thousands of New Taiwan Dollar)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Counterparty	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain/Loss on Disposal	Shares	Amount (Note1)
Feng Tay Enterprises Co., Ltd.	Stock PT Rich Valley Indonesia	Investments accounted for using equity method	-	Subsidiary	179,990	355,271	260,000	519,704	-	-	-	-	439,990	974,300
Lotus Footwear Enterprises Ltd.	Fairway Enterprises Co., Ltd.	Investments accounted for using equity method	-	Subsidiary	24,151	1,606,225	5,350	304,432	-	-	51,177	-	29,501	2,036,060
"	Cheyyar SEZ Developers Private Ltd.	"	-	"	94,999,999	2,369,237	10,000,000	382,603	-	-	-	-	104,999,999	2,499,534
Dona Orient Holdings Limited	Vietnam Nam Ha Footwear Co.,Ltd.	Investments accounted for using equity method	-	Subsidiary	Note 3	844,187	Note 3	335,310	-	-	-	-	Note 3	1,175,517

Note 1 : The ending balance includes the realized gain/loss on equity investment and exchange differences on translation of foreign financial statements.

Note 2 : Reconciliated in the preparation of the consolidated report.

Note 3 : Unissued shares of the Vietnamese entities.

Note 4 : Amounts denominated in foreign currencies in this chart are translated into New Taiwan Dollars using the spot exchange rate at the reporting date.

(On September 30, 2022, the USD closing exchange rate of 31.7)

- v. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock :

(In Thousands of New Taiwan Dollar)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Logistics Center	May 26, 2022	305,604	Payment was completed on June 24, 2022	JIO MU CONSTRUCTION CO., LTD.	None	-	-	-	-	Price comparison and bargaining	Required for company operation	None

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- vi. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock : None
- vii. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock :

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	Sale	1,408,248	2%	30 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	192,291	1%	-
"	"	"	Purchase	5,751,495	7%	20 days	"	-	(419,126)	(5%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	Sale	1,297,285	2%	30 days	"	-	139,531	1%	-
"	"	"	Purchase	6,248,016	8%	15 days	"	-	(582,563)	(7%)	-
"	Vietnam Dona Orient Co., Ltd.	"	Sale	2,822,906	3%	75 days	"	-	992,747	7%	-
"	"	"	Purchase	5,587,378	7%	30 days	"	-	(748,464)	(9%)	-
"	Dona Victor Footwear Co., Ltd.	"	Sale	1,362,124	2%	30 days	"	-	118,544	1%	-
"	"	"	Purchase	6,797,595	9%	30 days	"	-	(757,462)	(10%)	-
"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sale	2,049,251	2%	60/90 days	"	-	720,992	5%	-
"	"	"	Purchase	3,849,554	5%	30 days	"	-	(558,357)	(7%)	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sale	631,301	1%	15 days	"	-	36,711	-	-
"	"	"	Purchase	2,528,711	3%	15 days	"	-	(139,766)	(2%)	-
"	Fujian San Feng Footwear Co., Ltd.	"	Sale	475,689	1%	15 days	"	-	26,198	-	-
"	"	"	Purchase	2,190,970	3%	15 days	"	-	(126,519)	(2%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	"	Sale	923,266	1%	15 days	"	-	61,694	-	-
"	"	"	Purchase	2,585,529	3%	15days	"	-	(150,725)	(2%)	-
"	Fujian Great Hope Footwear Co., Ltd.	"	Sale	139,593	-	15 days	"	-	4,692	-	-
"	"	"	Purchase	1,242,807	2%	60 days	"	-	(235,606)	(3%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sale	3,071,409	4%	90 days	"	-	1,050,422	7%	-
"	"	"	Purchase	13,576,991	17%	10 days	"	-	(871,383)	(11%)	-
"	Vung Tau Orient Co., Ltd.	"	Sale	736,568	1%	90 days	"	-	319,671	2%	-
"	"	"	Purchase	1,745,073	2%	10 days	"	-	(129,303)	(2%)	-
"	Xie Feng Mold Co., Ltd.	"	Purchase	105,701	-	30 days	"	-	(9,855)	-	-
"	Putian, Fujian East Wind Footwear Co., Ltd.(India Branch)	"	Sale	1,753,508	2%	60/90 days	"	-	704,616	5%	-
"	"	"	Purchase	3,731,828	5%	10 days	"	-	(259,928)	(3%)	-
"	Fairway Enterprises Co., Ltd. (India Branch)	"	Sale	2,520,818	3%	45/90 days	"	-	836,916	6%	-

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	Fairway Enterprises Co., Ltd. (India Branch)	Parent and subsidiary	Purchase	4,025,492	5%	30 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	(562,348)	(7%)	-
"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sale	382,802	-	15 days	"	-	69,976	-	-
"	"	"	Purchase	185,798	-	30 days	"	-	(16,862)	-	-
Growth-Link Overseas Co., Ltd.	Lotus Footwear Enterprises Ltd.(India Branch)	Parent and subsidiary	Purchase	140,395	40%	Payment after Delivery	"	-	-	-	-
"	East Wind Footwear Co., Ltd.(India Branch)	"	"	181,786	52%	"	"	-	-	-	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	5,751,495	100%	20 days	"	-	419,126	100%	-
"	"	"	Purchase	1,408,248	35%	30 days	"	-	(192,291)	(42%)	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	2,528,711	68%	15 days	"	-	139,766	43%	-
"	"	"	Purchase	631,301	32%	15 days	"	-	(36,711)	(20%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	Associate	"	187,225	10%	10-15 days	"	-	(6,472)	(4%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	"	131,901	7%	10-15 days	"	-	(5,054)	(3%)	-
Fujian Xiefeng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	2,585,529	62%	15 days	"	-	150,725	43%	-
"	"	"	Purchase	923,266	50%	15 days	"	-	(61,694)	(29%)	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Associate	Sale	187,225	5%	10-15 days	"	-	6,472	2%	-
"	Fujian San Feng Footwear Co., Ltd.	"	"	127,545	3%	15-20 days	"	-	442	-	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	Purchase	103,660	6%	10-15 days	"	-	(8,662)	(4%)	-
Fujian San Feng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	2,190,970	65%	15 days	"	-	126,519	65%	-
"	"	"	Purchase	475,689	30%	15 days	"	-	(26,198)	(14%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	Associate	"	127,545	8%	15-20 days	"	-	(442)	-	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	"	151,459	9%	10-15 days	"	-	(8,795)	(5%)	-
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,242,807	100%	60 days	"	-	235,606	98%	-
"	"	"	Purchase	139,593	19%	15 days	"	-	(4,692)	(5%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	Associate	"	149,258	20%	60 days	"	-	(26,190)	(27%)	-
Xie Feng Mold Co., Ltd. Putian, Fujian	Fujian Xiefeng Footwear Co., Ltd.	Associate	Sale	103,660	14%	10-15 days	"	-	8,662	13%	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	"	131,901	18%	10-15 days	"	-	5,054	8%	-



**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Xie Feng Mold Co., Ltd. Putian, Fujian	Fujian Great Hope Footwear Co., Ltd.	Associate	Sale	149,258	20%	60 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	26,190	40%	-
"	Fujian San Feng Footwear Co., Ltd.	"	"	151,459	20%	10-15 days	"	-	8,795	13%	-
"	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	"	105,701	14%	30 days	"	-	9,855	15%	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	185,798	22%	30 days	"	-	16,862	18%	-
"	"	"	Purchase	382,802	75%	15 days	"	-	(69,976)	(90%)	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Associate	Sale	5,108,254	100%	Payment after Delivery	"	-	1,060,061	100%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Purchase	110,778	3%	45 days	"	-	(10,783)	(2%)	-
Hong Kong Shoe Majesty Trading Co., Ltd.	Vietnam Shoe Majesty Co., Ltd.	Associate	Purchase	5,108,254	100%	Payment after Delivery	"	-	(1,060,061)	(98%)	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	6,797,595	100%	30 days	"	-	757,462	100%	-
"	"	"	Purchase	1,362,124	72%	30 days	"	-	(118,544)	(25%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	Associate	"	144,278	8%	60 days	"	-	(16,381)	(3%)	-
"	Dona Victor Molds Mfg Co., Ltd.	"	"	113,604	6%	30 days	"	-	(13,406)	(3%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	244,765	13%	60 days	"	-	(22,488)	(5%)	-
Dona Pacific (Vietnam) Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	6,248,016	94%	15 days	"	-	582,563	92%	-
"	"	"	Purchase	1,297,285	72%	30 days	"	-	(139,531)	(27%)	-
"	Vietnam Dona Orient Co., Ltd.	Associate	Sale	177,553	3%	60 days	"	-	25,737	4%	-
"	Dona Victor Footwear Co., Ltd.	"	"	144,278	2%	60 days	"	-	16,381	3%	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	5,587,378	72%	30 days	"	-	748,464	67%	-
"	"	"	Purchase	2,822,906	80%	75 days	"	-	(992,747)	(76%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	Associate	"	141,533	4%	60 days	"	-	(8,664)	(1%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	"	177,553	5%	60 days	"	-	(25,737)	(2%)	-
"	Dona Victor Molds Mfg Co., Ltd.	"	"	110,814	3%	30 days	"	-	(21,327)	(2%)	-
Dona Victor Molds Mfg Co., Ltd.	Dona Victor Footwear Co., Ltd.	Associate	Sale	113,604	20%	30 days	"	-	13,406	18%	-
"	Vietnam Dona Orient Co., Ltd.	"	"	110,814	20%	30 days	"	-	21,327	28%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	284,504	51%	30 days	"	-	33,577	44%	-

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,745,073	99%	10 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	129,303	98%	-
"	"	"	Purchase	736,568	93%	90 days	"	-	(319,671)	(91%)	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	13,576,991	96%	10 days	"	-	871,383	93%	-
"	"	"	Purchase	3,071,409	81%	90 days	"	-	(1,050,422)	(62%)	-
"	Dona Victor Footwear Co., Ltd.	Associate	Sale	244,765	2%	60 days	"	-	22,488	2%	-
"	Vietnam Dona Orient Co., Ltd.	"	"	141,533	1%	60 days	"	-	8,664	1%	-
"	Vietnam Shie Majesty Co., Ltd.	"	"	110,778	1%	45 days	"	-	10,783	1%	-
"	Dona Victor Molds Mfg. Co., Ltd.	"	Purchase	284,504	7%	30 days	"	-	(33,577)	(2%)	-
East Wind Footwear Co., Ltd. (India Branch)	Growth-Link Overseas Co., Ltd.	Sub-subsidiary and investor	Sale	181,786	5%	Payment after Delivery	"	-	-	-	-
"	Feng Tay Enterprises Co., Ltd.	"	"	3,731,828	95%	10 days	"	-	259,928	100%	-
"	"	"	Purchase	1,753,508	96%	60/90 days	"	-	(704,616)	(94%)	-
Lotus Footwear Enterprises Ltd. (India Branch)	Growth-Link Overseas Co., Ltd.	Subsidiary and parent	Sale	140,395	3%	Payment after Delivery	"	-	-	-	-
"	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	"	3,849,554	94%	30 days	"	-	558,357	97%	-
"	"	"	Purchase	2,049,251	100%	60/90 days	"	-	(720,992)	(94%)	-
Fairway Enterprises Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	4,025,492	99%	30 days	"	-	562,348	100%	-
"	"	"	Purchase	2,520,818	99%	45/90 days	"	-	(836,916)	(95%)	-

Note : Reconciliated in the preparation of the consolidated report.

- viii. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock :

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	192,291	8.39	-	-	87,693	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	139,531	13.03	-	-	54,513	-
"	Vietnam Dona Orient Co., Ltd.	"	992,747	4.50	-	-	220,416	-
"	Dona Victor Footwear Co., Ltd.	"	118,544	11.47	-	-	62,026	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	1,050,422	4.70	-	-	252,520	-
"	Vung Tau Orient Co., Ltd.	"	319,671	4.40	-	-	79,938	-

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
Feng Tay Enterprises Co., Ltd.	Lotus Footwear Enterprises Ltd. (India Branch)	Parent and subsidiary	720,992	4.03	-	-	71,261	-
"	"	"	152,106	Note 2	-	-	-	-
"	East Wind Footwear Co., Ltd. (India Branch)	"	704,616	3.43	11,939	-	125,175	-
"	"	"	32,464	Note 2	-	-	-	-
"	Fairway Enterprises Co., Ltd. (India Branch)	"	836,916	4.09	-	-	126,302	-
"	"	"	213,648	Note 2	-	-	-	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	419,126	17.43	-	-	130,765	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	139,766	21.24	-	-	-	-
Fujian Xiefeng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	150,725	23.87	-	-	-	-
Fujian San Feng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	126,519	20.01	-	-	-	-
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	235,606	8.82	-	-	-	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Associate	1,060,061	9.05	-	-	-	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	757,462	15.08	-	-	48,093	-
Dona Pacific (Vietnam) Co., Ltd	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	582,563	17.61	-	-	205,231	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	748,464	14.60	-	-	107,846	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	129,303	20.57	-	-	56,634	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	871,383	24.67	-	-	365,461	-
East Wind Footwear Co.,Ltd.(India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	259,928	22.73	-	-	121,980	-
Lotus Footwear Enterprises Ltd.(India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	558,357	10.48	-	-	72,537	-
Fairway Enterprises Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	562,348	10.54	-	-	137,429	-

Note 1 : Reconciliated in the preparation of the consolidated report.

Note 2 : It is mainly other receivables, so they are not applicable to the calculation of turnover days.

ix. Trading in derivative instruments : None

x. Business relationships and significant intercompany transactions :

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	1	Sales revenue	1,408,248	Note 3	1.9281%
"	"	"	"	Cost of sales	5,751,495	Note 3	7.8745%
"	"	"	"	Accounts receivable due from related parties	192,291	30days	0.3599%

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	1	Accounts payable to related parties	419,126	20days	0.7845%
"	"	Dona Pacific (Vietnam) Co., Ltd.	4	Sales revenue	1,297,285	Note 3	1.7761%
"	"	"	"	Cost of sales	6,248,016	Note 3	8.5543%
"	"	"	"	Accounts receivable due from related parties	139,531	30days	0.2612%
"	"	"	"	Accounts payable to related parties	582,563	15days	1.0904%
"	"	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	2,822,906	Note3	3.8649%
"	"	"	"	Technical service income	126,681	-	0.1734%
"	"	"	"	Cost of sales	5,587,378	Note3	7.6498%
"	"	"	"	Accounts receivable due from related parties	992,747	75days	1.8582%
"	"	"	"	Accounts payable to related parties	748,464	30days	1.4010%
"	"	Dona Victor Footwear Co., Ltd.	"	Sales revenue	1,362,124	Note3	1.8649%
"	"	"	"	Cost of sales	6,797,595	Note3	9.3067%
"	"	"	"	Accounts receivable due from related parties	118,544	30days	0.2219%
"	"	"	"	Accounts payable to related parties	757,462	30days	1.4178%
"	"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sales revenue	2,049,251	Note3	2.8057%
"	"	"	"	Cost of sales	3,849,554	Note3	5.2705%
"	"	"	"	Accounts receivable due from related parties	720,992	60/90days	1.3495%
"	"	"	"	Accounts payable to related parties	558,357	30days	1.0451%
"	"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sales revenue	631,301	Note3	0.8643%
"	"	"	"	Cost of sales	2,528,711	Note3	3.4621%
"	"	"	"	Accounts receivable due from related parties	36,711	15days	0.0687%
"	"	"	"	Accounts payable to related parties	139,766	15days	0.2616%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	475,689	Note3	0.6513%
"	"	"	"	Cost of sales	2,190,970	Note3	2.9997%
"	"	"	"	Accounts receivable due from related parties	26,198	15days	0.0490%
"	"	"	"	Accounts payable to related parties	126,519	15days	0.2368%
"	"	Fujian Xiefeng Footwear Co., Ltd.	"	Sales revenue	923,266	Note3	1.2641%
"	"	"	"	Cost of sales	2,585,529	Note3	3.5399%
"	"	"	"	Accounts receivable due from related parties	61,694	15days	0.1155%
"	"	"	"	Accounts payable to related parties	150,725	15days	0.2821%

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	Xie Feng Mold Co., Ltd. Putian, Fujian	4	Cost of sales	105,701	Note3	0.1447%
"	"	"	"	Accounts payable to related parties	9,855	30days	0.0184%
"	"	Fujian Great Hope Footwear Co., Ltd.	"	Sales revenue	139,593	Note3	0.1911%
"	"	"	"	Cost of sales	1,242,807	Note3	1.7016%
"	"	"	"	Accounts receivable due from related parties	4,692	15days	0.0088%
"	"	"	"	Accounts payable to related parties	235,606	60days	0.4410%
"	"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sales revenue	3,071,409	Note3	4.2051%
"	"	"	"	Cost of sales	13,576,991	Note3	18.5886%
"	"	"	"	Accounts receivable due from related parties	1,050,422	90days	1.9661%
"	"	"	"	Accounts payable to related parties	871,383	10days	1.6310%
"	"	Vung Tau Orient Co., Ltd.	"	Sales revenue	736,568	Note3	1.0085%
"	"	"	"	Cost of sales	1,745,073	Note3	2.3892%
"	"	"	"	Accounts receivable due from related parties	319,671	90days	0.5984%
"	"	"	"	Accounts payable to related parties	129,303	10days	0.2420%
"	"	East Wind Footwear Co., Ltd.(India Branch)	"	Sales revenue	1,753,508	Note3	2.4008%
"	"	"	"	Cost of sales	3,731,828	Note3	5.1093%
"	"	"	"	Accounts receivable due from related parties	704,616	60/90days	1.3189%
"	"	"	"	Accounts payable to related parties	259,928	10days	0.4865%
"	"	Fairway Enterprises Co., Ltd. (India Branch)	"	Sales revenue	2,520,818	Note3	3.4513%
"	"	"	"	Cost of sales	4,025,492	Note3	5.5114%
"	"	"	"	Accounts receivable due from related parties	836,916	45/90days	1.5665%
"	"	"	"	Accounts payable to related parties	562,348	30days	1.0526%
"	"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sales revenue	382,802	Note3	0.5241%
"	"	"	"	Cost of sales	185,798	Note3	0.2544%
"	"	"	"	Accounts receivable due from related parties	69,976	15days	0.1310%
"	"	"	"	Accounts payable to related parties	16,862	30days	0.0316%
1	Growth-Link Overseas Co., Ltd.	Lotus Footwear Enterprises Ltd.(India Branch)	6	Cost of sales	140,395	Note3	0.1922%

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
1	Growth-Link Overseas Co., Ltd.	East Wind Footwear Co., Ltd.(India Branch)	6	Cost of sales	181,786	Note3	0.2489%
2	Fujian Xiefeng Footwear Co., Ltd.	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	8	Sales revenue	187,225	Note3	0.2563%
"	"	"	"	Accounts receivable due from related parties	6,472	10~15days	0.0121%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	127,545	Note3	0.1746%
"	"	"	"	Accounts receivable due from related parties	442	15~20days	0.0008%
3	Xie Feng Mold Co., Ltd. Putian, Fujian	Fujian Xiefeng Footwear Co., Ltd.	8	Sales revenue	103,660	Note3	0.1419%
"	"	"	"	Accounts receivable due from related parties	8,662	10~15days	0.0162%
"	"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sales revenue	131,901	Note3	0.1806%
"	"	"	"	Accounts receivable due from related parties	5,054	10~15days	0.0095%
"	"	Fujian Great Hope Footwear Co., Ltd.	"	Sales revenue	149,258	Note3	0.2044%
"	"	"	"	Accounts receivable due from related parties	26,190	60days	0.0490%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	151,459	Note3	0.2074%
"	"	"	"	Accounts receivable due from related parties	8,795	10~15days	0.0165%
4	Dona Victor Footwear Co., Ltd.	Dona Pacific (Vietnam) Co., Ltd.	8	Cost of sales	144,278	Note3	0.1975%
"	"	"	"	Accounts payable to related parties	16,381	60days	0.0307%
"	"	Vietnam Dona Standard Footwear Company Ltd.	"	Cost of sales	244,765	Note3	0.3351%
"	"	"	"	Accounts payable to related parties	22,488	60days	0.0421%
5	Dona Pacific(Vietnam) Co., Ltd.	Vietnam Dona Orient Co., Ltd.	8	Sales revenue	177,553	Note3	0.2431%
"	"	"	"	Accounts receivable due from related parties	25,737	60days	0.0482%
6	Vietnam Dona Orient Co., Ltd.	Vietnam Dona Standard Footwear Company Ltd.	8	Cost of sales	141,533	Note3	0.1938%
"	"	"	"	Accounts payable to related parties	8,664	60days	0.0162%
7	Dona Victor Molds Mfg Co., Ltd.	Dona Victor Footwear Co.,Ltd.	8	Sales revenue	113,604	Note3	0.1555%
"	"	"	"	Accounts receivable due from related parties	13,406	30days	0.0251%
"	"	Vietnam Dona Orient Co.,Ltd.	"	Sales revenue	110,814	Note3	0.1517%

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
7	Dona Victor Molds Mfg Co., Ltd.	Vietnam Dona Orient Co.,Ltd.	8	Accounts receivable due from related parties	21,327	30days	0.0399%
"	"	Vietnam Dona Standard Footwear Company Ltd.	"	Sales revenue	284,504	Note3	0.3895%
"	"	"	"	Accounts receivable due from related parties	33,577	30days	0.0628%

Note 1 : The numbers filled in as follows :

1. 0 represents the parent company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2 : Transactions labeled as follows:

1. represents transactions between the parent company and its subsidiaries.
2. represents transactions between the subsidiaries and the parent company.
3. represents transactions between subsidiaries.
4. represents transactions between the parent company and its sub-subsidiaries.
5. represents transactions between the sub-subsidiaries and the parent company.
6. represents transactions between the subsidiaries and the sub-subsidiaries.
7. represents transactions between the sub-subsidiaries and the subsidiaries.
8. represents transactions between sub-subsidiaries.

Note 3 : Selling price of goods is determined through negotiations and there are no other transactions with non-related parties to compare.

(b) Information on investment

The following is the information on investment for the nine months ended September 30, 2022 (excluding information on investment in Mainland China) :

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				September 30, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	1,322,618	1,322,618	53,900	99.81%	1,409,669	289,405	288,869	Subsidiary (Note 5)
"	PT Rich Valley Indonesia	"	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	899,054	379,350	439,990	100.00%	974,300	(11,640)	(11,640)	"
"	Growth-Link Overseas Co., Ltd.	Bermuda	Investment holding, selling of athletic shoes, and trading of footwear materials	5,521,531	5,521,531	6,000,000	100.00%	15,072,797	2,970,843	2,970,843	"
"	VX Holdings Ltd.	British Virgin Islands	Investment holding	447,734	447,734	38,280	47.26%	939,273	382,350	180,699	"
"	Shoe Majesty Co., Ltd.	"	Investment holding	203,466	203,466	6,120	20.40%	413,136	393,258	80,225	Investee under the equity method
"	Dona Orient Holdings Ltd.	"	Investment holding	1,529,723	1,529,723	44,753	40.97%	3,563,066	1,207,957	494,900	Subsidiary (Note 5)
"	Great Eastern Industries Ltd.	Hong Kong	International trade services	30,358	30,358	1,000	100.00%	38,770	4,563	4,563	"
"	Great South Private Ltd.	Singapore	Investment holding	16,845	6,105	800	100.00%	10,898	(6,309)	(6,309)	"

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				September 30, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
Feng Tay Enterprises Co., Ltd.	India Tindivandam Footwear Private Limited	India	Manufacturing of athletic shoes, semi-finished footwear and footwear accessories	125,025	-	33,000,000	88.00%	118,973	(10,465)	(9,209)	Subsidiary (Note 5)
Growth-Link Overseas Co., Ltd.	VX Mold Co., Ltd.	British Virgin Islands	Investment holding	15,875	15,875	372,000	93.00%	207,476	136,639	127,074	Subsidiary (Note 5)
"	VX Holdings Ltd.	"	Investment holding	301,397	301,397	36,342	44.87%	927,783	382,350	171,549	Investee under the equity method (Note 5)
"	Dona Pacific Holdings Ltd.	"	Investment holding and sale of finished shoes	395,432	395,432	23,000	92.00%	1,222,568	508,716	468,018	Subsidiary (Note 5)
"	Shoe Majesty Co., Ltd.	"	Investment holding	255,036	255,036	8,580	28.60%	610,543	393,258	112,471	Investee under the equity method
"	Dona Orient Holdings Ltd.	"	Investment holding	2,087,370	2,087,370	64,483	59.03%	5,431,584	1,207,957	713,057	Subsidiary (Note 5)
"	Lotus Footwear Enterprises Ltd.	"	Investment holding business, and manufacturing and selling of finished shoe	2,156,868	2,156,868	34,020	88.00%	4,032,203	348,742	306,893	"
"	PT Rich Valley Indonesia	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	23	23	10	0.01%	97	(11,640)	-	Investee under the equity method (Note 5)
"	Cheyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	-	-	1	0.01%	-	(47,302)	-	"
VX Holdings Ltd.	Dona Victor Footwear Co., Ltd.	Vietnam	Producing of athletic shoes, semi-finished footwear, and footwear accessories	1,045,600	1,045,600	Note4	100.00%	2,072,159	387,667	387,667	Subsidiary (Note 5)
Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Hong Kong	International trade services	6,340	6,340	200	100.00%	164,674	70,676	70,676	Subsidiary
"	Vietnam Shoe Majesty Co., Ltd.	Vietnam	Manufacturing footwear products	1,172,900	1,172,900	Note4	100.00%	1,931,641	326,419	326,419	"
Dona Orient Holdings Ltd.	Vietnam Dona Orient Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,394,800	1,394,800	Note4	100.00%	2,153,197	639,059	639,059	Subsidiary (Note 5)
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	2,399,690	2,399,690	"	100.00%	4,850,467	571,801	571,801	"
"	Hold Gold Trading Co., Ltd.	British Virgin Islands	Selling of finished shoes, golf balls, backpack, bags and soccer ball	-	3,170	-	-	-	(58)	(58)	"
"	Vung Tau Orient Co., Ltd.	Vietnam	Producing golf balls, soccer balls, and backpack, bags	625,226	577,676	Note4	100.00%	736,922	12,969	12,969	"
"	Vietnam Nam Ha Footwear Co., Ltd.	"	Producing athletic shoes, semi-finished footwear, and footwear accessories	1,204,600	855,900	"	100.00%	1,175,517	(16,097)	(16,097)	"



**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				September 30, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
VX Mold Co., Ltd.	Dona Victor Molds Mfg. Co., Ltd.	Vietnam	Manufacturing and repair of molds, cutting dies, and processing of metal parts	98,270	98,270	Note4	100.00%	221,944	138,205	138,205	Subsidiary (Note 5)
Dona Pacific Holdings Ltd.	Dona Pacific (Vietnam) Co., Ltd.	Vietnam	Producing athletic shoes, semi-finished footwear, and footwear accessories	634,000	634,000	Note4	100.00%	1,326,038	509,145	509,145	Subsidiary (Note 5)
Lotus Footwear Enterprises Ltd.	Cheyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	3,295,797	2,874,814	104,999,999	100.00%	2,499,534	(47,302)	(47,302)	Subsidiary (Note 5)
"	East Wind Footwear Co., Ltd.	British Virgin Islands	Investment holding and production of athletic shoes	524,071	524,071	9,751	100.00%	902,673	208,483	208,483	"
"	Fairway Enterprises Co., Ltd.	"	Investment holding and production of athletic shoes	1,818,615	1,531,173	29,501	100.00%	2,036,060	213,409	213,409	"

Note 1 : Includes overseas undertakings invested by the Company and re-investment of the overseas undertakings.

Note 2 : Carrying value refers to ending balance of investment recognized using the equity method, including investment gains or losses, and cumulative translation adjustments.

Note 3 : The investees of Feng Tay Enterprises Co., Ltd. are presented based on the financial statements as of September 30, 2022, reviewed by certified public accountants, except that some of the investees were presented based on the unreviewed financial statements as of September 30, 2022.

Note 4 : Unissued shares of the Vietnamese entities.

Note 5 : Included in the consolidated financial statements.

Note 6 : Represents the relationship between the investor and the investee.

(c) Information on investment in mainland China

i. The names of investees in Mainland China, the main businesses and products, and other information

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022 (Note 7)	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022 (Note 7)	Net income (losses) of the investee (Note 8)	Percentage of ownership	Investment income (losses) (Note 8)	Book value (Note 7)	Accumulated remittance of earnings in current period (Note 8)
					Outflow	Inflow						
Fujian Wu Feng Department Store Co., Ltd.	Wholesale and retail of general merchandise, and related services.	142,650	Note 1	173,702	-	-	173,702	984	50.00%	492	24,555	99,326
Xie Feng Mold Co., Ltd. Putian, Fujian	Manufacturing and repair of molds, cutting dies, shoe lasts, injections, and processing of metal parts.	95,100	"	152,264	-	-	152,264	219,911	50.34%	110,692	169,655	1,054,389
Fujian Xiefeng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	475,500	"	179,810	-	-	179,810	453,606	77.50%	351,544	719,006	960,505
Fujian San Feng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	475,500	"	287,701	-	-	287,701	326,278	68.00%	221,869	330,808	978,246
Fujian Da Feng Holdings Co., Ltd.	Investment holding.	855,900	"	954,529	-	-	954,529	976,944	70.00%	683,861	1,950,653	5,753,454

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022 (Note 7)	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022 (Note 7)	Net income (losses) of the investee (Note 8)	Percentage of ownership	Investment income (losses) (Note 8)	Book value (Note 7)	Accumulated remittance of earnings in current period (Note 8)
					Outflow	Inflow						
Fujian Great Hope Footwear Co., Ltd.	Production of athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	252,015	Note 1	424,288	-	-	424,288	170,515	84.73%	144,485	580,506	533,687
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	475,500	Note 2	-	-	-	-	468,335	70.00%	327,834	707,227	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	81,239	"	-	-	-	-	99,948	66.07%	66,031	222,020	-

ii. Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of September 30, 2022 (Note 4 and 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5 and 7)	Upper Limit on Investment (Note 6)
2,172,294	2,870,516	14,492,386

Note 1 : Indirect investment in the Company located in Mainland China through an existing company registered in the third region.

Note 2 : Investment in companies in Mainland China through the existing companies registered in Mainland China.

Note 3 : Recognized profit and loss from investment for the current period :

(1) The financial statements were reviewed by the parent company's certified public accountants.

(2) Based on unreviewed financial statements for the year ended September 30, 2022.

Note 4 : The accumulated investment amount has been deducted by capital increase from retained earnings of USD 3,939,943, capital stock inflows of USD 18,085,989.

Note 5 : The authorized investment amount is the original investment amounts authorized by investment Commission.

Note 6 : The higher of the 60 % of net or combined net value, as calculated based on the upper limit stipulated in "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" amended by the Investment Commission on August 29, 2008.

Note 7 : Calculated based on the closing exchange rate of 31.7 on September 30, 2022.

Note 8 : Calculated based on the average closing exchange rate of 29.3767 between January and the end of September 2022.

iii Significant transactions :

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders

Shareholding	Shares	Percentage
Shareholder's Name		
WANG LIOU, MEI-HUEI	95,423,056	10.82 %
WANG, CHOU-HSIONG	69,987,033	7.93 %
CHEN, HUI-LING	57,044,655	6.46 %

Note : The main shareholder information in this table is based on the last business day at the end of each quarter set by Taiwan Depository & Clearing Corporation to calculate the shares of those shareholders who hold more than 5% of the Company's ordinary shares that have been delivered without physical registration.

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information**

The Group has reportable department, footwear manufacturing and sales department, which mainly engaged in the production and sales of various sports shoes. Other departments are mainly engaged in the manufacturing of sports balls and bags.

The Group's operating segment information and reconciliation are as follows :

	<b>Department of manufacturing and selling shoes</b>	<b>Other Departments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>For the three months ended</b>				
<b>September 30, 2022</b>				
<b>Revenue</b>				
Revenue from external customers	\$ 24,760,118	1,121,041	-	25,881,159
Intersegment revenues	28,107,836	1,029,971	(29,137,807)	-
<b>Total revenue</b>	<b>\$ 52,867,954</b>	<b>2,151,012</b>	<b>(29,137,807)</b>	<b>25,881,159</b>
<b>Reportable segment profit or loss</b>	<b>\$ 4,087,343</b>	<b>32,405</b>	<b>(62,002)</b>	<b>4,057,746</b>

	<b>Department of manufacturing and selling shoes</b>	<b>Other Departments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>For the three months ended</b>				
<b>September 30, 2021</b>				
<b>Revenue</b>				
Revenue from external customers	\$ 12,167,566	422,871	-	12,590,437
Intersegment revenues	15,803,278	360,758	(16,164,036)	-
<b>Total revenue</b>	<b>\$ 27,970,844</b>	<b>783,629</b>	<b>(16,164,036)</b>	<b>12,590,437</b>
<b>Reportable segment profit or loss</b>	<b>\$ (452,897)</b>	<b>(96,594)</b>	<b>109,978</b>	<b>(439,513)</b>

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Department of manufacturing and selling shoes</b>	<b>Other Departments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>For the nine months ended</b>				
<b>September 30, 2022</b>				
<b>Revenue</b>				
Revenue from external customers	\$ 69,911,716	3,127,784	-	73,039,500
Intersegment revenues	80,698,888	2,658,296	(83,357,184)	-
<b>Total revenue</b>	<b>\$ 150,610,604</b>	<b>5,786,080</b>	<b>(83,357,184)</b>	<b>73,039,500</b>
<b>Reportable segment profit or loss</b>	<b>\$ 10,953,484</b>	<b>159,458</b>	<b>(175,189)</b>	<b>10,937,753</b>
	<b>Department of manufacturing and selling shoes</b>	<b>Other Departments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>For the nine months ended</b>				
<b>September 30, 2021</b>				
<b>Revenue</b>				
Revenue from external customers	\$ 50,245,608	1,379,514	-	51,625,122
Intersegment revenues	60,214,847	1,624,564	(61,839,411)	-
<b>Total revenue</b>	<b>\$ 110,460,455</b>	<b>3,004,078</b>	<b>(61,839,411)</b>	<b>51,625,122</b>
<b>Reportable segment profit or loss</b>	<b>\$ 4,974,728</b>	<b>(135,229)</b>	<b>(127,226)</b>	<b>4,712,273</b>