

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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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.

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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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, 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 the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. 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 Standards on Auditing of the Republic of China 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 \$14,017,832 thousand and \$10,802,822 thousand, constituting 28.13% and 21.70% of consolidated total assets as of March 31, 2023 and 2022, respectively; total liabilities amounting to \$4,418,137 thousand and \$3,784,743 thousand, constituting 19.51% and 13.71% of consolidated total liabilities as of March 31, 2023 and 2022, respectively, and total comprehensive income (loss) amounting to \$(193,861) thousand and \$292,930 thousand, constituting (27.45)% and 10.19% of consolidated total comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively.

Furthermore, as stated in Note (6)(d), the other equity accounted investments of the Group in its investee companies of \$977,662 thousand and \$778,343 thousand as of March 31, 2023 and 2022, respectively, and its equity in net gain (loss) on these investee companies of \$(20,255) thousand and \$39,820 thousand for the three months ended March 31, 2023 and 2022, 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 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)

May 9, 2023

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 Standards on Auditing as of March 31, 2023 and 2022

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2023		December 31, 2022		March 31, 2022		Liabilities and Equity		March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note (6)(a))	\$ 4,539,857	9	5,076,095	10	4,558,393	9	2100	Short-term borrowings (Note (6)(j))	\$ 1,585,519	3	435,372	1	7,336,183	15
1170	Notes and accounts receivable							2130	Current contract liabilities (Note (6)(q))	429	-	317	-	490	-
	(Notes (6)(b) and (q))	7,744,979	16	8,772,178	17	9,380,323	19	2170	Notes and accounts payable	4,052,707	8	3,941,237	8	4,985,542	10
1180	Accounts receivable due from related parties, net							2200	Other payables	4,565,036	9	6,442,332	12	4,115,287	8
	(Notes (6)(b), (q) and (7))	41	-	21,146	-	20,447	-	2230	Current tax liabilities	2,154,643	4	2,593,834	5	2,473,751	5
1200	Other receivables (Note (7))	780,828	2	442,193	1	817,818	2	2280	Current lease liabilities (Note (6)(l))	35,238	-	34,934	-	35,324	-
1220	Current tax assets	165,732	-	187,379	-	118,136	-	2320	Long-term liabilities, current portion (Note (6)(k))	-	-	14,481	-	13,719	-
130X	Inventories (Note (6)(c))	8,964,264	18	9,104,194	18	9,318,936	19	2399	Other current liabilities, others	69,045	-	36,328	-	42,768	-
1476	Other current financial assets (Notes (6)(n) and (8))	494,540	1	498,751	1	1,079,644	2		Total current liabilities	<u>12,462,617</u>	<u>24</u>	<u>13,498,835</u>	<u>26</u>	<u>19,003,064</u>	<u>38</u>
1479	Other current assets, others	1,035,973	2	1,078,973	2	958,572	2		Non-Current liabilities:						
	Total current assets	<u>23,726,214</u>	<u>48</u>	<u>25,180,909</u>	<u>49</u>	<u>26,252,269</u>	<u>53</u>	2540	Long-term borrowings (Note (6)(k))	1,909,733	4	2,511,012	5	1,317,803	3
	Non-current assets:							2570	Deferred tax liabilities (Note (6)(n))	3,576,524	8	3,827,503	8	3,048,882	6
1550	Investments accounted for using equity method							2580	Non-current lease liabilities (Note (6)(l))	489,361	1	549,238	1	521,498	1
	(Note (6)(d))	977,662	2	1,051,389	2	778,343	2	2640	Non-current net defined benefit liability						
1600	Property, plant and equipment (Note (6)(f))	20,832,011	42	20,704,257	40	18,737,795	38		(Note (6)(m))	3,996,809	8	3,839,586	8	3,462,260	7
1755	Right-of-use assets (Note (6)(g))	1,711,598	3	1,764,171	4	1,680,297	3	2670	Other non-current liabilities	207,829	-	210,266	-	248,999	1
1760	Investment property, net (Note (6)(h))	69,318	-	68,679	-	66,729	-		Total non-current liabilities	<u>10,180,256</u>	<u>21</u>	<u>10,937,605</u>	<u>22</u>	<u>8,599,442</u>	<u>18</u>
1780	Intangible assets (Note (6)(i))	413,610	1	420,583	1	409,159	1		Total liabilities	<u>22,642,873</u>	<u>45</u>	<u>24,436,440</u>	<u>48</u>	<u>27,602,506</u>	<u>56</u>
1840	Deferred tax assets (Note (6)(n))	1,449,558	3	1,409,418	3	1,244,922	2		Equity attributable to owners of parent						
1980	Other non-current financial assets (Note (8))	83,105	-	84,422	-	73,687	-		(Note (6)(o)):						
1990	Other non-current assets	569,118	1	626,539	1	531,342	1	3110	Total capital stock	8,816,811	18	8,816,811	17	8,816,811	18
	Total non-current assets	<u>26,105,980</u>	<u>52</u>	<u>26,129,458</u>	<u>51</u>	<u>23,522,274</u>	<u>47</u>	3200	Capital surplus	51,027	-	51,160	-	50,914	-
									Retained earnings:						
								3310	Legal reserve	5,577,243	11	5,577,243	11	5,126,375	10
								3320	Special reserve	2,559,457	5	2,559,457	5	2,082,107	4
								3350	Unappropriated retained earnings	9,791,571	20	9,042,212	18	6,666,302	13
									Other equity interest:						
								3410	Exchange differences on translation of foreign						
									financial statements	(1,200,765)	(2)	(1,053,529)	(2)	(1,945,862)	(4)
									Total equity attributable to owners of parent:	<u>25,595,344</u>	<u>52</u>	<u>24,993,354</u>	<u>49</u>	<u>20,796,647</u>	<u>41</u>
								36XX	Non-controlling interests	<u>1,593,977</u>	<u>3</u>	<u>1,880,573</u>	<u>3</u>	<u>1,375,390</u>	<u>3</u>
									Total equity	<u>27,189,321</u>	<u>55</u>	<u>26,873,927</u>	<u>52</u>	<u>22,172,037</u>	<u>44</u>
Total assets		<u>\$ 49,832,194</u>	<u>100</u>	<u>51,310,367</u>	<u>100</u>	<u>49,774,543</u>	<u>100</u>	Total liabilities and equity		<u>\$ 49,832,194</u>	<u>100</u>	<u>51,310,367</u>	<u>100</u>	<u>49,774,543</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 Standards on Auditing

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (Notes (6)(q) and (7))	\$ 19,502,750	100	22,394,994	100
5000	Operating costs (Note (6)(c))	(15,976,273)	(82)	(17,132,556)	(77)
	Gross profit from operations	<u>3,526,477</u>	<u>18</u>	<u>5,262,438</u>	<u>23</u>
	Operating expenses:				
6100	Selling and administrative expenses	(1,982,075)	(10)	(2,036,632)	(9)
6300	Research and development expenses	(617,497)	(3)	(674,035)	(3)
	Total operating expenses	<u>(2,599,572)</u>	<u>(13)</u>	<u>(2,710,667)</u>	<u>(12)</u>
	Net operating income	<u>926,905</u>	<u>5</u>	<u>2,551,771</u>	<u>11</u>
	Non-operating income and expenses:				
7100	Interest income (Note (6)(s))	25,719	-	12,376	-
7010	Other income (Note (6)(s))	120,972	1	146,084	1
7020	Other gains and losses, net (Note (6)(s))	(107,120)	(1)	317,089	1
7050	Financial costs (Note (6)(s))	(50,491)	-	(32,431)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(d))	(20,255)	-	39,820	-
	Total non-operating income and expenses	<u>(31,175)</u>	<u>-</u>	<u>482,938</u>	<u>2</u>
	Profit from continuing operations before tax	<u>895,730</u>	<u>5</u>	<u>3,034,709</u>	<u>13</u>
7950	Income tax expenses (Note (6)(n))	(39,262)	-	(827,309)	(4)
	Net profit	<u>856,468</u>	<u>5</u>	<u>2,207,400</u>	<u>9</u>
	Other comprehensive income (loss):				
	Item that may be reclassified subsequently to profit or loss				
8360	Exchange differences on translation of foreign financial statements	(151,053)	(1)	668,171	3
8399	Income tax related to components of other comprehensive income that will may be reclassified to profit or loss	751	-	(2,080)	-
	Item that may be reclassified subsequently to profit or loss	<u>(150,302)</u>	<u>(1)</u>	<u>666,091</u>	<u>3</u>
	Other comprehensive income (loss)	<u>(150,302)</u>	<u>(1)</u>	<u>666,091</u>	<u>3</u>
8500	Total comprehensive income	<u>\$ 706,166</u>	<u>4</u>	<u>2,873,491</u>	<u>12</u>
	Net profit, attributable to:				
8610	Net profit, attributable to owners of parent	\$ 749,359	4	2,072,983	9
8620	Net profit, attributable to non-controlling interests	107,109	1	134,417	-
		<u>\$ 856,468</u>	<u>5</u>	<u>2,207,400</u>	<u>9</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 602,123	3	2,686,578	12
8720	Comprehensive income, attributable to non-controlling interests	104,043	1	186,913	-
		<u>\$ 706,166</u>	<u>4</u>	<u>2,873,491</u>	<u>12</u>
	Earnings per share (Note (6)(p))				
9750	Basic earnings per share (dollars)	<u>\$ 0.85</u>		<u>2.35</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 Standards on Auditing
FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2023 and 2022
(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	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements			
Balance on January 1, 2022	\$ 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	-	-	-	-	2,072,983	-	2,072,983	134,417	2,207,400
Other comprehensive income	-	-	-	-	-	613,595	613,595	52,496	666,091
Total comprehensive income	-	-	-	-	2,072,983	613,595	2,686,578	186,913	2,873,491
Due to donated assets received	-	(2)	-	-	-	-	(2)	-	(2)
Changes in non-controlling interests	-	-	-	-	-	-	-	(570,015)	(570,015)
Balance on March 31, 2022	\$ 8,816,811	50,914	5,126,375	2,082,107	6,666,302	(1,945,862)	20,796,647	1,375,390	22,172,037
Balance on January 1, 2023	\$ 8,816,811	51,160	5,577,243	2,559,457	9,042,212	(1,053,529)	24,993,354	1,880,573	26,873,927
Net profit	-	-	-	-	749,359	-	749,359	107,109	856,468
Other comprehensive loss	-	-	-	-	-	(147,236)	(147,236)	(3,066)	(150,302)
Total comprehensive income (loss)	-	-	-	-	749,359	(147,236)	602,123	104,043	706,166
Due to donated assets received	-	(7)	-	-	-	-	(7)	-	(7)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	183	-	-	-	-	183	-	183
Changes in ownership interests in subsidiaries	-	(309)	-	-	-	-	(309)	(2,000)	(2,309)
Changes in non-controlling interests	-	-	-	-	-	-	-	(388,639)	(388,639)
Balance on March 31, 2023	\$ 8,816,811	51,027	5,577,243	2,559,457	9,791,571	(1,200,765)	25,595,344	1,593,977	27,189,321

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing
FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 895,730	3,034,709
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	712,234	666,072
Amortization expense	13,321	11,825
Interest expense	50,491	32,431
Interest income	(25,719)	(12,376)
Share of (profit) loss of associates and joint ventures accounted for using equity method	20,255	(39,820)
Loss on disposal of property, plant and equipment	937	3,307
Profit from lease modification	(1,226)	-
Impairment losses	515	1,099
Total adjustments to reconcile profit	<u>770,808</u>	<u>662,538</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes and accounts receivable	1,047,693	(788,055)
Decrease (increase) in other receivables	(326,630)	(171,795)
Decrease (increase) in inventories	81,634	380,787
Decrease (increase) in other current assets	36,136	118,084
Decrease (increase) in other current financial assets	4,218	(34,591)
Decrease (increase) in other non-current assets	(428)	(9,954)
Total changes in operating assets	<u>842,623</u>	<u>(505,524)</u>
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	113	(257)
Increase (decrease) in notes and accounts payable	123,157	957,038
Increase (decrease) in other payable	(1,757,788)	(922,737)
Increase (decrease) in other current liabilities	32,237	18,688
Increase (decrease) in net defined benefit liability	180,530	20,688
Increase (decrease) in other non-current liabilities	(763)	(11,107)
Total changes in operating liabilities	<u>(1,422,514)</u>	<u>62,313</u>
Total changes in operating assets and liabilities	<u>(579,891)</u>	<u>(443,211)</u>
Total adjustments	<u>190,917</u>	<u>219,327</u>
Cash inflow generated from operations	1,086,647	3,254,036
Interest received	19,014	14,145
Interest paid	(49,551)	(32,368)
Income taxes paid	(747,347)	(295,967)
Net cash flows from operating activities	<u>308,763</u>	<u>2,939,846</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(1,002,131)	(958,616)
Proceeds from disposal of property, plant and equipment	61,709	17,087
Acquisition of intangible assets	(6,763)	(16,598)
Decrease (increase) in other non-current financial assets	412	(532)
Decrease (increase) in other non-current assets	(5,187)	(229,058)
Dividends received	44,553	5,527
Net cash flows used in investing activities	<u>(907,407)</u>	<u>(1,182,190)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,152,177	937,648
Proceeds from long-term borrowings	337,163	155,675
Repayments of long-term borrowings	(939,788)	(1,736,110)
Payment of lease liabilities	(29,561)	(29,360)
Change in non-controlling interests	(370,311)	(557,769)
Net cash flows from (used in) financing activities	<u>149,680</u>	<u>(1,229,916)</u>
Effect of exchange rate changes on cash and cash equivalents	(87,274)	210,194
Net (decrease) increase in cash and cash equivalents	(536,238)	737,934
Cash and cash equivalents at beginning of period	5,076,095	3,820,459
Cash and cash equivalents at end of period	<u>\$ 4,539,857</u>	<u>4,558,393</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 Standards on Auditing as of March 31, 2023 and 2022

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2023 and 2022

(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 May 9, 2023.

(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, 2023:

- 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”

- (b) 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”

(Continued)

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

- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- Amendments to 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.

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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company ∙ GLO	PT Feng Tay Indonesia Enterprises	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	100.00 %	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.	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).
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)

(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
			March 31, 2023	December 31, 2022	March 31, 2022	
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 USD36,431,286.(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 %	100.00 %	Great South Private Limited was established in Singapore in 2021, and has paid in capital of SGD1,200,000.(Note1)
The Company	India Tindivanam Footwear Private Limited	Manufactures athletic shoes, semi-finished footwear and footwear accessories.	96.17 %	93.87 %	- %	India Tindivanam Footwear Private Limited was established in India in 2022, and has paid in capital of INR1,500,700,000. (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.
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)

(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
			March 31, 2023	December 31, 2022	March 31, 2022	
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.
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 USD28,000,000.(Note1)

(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
			March 31, 2023	December 31, 2022	March 31, 2022	
DOH	Hold Gold Trading Co., Ltd.	Selling of finished shoes, golf balls, backpack, bags and soccer balls.	-	-	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 43,000,000.(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 USD113,791,534.(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 USD51,369,564 (including share premium of USD51,340,063).

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.

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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, 2022. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash	\$ 1,075	1,165	1,016
Demand deposits and check deposit	1,680,518	1,922,997	2,213,594
Time deposits	<u>2,858,264</u>	<u>3,151,933</u>	<u>2,343,783</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 4,539,857</u>	<u>5,076,095</u>	<u>4,558,393</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) Notes and accounts receivable (including related parties)

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable—measured at amortized cost	\$ 7,752,911	8,801,296	9,400,770
Notes receivable—measured at amortized cost	81	-	-
Less: Allowance for credit loss	(7,972)	(7,972)	-
	<u>\$ 7,745,020</u>	<u>8,793,324</u>	<u>9,400,770</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 notes and accounts receivable. To measure the expected credit losses, notes and 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:

	March 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Allowance for credit loss provision
Current	\$ 7,374,917	0.00%	-
1 to 60 days past due	370,103	0.00%	-
More than 1 year past due	7,972	100.00%	7,972
	<u>\$ 7,752,992</u>		<u>7,972</u>
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Allowance for credit loss provision
Current	\$ 7,952,293	0.00%	-
1 to 60 days past due	840,957	0.00%	-
61 days to 1 year past due	4,087	98.19%	4,013
More than 1 year past due	3,959	100.00%	3,959
	<u>\$ 8,801,296</u>		<u>7,972</u>

(Continued)

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

	March 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Allowance for credit loss provision
Current	\$ 8,673,684	0.00%	-
1 to 60 days past due	721,353	0.00%	-
61 days to 1 year past due	5,733	0.00%~50.00%	-
	\$ 9,400,770		-

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

	For the three months ended March 31	
	2023	2022
Balance on January 1	\$ 7,972	-
Impairment losses recognized	-	-
Balance on March 31	\$ 7,972	-

As of March 31, 2023, December 31, 2022 and March 31, 2022, the notes and accounts receivable of the Group were not pledged as collateral for its loan.

(c) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 3,755,359	4,066,297	4,587,909
Work in process	1,100,436	1,156,759	1,077,132
Finished goods	2,867,749	2,793,327	2,023,393
Merchandise inventory	178,952	129,915	125,825
Inventory in transit	1,056,034	955,771	1,502,160
Others	5,734	2,125	2,517
	\$ 8,964,264	9,104,194	9,318,936

The details of operating cost were as follows:

	For the three months ended March 31	
	2023	2022
Cost of goods sold	\$ 15,910,008	17,156,558
Net gains on inventories	(62)	(15)
Inventory scrap loss	905	749
Revenue from sale of scraps	(23,327)	(39,741)
Losses on obsolescence and inventory valuation	88,749	15,005
Total	\$ 15,976,273	17,132,556

(Continued)

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

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 March 31, 2023, December 31, 2022 and March 31, 2022, the inventory of the Group was not pledged as collateral for its loan.

(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:

	March 31, 2023	December 31, 2022	March 31, 2022
Joint ventures	\$ <u>977,662</u>	<u>1,051,389</u>	<u>778,343</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:

	March 31, 2023	December 31, 2022	March 31, 2022
Individually insignificant joint venture	\$ <u>977,662</u>	<u>1,051,389</u>	<u>778,343</u>

	For the three months ended March 31	
	2023	2022
Attributable to the Group:		
(Loss) profit from continuing operation	\$ (20,255)	39,820
Other comprehensive income (loss)	<u>(8,265)</u>	<u>22,899</u>
Comprehensive income (loss)	<u>\$ (28,520)</u>	<u>62,719</u>

(ii) Collateral

As of March 31, 2023, December 31, 2022 and March 31, 2022, the investment accounted for using equity method of the Group was not pledged as collateral for its loan.

(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.

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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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current assets	\$ 784,442	793,011	109,928
Non-current assets	2,319,575	2,112,137	1,998,751
Current liabilities	(787,617)	(48,194)	(27,361)
Net assets	<u>\$ 2,316,400</u>	<u>2,856,954</u>	<u>2,081,318</u>
Non-controlling interests	<u>\$ 694,920</u>	<u>857,086</u>	<u>624,396</u>
		For the three months ended	
		March 31	
		<u>2023</u>	<u>2022</u>
Net income		\$ 212,867	229,462
Other comprehensive income		871	96,612
Comprehensive income		<u>\$ 213,738</u>	<u>326,074</u>
Profit, attributable to non-controlling interests		<u>\$ 63,860</u>	<u>68,839</u>
Comprehensive income, attributable to non-controlling interests		<u>\$ 64,121</u>	<u>97,822</u>
Net cash flows from operating activities		\$ (12,950)	(93,251)
Net cash flows from investing activities		-	1,098,078
Net cash flows from financing activities		-	(1,230,196)
Net decrease in cash and cash equivalents		<u>\$ (12,950)</u>	<u>(225,369)</u>
Cash dividends to non-controlling interests		<u>\$ -</u>	<u>369,059</u>

(Continued)

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

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2023 and 2022 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, 2023	\$	1,627,127	14,768,244	22,355,304	503,148	116,842	564,300	623,809	103,495	2,169,304	42,831,573
Additions		-	3,859	55,472	3,647	81	3,485	13,069	2,117	880,409	962,139
Disposals		(130)	(6,740)	(285,678)	(5,694)	(698)	(3,397)	(10,501)	(4,885)	-	(317,723)
Reclassifications		-	89,938	365,326	1,555	1,172	45,471	7,335	2,217	(510,797)	2,217
Effect of changes in foreign exchange rates		(3,533)	(68,161)	(136,003)	(2,140)	-	(3,440)	(4,117)	(256)	(13,976)	(231,626)
Balance on March 31, 2023	\$	<u>1,623,464</u>	<u>14,787,140</u>	<u>22,354,421</u>	<u>500,516</u>	<u>117,397</u>	<u>606,419</u>	<u>629,595</u>	<u>102,688</u>	<u>2,524,940</u>	<u>43,246,580</u>
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		-	9,469	94,246	7,226	305	5,821	11,607	180	681,732	810,586
Disposals		-	(4,639)	(67,024)	(5,242)	(68)	(2,266)	(2,292)	(699)	-	(82,230)
Reclassifications		-	66,129	386,171	6,927	850	10,861	13,684	-	(484,622)	-
Effect of changes in foreign exchange rates		12,840	352,174	676,897	10,877	-	14,417	14,786	962	16,309	1,099,262
Balance on March 31, 2022	\$	<u>1,598,796</u>	<u>13,695,623</u>	<u>20,601,712</u>	<u>459,468</u>	<u>114,650</u>	<u>470,436</u>	<u>564,341</u>	<u>89,351</u>	<u>1,053,239</u>	<u>38,647,616</u>
Depreciation and impairment loss:											
Balance on January 1, 2023	\$	-	7,425,458	13,398,726	379,888	98,291	269,135	477,124	78,694	-	22,127,316
Depreciation		-	140,913	503,685	12,941	1,962	16,738	13,602	1,592	-	691,433
Impairment loss		-	-	515	-	-	-	-	-	-	515
Disposals		-	(4,766)	(228,731)	(5,523)	(666)	(2,570)	(8,731)	(4,090)	-	(255,077)
Reclassifications		-	-	-	-	-	-	-	2,169	-	2,169
Effect of changes in foreign exchange rates		-	(26,251)	(119,359)	(1,587)	-	(1,417)	(2,990)	(183)	-	(151,787)
Balance on March 31, 2023	\$	<u>-</u>	<u>7,538,354</u>	<u>13,554,836</u>	<u>385,719</u>	<u>99,587</u>	<u>281,886</u>	<u>479,005</u>	<u>78,182</u>	<u>-</u>	<u>22,414,569</u>
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		-	128,437	476,414	12,703	2,270	12,970	12,204	1,804	-	646,802
Impairment loss		-	-	1,085	14	-	-	-	-	-	1,099
Disposals		-	(3,884)	(48,271)	(4,733)	(64)	(2,071)	(2,223)	(590)	-	(61,836)
Effect of changes in foreign exchange rates		-	189,757	347,549	7,897	-	6,595	11,004	671	-	563,473
Balance on March 31, 2022	\$	<u>-</u>	<u>6,843,768</u>	<u>11,904,239</u>	<u>349,279</u>	<u>98,051</u>	<u>225,998</u>	<u>422,362</u>	<u>66,124</u>	<u>-</u>	<u>19,909,821</u>
Carrying amounts:											
Balance on January 1, 2023	\$	<u>1,627,127</u>	<u>7,342,786</u>	<u>8,956,578</u>	<u>123,260</u>	<u>18,551</u>	<u>295,165</u>	<u>146,685</u>	<u>24,801</u>	<u>2,169,304</u>	<u>20,704,257</u>
Balance on March 31, 2023	\$	<u>1,623,464</u>	<u>7,251,786</u>	<u>8,799,585</u>	<u>114,797</u>	<u>17,810</u>	<u>324,533</u>	<u>150,590</u>	<u>24,506</u>	<u>2,524,940</u>	<u>20,832,011</u>
Balance on January 1, 2022	\$	<u>1,585,956</u>	<u>6,743,032</u>	<u>8,383,960</u>	<u>106,282</u>	<u>17,718</u>	<u>233,099</u>	<u>125,179</u>	<u>24,669</u>	<u>839,820</u>	<u>18,059,715</u>
Balance on March 31, 2022	\$	<u>1,598,796</u>	<u>6,851,855</u>	<u>8,697,473</u>	<u>110,189</u>	<u>16,599</u>	<u>244,438</u>	<u>141,979</u>	<u>23,227</u>	<u>1,053,239</u>	<u>18,737,795</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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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 March 31, 2023, December 31, 2022 and March 31, 2022 the property, plant and equipment of the Group were not pledged as collateral for its loan.

(g) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2023	\$ 1,895,108	80,766	15,242	4,660	1,995,776
Additions	-	9,541	-	-	9,541
Disposal/Write-off	(46,570)	-	-	-	(46,570)
Reclassification	-	-	-	(2,217)	(2,217)
Effect of changes in foreign exchange rates	(9,711)	122	(129)	(20)	(9,738)
Balance on March 31, 2023	<u>\$ 1,838,827</u>	<u>90,429</u>	<u>15,113</u>	<u>2,423</u>	<u>1,946,792</u>
Balance on January 1, 2022	\$ 1,697,289	84,697	13,736	11,001	1,806,723
Additions	-	-	-	922	922
Effect of changes in foreign exchange rates	49,522	(4,385)	469	45	45,651
Balance on March 31, 2022	<u>\$ 1,746,811</u>	<u>80,312</u>	<u>14,205</u>	<u>11,968</u>	<u>1,853,296</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2023	\$ 182,603	39,925	6,017	3,060	231,605
Depreciation	12,500	7,509	594	117	20,720
Disposal/Write-off	(14,126)	-	-	-	(14,126)
Reclassification	-	-	-	(2,169)	(2,169)
Effect of changes in foreign exchange rates	(780)	(1)	(49)	(6)	(836)
Balance on March 31, 2023	<u>\$ 180,197</u>	<u>47,433</u>	<u>6,562</u>	<u>1,002</u>	<u>235,194</u>
Balance on January 1, 2022	\$ 124,762	19,383	3,253	9,127	156,525
Depreciation	11,660	6,583	552	400	19,195
Effect of changes in foreign exchange rates	3,877	(6,735)	120	17	(2,721)
Balance on March 31, 2022	<u>\$ 140,299</u>	<u>19,231</u>	<u>3,925</u>	<u>9,544</u>	<u>172,999</u>
Carrying amount:					
Balance on January 1, 2023	<u>\$ 1,712,505</u>	<u>40,841</u>	<u>9,225</u>	<u>1,600</u>	<u>1,764,171</u>
Balance on March 31, 2023	<u>\$ 1,658,630</u>	<u>42,996</u>	<u>8,551</u>	<u>1,421</u>	<u>1,711,598</u>
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 March 31, 2022	<u>\$ 1,606,512</u>	<u>61,081</u>	<u>10,280</u>	<u>2,424</u>	<u>1,680,297</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(h) Investment property

The cost, depreciation, and impairment of the Investment property of the Group for the three months ended March 31, 2023 and 2022 were as follows:

	<u>Owned property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Cost:			
Balance on January 1, 2023	\$ 16,019	412,878	428,897
Effect of changes in foreign exchange rates	<u>(78)</u>	<u>1,747</u>	<u>1,669</u>
Balance on March 31, 2023	<u>\$ 15,941</u>	<u>414,625</u>	<u>430,566</u>
Balance on January 1, 2022	\$ 15,114	404,663	419,777
Effect of changes in foreign exchange rates	<u>282</u>	<u>15,567</u>	<u>15,849</u>
Balance on March 31, 2022	<u>\$ 15,396</u>	<u>420,230</u>	<u>435,626</u>
Accumulated depreciation and impairment losses:			
Balance on January 1, 2023	\$ -	360,218	360,218
Depreciation	-	81	81
Effect of changes in foreign exchange rates	<u>-</u>	<u>949</u>	<u>949</u>
Balance on March 31, 2023	<u>\$ -</u>	<u>361,248</u>	<u>361,248</u>
Balance on January 1, 2022	\$ -	355,773	355,773
Depreciation	-	75	75
Effect of changes in foreign exchange rates	<u>-</u>	<u>13,049</u>	<u>13,049</u>
Balance on March 31, 2022	<u>\$ -</u>	<u>368,897</u>	<u>368,897</u>
Carrying amount:			
Balance on January 1, 2023	<u>\$ 16,019</u>	<u>52,660</u>	<u>68,679</u>
Balance on March 31, 2023	<u>\$ 15,941</u>	<u>53,377</u>	<u>69,318</u>
Balance on January 1, 2022	<u>\$ 15,114</u>	<u>48,890</u>	<u>64,004</u>
Balance on March 31, 2022	<u>\$ 15,396</u>	<u>51,333</u>	<u>66,729</u>

There was no significant difference between the fair value of the investment property of the Group and the information disclosed in Note (6)(h) of the consolidated financial report for the year ended December 31, 2022.

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.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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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 March 31, 2023, December 31, 2022 and March 31, 2022, 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 three months ended March 31, 2023 and 2022 were as follows:

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Costs			
Balance on January 1, 2023	\$ 431,047	334,591	765,638
Additions	-	6,716	6,716
Disposal	-	(7,147)	(7,147)
Effect of changes in foreign exchange rates	<u>(1,009)</u>	<u>(1,174)</u>	<u>(2,183)</u>
Balance on March 31, 2023	<u>\$ 430,038</u>	<u>332,986</u>	<u>763,024</u>
Balance on January 1, 2022	\$ 419,291	318,596	737,887
Additions	-	17,574	17,574
Disposal	-	(278)	(278)
Effect of changes in foreign exchange rates	<u>3,667</u>	<u>9,139</u>	<u>12,806</u>
Balance on March 31, 2022	<u>\$ 422,958</u>	<u>345,031</u>	<u>767,989</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>
Accumulated amortization and impairment losses			
Balance on January 1, 2023	\$ 115,323	229,732	345,055
Amortization	-	13,321	13,321
Disposal	-	(7,147)	(7,147)
Effect of changes in foreign exchange rates	(958)	(857)	(1,815)
Balance on March 31, 2023	<u>\$ 114,365</u>	<u>235,049</u>	<u>349,414</u>
Balance on January 1, 2022	\$ 104,161	232,519	336,680
Amortization	-	11,825	11,825
Disposal	-	(278)	(278)
Effect of changes in foreign exchange rates	3,481	7,122	10,603
Balance on March 31, 2022	<u>\$ 107,642</u>	<u>251,188</u>	<u>358,830</u>
Carrying amounts:			
Balance on January 1, 2023	<u>\$ 315,724</u>	<u>104,859</u>	<u>420,583</u>
Balance on March 31, 2023	<u>\$ 315,673</u>	<u>97,937</u>	<u>413,610</u>
Balance on January 1, 2022	<u>\$ 315,130</u>	<u>86,077</u>	<u>401,207</u>
Balance on March 31, 2022	<u>\$ 315,316</u>	<u>93,843</u>	<u>409,159</u>

The Group determined whether an impairment loss of goodwill shall be recognized based on experience and actual operating results. As of March 31, 2023, December 31, 2022 and March 31, 2022, no impairment loss has been recognized.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the intangible asset of the Group was not pledged as collateral for its loans.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unsecured bank loans	<u>\$ 1,585,519</u>	<u>435,372</u>	<u>7,336,183</u>
Range of interest rates	<u>1.48%~6.20%</u>	<u>3.60%~5.62%</u>	<u>0.55%~4.35%</u>

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

(k) Long-term borrowings

The details were as follows:

	Currency	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	TWD	\$ -	852,000	-
Unsecured bank loans	USD	1,802,720	1,554,462	1,220,153
Other long-term borrowings	INR	<u>107,013</u>	<u>119,031</u>	<u>111,369</u>
		1,909,733	2,525,493	1,331,522
Less: current portion		<u>-</u>	<u>(14,481)</u>	<u>(13,719)</u>
Total		<u>\$ 1,909,733</u>	<u>2,511,012</u>	<u>1,317,803</u>
Range of interest rates		<u>0.10%~6.08%</u>	<u>0.10%~5.52%</u>	<u>0.10%~1.45%</u>
Period		<u>2024~2026</u>	<u>2023~2026</u>	<u>2023~2026</u>

(l) Lease liabilities

The Group lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	<u>\$ 35,238</u>	<u>34,934</u>	<u>35,324</u>
Non-current	<u>\$ 489,361</u>	<u>549,238</u>	<u>521,498</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 March 31	
	2023	2022
Interest on lease liabilities	<u>\$ 12,653</u>	<u>12,026</u>

The amounts recognized in the statement of cash flows by the Group were as follows:

	For the three months ended March 31	
	2023	2022
Total cash outflow for leases	<u>\$ 42,214</u>	<u>41,386</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(i) Real estate leases

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group leases land and buildings for its parking, office, factory and warehouse. The leases of office space typically run for a period of 1 to 99 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 eight 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, 2022 and 2021.

The expenses recognized in profit or loss for the Group amounted to \$134,908 thousand and \$89,482 thousand for the three months ended March 31, 2023 and 2022, respectively.

(ii) Defined contribution plans

The pension costs incurred from the contributions to the pension plans amounted to \$251,004 thousand and \$248,712 thousand for the three months ended March 31, 2023 and 2022, respectively.

(n) Income taxes

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

	For the three months ended	
	March 31	
	2023	2022
Current tax expense		
Current period	\$ 545,532	1,066,789
Adjustment for prior periods	<u>(215,151)</u>	<u>350</u>
	<u>330,381</u>	<u>1,067,139</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(291,119)</u>	<u>(239,830)</u>
Income tax expense	<u>\$ 39,262</u>	<u>827,309</u>

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

The amount of income tax recognized in other comprehensive income (loss) for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended	
	March 31	
	2023	2022
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>\$ 751</u>	<u>(2,080)</u>

The Company's tax returns for the years up to 2020 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 March 31, 2023, December 31, 2022 and March 31, 2022, were \$493,169 thousand, \$497,387 thousand and \$1,078,458 thousand, respectively, which is recognized under other current financial assets.

For the year of 2011 to 2020, 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 the local tax authorities over tax returns, against which, each of the subsidiaries has filed an appeal that had undergone through negotiation, which resulted in the estimated tax expenses above to be recognized in 2016. Moreover, a consensus was reached with the tax authorities in March 2023, in which the relevant taxes were approved and paid according to what had been agreed upon, resulting in the estimated tax expenses, recognized in previous years, to be reversed.

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 March 31, 2023, December 31, 2022 and March 31, 2022, 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.

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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:

	March 31, 2023	December 31, 2022	March 31, 2022
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	3,610	3,617	2,765
Issued shares of subsidiaries not recognized in proportion to shareholding	7,951	8,260	8,866
Difference between consideration and carrying amount of subsidiaries acquired or disposed	183	-	-
	<u>\$ 51,027</u>	<u>51,160</u>	<u>50,914</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.

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

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.

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 March 14, 2023, the Company's Board of Directors proposed to distribute the 2022 earnings. On June 17, 2022, the shareholder's meetings resolved to distribute the 2021 earnings. These earnings were appropriated as follows:

	2022		2021	
	Amount (dollar)	Total	Amount (dollar)	Total
Dividends distributed to ordinary shareholders				
Cash	\$ 7.70	6,788,944	4.10	3,614,893
Shares	1.20	<u>1,058,017</u>	-	<u>-</u>
Total		<u>\$ 7,846,961</u>		<u>3,614,893</u>

(iii) Other equity interest after tax

Balance on January 1, 2023	\$ (1,053,529)
Exchange differences on translation of foreign financial statement	<u>(147,236)</u>
Balance on March 31, 2023	<u>\$ (1,200,765)</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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	Exchange differences on translation of foreign financial statement
Balance on January 1, 2022	\$ (2,559,457)
Exchange differences on translation of foreign financial statement	<u>613,595</u>
Balance on March 31, 2022	<u><u>\$ (1,945,862)</u></u>

(iv) Non-controlling interests (NCIs)

	For the three months ended March 31	
	2023	2022
Balance on January 1	\$ 1,880,573	1,758,492
Shares attributed to non-controlling interests		
Net profit	107,109	134,417
Foreign currency translation differences for foreign operations	(3,066)	52,496
Changes in ownership interests in subsidiaries	(2,000)	-
Cash dividends paid to NCIs by subsidiaries	<u>(388,639)</u>	<u>(570,015)</u>
Balance on March 31	<u><u>\$ 1,593,977</u></u>	<u><u>1,375,390</u></u>

(p) Earnings per share

For the three months ended March 31, 2023 and 2022, the Company's basic earnings per share were calculated as follows:

	For the three months ended March 31	
	2023	2022
Basic earnings per share		
Net profit attributable to ordinary shareholders of the Company	<u>\$ 749,359</u>	<u>2,072,983</u>
Weighted average number of ordinary shares (basic)	<u>881,681</u>	<u>881,681</u>
Basic earnings per share (dollars)	<u><u>\$ 0.85</u></u>	<u><u>2.35</u></u>

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, 2023, was distributed in cash using the same method for the preceding three years.

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(q) Revenue from contracts with customer

(i) Disaggregation of revenue

	For the three months ended March 31, 2023		
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 13,397,388	429,631	13,827,019
America	2,069,097	261,025	2,330,122
Switzerland	1,166,886	-	1,166,886
Mainland China	875,478	5,464	880,942
Mexico	374,642	9,531	384,173
Other countries	626,587	287,021	913,608
	\$ 18,510,078	992,672	19,502,750
Major products/services lines			
Manufacturing and sale of footwear	\$ 18,510,078	-	18,510,078
Others	-	992,672	992,672
	\$ 18,510,078	992,672	19,502,750
	For the three months ended March 31, 2022		
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 16,096,685	422,634	16,519,319
America	2,252,332	260,237	2,512,569
Mainland China	1,345,310	749	1,346,059
Switzerland	748,419	-	748,419
Mexico	401,820	4,696	406,516
Other countries	619,721	242,391	862,112
	\$ 21,464,287	930,707	22,394,994
Major products/services lines			
Manufacturing and sale of footwear	\$ 21,464,287	-	21,464,287
Others	-	930,707	930,707
	\$ 21,464,287	930,707	22,394,994

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(ii) Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Notes and accounts receivable(including related parties)	\$ 7,752,992	8,801,296	9,400,770
Less: allowance for credit loss	(7,972)	(7,972)	-
Total	\$ 7,745,020	8,793,324	9,400,770
Contract liabilities	\$ 429	317	490

Please refer to Note (6)(b) for the disclosure of notes and 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 \$26,400 thousand and \$61,590 thousand for the three months ended March 31, 2023 and 2022, and estimated its director compensation at \$15,580 thousand and \$45,749 thousand for the three months ended March 31, 2023 and 2022, 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, 2022 and 2021, the remunerations to employees amounted to \$270,000 thousand and \$185,000 thousand; and directors amounted to \$145,080 thousand and \$98,280 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 March 31, 2023 and 2022 were as follows:

	For the three months ended March 31	
	2023	2022
Interest income from bank deposits	\$ 25,719	12,376

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(ii) Other income

The details of the Group's other income for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31	
	2023	2022
Rent income	\$ 1,336	884
Government subsidy	9,271	7,599
Income from export incentives	-	26,689
Other income	110,365	110,912
	\$ 120,972	146,084

(iii) Other gains and losses

The details of the Group's other gains and losses for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31	
	2023	2022
Foreign exchange (losses) gains	\$ (99,275)	328,184
Losses on disposal of property, plant and equipment	(937)	(3,307)
Impairment loss	(515)	(1,099)
Profit from lease modification	1,226	-
Others	(7,619)	(6,689)
	\$ (107,120)	317,089

(iv) Financial costs

The details of the Group's financial costs for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31	
	2023	2022
Interest expense	\$ 50,491	32,431

(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 March 31, 2023, December 31, 2022 and March 31, 2022, 66%, 71% and 73% 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>
March 31, 2023							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 4,052,707	4,052,707	4,047,620	4,776	311	-	-
Other payables	4,565,036	4,565,036	4,564,985	51	-	-	-
Unsecured bank loans	3,388,239	3,564,380	1,385,303	325,088	1,853,989	-	-
Other long-term borrowings	107,013	107,227	54	54	53,872	53,247	-
Lease liabilities	524,599	1,389,497	31,517	53,114	68,630	163,000	1,073,236
	<u>\$ 12,637,594</u>	<u>13,678,847</u>	<u>10,029,479</u>	<u>383,083</u>	<u>1,976,802</u>	<u>216,247</u>	<u>1,073,236</u>
December 31, 2022							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 3,941,237	3,941,237	3,930,959	10,278	-	-	-
Other payables	6,442,332	6,442,332	6,442,167	165	-	-	-
Unsecured bank loans	2,841,834	3,015,952	338,049	204,239	2,473,664	-	-
Other long-term borrowings	119,031	119,265	14,532	53	52,757	51,923	-
Lease liabilities	584,172	1,469,684	51,678	33,245	74,415	172,820	1,137,526
	<u>\$ 13,928,606</u>	<u>14,988,470</u>	<u>10,777,385</u>	<u>247,980</u>	<u>2,600,836</u>	<u>224,743</u>	<u>1,137,526</u>
March 31, 2022							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 4,985,542	4,985,542	4,973,494	12,048	-	-	-
Other payables	4,115,287	4,115,287	4,115,287	-	-	-	-
Unsecured bank loans	8,556,336	8,602,936	6,611,672	765,127	1,226,137	-	-
Other long-term borrowings	111,369	111,678	56	56	13,818	97,748	-
Lease liabilities	556,822	1,418,282	29,488	53,658	81,592	175,293	1,078,251
	<u>\$ 18,325,356</u>	<u>19,233,725</u>	<u>15,729,997</u>	<u>830,889</u>	<u>1,321,547</u>	<u>273,041</u>	<u>1,078,251</u>

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

(Continued)

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

(iii) Currency risks

1) Exposure to currency risks

		March 31, 2023		
		Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	260,704	USD : TWD 30.400	7,925,390
		25,620	USD : CNY 6.8717	778,847
		1	USD : VND 23,460	29
VND		464,631,991	VND : USD 0.00004	604,022
INR		3,768,546	INR : USD 0.0122	1,393,608
IDR		98,409,334	IDR : USD 0.0001	196,819
<u>Non-monetary items</u>				
USD		32,160	USD : TWD 30.400	977,662
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		35,227	USD : TWD 30.400	1,070,899
		8,853	USD : CNY 6.8717	269,138
		185	USD : VND 23,460	5,627
VND		1,698,308,302	VND : USD 0.00004	2,207,801
INR		4,785,370	INR : USD 0.0122	1,769,630
IDR		1,296,955,471	IDR : USD 0.0001	2,593,911
		December 31, 2022		
		Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	317,778	USD : TWD 30.66	9,743,084
		31,066	USD : CNY 6.9646	952,474
		104	USD : VND 23,570	3,186
VND		387,275,775	VND : USD 0.00004	503,459
INR		2,686,296	INR : USD 0.0121	995,004
IDR		36,631,536	IDR : USD 0.0001	69,600
<u>Non-monetary items</u>				
USD		34,292	USD : TWD 30.66	1,051,389

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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December 31, 2022				
Foreign currency				
(In thousands)		Exchange rate		TWD
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	27,038	USD : TWD	30.66	828,992
	7,777	USD : CNY	6.9646	238,428
	378	USD : VND	23,570	11,577
VND	1,900,289,824	VND : USD	0.00004	2,470,377
INR	3,620,800	INR : USD	0.0121	1,341,144
IDR	1,266,479,737	IDR : USD	0.0001	2,406,311
March 31, 2022				
Foreign currency				
(In thousands)		Exchange rate		TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 325,409	USD : TWD	28.575	9,298,558
	30,325	USD : CNY	6.3482	866,526
	1	USD : VND	22,840	16
VND	497,684,463	VND : USD	0.00004	646,990
INR	2,611,315	INR : USD	0.0132	984,205
IDR	194,077,168	IDR : USD	0.0001	388,154
<u>Non-monetary items</u>				
USD	27,239	USD : TWD	28.575	778,343
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	46,658	USD : TWD	28.575	1,333,247
	9,051	USD : CNY	6.3482	258,643
	2	USD : VND	22,840	64
VND	1,285,818,939	VND : USD	0.00004	1,671,565
INR	2,446,796	INR : USD	0.0132	922,197
IDR	2,209,793	IDR : USD	0.0001	4,420

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

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 three months ended March 31, 2023 and 2022, would have increased or decreased the net profit before tax by \$149,085 thousand and \$399,716 thousand, respectively. Performed based on the same basis, the analysis of both periods assumed that all other variables remained constant.

3) Foreign exchange gain and loss on monetary items

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 three months ended March 31, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(99,275) thousand and \$328,184 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 Group'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.

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 \$2,135 thousand and increased or decreased \$986 thousand for the three months ended March 31, 2023 and 2022, respectively. This was mainly due to the Group'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.

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

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).

(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.

(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.

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

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 Group'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 Group only on a prepayment basis.

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.

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

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 March 31, 2023, December 31, 2022 and March 31, 2022, 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 March 31, 2023, December 31, 2022 and March 31, 2022, amounted to \$15,813,159 thousand, \$16,310,996 thousand and \$9,391,851 thousand, respectively.

(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.

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

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 shares or sell assets to settle any liabilities.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Total liabilities	\$ 22,642,873	24,436,440	27,602,506
Less: cash and cash equivalents	<u>(4,539,857)</u>	<u>(5,076,095)</u>	<u>(4,558,393)</u>
Net debt	18,103,016	19,360,345	23,044,113
Total equity	<u>27,189,321</u>	<u>26,873,927</u>	<u>22,172,037</u>
Total capital	<u>\$ 45,292,337</u>	<u>46,234,272</u>	<u>45,216,150</u>
Debt-to-equity ratio on period end	<u>39.97 %</u>	<u>41.87 %</u>	<u>50.96 %</u>

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

(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 three months ended March 31, 2023 and 2022.

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Non-cash changes		March 31, 2023
			Others	Foreign exchange movement	
Long-term borrowings	\$ 2,525,493	(602,625)	-	(13,135)	1,909,733
Short-term borrowings	435,372	1,152,177	-	(2,030)	1,585,519
Lease liabilities	584,172	(29,561)	9,541	(39,553)	524,599
Total liabilities from financing activities	<u>\$ 3,545,037</u>	<u>519,991</u>	<u>9,541</u>	<u>(54,718)</u>	<u>4,019,851</u>

	January 1, 2022	Cash flows	Non-cash changes		March 31, 2022
			Others	Foreign exchange movement	
Long-term borrowings	\$ 2,890,474	(1,580,435)	-	21,483	1,331,522
Short-term borrowings	6,300,675	937,648	-	97,860	7,336,183
Lease liabilities	567,349	(29,360)	922	17,911	556,822
Total liabilities from financing activities	<u>\$ 9,758,498</u>	<u>(672,147)</u>	<u>922</u>	<u>137,254</u>	<u>9,224,527</u>

(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
Vietnam Shoe Majesty Co., Ltd.	"
Hong Kong Shoe Majesty Trading Co., Ltd.	"

(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 March 31	
	2023	2022
The Group is a joint venture under the joint agreement	\$ <u>661</u>	<u>31,226</u>

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

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

(ii) Other revenue

	For the three months ended March 31	
	2023	2022
	The Group is a joint venture under the joint agreement	\$ 2,497

(iii) Receivables due from Related Parties

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

Account item	Category of related party	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	The Group is a joint venture under the joint agreement	\$ 41	21,146	20,447
Other receivables	The Group is a joint venture under the joint agreement	784	1,443	766
		\$ 825	22,589	21,213

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the three months ended March 31	
	2023	2022
	Short-term employee benefits	\$ 63,471
Post-employment benefits	1,303	1,083
	\$ 64,774	116,356

(8) Pledged assets:

The book values of pledged assets were as follows:

Pledged assets	Object	March 31, 2023	December 31, 2022	March 31, 2022
Other current financial assets	Customs deposit and lease deposit	\$ 1,371	1,364	1,186
Other non-current financial assets	Customs deposit and lease deposit	83,105	84,422	73,687
		\$ 84,476	85,786	74,873

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

(9) Commitments and contingencies:

- (a) As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group has issued promissory notes for short-term and long-term borrowings of \$9,236,000 thousand, \$9,259,400 thousand and \$8,571,750 thousand, respectively.
- (b) As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had payables in respect of important construction contracts, amounting to \$1,821,713 thousand, \$2,309,047 thousand and \$1,609,376 thousand, respectively.

(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 March 31, 2023			For the three months ended March 31, 2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		4,847,192	1,446,414	6,293,606	4,619,074	1,536,557	6,155,631
Labor and health insurance		524,505	143,161	667,666	449,939	116,989	566,928
Pension		308,734	77,178	385,912	265,895	72,299	338,194
Other employee benefits		663,396	118,884	782,280	646,300	131,165	777,465
Depreciation		539,492	172,742	712,234	507,290	158,782	666,072
Amortization		1,237	12,084	13,321	1,295	10,530	11,825

- (b) Seasonality of operation

The Group's operations are not affected by seasonal or cyclical factors.

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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 three months ended March 31, 2023 :

- i. Loans to other parties : None
- ii. Guarantees and endorsements for other parties : None
- iii. Securities held as of March 31, 2023 (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 : None
- v. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock : None
- 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	332,410	1%	30 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	95,301	1%	-
"	"	"	Purchase	1,408,583	7%	20 days	"	-	(192,392)	(3%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	Sale	297,433	1%	30 days	"	-	117,942	1%	-
"	"	"	Purchase	1,317,630	6%	15 days	"	-	(261,958)	(5%)	-
"	Vietnam Dona Orient Co., Ltd.	"	Sale	601,427	3%	75 days	"	-	575,047	5%	-
"	"	"	Purchase	1,126,678	5%	30 days	"	-	(444,634)	(8%)	-
"	Dona Victor Footwear Co., Ltd.	"	Sale	271,364	1%	30 days	"	-	102,465	1%	-
"	"	"	Purchase	1,629,053	8%	30 days	"	-	(479,774)	(9%)	-
"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sale	507,766	2%	60/90 days	"	-	466,836	4%	-
"	"	"	Purchase	1,292,817	6%	30 days	"	-	(406,078)	(7%)	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sale	141,727	1%	15 days	"	-	22,665	-	-
"	"	"	Purchase	709,701	3%	15 days	"	-	(112,105)	(2%)	-

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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.	Fujian San Feng Footwear Co., Ltd.	Parent and subsidiary	Sale	153,243	1%	15 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	38,850	-	-
"	"	"	Purchase	424,204	2%	15 days	"	-	(76,030)	(1%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	"	Sale	301,433	1%	15 days	"	-	47,299	-	-
"	"	"	Purchase	864,026	4%	15days	"	-	(194,966)	(4%)	-
"	Fujian Great Hope Footwear Co., Ltd.	"	Purchase	342,633	2%	60 days	"	-	(214,296)	(4%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sale	776,325	3%	90 days	"	-	886,469	8%	-
"	"	"	Purchase	3,768,085	18%	10 days	"	-	(616,961)	(11%)	-
"	Vung Tau Orient Co., Ltd.	"	Sale	287,556	1%	90 days	"	-	480,003	4%	-
"	"	"	Purchase	648,161	3%	10 days	"	-	(157,071)	(3%)	-
"	East Wind Footwear Co., Ltd.(India Branch)	"	Sale	479,056	2%	60 days	"	-	477,024	4%	-
"	"	"	Purchase	1,144,197	6%	10/30 days	"	-	(254,185)	(5%)	-
"	Fairway Enterprises Co., Ltd. (India Branch)	"	Sale	669,418	3%	30/60 days	"	-	504,300	5%	-
"	"	"	Purchase	1,150,723	6%	30 days	"	-	(268,445)	(5%)	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	1,408,583	99%	20 days	"	-	192,392	97%	-
"	"	"	Purchase	332,410	36%	30 days	"	-	(95,301)	(36%)	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	709,701	72%	15 days	"	-	112,105	55%	-
"	"	"	Purchase	141,727	27%	15 days	"	-	(22,665)	(12%)	-
Fujian Xiefeng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	864,026	72%	15 days	"	-	194,966	55%	-
"	"	"	Purchase	301,433	61%	15 days	"	-	(47,299)	(26%)	-
Fujian San Feng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	424,204	53%	15 days	"	-	76,030	39%	-
"	"	"	Purchase	153,243	36%	15 days	"	-	(38,850)	(22%)	-
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	342,633	97%	60 days	"	-	214,296	98%	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Associate	Sale	815,784	100%	Payment after Delivery	"	-	475,849	98%	-
Hong Kong Shoe Majesty Trading Co., Ltd.	Vietnam Shoe Majesty Co., Ltd.	Associate	Purchase	815,784	100%	Payment after Delivery	"	-	(475,849)	(98%)	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,629,053	100%	30 days	"	-	479,774	99%	-
"	"	"	Purchase	271,364	64%	30 days	"	-	(102,465)	(27%)	-
Dona Pacific (Vietnam) Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,317,630	92%	15 days	"	-	261,958	85%	-
"	"	"	Purchase	297,433	92%	30 days	"	-	(117,942)	(31%)	-

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)	
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,126,678	64%	30 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	444,634	54%	-
"	"	"	Purchase	601,427	81%	75 days	"	-	(575,047)	(74%)	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	648,161	99%	10 days	"	-	157,071	99%	-
"	"	"	Purchase	287,556	74%	90 days	"	-	(480,003)	(70%)	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	3,768,085	96%	10 days	"	-	616,961	84%	-
"	"	"	Purchase	776,325	83%	90 days	"	-	(886,469)	(59%)	-
East Wind Footwear Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,144,197	100%	10/30 days	"	-	254,185	99%	-
"	"	"	Purchase	479,056	95%	60 days	"	-	(477,024)	(92%)	-
Lotus Footwear Enterprises Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,292,817	97%	30 days	"	-	406,078	95%	-
"	"	"	Purchase	507,766	98%	60/90 days	"	-	(466,836)	(93%)	-
Fairway Enterprises Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,150,723	100%	30 days	"	-	268,445	99%	-
"	"	"	Purchase	669,418	98%	30/60 days	"	-	(504,300)	(91%)	-

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.	Dona Pacific (Vietnam) Co., Ltd.	Parent and subsidiary	117,942	12.46	-	-	53,071	-
"	Vietnam Dona Orient Co., Ltd.	"	575,047	4.40	-	-	102,416	-
"	Dona Victor Footwear Co., Ltd.	"	102,465	11.82	-	-	49,880	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	886,469	3.40	-	-	199,204	-
"	Vung Tau Orient Co., Ltd.	"	480,003	2.91	171,893	-	46,559	-
"	Lotus Footwear Enterprises Ltd. (India Branch)	"	466,836	4.01	-	-	39,576	-
"	"	"	274,955	Note 2	-	-	-	-
"	East Wind Footwear Co., Ltd. (India Branch)	"	477,024	4.34	-	-	87,448	-
"	"	"	102,260	Note 2	-	-	-	-
"	Fairway Enterprises Co., Ltd. (India Branch)	"	502,300	5.40	-	-	137,564	-

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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.	Fairway Enterprises Co., Ltd. (India Branch)	Parent and subsidiary	249,173	Note 2	-	-	-	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	192,392	18.15	-	-	192,392	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	112,105	19.79	-	-	112,105	-
Fujian Xiefeng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	194,966	15.89	-	-	194,966	-
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	214,296	7.27	-	-	96,565	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Associate	475,849	5.14	-	-	45,360	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	479,774	11.67	-	-	427,678	-
Dona Pacific (Vietnam) Co., Ltd	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	261,958	17.05	-	-	261,958	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	444,634	9.44	-	-	374,404	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	157,071	17.91	-	-	157,071	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	616,961	22.67	-	-	600,718	-
East Wind Footwear Co.,Ltd.(India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	254,185	19.02	-	-	211,074	-
Lotus Footwear Enterprises Ltd.(India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	406,078	11.00	-	-	333,812	-
Fairway Enterprises Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	268,445	10.59	-	-	193,483	-

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	332,410	Note 3	1.7044%
"	"	"	"	Cost of sales	1,408,583	Note 3	7.2225%
"	"	"	"	Accounts receivable due from related parties	95,301	30days	0.1912%
"	"	"	"	Accounts payable to related parties	192,392	20days	0.3861%
"	"	Dona Pacific (Vietnam) Co., Ltd.	4	Sales revenue	297,433	Note 3	1.5251%
"	"	"	"	Cost of sales	1,317,630	Note 3	6.7561%
"	"	"	"	Accounts receivable due from related parties	117,942	30days	0.2367%
"	"	"	"	Accounts payable to related parties	261,958	15days	0.5257%
"	"	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	601,427	Note3	3.0838%
"	"	"	"	Cost of sales	1,126,678	Note3	5.7770%

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.	Vietnam Dona Orient Co., Ltd.	4	Accounts receivable due from related parties	575,047	75days	1.1540%
"	"	"	"	Accounts payable to related parties	444,634	30days	0.8923%
"	"	Dona Victor Footwear Co., Ltd.	"	Sales revenue	271,364	Note3	1.3914%
"	"	"	"	Cost of sales	1,629,053	Note3	8.3529%
"	"	"	"	Accounts receivable due from related parties	102,465	30days	0.2056%
"	"	"	"	Accounts payable to related parties	479,774	30days	0.9628%
"	"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sales revenue	507,766	Note3	2.6036%
"	"	"	"	Cost of sales	1,292,817	Note3	6.6289%
"	"	"	"	Accounts receivable due from related parties	466,836	60/90days	0.9368%
"	"	"	"	Accounts payable to related parties	406,078	30days	0.8149%
"	"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sales revenue	141,727	Note3	0.7267%
"	"	"	"	Cost of sales	709,701	Note3	3.6390%
"	"	"	"	Accounts receivable due from related parties	22,665	15days	0.0455%
"	"	"	"	Accounts payable to related parties	112,105	15days	0.2250%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	153,243	Note3	0.7858%
"	"	"	"	Cost of sales	424,204	Note3	2.1751%
"	"	"	"	Accounts receivable due from related parties	38,850	15days	0.0780%
"	"	"	"	Accounts payable to related parties	76,030	15days	0.1526%
"	"	Fujian Xiefeng Footwear Co., Ltd.	"	Sales revenue	301,433	Note3	1.5456%
"	"	"	"	Cost of sales	864,026	Note3	4.4303%
"	"	"	"	Accounts receivable due from related parties	47,299	15days	0.0949%
"	"	"	"	Accounts payable to related parties	194,966	15days	0.3912%
"	"	Fujian Great Hope Footwear Co., Ltd.	"	Cost of sales	342,633	Note3	1.7568%
"	"	"	"	Accounts payable to related parties	214,296	60days	0.4300%
"	"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sales revenue	776,325	Note3	3.9806%
"	"	"	"	Cost of sales	3,768,085	Note3	19.3208%
"	"	"	"	Accounts receivable due from related parties	886,469	90days	1.7789%
"	"	"	"	Accounts payable to related parties	616,961	10days	1.2381%

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.	Vung Tau Orient Co., Ltd.	4	Sales revenue	287,556	Note3	1.4744%
"	"	"	"	Cost of sales	648,161	Note3	3.3234%
"	"	"	"	Accounts receivable due from related parties	480,003	90days	0.9632%
"	"	"	"	Accounts payable to related parties	157,071	10days	0.3152%
"	"	East Wind Footwear Co., Ltd.(India Branch)	"	Sales revenue	479,056	Note3	2.4564%
"	"	"	"	Cost of sales	1,144,197	Note3	5.8668%
"	"	"	"	Accounts receivable due from related parties	477,024	60days	0.9573%
"	"	"	"	Accounts payable to related parties	254,185	10/30days	0.5101%
"	"	Fairway Enterprises Co., Ltd. (India Branch)	"	Sales revenue	669,418	Note3	3.4324%
"	"	"	"	Cost of sales	1,150,723	Note3	5.9003%
"	"	"	"	Accounts receivable due from related parties	504,300	30/60days	1.0120%
"	"	"	"	Accounts payable to related parties	268,445	30days	0.5387%

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 three months ended March 31, 2023 (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 March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				March 31, 2023	December 31, 2022	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	1,324,722	1,322,618	53,999	99.99%	1,106,295	(188,484)	(188,308)	Subsidiary (Note 5)
"	PT Rich Valley Indonesia	"	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	1,063,389	899,054	519,990	99.99%	1,099,648	2,717	2,717	"

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 March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				March 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
Feng Tay Enterprises Co., Ltd.	Growth-Link Overseas Co., Ltd.	Bermuda	Investment holding	5,521,531	5,521,531	6,000,000	100.00%	14,039,388	69,130	69,130	Subsidiary (Note 5)
"	VX Holdings Ltd.	British Virgin Islands	Investment holding	447,734	447,734	38,280	47.26%	794,822	(92,455)	(43,694)	"
"	Shoe Majesty Co., Ltd.	"	Investment holding	203,466	203,466	6,120	20.40%	393,617	(41,336)	(8,433)	Investee under the equity method
"	Dona Orient Holdings Ltd.	"	Investment holding	1,529,723	1,529,723	44,753	40.97%	3,384,567	(238,035)	(97,523)	Subsidiary (Note 5)
"	Great Eastern Industries Ltd.	Hong Kong	International trade services	30,358	30,358	1,000	100.00%	32,102	1,164	1,164	"
"	Great South Private Ltd.	Singapore	Investment holding	26,037	16,845	1,200	100.00%	12,648	(4,161)	(4,161)	"
"	India Tindivandam Footwear Private Limited	India	Manufacturing of athletic shoes, semi-finished footwear and footwear accessories	539,956	330,659	144,320,000	96.17%	521,390	(3,214)	(3,017)	"
Growth-Link Overseas Co., Ltd.	VX Mold Co., Ltd.	British Virgin Islands	Investment holding	15,224	15,224	372,000	93.00%	206,149	44,731	41,600	Subsidiary (Note 5)
"	VX Holdings Ltd.	"	Investment holding	289,037	289,037	36,342	44.87%	784,174	(92,455)	(41,482)	Investee under the equity method (Note 5)
"	Dona Pacific Holdings Ltd.	"	Investment holding and sale of finished shoes	379,215	379,215	23,000	92.00%	1,143,022	(90,124)	(82,915)	Subsidiary (Note 5)
"	Shoe Majesty Co., Ltd.	"	Investment holding	244,577	244,577	8,580	28.60%	584,045	(41,336)	(11,822)	Investee under the equity method
"	Dona Orient Holdings Ltd.	"	Investment holding	2,001,768	2,001,768	64,483	59.03%	5,140,140	(238,035)	(140,512)	Subsidiary (Note 5)
"	Lotus Footwear Enterprises Ltd.	"	Investment holding business, and manufacturing and selling of finished shoe	2,068,416	2,068,416	34,020	88.00%	3,952,773	95,568	84,099	"
"	PT Rich Valley Indonesia	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	22	22	10	0.01%	110	2,717	-	Investee under the equity method (Note 5)
"	PT Feng Tay Indonesia Enterprises	"	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	21	-	1	0.01%	21	(188,484)	(2)	"
"	Cheyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	-	-	1	0.01%	-	18,963	-	"
VX Holdings Ltd.	Dona Victor Footwear Co., Ltd.	Vietnam	Producing of athletic shoes, semi-finished footwear, and footwear accessories	1,002,720	1,002,720	Note4	100.00%	1,751,014	(92,157)	(92,157)	Subsidiary (Note 5)
Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Hong Kong	International trade services	6,080	6,080	200	100.00%	64,440	(1,838)	(1,838)	Subsidiary
"	Vietnam Shoe Majesty Co., Ltd.	Vietnam	Manufacturing footwear products	1,124,800	1,124,800	Note4	100.00%	1,915,792	(33,140)	(33,140)	"
Dona Orient Holdings Ltd.	Vietnam Dona Orient Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,337,600	1,337,600	Note4	100.00%	2,106,972	(46,689)	(46,689)	Subsidiary (Note 5)

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				March 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
Dona Orient Holdings Ltd.	Vietnam Dona Standard Footwear Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	2,301,280	2,301,280	Note4	100.00%	4,135,011	(122,416)	(122,416)	Subsidiary (Note 5)
"	Vung Tau Orient Co., Ltd.	"	Producing golf balls, soccer balls, and backpack, bags	705,986	705,986	"	100.00%	722,378	(62,743)	(62,743)	"
"	Vietnam Nam Ha Footwear Co., Ltd.	"	Producing athletic shoes, semi-finished footwear, and footwear accessories	1,307,200	1,307,200	"	100.00%	1,271,879	(5,940)	(5,940)	"
VX Mold Co., Ltd.	Dona Victor Molds Mfg. Co., Ltd.	Vietnam	Manufacturing and repair of molds, cutting dies, and processing of metal parts	94,240	94,240	Note4	100.00%	217,922	44,950	44,950	Subsidiary (Note 5)
Dona Pacific Holdings Ltd.	Dona Pacific (Vietnam) Co., Ltd.	Vietnam	Producing athletic shoes, semi-finished footwear, and footwear accessories	608,000	608,000	Note4	100.00%	1,240,113	(89,894)	(89,894)	Subsidiary (Note 5)
Lotus Footwear Enterprises Ltd.	Cheyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	3,459,263	3,160,638	112,999,999	99.99%	2,698,864	18,963	18,963	Subsidiary (Note 5)
"	East Wind Footwear Co., Ltd.	British Virgin Islands	Investment holding and production of athletic shoes	502,579	502,579	9,751	100.00%	882,370	30,672	30,672	"
"	Fairway Enterprises Co., Ltd.	"	Investment holding and production of athletic shoes	1,561,635	1,561,635	29,501	100.00%	1,901,602	44,178	44,178	"

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 March 31, 2023, reviewed by certified public accountants, except that some of the investees were presented based on the unreviewed financial statements as of March 31, 2023.

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, 2023 (Note 7)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023 (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.	136,800	Note 1	166,579	-	-	166,579	178	50.00%	89	24,547	102,352
Xie Feng Mold Co., Ltd. Putian, Fujian	Manufacturing and repair of molds, cutting dies, shoe lasts, injections, and processing of metal parts.	91,200	"	146,019	-	-	146,019	29,570	50.34%	14,884	99,226	1,086,513
Fujian Xiefeng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	456,000	"	172,436	-	-	172,436	160,513	77.50%	124,398	712,123	989,768

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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, 2023 (Note 7)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023 (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 San Feng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	456,000	Note 1	275,903	-	-	275,903	130,442	68.00%	88,701	303,240	1,008,050
Fujian Da Feng Holdings Co., Ltd.	Investment holding.	820,800	"	915,384	-	63,840	851,544	212,867	70.00%	149,007	1,621,480	5,928,741
Fujian Great Hope Footwear Co., Ltd.	Production of athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	241,680	"	406,889	-	-	406,889	32,435	84.73%	27,484	475,626	549,947
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	456,000	Note 2	-	-	-	-	26,600	70.00%	18,620	481,651	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	77,907	"	-	-	-	-	17,254	66.07%	11,399	147,610	-

ii. Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of March 31, 2023 (Note 4 and 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5 and 7)	Upper Limit on Investment (Note 6)
2,019,370	2,752,798	15,357,206

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 March 31, 2023.

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 20,185,981.

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 30.4 on March 31, 2023.

Note 8 : Calculated based on the average closing exchange rate of 30.2717 between January and the end of March 2023.

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".

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(d) Major shareholders

Shareholding Shareholder's Name	Shares	Percentage
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.

(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 :

	<u>Department of manufacturing and selling shoes</u>	<u>Other Departments</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
For the three months ended				
March 31, 2023				
Revenue				
Revenue from external customers	\$ 18,510,078	992,672	-	19,502,750
Intersegment revenues	20,836,006	992,147	(21,828,153)	-
Total revenue	\$ 39,346,084	1,984,819	(21,828,153)	19,502,750
Reportable segment profit or loss	\$ 885,984	(38,187)	47,933	895,730
For the three months ended				
March 31, 2022				
Revenue				
Revenue from external customers	\$ 21,464,287	930,707	-	22,394,994
Intersegment revenues	25,011,387	733,825	(25,745,212)	-
Total revenue	\$ 46,475,674	1,664,532	(25,745,212)	22,394,994
Reportable segment profit or loss	\$ 3,048,368	49,402	(63,061)	3,034,709