

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

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2021 and 2020**

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

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

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安侯建業聯合會計師事務所

KPMG

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

Telephone 電話 + 886 2 8101 6666  
Fax 傳真 + 886 2 8101 6667  
Internet 網址 home.kpmg/tw

## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Feng Tay Enterprises Company Limited and its subsidiaries (“the Group”), as of June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note (4)(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$10,652,224 thousand and \$11,807,711 thousand, constituting 24.57% and 30.07% of consolidated total assets as of June 30, 2021 and 2020, respectively; total liabilities amounting to \$3,587,173 thousand and \$3,870,707 thousand, constituting 16.70% and 17.65% of consolidated total liabilities as of June 30, 2021 and 2020, respectively, and total comprehensive income (loss) amounting to \$(134,821) thousand, \$147,565 thousand, \$90,819 thousand and \$643,293 thousand, constituting (9.42)%, 21.62%, 2.80% and 30.48% of consolidated total comprehensive income (loss) for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020, respectively.

Furthermore, as stated in Note (6)(e), the other equity accounted investments of the Group in its investee companies of \$746,077 thousand and \$772,046 thousand as of June 30, 2021 and 2020, respectively, and its equity in net gain on these investee companies of \$34,854 thousand, \$15,392 thousand, \$40,713 thousand and \$3,204 thousand for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020, 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 June 30, 2021 and 2020, and of its consolidated financial performance for the three months and the six months ended June 30, 2021 and 2020, as well as its consolidated cash flows for the six months ended June 30, 2021 and 2020 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 Ying-Ju Chen and Rou-Lan Kuo.

KPMG

Taipei, Taiwan (Republic of China)  
August 12, 2021

### **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 Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

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

**Consolidated Statements of Comprehensive Income**

**For the three months and six months ended June 30, 2021 and 2020**

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

|      | For the three months ended June 30   |      |              |      | For the six months ended June 30 |      |              |      |
|------|--|------|--------------|------|----------------------------------|------|--------------|------|
|      | 2021   |      | 2020         |      | 2021                             |      | 2020         |      |
|      | Amount   | %    | Amount       | %    | Amount                           | %    | Amount       | %    |
| 4000 | <b>Operating revenues (Notes (6)(r) and (7))</b>   |      |              |      |                                  |      |              |      |
|      | \$ 19,697,860  | 100  | 15,920,632   | 100  | 39,034,685                       | 100  | 34,040,847   | 100  |
| 5000 | <b>Operating costs (Note (6)(d))</b>   |      |              |      |                                  |      |              |      |
|      | (14,727,785)   | (75) | (12,160,511) | (76) | (29,313,450)                     | (75) | (26,287,631) | (77) |
|      | <b>Gross profit from operations</b>  |      |              |      |                                  |      |              |      |
|      | 4,970,075  | 25   | 3,760,121    | 24   | 9,721,235                        | 25   | 7,753,216    | 23   |
|      | <b>Operating expenses:</b>   |      |              |      |                                  |      |              |      |
| 6100 | Selling and administrative expenses  |      |              |      |                                  |      |              |      |
|      | (1,801,976)  | (9)  | (1,551,739)  | (10) | (3,585,898)                      | (9)  | (3,428,677)  | (10) |
| 6300 | Research and development expenses  |      |              |      |                                  |      |              |      |
|      | (682,509)  | (3)  | (619,717)    | (4)  | (1,332,123)                      | (3)  | (1,262,513)  | (4)  |
|      | <b>Total operating expenses</b>  |      |              |      |                                  |      |              |      |
|      | (2,484,485)  | (12) | (2,171,456)  | (14) | (4,918,021)                      | (12) | (4,691,190)  | (14) |
|      | <b>Net operating income</b>  |      |              |      |                                  |      |              |      |
|      | 2,485,590  | 13   | 1,588,665    | 10   | 4,803,214                        | 13   | 3,062,026    | 9    |
|      | <b>Non-operating income and expenses:</b>  |      |              |      |                                  |      |              |      |
| 7100 | Interest income (Note (6)(t))  |      |              |      |                                  |      |              |      |
|      | 7,370  | -    | 12,146       | -    | 18,386                           | -    | 25,773       | -    |
| 7010 | Other income (Note (6)(t))   |      |              |      |                                  |      |              |      |
|      | 122,934  | 1    | 231,249      | 1    | 274,436                          | 1    | 597,609      | 1    |
| 7020 | Other gains and losses, net (Note (6)(t))  |      |              |      |                                  |      |              |      |
|      | (166,301)  | (1)  | (235,047)    | (1)  | 63,859                           | -    | (80,764)     | -    |
| 7050 | Financial costs (Note (6)(t))  |      |              |      |                                  |      |              |      |
|      | (24,264)   | -    | (34,615)     | -    | (48,822)                         | -    | (73,559)     | -    |
| 7060 | Share of profit (loss) of associates and joint ventures  |      |              |      |                                  |      |              |      |
|      | accounted for using equity method (Note (6)(e))  |      |              |      |                                  |      |              |      |
|      | 34,854   | -    | 15,392       | -    | 40,713                           | -    | 3,204        | -    |
|      | <b>Total non-operating income and expenses</b>   |      |              |      |                                  |      |              |      |
|      | (25,407)   | -    | (10,875)     | -    | 348,572                          | 1    | 472,263      | 1    |
|      | <b>Profit from continuing operations before tax</b>  |      |              |      |                                  |      |              |      |
|      | 2,460,183  | 13   | 1,577,790    | 10   | 5,151,786                        | 14   | 3,534,289    | 10   |
| 7950 | <b>Less: Income tax expenses (Note (6)(o))</b>   |      |              |      |                                  |      |              |      |
|      | 602,187  | 3    | 468,824      | 3    | 1,464,832                        | 4    | 1,018,310    | 3    |
|      | <b>Net profit</b>  |      |              |      |                                  |      |              |      |
|      | 1,857,996  | 10   | 1,108,966    | 7    | 3,686,954                        | 10   | 2,515,979    | 7    |
|      | <b>Other comprehensive income:</b>   |      |              |      |                                  |      |              |      |
| 8360 | <b>Item that may be reclassified subsequently to profit or loss</b>  |      |              |      |                                  |      |              |      |
| 8361 | Exchange differences on translation of foreign financial statements  |      |              |      |                                  |      |              |      |
|      | (411,347)  | (2)  | (412,182)    | (3)  | (425,449)                        | (1)  | (397,389)    | (1)  |
| 8370 | Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss |      |              |      |                                  |      |              |      |
|      | (17,340)   | -    | (15,386)     | -    | (16,266)                         | -    | (9,068)      | -    |
| 8399 | Income tax related to components of other comprehensive income that will may be reclassified to profit or loss   |      |              |      |                                  |      |              |      |
|      | 1,443  | -    | 1,281        | -    | 1,354                            | -    | 755          | -    |
|      | <b>Item that may be reclassified subsequently to profit or loss</b>  |      |              |      |                                  |      |              |      |
|      | (427,244)  | (2)  | (426,287)    | (3)  | (440,361)                        | (1)  | (405,702)    | (1)  |
|      | <b>Other comprehensive income</b>  |      |              |      |                                  |      |              |      |
|      | (427,244)  | (2)  | (426,287)    | (3)  | (440,361)                        | (1)  | (405,702)    | (1)  |
| 8500 | <b>Total comprehensive income</b>  |      |              |      |                                  |      |              |      |
|      | \$ 1,430,752   | 8    | 682,679      | 4    | 3,246,593                        | 9    | 2,110,277    | 6    |
|      | <b>Net profit (loss), attributable to:</b>   |      |              |      |                                  |      |              |      |
| 8610 | Net profit (loss), attributable to owners of parent  |      |              |      |                                  |      |              |      |
|      | \$ 1,701,007   | 9    | 943,605      | 6    | 3,340,868                        | 9    | 2,215,827    | 6    |
| 8620 | Net profit (loss), attributable to non-controlling interests   |      |              |      |                                  |      |              |      |
|      | 156,989  | 1    | 165,361      | 1    | 346,086                          | 1    | 300,152      | 1    |
|      | \$ 1,857,996   | 10   | 1,108,966    | 7    | 3,686,954                        | 10   | 2,515,979    | 7    |
|      | <b>Comprehensive income attributable to:</b>   |      |              |      |                                  |      |              |      |
| 8710 | Comprehensive income, attributable to owners of parent   |      |              |      |                                  |      |              |      |
|      | \$ 1,303,053   | 7    | 559,417      | 3    | 2,933,825                        | 8    | 1,864,883    | 5    |
| 8720 | Comprehensive income, attributable to non-controlling interests  |      |              |      |                                  |      |              |      |
|      | 127,699  | 1    | 123,262      | 1    | 312,768                          | 1    | 245,394      | 1    |
|      | \$ 1,430,752   | 8    | 682,679      | 4    | 3,246,593                        | 9    | 2,110,277    | 6    |
|      | <b>Earnings per share (Note (6)(q))</b>  |      |              |      |                                  |      |              |      |
| 9750 | <b>Basic earnings per share</b>  |      |              |      |                                  |      |              |      |
|      | \$ 1.93  |      | 1.07         |      | 3.79                             |      | 2.51         |      |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

|  | Equity attributable to owners of parent |                                  |                   |                  |                  |                                  | Total other equity interest   |   |                           |                   |
|--|---|----------------------------------|-------------------|------------------|------------------|----------------------------------|---|---|---------------------------|-------------------|
|  | Share capital                           |                                  | Retained earnings |                  |                  |                                  | Exchange differences on translation of foreign financial statements | Total equity attributable to owners of parent | Non-controlling interests | Total equity      |
|  | Ordinary shares                         | Stock dividend to be distributed | Capital surplus   | Legal reserve    | Special reserve  | Unappropriated retained earnings |   |   |                           |                   |
| <b>Balance on January 1, 2020</b>                    | \$ 7,347,342                            | -                                | 49,429            | 4,105,480        | 631,967          | 5,726,279                        | (1,247,402)   | 16,613,095                                    | 2,120,046                 | 18,733,141        |
| Net profit   | -                                       | -                                | -                 | -                | -                | 2,215,827                        | -   | 2,215,827                                     | 300,152                   | 2,515,979         |
| Other comprehensive income                           | -                                       | -                                | -                 | -                | -                | -                                | (350,944)   | (350,944)                                     | (54,758)                  | (405,702)         |
| Total comprehensive income                           | -                                       | -                                | -                 | -                | -                | 2,215,827                        | (350,944)   | 1,864,883                                     | 245,394                   | 2,110,277         |
| Appropriation and distribution of retained earnings: |   |                                  |                   |                  |                  |                                  |   |   |                           |                   |
| Legal reserve appropriated                           | -                                       | -                                | -                 | 570,893          | -                | (570,893)                        | -   | -   | -                         | -                 |
| Special reserve appropriated                         | -                                       | -                                | -                 | -                | 615,435          | (615,435)                        | -   | -   | -                         | -                 |
| Cash dividends of ordinary share                     | -                                       | -                                | -                 | -                | -                | (2,938,937)                      | -   | (2,938,937)                                   | -                         | (2,938,937)       |
| Stock dividends of ordinary share                    | -                                       | 1,469,469                        | -                 | -                | -                | (1,469,469)                      | -   | -   | -                         | -                 |
| Due to donated assets received                       | -                                       | -                                | (22)              | -                | -                | -                                | -   | (22)  | -                         | (22)              |
| Changes in non-controlling interests                 | -                                       | -                                | -                 | -                | -                | -                                | -   | -   | (566,268)                 | (566,268)         |
| <b>Balance on June 30, 2020</b>                      | <u>\$ 7,347,342</u>                     | <u>1,469,469</u>                 | <u>49,407</u>     | <u>4,676,373</u> | <u>1,247,402</u> | <u>2,347,372</u>                 | <u>(1,598,346)</u>  | <u>15,539,019</u>                             | <u>1,799,172</u>          | <u>17,338,191</u> |
| <b>Balance on January 1, 2021</b>                    | \$ 8,816,811                            | -                                | 50,025            | 4,676,373        | 1,247,402        | 4,631,561                        | (2,082,107)   | 17,340,065                                    | 2,015,027                 | 19,355,092        |
| Net profit   | -                                       | -                                | -                 | -                | -                | 3,340,868                        | -   | 3,340,868                                     | 346,086                   | 3,686,954         |
| Other comprehensive income                           | -                                       | -                                | -                 | -                | -                | -                                | (407,043)   | (407,043)                                     | (33,318)                  | (440,361)         |
| Total comprehensive income                           | -                                       | -                                | -                 | -                | -                | 3,340,868                        | (407,043)   | 2,933,825                                     | 312,768                   | 3,246,593         |
| Due to donated assets received                       | -                                       | -                                | (17)              | -                | -                | -                                | -   | (17)  | -                         | (17)              |
| Changes in non-controlling interests                 | -                                       | -                                | -                 | -                | -                | -                                | -   | -   | (718,290)                 | (718,290)         |
| <b>Balance on June 30, 2021</b>                      | <u>\$ 8,816,811</u>                     | <u>-</u>                         | <u>50,008</u>     | <u>4,676,373</u> | <u>1,247,402</u> | <u>7,972,429</u>                 | <u>(2,489,150)</u>  | <u>20,273,873</u>                             | <u>1,609,505</u>          | <u>21,883,378</u> |

See accompanying notes to consolidated financial statements.

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

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

**Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2021 and 2020**  
(Expressed in Thousands of New Taiwan Dollars)

|   | <b>For the six months ended June 30</b> |                    |
|---|---|--------------------|
|   | <b>2021</b>                             | <b>2020</b>        |
| <b>Cash flows from (used in) operating activities:</b>                                      |   |                    |
| Profit before tax   | \$ 5,151,786                            | 3,534,289          |
| Adjustments:  |   |                    |
| <b>Adjustments to reconcile profit (loss):</b>  |   |                    |
| Depreciation expense  | 1,223,038                               | 1,159,635          |
| Amortization expense  | 20,538                                  | 19,617             |
| Interest expense  | 48,822                                  | 73,559             |
| Interest income   | (18,386)                                | (25,773)           |
| Share of loss (profit) of associates and joint ventures accounted for using equity method   | (40,713)                                | (3,204)            |
| Loss on disposal of property, plan and equipment  | 5,946                                   | 5,862              |
| Gain on disposal of investment properties   | (109,825)                               | -                  |
| Impairment losses   | 5,849                                   | 3,441              |
| <b>Total adjustments to reconcile profit</b>  | <u>1,135,269</u>                        | <u>1,233,137</u>   |
| <b>Changes in operating assets and liabilities:</b>   |   |                    |
| <b>Changes in operating assets:</b>   |   |                    |
| Decrease (increase) in notes and accounts receivable  | (895,703)                               | 834,588            |
| Decrease (increase) in other receivables  | (157,729)                               | 62,331             |
| Decrease (increase) in inventories  | 260,402                                 | (109,499)          |
| Decrease (increase) in other current assets   | 5,478                                   | 4,503              |
| Decrease (increase) in other current financial assets                                       | (1,218,271)                             | (122,461)          |
| Decrease (increase) in other non-current assets   | 78,311                                  | (170,499)          |
| <b>Total changes in operating assets</b>  | <u>(1,927,512)</u>                      | <u>498,963</u>     |
| <b>Changes in operating liabilities:</b>  |   |                    |
| Increase (decrease) in contract liabilities   | (1,734)                                 | (6,746)            |
| Increase (decrease) in notes and accounts payable   | (543,589)                               | (1,009,411)        |
| Increase (decrease) in other payable  | (1,080,497)                             | (1,740,356)        |
| Increase (decrease) in other current liabilities  | 38,077                                  | 4,014              |
| Increase (decrease) in net defined benefit liability  | (2,973)                                 | 28,586             |
| Increase (decrease) in other non-current liabilities  | 27,138                                  | 4,162              |
| <b>Total changes in operating liabilities</b>   | <u>(1,563,578)</u>                      | <u>(2,719,751)</u> |
| <b>Total changes in operating assets and liabilities</b>                                    | <u>(3,491,090)</u>                      | <u>(2,220,788)</u> |
| <b>Total adjustments</b>  | <u>(2,355,821)</u>                      | <u>(987,651)</u>   |
| Cash inflow generated from operations   | 2,795,965                               | 2,546,638          |
| Interest received   | 21,626                                  | 28,973             |
| Interest paid   | (49,028)                                | (74,185)           |
| Income taxes paid   | (2,081,442)                             | (363,123)          |
| <b>Net cash flows from operating activities</b>   | <u>687,121</u>                          | <u>2,138,303</u>   |
| <b>Cash flows from (used in) investing activities:</b>                                      |   |                    |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 422                                     | -                  |
| Acquisition of property, plant and equipment  | (1,695,291)                             | (1,777,121)        |
| Proceeds from disposal of property, plant and equipment                                     | 51,535                                  | 41,992             |
| Acquisition of intangible assets  | (21,866)                                | (28,642)           |
| Proceeds from disposal of investment properties   | 123,373                                 | -                  |
| Decrease (increase) in other non-current financial assets                                   | (1,246)                                 | (10,732)           |
| Decrease (increase) in other non-current assets   | 11,914                                  | (16,504)           |
| Dividends received  | 49,626                                  | -                  |
| <b>Net cash flows used in investing activities</b>  | <u>(1,481,533)</u>                      | <u>(1,791,007)</u> |
| <b>Cash flows from (used in) financing activities:</b>                                      |   |                    |
| Decrease in short-term borrowings   | (835,924)                               | (676,628)          |
| Proceeds from long-term borrowings  | 635,044                                 | 820,284            |
| Repayments of long-term borrowings  | (76,337)                                | (759,065)          |
| Payment of lease liabilities  | (19,093)                                | (15,520)           |
| Change in non-controlling interests   | (785,946)                               | (578,479)          |
| <b>Net cash flows used in financing activities</b>  | <u>(1,082,256)</u>                      | <u>(1,209,408)</u> |
| Effect of exchange rate changes on cash and cash equivalents                                | (109,031)                               | (201,829)          |
| Net decrease in cash and cash equivalents   | (1,985,699)                             | (1,063,941)        |
| Cash and cash equivalents at beginning of period  | 4,717,157                               | 4,038,083          |
| Cash and cash equivalents at end of period  | <u>\$ 2,731,458</u>                     | <u>2,974,142</u>   |

See accompanying notes to consolidated financial statements.

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

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

**Notes to the Consolidated Financial Statements**

**June 30, 2021 and 2020**

**(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 product development, technology research, 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 August 12, 2021.

**(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, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to 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”

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

- (a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

- (b) Basis of consolidation

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

| Name of investor | Name of subsidiary                   | Principal activity  | Shareholding  |                   |               | Description   |
|------------------|--------------------------------------|---|---------------|-------------------|---------------|---|
|                  |                                      |   | June 30, 2021 | December 31, 2020 | June 30, 2020 |   |
| The Company      | PT Feng Tay Indonesia Enterprises    | Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories. | 99.81 %       | 99.81 %           | 99.81 %       | PT Feng Tay Indonesia Enterprises was established in Indonesia in 1992, and has paid in capital of USD27,000,000.(Note2)                                |
| The Company      | Growth-Link Overseas Co., Ltd. (GLO) | Investment holding, selling of athletic shoes, and trading of footwear materials.               | 100.00 %      | 100.00 %          | 100.00 %      | Growth-Link Overseas Co., Ltd. was established in Bermuda in 1991, and has paid in capital of USD27,513,036 (including share premium of USD27,453,036). |

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

| Name of investor   | Name of subsidiary                              | Principal activity  | Shareholding  |                   |               | Description  |
|--------------------|---|---|---------------|-------------------|---------------|--|
|                    |   |   | June 30, 2021 | December 31, 2020 | June 30, 2020 |  |
| 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).(Note2)     |
| 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                        | Manufacturing of 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 USD9,255,534.(Note2)   |
| 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).(Note2)        |
| 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 USD30,000,000.(Note2)                                  |
| DF                 | Fujian Lifeng Footwear Ind. Dev. Co., Ltd. (LF) | Producing 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.               | Producing 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.              | Producing 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)        | Production of 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.(Note2)                                |

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

| Name of investor | Name of subsidiary                          | Principal activity   | Shareholding  |                   |               | Description  |
|------------------|---|--|---------------|-------------------|---------------|--|
|                  |   |  | June 30, 2021 | December 31, 2020 | June 30, 2020 |  |
| GLO              | Xie Feng Mold Co., Ltd. Putian, Fujian(XM)  | Manufacturing and repair of 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.(Note2)                                   |
| 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.(Note2)                             |
| GLO              | Fujian Wu Feng Department Store Co., Ltd.   | Wholesale and retail 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.(Note2)                                |
| GLO              | Growth-Link Trade Services Co., Ltd.        | Services related to import and export trade, customs clearance, accounting finance, and network support. | - %           | - %               | 100.00 %      | Growth-Link Trade Services Co., Ltd., was established in British Virgin Islands in 1993, and has paid in capital of USD1,102.It was dissolved on December 2020.(Note2)     |
| 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 1990, and has paid in capital of USD13,558,901 (including share premium of USD13,533,901).(Note2) |
| 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.(Note2)  |
| GLO              | Lotus Footwear Enterprises Limited (LUH)    | Investment holding business, and manufacturing and selling of finished shoe.                             | 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).   |
| GLO              | Trade Continent Limited                     | Trading of athletic shoes.   | - %           | - %               | - %           | (Note1 and Note2)  |
| VXH              | Dona Victor Footwear Co., Ltd.              | Producing of 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.               | Manufacturing of 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.  |

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

| Name of investor | Name of subsidiary                       | Principal activity   | Shareholding  |                   |               | Description  |
|------------------|--|--|---------------|-------------------|---------------|--|
|                  |  |  | June 30, 2021 | December 31, 2020 | June 30, 2020 |  |
| DOH              | Vietnam Dona Standard Footwear Co., Ltd. | Manufacturing of 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.                | Producing 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 USD20,000,000.(Note2)  |
| DOH              | Hold Gold Trading Co., Ltd.              | Selling of finished shoes, golf balls, backpack, bags and soccer ball.             | 100.00 %      | 100.00 %          | 100.00 %      | Hold Gold Trading Co.,Ltd., was established in British Virgin Islands in 2010, and has paid in capital of USD100,000 (including share premium of USD99,900).           |
| DOH              | Vietnam Nam Ha Footwear Co., Ltd.        | Producing 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 21,800,000.(Note2)   |
| DPH              | Dona Pacific (Vietnam) Co., Ltd.         | Producing 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.         | Manufacturing and repair of 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.(Note2)  |
| GLO · 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 USD86,679,587.(Note2)  |
| 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 USD47,502,000 (including share premium of USD47,478,249). |

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

Note1 : A special purpose entity (SPE) held by the Group for trading and investment purposes on December 31, 2017, wherein the Group does not, directly or indirectly, hold any of its shares. Based on the assessment of the actual relationship between the Group and the SPE and its risks and rewards. The group control the special purpose entity and include it in the scope of consolidation. This special purpose entity was dissolved in December 2020.

Note2 : This company is an non-significant subsidiary, its financial statements have not been reviewed.

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

(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, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

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

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

(a) Cash and cash equivalents

|   | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|---|----------------------|--------------------------|----------------------|
| Cash  | \$ 1,077             | 988                      | 1,057                |
| Demand deposits and check deposit                                     | 992,160              | 1,173,670                | 1,290,953            |
| Time deposits   | <u>1,738,221</u>     | <u>3,542,499</u>         | <u>1,682,132</u>     |
| Cash and cash equivalents in the consolidated statement of cash flows | <u>\$ 2,731,458</u>  | <u>4,717,157</u>         | <u>2,974,142</u>     |

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

(b) Financial assets at fair value through other comprehensive income

|   | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|---|----------------------|--------------------------|----------------------|
| Equity investments at fair value through other comprehensive income |                      |                          |                      |
| Stock unlisted in foreign markets                                   | <u>\$ -</u>          | <u>422</u>               | <u>425</u>           |

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long term strategic purposes.

(ii) For credit risk and market risk, please refer to note 6(v).

(iii) As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group did not provide any financial assets at fair value through other comprehensive income as collateral for its loans.

(c) Notes and accounts receivables (including related parties)

|  | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--|----------------------|--------------------------|----------------------|
| Trade receivables—measured at amortized cost | \$ 8,193,871         | 7,401,838                | 5,714,248            |
| Less: Allowance for credit loss              | <u>-</u>             | <u>-</u>                 | <u>-</u>             |
|  | <u>\$ 8,193,871</u>  | <u>7,401,838</u>         | <u>5,714,248</u>     |

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables 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 provision were determined as follows:

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

|                             | <b>June 30, 2021</b>         |                                   |  |
|-----------------------------|------------------------------|-----------------------------------|--|
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Allowance for credit loss provision</b> |
| Current                     | \$ 7,503,408                 | 0.00%                             | -  |
| 1 to 60 days past due       | 680,451                      | 0.00%                             | -  |
| 61 to 180 days past due     | 10,012                       | 0.00%                             | -  |
| 181 days to 1 year past due | -                            | 0.00%~50.00%                      | -  |
|                             | <b>\$ 8,193,871</b>          |                                   | <b>-</b>                                   |
|                             |                              |                                   |  |
|                             | <b>December 31, 2020</b>     |                                   |  |
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Allowance for credit loss provision</b> |
| Current                     | \$ 6,642,882                 | 0.00%                             | -  |
| 1 to 60 days past due       | 748,042                      | 0.00%                             | -  |
| 61 to 180 days past due     | 10,604                       | 0.00%                             | -  |
| 181 days to 1 year past due | 310                          | 0.00%~50.00%                      | -  |
|                             | <b>\$ 7,401,838</b>          |                                   | <b>-</b>                                   |
|                             |                              |                                   |  |
|                             | <b>June 30, 2020</b>         |                                   |  |
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Allowance for credit loss provision</b> |
| Current                     | \$ 5,127,358                 | 0.00%                             | -  |
| 1 to 60 days past due       | 560,044                      | 0.00%                             | -  |
| 61 to 180 days past due     | 25,339                       | 0.00%                             | -  |
| 181 days to 1 year past due | 1,507                        | 0.00%~50.00%                      | -  |
|                             | <b>\$ 5,714,248</b>          |                                   | <b>-</b>                                   |

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

|                    | <b>For the six months ended June 30</b> |             |
|--------------------|---|-------------|
|                    | <b>2021</b>                             | <b>2020</b> |
| Balance on June 30 | \$ -                                    | -           |

As of June 30, 2021, December 31, 2020 and June 30, 2020, none of the Group's notes and accounts receivable was pledged as collateral for loans and borrowings.

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

## (d) Inventories

|                            | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|----------------------------|----------------------|--------------------------|----------------------|
| Raw materials and supplies | \$ 3,471,727         | 2,554,368                | 3,224,393            |
| Work in process            | 1,069,178            | 969,369                  | 977,533              |
| Finished goods             | 1,806,169            | 3,052,562                | 2,213,815            |
| Merchandise inventory      | 125,232              | 184,000                  | 44,343               |
| Inventory in transit       | 1,072,985            | 1,204,667                | 707,268              |
| Others                     | 5,383                | 3,569                    | 3,713                |
|                            | <u>\$ 7,550,674</u>  | <u>7,968,535</u>         | <u>7,171,065</u>     |

The details of operating cost were as follows:

|  | <u>For the three months ended June 30</u> |                   | <u>For the six months ended June 30</u> |                   |
|--|---|-------------------|---|-------------------|
|  | <u>2021</u>                               | <u>2020</u>       | <u>2021</u>                             | <u>2020</u>       |
| Cost of goods sold                                     | \$ 14,554,298                             | 11,991,056        | 29,126,203                              | 25,987,269        |
| Unallocated production overheads                       | 183,932                                   | 136,108           | 183,932                                 | 263,976           |
| Net losses (gains) on inventories                      | (2,111)                                   | 26                | (1,651)                                 | 25                |
| Inventory scrap loss                                   | 765                                       | 1,086             | 2,117                                   | 2,449             |
| Revenue from sale of scraps                            | (8,344)                                   | (7,974)           | (18,924)                                | (16,077)          |
| Losses (gains) on obsolescence and inventory valuation | (755)                                     | 40,209            | 21,773                                  | 49,989            |
| Total  | <u>\$ 14,727,785</u>                      | <u>12,160,511</u> | <u>29,313,450</u>                       | <u>26,287,631</u> |

Inventory written down to lower than net realizable value had led to recognition of inventory loss, however, the original factors led to the loss disappeared due to disposal of inventory, resulting in gains on price recovery of inventory. These changes were recognized as reduction of operating cost. In addition, 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 June 30, 2021, December 31, 2020 and June 30, 2020, the Group had not provided any inventories as collateral for its loans.

## (e) 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:

|                | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|----------------|----------------------|--------------------------|----------------------|
| Joint ventures | \$ 746,077           | 771,031                  | 772,046              |

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

(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 on investments accounted for using the equity method that were individually insignificant was as follows:

|  | <u>June 30, 2021</u>                      |              | <u>December 31, 2020</u>                |                | <u>June 30, 2020</u> |  |
|--|---|--------------|---|----------------|----------------------|--|
|  | \$ <u>746,077</u>                         |              | <u>771,031</u>                          |                | <u>772,046</u>       |  |
| Individually insignificant joint venture |   |              |   |                |                      |  |
|  | <u>For the three months ended June 30</u> |              | <u>For the six months ended June 30</u> |                |                      |  |
|  | <u>2021</u>                               | <u>2020</u>  | <u>2021</u>                             | <u>2020</u>    |                      |  |
| Attributable to the Group:               |   |              |   |                |                      |  |
| Profit from continuing operation         | \$ 34,854                                 | 15,392       | 40,713                                  | 3,204          |                      |  |
| Other comprehensive income               | (15,897)                                  | (14,105)     | (14,912)                                | (8,313)        |                      |  |
| Comprehensive income (loss)              | <u>\$ 18,957</u>                          | <u>1,287</u> | <u>25,801</u>                           | <u>(5,109)</u> |                      |  |

(ii) Collateral

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group had not provided any investment accounted for using equity method as collaterals for its loans.

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

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

(f) Material non-controlling interest of subsidiaries

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

| Subsidiaries               | Main operation place | <u>Percentage of non-controlling interests</u> |                          |                      |
|----------------------------|----------------------|--|--------------------------|----------------------|
|                            |                      | <u>June 30, 2021</u>                           | <u>December 31, 2020</u> | <u>June 30, 2020</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 these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

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

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

|   | <u>June 30, 2021</u>                      | <u>December 31, 2020</u>                | <u>June 30, 2020</u> |
|---|---|---|----------------------|
| Current assets  | \$ 198,355                                | 1,680,124                               | 101,511              |
| Non-current assets  | 2,354,546                                 | 1,938,421                               | 2,670,626            |
| Current liabilities   | (34,050)                                  | (46,444)                                | (19,353)             |
| Net assets  | <u>\$ 2,518,851</u>                       | <u>3,572,101</u>                        | <u>2,752,784</u>     |
| Non-controlling interests                                       | <u>\$ 755,655</u>                         | <u>1,071,630</u>                        | <u>825,835</u>       |
|   | <u>For the three months ended June 30</u> | <u>For the six months ended June 30</u> |                      |
|   | <u>2021</u>                               | <u>2020</u>                             | <u>2021</u>          |
|   | <u>2020</u>                               |   | <u>2020</u>          |
| Net income  | \$ 209,018                                | 399,220                                 | 548,337              |
| Other comprehensive income (loss)                               | (32,003)                                  | (65,990)                                | 32,953               |
| Comprehensive income  | <u>\$ 177,015</u>                         | <u>333,230</u>                          | <u>581,290</u>       |
| Profit, attributable to non-controlling interests               | <u>\$ 62,705</u>                          | <u>119,766</u>                          | <u>164,501</u>       |
| Comprehensive income, attributable to non-controlling interests | <u>\$ 53,105</u>                          | <u>99,969</u>                           | <u>174,387</u>       |
| Net cash flows from operating activities                        | \$ (28,211)                               | 15,659                                  | (40,749)             |
| Net cash flows from investing activities                        | 6,901                                     | 1,076,085                               | 1,052,991            |
| Net cash flows from financing activities                        | (10,247)                                  | (1,100,274)                             | (1,563,457)          |
| Net increase (decrease) in cash and cash equivalents            | <u>\$ (31,557)</u>                        | <u>(8,530)</u>                          | <u>(551,215)</u>     |
| Cash dividends to non-controlling interests                     | <u>\$ -</u>                               | <u>330,082</u>                          | <u>469,037</u>       |
|   |   |   | <u>330,082</u>       |

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

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2021 and 2020, 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, 2021                  | \$ 1,596,826 | 12,966,118 | 18,104,311              | 402,740                              | 105,054        | 316,652                  | 523,656          | 83,541          | 1,099,299  | 35,198,197 |
| Additions                                   | -            | 4,406      | 38,507                  | 21,709                               | 1,828          | 4,448                    | 5,224            | 3,769           | 1,646,741  | 1,726,632  |
| Disposals                                   | -            | (21,442)   | (339,447)               | (5,318)                              | (93)           | (6,888)                  | (14,894)         | (1,069)         | -  | (389,151)  |
| Reclassifications                           | -            | 315,625    | 1,236,941               | 10,625                               | 4,057          | 76,388                   | 18,066           | 1,854           | (1,663,556)  | -          |
| Effect of changes in foreign exchange rates | (8,425)      | (257,913)  | (374,884)               | (5,939)                              | -              | (6,453)                  | (10,729)         | (665)           | (22,654)   | (687,662)  |
| Balance on June 30, 2021                    | \$ 1,588,401 | 13,006,794 | 18,665,428              | 423,817                              | 110,846        | 384,147                  | 521,323          | 87,430          | 1,059,830  | 35,848,016 |
| Balance on January 1, 2020                  | \$ 1,422,793 | 11,464,219 | 17,120,318              | 355,000                              | 107,262        | 308,224                  | 607,203          | 82,247          | 2,770,837  | 34,238,103 |
| Additions                                   | -            | 41,642     | 247,689                 | 31,438                               | 951            | 5,672                    | 10,170           | 1,378           | 1,552,226  | 1,891,166  |
| Disposals                                   | -            | (29,291)   | (513,305)               | (9,442)                              | (479)          | (11,301)                 | (97,074)         | (728)           | -  | (661,620)  |
| Reclassifications                           | -            | 1,466,071  | 1,180,080               | 22,484                               | -              | 16,730                   | 9,997            | -               | (2,695,362)  | -          |
| Effect of changes in foreign exchange rates | (2,481)      | (257,016)  | (283,719)               | (4,652)                              | -              | (4,797)                  | (8,452)          | (381)           | (41,557)   | (603,055)  |
| Balance on June 30, 2020                    | \$ 1,420,312 | 12,685,625 | 17,751,063              | 394,828                              | 107,734        | 314,528                  | 521,844          | 82,516          | 1,586,144  | 34,864,594 |
| Depreciation and impairment loss:           |              |            |                         |                                      |                |                          |                  |                 |  |            |
| Balance on January 1, 2021                  | \$ -         | 6,168,537  | 10,234,841              | 299,195                              | 90,445         | 182,901                  | 387,310          | 61,081          | -  | 17,424,310 |
| Depreciation                                | -            | 252,429    | 863,977                 | 25,618                               | 3,521          | 18,192                   | 24,627           | 3,463           | -  | 1,191,827  |
| Impairment loss                             | -            | 259        | 5,571                   | 13                                   | -              | 6                        | -                | -               | -  | 5,849      |
| Disposals                                   | -            | (15,787)   | (288,957)               | (5,215)                              | (91)           | (6,248)                  | (14,421)         | (951)           | -  | (331,670)  |
| Effect of changes in foreign exchange rates | -            | (110,849)  | (281,314)               | (4,300)                              | -              | (3,351)                  | (7,656)          | (468)           | -  | (407,938)  |
| Balance on June 30, 2021                    | \$ -         | 6,294,589  | 10,534,118              | 315,311                              | 93,875         | 191,500                  | 389,860          | 63,125          | -  | 17,882,378 |
| Balance on January 1, 2020                  | \$ -         | 5,891,584  | 9,637,930               | 266,056                              | 86,947         | 166,992                  | 448,901          | 58,356          | -  | 16,556,766 |
| Depreciation                                | -            | 239,067    | 812,114                 | 26,509                               | 4,068          | 17,600                   | 21,536           | 3,220           | -  | 1,124,114  |
| Impairment loss                             | -            | -          | 3,419                   | 19                                   | -              | -                        | 3                | -               | -  | 3,441      |
| Disposals                                   | -            | (25,653)   | (482,393)               | (8,854)                              | (471)          | (8,003)                  | (87,764)         | (628)           | -  | (613,766)  |
| Effect of changes in foreign exchange rates | -            | (111,304)  | (130,099)               | (3,228)                              | -              | (2,626)                  | (5,793)          | (273)           | -  | (253,323)  |
| Balance on June 30, 2020                    | \$ -         | 5,993,694  | 9,840,971               | 280,502                              | 90,544         | 173,963                  | 376,883          | 60,675          | -  | 16,817,232 |
| Carrying amounts:                           |              |            |                         |                                      |                |                          |                  |                 |  |            |
| Balance on January 1, 2021                  | \$ 1,596,826 | 6,797,581  | 7,869,470               | 103,545                              | 14,609         | 133,751                  | 136,346          | 22,460          | 1,099,299  | 17,773,887 |
| Balance on June 30, 2021                    | \$ 1,588,401 | 6,712,205  | 8,131,310               | 108,506                              | 16,971         | 192,647                  | 131,463          | 24,305          | 1,059,830  | 17,965,638 |
| Balance on January 1, 2020                  | \$ 1,422,793 | 5,572,635  | 7,482,388               | 88,944                               | 20,315         | 141,232                  | 158,302          | 23,891          | 2,770,837  | 17,681,337 |
| Balance on June 30, 2020                    | \$ 1,420,312 | 6,691,931  | 7,910,092               | 114,326                              | 17,190         | 140,565                  | 144,961          | 21,841          | 1,586,144  | 18,047,362 |

As of June 30, 2021, December 31, 2020 and June 30, 2020 the property, plant and equipment of the Group were not pledged as collateral for its loans.

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

(h) Right-of-use assets

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

|   | <u>Land</u>         | <u>Buildings</u> | <u>Machinery<br/>equipment</u> | <u>Other<br/>equipment</u> | <u>Total</u>     |
|---|---------------------|------------------|--------------------------------|----------------------------|------------------|
| Cost:   |                     |                  |                                |                            |                  |
| Balance on January 1, 2021                      | \$ 1,465,910        | 30,755           | 14,133                         | 11,281                     | 1,522,079        |
| Additions                                       | 4,872               | -                | -                              | -                          | 4,872            |
| Effect of changes in foreign exchange rates     | <u>(30,708)</u>     | <u>(670)</u>     | <u>(308)</u>                   | <u>(30)</u>                | <u>(31,716)</u>  |
| Balance on June 30, 2021                        | <u>\$ 1,440,074</u> | <u>30,085</u>    | <u>13,825</u>                  | <u>11,251</u>              | <u>1,495,235</u> |
| Balance on January 1, 2020                      | \$ 1,466,820        | 14,688           | 42,418                         | 9,932                      | 1,533,858        |
| Additions                                       | 160,959             | 23,122           | -                              | 1,403                      | 185,484          |
| Disposal/Write-off                              | (506,400)           | (14,516)         | (665)                          | -                          | (521,581)        |
| Effect of changes in foreign exchange rates     | <u>(25,520)</u>     | <u>(172)</u>     | <u>(496)</u>                   | <u>-</u>                   | <u>(26,188)</u>  |
| Balance on June 30, 2020                        | <u>\$ 1,095,859</u> | <u>23,122</u>    | <u>41,257</u>                  | <u>11,335</u>              | <u>1,171,573</u> |
| Accumulated depreciation and impairment losses: |                     |                  |                                |                            |                  |
| Balance on January 1, 2021                      | \$ 86,461           | 7,490            | 1,116                          | 7,818                      | 102,885          |
| Depreciation                                    | 25,330              | 3,827            | 1,101                          | 804                        | 31,062           |
| Effect of changes in foreign exchange rates     | <u>(1,659)</u>      | <u>(197)</u>     | <u>(34)</u>                    | <u>(7)</u>                 | <u>(1,897)</u>   |
| Balance on June 30, 2021                        | <u>\$ 110,132</u>   | <u>11,120</u>    | <u>2,183</u>                   | <u>8,615</u>               | <u>132,050</u>   |
| Balance on January 1, 2020                      | \$ 42,749           | 7,041            | 2,924                          | 6,252                      | 58,966           |
| Depreciation                                    | 24,964              | 3,903            | 2,804                          | 764                        | 32,435           |
| Disposal/Write-off                              | -                   | (7,047)          | (69)                           | -                          | (7,116)          |
| Effect of changes in foreign exchange rates     | <u>(7,451)</u>      | <u>(43)</u>      | <u>(69)</u>                    | <u>(1)</u>                 | <u>(7,564)</u>   |
| Balance on June 30, 2020                        | <u>\$ 60,262</u>    | <u>3,854</u>     | <u>5,590</u>                   | <u>7,015</u>               | <u>76,721</u>    |
| Carrying amount:                                |                     |                  |                                |                            |                  |
| Balance on January 1, 2021                      | <u>\$ 1,379,449</u> | <u>23,265</u>    | <u>13,017</u>                  | <u>3,463</u>               | <u>1,419,194</u> |
| Balance on June 30, 2021                        | <u>\$ 1,329,942</u> | <u>18,965</u>    | <u>11,642</u>                  | <u>2,636</u>               | <u>1,363,185</u> |
| Balance on January 1, 2020                      | <u>\$ 1,424,071</u> | <u>7,647</u>     | <u>39,494</u>                  | <u>3,680</u>               | <u>1,474,892</u> |
| Balance on June 30, 2020                        | <u>\$ 1,035,597</u> | <u>19,268</u>    | <u>35,667</u>                  | <u>4,320</u>               | <u>1,094,852</u> |

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

(i) Investment property

The cost, depreciation, and impairment of the Investment property of the Group for the six months ended June 30, 2021 and 2020 were as follows:

|   | <u>Owned property</u> |                  | <u>Total</u>      |
|---|-----------------------|------------------|-------------------|
|   | <u>Land</u>           | <u>Buildings</u> |                   |
| Cost:   |                       |                  |                   |
| Balance on January 1, 2021                      | \$ 15,353             | 533,298          | 548,651           |
| Disposals                                       | -                     | (125,575)        | (125,575)         |
| Effect of changes in foreign exchange rates     | (186)                 | (5,492)          | (5,678)           |
| Balance on June 30, 2021                        | <u>\$ 15,167</u>      | <u>402,231</u>   | <u>417,398</u>    |
| Balance on January 1, 2020                      | \$ 15,801             | 526,465          | 542,266           |
| Effect of changes in foreign exchange rates     | (105)                 | (13,447)         | (13,552)          |
| Balance on December 31, 2020                    | <u>\$ 15,696</u>      | <u>513,018</u>   | <u>528,714</u>    |
| Accumulated depreciation and impairment losses: |                       |                  |                   |
| Balance on January 1, 2021                      | \$ -                  | 473,621          | 473,621           |
| Depreciation                                    | -                     | 149              | 149               |
| Disposals                                       | -                     | (112,027)        | (112,027)         |
| Effect of changes in foreign exchange rates     | -                     | (7,063)          | (7,063)           |
| Balance on June 30, 2021                        | <u>\$ -</u>           | <u>354,680</u>   | <u>354,680</u>    |
| Balance on January 1, 2020                      | \$ -                  | 465,128          | 465,128           |
| Depreciation                                    | -                     | 3,086            | 3,086             |
| Effect of changes in foreign exchange rates     | -                     | (12,031)         | (12,031)          |
| Balance on June 30, 2020                        | <u>\$ -</u>           | <u>456,183</u>   | <u>456,183</u>    |
| Carrying amount:                                |                       |                  |                   |
| Balance on January 1, 2021                      | <u>\$ 15,353</u>      | <u>59,677</u>    | <u>75,030</u>     |
| Balance on June 30, 2021                        | <u>\$ 15,167</u>      | <u>47,551</u>    | <u>62,718</u>     |
| Balance on January 1, 2020                      | <u>\$ 15,801</u>      | <u>61,337</u>    | <u>77,138</u>     |
| Balance on June 30, 2020                        | <u>\$ 15,696</u>      | <u>56,835</u>    | <u>72,531</u>     |
| Fair value:                                     |                       |                  |                   |
| Balance on June 30, 2021                        |                       |                  | <u>\$ 335,070</u> |
| Balance on January 1, 2021                      |                       |                  | <u>\$ 469,704</u> |
| Balance on June 30, 2020                        |                       |                  | <u>\$ 754,619</u> |

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

In November 2020, the Group signed a Letter of Intent (LOI), wherein the buyer, an entity, will purchase Yuanhong City real estate from the Group by phase, either by directly purchasing the property rights, or by purchasing equity shares. It is expected that the transaction will be completed in the second half of 2021. In January 2021, the first phase of the transaction, the transfer of property rights, has been carried out.

Investment property includes commercial property held for value appreciation; for rent income, please refer to Note 6(t).

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 June 30, 2021, December 31, 2020 and June 30, 2020, the Investment property of the Group was not pledged as collateral for its loans.

(j) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the six months ended June 30, 2021 and 2020 were as follows:

|   | <u>Goodwill</u>   | <u>Computer software</u> | <u>Total</u>   |
|---|-------------------|--------------------------|----------------|
| Costs                                       |                   |                          |                |
| Balance on January 1, 2021                  | \$ 422,395        | 269,614                  | 692,009        |
| Additions                                   | -                 | 21,866                   | 21,866         |
| Disposals                                   | -                 | (4,124)                  | (4,124)        |
| Effect of changes in foreign exchange rates | (2,406)           | (4,504)                  | (6,910)        |
| Balance on June 30, 2021                    | <u>\$ 419,989</u> | <u>282,852</u>           | <u>702,841</u> |
| Balance on January 1, 2020                  | \$ 428,215        | 264,657                  | 692,872        |
| Additions                                   | -                 | 28,422                   | 28,422         |
| Disposals                                   | -                 | (14,100)                 | (14,100)       |
| Effect of changes in foreign exchange rates | (1,358)           | (4,221)                  | (5,579)        |
| Balance on June 30, 2020                    | <u>\$ 426,857</u> | <u>274,758</u>           | <u>701,615</u> |

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**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, 2021                     | \$ 107,108        | 206,659                  | 313,767        |
| Amortization                                   | -                 | 20,538                   | 20,538         |
| Disposals                                      | -                 | (4,124)                  | (4,124)        |
| Effect of changes in foreign exchange rates    | (2,284)           | (3,708)                  | (5,992)        |
| Balance on June 30, 2021                       | <u>\$ 104,824</u> | <u>219,365</u>           | <u>324,189</u> |
| Balance on January 1, 2020                     | \$ 112,634        | 206,685                  | 319,319        |
| Amortization                                   | -                 | 19,617                   | 19,617         |
| Disposals                                      | -                 | (14,100)                 | (14,100)       |
| Effect of changes in foreign exchange rates    | (1,290)           | (3,546)                  | (4,836)        |
| Balance on June 30, 2020                       | <u>\$ 111,344</u> | <u>208,656</u>           | <u>320,000</u> |
| Carrying amounts:                              |                   |                          |                |
| Balance on January 1, 2021                     | <u>\$ 315,287</u> | <u>62,955</u>            | <u>378,242</u> |
| Balance on June 30, 2021                       | <u>\$ 315,165</u> | <u>63,487</u>            | <u>378,652</u> |
| Balance on January 1, 2020                     | <u>\$ 315,581</u> | <u>57,972</u>            | <u>373,553</u> |
| Balance on June 30, 2020                       | <u>\$ 315,513</u> | <u>66,102</u>            | <u>381,615</u> |

The carrying amount of goodwill on June 30, 2021 amounted to \$315,165 thousand (December 31, 2020: \$315,287 thousand and June 30, 2020: \$315,513 thousand).

The Group determined whether an impairment loss of goodwill shall be recognized based on experience and actual operating results. As of June 30, 2021, December 31, 2020 and June 30, 2020, no impairment loss has been recognized.

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group did not provide any intangible asset as collateral for its loans.

(k) Short-term borrowings

|                         | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|-------------------------|----------------------|--------------------------|----------------------|
| Unsecured bank loans    | <u>\$ 2,638,675</u>  | <u>3,496,883</u>         | <u>2,960,199</u>     |
| Range of interest rates | <u>0.54%~3.85%</u>   | <u>0.51%~4.35%</u>       | <u>0.50%~2.80%</u>   |

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

## (l) Long-term borrowings

The details were as follows:

|                            | <u>Currency</u> | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|----------------------------|-----------------|----------------------|--------------------------|----------------------|
| Unsecured bank loans       | USD             | \$ 1,376,594         | 810,254                  | 677,382              |
| Other long-term borrowings | INR             | <u>140,708</u>       | <u>175,194</u>           | <u>171,383</u>       |
|                            |                 | 1,517,302            | 985,448                  | 848,765              |
| Less: current portion      |                 | <u>(37,406)</u>      | <u>(77,833)</u>          | <u>-</u>             |
| Total                      |                 | <u>\$ 1,479,896</u>  | <u>907,615</u>           | <u>848,765</u>       |
| Range of interest rates    |                 | <u>0.10%~1.38%</u>   | <u>0.10%~1.40%</u>       | <u>0.10%~1.29%</u>   |
| Period                     |                 | <u>111~115</u>       | <u>110~113</u>           | <u>111~113</u>       |

## (m) Lease liabilities

The Group lease liabilities were as follows:

|             | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|-------------|----------------------|--------------------------|----------------------|
| Current     | <u>\$ 19,297</u>     | <u>21,389</u>            | <u>27,477</u>        |
| Non-current | <u>\$ 499,701</u>    | <u>522,659</u>           | <u>554,476</u>       |

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

The amounts recognized in profit or loss were as follows:

|                               | <u>For the three months ended June 30</u> |               | <u>For the six months ended June 30</u> |               |
|-------------------------------|---|---------------|---|---------------|
|                               | <u>2021</u>                               | <u>2021</u>   | <u>2021</u>                             | <u>2020</u>   |
| Interest on lease liabilities | <u>\$ 11,271</u>                          | <u>18,004</u> | <u>23,037</u>                           | <u>37,924</u> |

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

|                               | <u>For the six months ended June 30</u> |               |
|-------------------------------|---|---------------|
|                               | <u>2021</u>                             | <u>2020</u>   |
| Total cash outflow for leases | <u>\$ 42,130</u>                        | <u>53,444</u> |

## (i) Real estate leases

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group leases land and buildings for its parking, factory and warehouse. The leases of office space typically run for a period of 1 to 50 years. Some leases include an option to renew the lease term for the same duration at the end of the original contractual period.

## (ii) Other leases

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

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

(n) 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, 2020 and 2019.

The expenses recognized in profit or loss for the Group amounted to \$105,532 thousand, \$83,756 thousand, \$197,639 thousand and \$172,069 thousand for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020, respectively.

(ii) Defined contribution plans

The pension costs incurred from the contributions to the pension plans amounted to \$204,634 thousand, \$124,445 thousand, \$434,090 thousand and \$303,086 thousand for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020, respectively.

(o) Income taxes

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

|                              | <u>For the three months ended June 30</u> |                | <u>For the six months ended June 30</u> |                  |
|------------------------------|---|----------------|---|------------------|
|                              | <u>2021</u>                               | <u>2020</u>    | <u>2021</u>                             | <u>2020</u>      |
| Current tax expense          |   |                |   |                  |
| Current period               | \$ 602,120                                | 471,476        | 1,457,021                               | 1,021,429        |
| Adjustment for prior periods | <u>67</u>                                 | <u>(2,652)</u> | <u>7,811</u>                            | <u>(3,119)</u>   |
| Income tax expense           | <u>\$ 602,187</u>                         | <u>468,824</u> | <u>1,464,832</u>                        | <u>1,018,310</u> |

The amount of income tax recognized in other comprehensive income for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020 were as follows:

|                                 | <u>For the three months ended June 30</u> |              | <u>For the six months ended June 30</u> |             |
|---------------------------------|---|--------------|---|-------------|
|                                 | <u>2021</u>                               | <u>2020</u>  | <u>2021</u>                             | <u>2020</u> |
| 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>\$ 1,443</u>                           | <u>1,281</u> | <u>1,354</u>                            | <u>755</u>  |

(Continued)

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

The Company's tax returns for the years up to 2018 have been assessed by the R.O.C. tax authorities.

For the year of 2012 to 2016, some of the Group's subsidiaries were embroiled in disputes with tax authorities over tax returns, and the amended amounts thereof had been approved and adjusted for the respective years of approval. Each subsidiary has filed an administrative relief application, which has been under review by the authorities concerned.

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

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

(p) Capital and other equity

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Company's total rated share capital was \$9,000,000 thousand, \$9,000,000 thousand and \$8,000,000 thousand, each with par value of \$10, and the number of shares was \$900,000 thousand ordinary shares, \$900,000 thousand ordinary shares and \$800,000 thousand ordinary shares, respectively. The aforementioned aggregate amount of rated equity is all ordinary shares. The issued shares are 881,681 thousand ordinary shares, \$881,681 thousand ordinary shares and 734,734 thousand ordinary shares, respectively, and all the consideration from issued shares have been received.

Reconciliations of shares outstanding for the six months ended June 30, 2021 and 2020 is as follows:

| (Expressed in thousands of shares) | <b>Ordinary shares</b>                  |                |
|------------------------------------|---|----------------|
|                                    | <b>For the six months ended June 30</b> |                |
|                                    | <b>2021</b>                             | <b>2020</b>    |
| Balance on January 1               | 881,681                                 | 734,734        |
| Stock dividend                     | -                                       | 146,947        |
| Balance on June 30                 | <b>881,681</b>                          | <b>881,681</b> |

(i) Ordinary shares

On June 17, 2020, a resolution was reached in the general meeting of shareholders to transfer the unappropriated retained earnings of \$1,469,469 thousand to capital, which has also been approved by the Financial Supervisory Commission. The relevant statutory registration procedures of the capital increase dated August 24, 2020 have since been completed.

(Continued)

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

(ii) Capital surplus

The details of capital surplus were as follows:

|  | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--|----------------------|--------------------------|----------------------|
| 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   | 1,859                | 1,876                    | 1,258                |
| Issued shares of subsidiaries not<br>recognized in proportion to<br>shareholding | <u>8,866</u>         | <u>8,866</u>             | <u>8,866</u>         |
|  | <u>\$ 50,008</u>     | <u>50,025</u>            | <u>49,407</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.

(iii) 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 be exceed 80% of the distribution.

1) Legal reserve

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

(Continued)

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

2) Special reserve

In accordance with Order No. 1010012865 issued by the FSC on April 6, 2012, 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 July 16, 2021, the shareholder's meetings resolved to distribute the 2020 earnings. On June 17, 2020, the shareholder's meetings resolved to distribute the 2019 earnings. These earnings were appropriated as follows:

|  | <u>2020</u>                |                     | <u>2019</u>                |                  |
|--|----------------------------|---------------------|----------------------------|------------------|
|  | <u>Amount<br/>(dollar)</u> | <u>Total</u>        | <u>Amount<br/>(dollar)</u> | <u>Total</u>     |
| Dividends distributed to ordinary shareholders |                            |                     |                            |                  |
| Cash   | \$ 3.70                    | 3,262,220           | 4.00                       | 2,938,937        |
| Shares   | -                          | -                   | 2.00                       | <u>1,469,469</u> |
| Total  |                            | <u>\$ 3,262,220</u> |                            | <u>4,408,406</u> |

(iv) Other equity interest after tax

|  |                       |
|--|-----------------------|
| Balance on January 1, 2021   | \$ (2,082,107)        |
| Exchange differences on translation of foreign financial statement   | (392,131)             |
| Exchange differences on associates accounted for using equity method | (14,912)              |
| Balance on June 30, 2021   | <u>\$ (2,489,150)</u> |
| Balance on January 1, 2020   | \$ (1,247,402)        |
| Exchange differences on translation of foreign financial statement   | (342,631)             |
| Exchange differences on associates accounted for using equity method | (8,313)               |
| Balance on June 30, 2020   | <u>\$ (1,598,346)</u> |

(Continued)

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

(v) Non-controlling interests

|   | <u>For the six months ended June 30</u> |                  |
|---|---|------------------|
|   | <u>2021</u>                             | <u>2020</u>      |
| Balance on January 1  | \$ 2,015,027                            | 2,120,046        |
| Shares attributed to non-controlling interests                          |   |                  |
| Net profit  | 346,086                                 | 300,152          |
| Foreign currency translation differences for foreign operations         | (33,318)                                | (54,758)         |
| Cash dividends paid to Non-Controlling Interests (NCIs) by subsidiaries | (718,290)                               | (483,880)        |
| Capital returned to NCIs by subsidiaries on capital reduction           | -                                       | (82,388)         |
| Balance on June 30  | <u>\$ 1,609,505</u>                     | <u>1,799,172</u> |

(q) Earnings per share

For the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020, the Company's basic earnings per share were calculated as follows:

|   | <u>For the three months ended June 30</u> |                | <u>For the six months ended June 30</u> |                  |
|---|---|----------------|---|------------------|
|   | <u>2021</u>                               | <u>2020</u>    | <u>2021</u>                             | <u>2020</u>      |
| <b>Basic earnings per share</b>                                 |   |                |   |                  |
| Net profit attributable to ordinary shareholders of the Company | <u>\$ 1,701,007</u>                       | <u>943,605</u> | <u>3,340,868</u>                        | <u>2,215,827</u> |
| Weighted average number of ordinary shares (basic)              | <u>881,681</u>                            | <u>881,681</u> | <u>881,681</u>                          | <u>881,681</u>   |
| <b>Basic earnings per share (dollars)</b>                       | <u>\$ 1.93</u>                            | <u>1.07</u>    | <u>3.79</u>                             | <u>2.51</u>      |

The Company did not intend to calculate diluted earnings per share on the assumption that, the compensation to employees, directors, and the supervisors for the year ended December 31, 2021, was distributed in cash using the same method for the preceding three years.

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

## (r) Revenue from contracts with customer

## (i) Disaggregation of revenue

|                                    | <b>For the three months ended June 30, 2021</b>                 |                       |                          |
|------------------------------------|---|-----------------------|--------------------------|
|                                    | <b>Segments of<br/>footwear<br/>manufacturing<br/>and sales</b> | <b>Other</b>          | <b>Total</b>             |
| Primary geographical markets       |   |                       |                          |
| Singapore                          | \$ 14,633,999   | 381,282               | 15,015,281               |
| America                            | 2,092,642   | 51,323                | 2,143,965                |
| Mainland China                     | 789,731   | -                     | 789,731                  |
| Switzerland                        | 577,036   | -                     | 577,036                  |
| Mexico                             | 491,226   | 6,308                 | 497,534                  |
| Other countries                    | <u>642,206</u>  | <u>32,107</u>         | <u>674,313</u>           |
|                                    | <b><u>\$ 19,226,840</u></b>                                     | <b><u>471,020</u></b> | <b><u>19,697,860</u></b> |
| Major products/services lines      |   |                       |                          |
| Manufacturing and sale of footwear | \$ 19,226,840   | -                     | 19,226,840               |
| Other                              | <u>-</u>  | <u>471,020</u>        | <u>471,020</u>           |
|                                    | <b><u>\$ 19,226,840</u></b>                                     | <b><u>471,020</u></b> | <b><u>19,697,860</u></b> |
|                                    |   |                       |                          |
|                                    | <b>For the three months ended June 30, 2020</b>                 |                       |                          |
|                                    | <b>Segments of<br/>footwear<br/>manufacturing<br/>and sales</b> | <b>Other</b>          | <b>Total</b>             |
| Primary geographical markets       |   |                       |                          |
| Singapore                          | \$ 12,096,897   | 287,551               | 12,384,448               |
| America                            | 1,425,700   | 73,477                | 1,499,177                |
| Mainland China                     | 746,173   | 277                   | 746,450                  |
| Switzerland                        | 358,872   | -                     | 358,872                  |
| Mexico                             | 294,975   | 10,979                | 305,954                  |
| Other countries                    | <u>461,991</u>  | <u>163,740</u>        | <u>625,731</u>           |
|                                    | <b><u>\$ 15,384,608</u></b>                                     | <b><u>536,024</u></b> | <b><u>15,920,632</u></b> |

(Continued)

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

| <b>For the three months ended June 30, 2020</b> |   |                           |                   |
|---|---|---------------------------|-------------------|
|   | <b>Segments of<br/>footwear<br/>manufacturing<br/>and sales</b> | <b>Other</b>              | <b>Total</b>      |
| Major products/services lines                   |   |                           |                   |
| Manufacturing and sale of footwear              | \$ 15,384,608   | -                         | 15,384,608        |
| Other   | -   | 536,024                   | 536,024           |
|   | <b>\$ 15,384,608</b>  | <b>536,024</b>            | <b>15,920,632</b> |
| <b>For the six months ended June 30, 2021</b>   |   |                           |                   |
|   | <b>Segments of<br/>footwear<br/>manufacturing<br/>and sales</b> | <b>Other<br/>Segments</b> | <b>Total</b>      |
| Primary geographical markets                    |   |                           |                   |
| Singapore                                       | \$ 29,091,895   | 720,384                   | 29,812,279        |
| America   | 3,763,819   | 123,600                   | 3,887,419         |
| Mainland China                                  | 1,788,696   | -                         | 1,788,696         |
| Switzerland                                     | 1,085,594   | -                         | 1,085,594         |
| Mexico  | 952,443   | 10,190                    | 962,633           |
| Other countries                                 | 1,395,595   | 102,469                   | 1,498,064         |
|   | <b>\$ 38,078,042</b>  | <b>956,643</b>            | <b>39,034,685</b> |
| Major products/services lines                   |   |                           |                   |
| Manufacturing and sale of footwear              | \$ 38,078,042   | -                         | 38,078,042        |
| Other   | -   | 956,643                   | 956,643           |
|   | <b>\$ 38,078,042</b>  | <b>956,643</b>            | <b>39,034,685</b> |
| <b>For the six months ended June 30, 2020</b>   |   |                           |                   |
|   | <b>Segments of<br/>footwear<br/>manufacturing<br/>and sales</b> | <b>Other<br/>Segments</b> | <b>Total</b>      |
| Primary geographical markets                    |   |                           |                   |
| Singapore                                       | \$ 25,734,913   | 526,638                   | 26,261,551        |
| America   | 3,177,252   | 234,333                   | 3,411,585         |
| Mainland China                                  | 1,440,320   | 362                       | 1,440,682         |
| Switzerland                                     | 831,716   | -                         | 831,716           |
| Mexico  | 685,256   | 17,698                    | 702,954           |
| Other countries                                 | 1,068,540   | 323,819                   | 1,392,359         |
|   | <b>\$ 32,937,997</b>  | <b>1,102,850</b>          | <b>34,040,847</b> |

(Continued)

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

|                                    | <b>For the six months ended June 30, 2020</b>                   |                           |                   |
|------------------------------------|---|---------------------------|-------------------|
|                                    | <b>Segments of<br/>footwear<br/>manufacturing<br/>and sales</b> | <b>Other<br/>Segments</b> | <b>Total</b>      |
| Major products/services lines      |   |                           |                   |
| Manufacturing and sale of footwear | \$ 32,937,997   | -                         | 32,937,997        |
| Other                              | -   | 1,102,850                 | 1,102,850         |
|                                    | <b>\$ 32,937,997</b>  | <b>1,102,850</b>          | <b>34,040,847</b> |

(ii) Contract balances

|   | <b>June 30, 2021</b> | <b>December 31, 2020</b> | <b>June 30, 2020</b> |
|---|----------------------|--------------------------|----------------------|
| Trade receivables (including related parties) | \$ 8,193,871         | 7,401,838                | 5,714,248            |
| Less: allowance for impairment                | -                    | -                        | -                    |
| Total   | <b>\$ 8,193,871</b>  | <b>7,401,838</b>         | <b>5,714,248</b>     |
| Contract liabilities                          | <b>\$ 406</b>        | <b>2,172</b>             | <b>12,305</b>        |

For details on trade receivables and allowance for impairment, please refer to Note 6(c).

(s) 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 \$40,029 thousand, \$24,205 thousand, \$79,291 thousand and \$53,363 thousand for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020, and estimated its director compensation at \$36,026 thousand, \$21,785 thousand, \$71,361 thousand and \$48,027 thousand for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020, 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, 2020 and 2019, the remunerations to employees amounted to \$165,000 thousand and \$188,000 thousand; and directors amounted to \$108,550 thousand and \$143,000 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.

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

(t) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020 were as follows:

|  | <u>For the three months ended June 30</u> |               | <u>For the six months ended June 30</u> |               |
|--|---|---------------|---|---------------|
|  | <u>2021</u>                               | <u>2020</u>   | <u>2021</u>                             | <u>2020</u>   |
| Interest income from bank deposits                               | \$ 7,370                                  | 12,038        | 18,386                                  | 25,472        |
| Interest income from financial assets measured at amortized cost | -   | 108           | -                                       | 301           |
|  | <u>\$ 7,370</u>                           | <u>12,146</u> | <u>18,386</u>                           | <u>25,773</u> |

(ii) Other income

The details of the other income of the Group for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020 were as follows:

|                               | <u>For the three months ended June 30</u> |                | <u>For the six months ended June 30</u> |                |
|-------------------------------|---|----------------|---|----------------|
|                               | <u>2021</u>                               | <u>2020</u>    | <u>2021</u>                             | <u>2020</u>    |
| Rent income                   | \$ 956                                    | 1,012          | 1,940                                   | 15,005         |
| Government subsidy            | 10,803                                    | 32,249         | 21,377                                  | 105,996        |
| Income from export incentives | -   | 27,345         | -                                       | 103,690        |
| Other income                  | 111,175                                   | 170,643        | 251,119                                 | 372,918        |
|                               | <u>\$ 122,934</u>                         | <u>231,249</u> | <u>274,436</u>                          | <u>597,609</u> |

(Continued)

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

(iii) Other gains and losses

The details of the Group's other gains and losses for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020 were as follows:

|  | <u>For the three months ended June 30</u> |                  | <u>For the six months ended June 30</u> |                 |
|--|---|------------------|---|-----------------|
|  | <u>2021</u>                               | <u>2020</u>      | <u>2021</u>                             | <u>2020</u>     |
| Foreign exchange losses                                    | \$ (158,674)                              | (207,468)        | (28,047)                                | (43,286)        |
| Gains(Losses) on disposal of property, plant and equipment | 73  | (2,632)          | (5,946)                                 | (5,862)         |
| Gains(Losses) on disposal of investment property           | (539)                                     | -                | 109,825                                 | -               |
| Impairment loss  | (1,982)                                   | (2,280)          | (5,849)                                 | (3,441)         |
| Others   | (5,179)                                   | (22,667)         | (6,124)                                 | (28,175)        |
|  | <u>\$ (166,301)</u>                       | <u>(235,047)</u> | <u>63,859</u>                           | <u>(80,764)</u> |

(iv) Financial costs

The details of the Group's financial cost for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020 were as follows:

|                   | <u>For the three months ended June 30</u> |               | <u>For the six months ended June 30</u> |               |
|-------------------|---|---------------|---|---------------|
|                   | <u>2021</u>                               | <u>2020</u>   | <u>2021</u>                             | <u>2020</u>   |
| Interest expenses | <u>\$ 24,264</u>                          | <u>34,615</u> | <u>48,822</u>                           | <u>73,559</u> |

(u) 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 June 30, 2021, December 31, 2020 and June 30, 2020, 78%, 76% and 72% of the Group's total receivables were concentrated within a single overseas customer.

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

(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<br/>amount</u> | <u>Contractual<br/>cash flows</u> | <u>Less than<br/>6 months</u> | <u>6 to 12<br/>months</u> | <u>1 to 2 years</u> | <u>2 to 5 years</u> | <u>More than<br/>5 years</u> |
|--------------------------------------|----------------------------|-----------------------------------|-------------------------------|---------------------------|---------------------|---------------------|------------------------------|
| <b>June 30, 2021</b>                 |                            |                                   |                               |                           |                     |                     |                              |
| Non derivative financial liabilities |                            |                                   |                               |                           |                     |                     |                              |
| Notes and accounts payable           | \$ 4,661,767               | 4,661,767                         | 4,634,726                     | 27,041                    | -                   | -                   | -                            |
| Other payables                       | 3,703,033                  | 3,703,033                         | 3,703,033                     | -                         | -                   | -                   | -                            |
| Unsecured bank loans                 | 4,015,269                  | 4,038,477                         | 2,316,269                     | 344,899                   | 1,377,309           | -                   | -                            |
| Other long-term borrowings           | 140,708                    | 141,097                           | 71                            | 37,467                    | 12,796              | 90,763              | -                            |
| Lease liabilities                    | <u>518,998</u>             | <u>1,381,487</u>                  | <u>24,809</u>                 | <u>39,649</u>             | <u>62,118</u>       | <u>165,518</u>      | <u>1,089,393</u>             |
|                                      | <b>\$ 13,039,775</b>       | <b>13,925,861</b>                 | <b>10,678,908</b>             | <b>449,056</b>            | <b>1,452,223</b>    | <b>256,281</b>      | <b>1,089,393</b>             |
| <b>December 31, 2020</b>             |                            |                                   |                               |                           |                     |                     |                              |
| Non derivative financial liabilities |                            |                                   |                               |                           |                     |                     |                              |
| Notes and accounts payable           | \$ 5,318,806               | 5,318,806                         | 5,284,678                     | 34,128                    | -                   | -                   | -                            |
| Other payables                       | 4,877,657                  | 4,877,657                         | 4,877,657                     | -                         | -                   | -                   | -                            |
| Unsecured bank loans                 | 4,307,137                  | 4,331,468                         | 3,272,222                     | 243,385                   | 815,861             | -                   | -                            |
| Other long-term borrowings           | 175,194                    | 175,441                           | 77,902                        | 49                        | 38,985              | 58,505              | -                            |
| Lease liabilities                    | <u>544,048</u>             | <u>1,442,826</u>                  | <u>44,907</u>                 | <u>24,575</u>             | <u>63,582</u>       | <u>171,738</u>      | <u>1,138,024</u>             |
|                                      | <b>\$ 15,222,842</b>       | <b>16,146,198</b>                 | <b>13,557,366</b>             | <b>302,137</b>            | <b>918,428</b>      | <b>230,243</b>      | <b>1,138,024</b>             |
| <b>June 30, 2020</b>                 |                            |                                   |                               |                           |                     |                     |                              |
| Non derivative financial liabilities |                            |                                   |                               |                           |                     |                     |                              |
| Notes and accounts payable           | \$ 3,388,745               | 3,388,745                         | 3,354,896                     | 33,849                    | -                   | -                   | -                            |
| Other payables                       | 354,879                    | 354,879                           | 354,879                       | -                         | -                   | -                   | -                            |
| Dividends payable                    | 2,938,937                  | 2,938,937                         | 2,938,937                     | -                         | -                   | -                   | -                            |
| Unsecured bank loans                 | 3,637,580                  | 3,669,458                         | 2,286,204                     | 696,773                   | 8,740               | 677,741             | -                            |
| Other long-term borrowings           | 171,384                    | 171,803                           | 86                            | 85                        | 78,463              | 93,169              | -                            |
| Lease liabilities                    | <u>581,953</u>             | <u>1,541,456</u>                  | <u>31,032</u>                 | <u>46,499</u>             | <u>71,932</u>       | <u>185,734</u>      | <u>1,206,259</u>             |
|                                      | <b>\$ 11,073,478</b>       | <b>12,065,278</b>                 | <b>8,966,034</b>              | <b>777,206</b>            | <b>159,135</b>      | <b>956,644</b>      | <b>1,206,259</b>             |

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

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## (iii) Currency risks

## 1) Exposure to currency risks

|                              |    | <b>June 30, 2021</b>                       |                      |            |
|------------------------------|----|--|----------------------|------------|
|                              |    | <b>Foreign currency<br/>(In thousands)</b> | <b>Exchange rate</b> | <b>TWD</b> |
| <u>Financial assets</u>      |    |  |                      |            |
| <u>Monetary items</u>        |    |  |                      |            |
| USD                          | \$ | 283,411                                    | USD : TWD 27.810     | 7,881,658  |
|                              |    | 31,678                                     | USD : CNY 6.4601     | 880,970    |
|                              |    | 51   | USD : VND 23,020     | 1,418      |
| VND                          |    | 325,405,027                                | VND : USD 0.00004    | 390,486    |
| INR                          |    | 2,946,283                                  | INR : USD 0.0135     | 1,102,204  |
| IDR                          |    | 39,099,338                                 | IDR : USD 0.0001     | 74,289     |
| <u>Non monetary items</u>    |    |  |                      |            |
| USD                          |    | 26,828                                     | USD : TWD 27.810     | 746,077    |
| <u>Financial liabilities</u> |    |  |                      |            |
| <u>Monetary items</u>        |    |  |                      |            |
| USD                          |    | 46,175                                     | USD : TWD 27.810     | 1,284,137  |
|                              |    | 9,059                                      | USD : CNY 6.4601     | 251,935    |
|                              |    | 2  | USD : VND 23,020     | 63         |
| VND                          |    | 1,380,424,171                              | VND : USD 0.00004    | 1,656,509  |
| INR                          |    | 2,792,786                                  | INR : USD 0.0135     | 1,044,781  |
| IDR                          |    | 84,958,672                                 | IDR : USD 0.0001     | 161,421    |
|                              |    | <b>December 31, 2020</b>                   |                      |            |
|                              |    | <b>Foreign currency<br/>(In thousands)</b> | <b>Exchange rate</b> | <b>TWD</b> |
| <u>Financial assets</u>      |    |  |                      |            |
| <u>Monetary items</u>        |    |  |                      |            |
| USD                          | \$ | 239,309                                    | USD : TWD 28.43      | 6,803,559  |
|                              |    | 2,451                                      | USD : CNY 6.5248     | 69,681     |
|                              |    | 73   | USD : VND 23,125     | 2,072      |
| VND                          |    | 86,692,097                                 | VND : USD 0.00004    | 104,031    |
| INR                          |    | 1,095,371                                  | INR : USD 0.0137     | 426,318    |
| IDR                          |    | 10,999,562                                 | IDR : USD 0.0001     | 21,999     |
| <u>Non monetary items</u>    |    |  |                      |            |
| USD                          |    | 27,120                                     | USD : TWD 28.43      | 771,031    |

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| <b>December 31, 2020</b>     |  |           |                      |            |
|------------------------------|--|-----------|----------------------|------------|
|                              | <b>Foreign currency<br/>(In thousands)</b> |           | <b>Exchange rate</b> | <b>TWD</b> |
| <u>Financial liabilities</u> |  |           |                      |            |
| <u>Monetary items</u>        |  |           |                      |            |
| USD                          | 59,557                                     | USD : TWD | 28.43                | 1,693,215  |
|                              | 5,993                                      | USD : CNY | 6.5248               | 170,380    |
|                              | 2  | USD : VND | 23,125               | 64         |
| VND                          | 1,886,358,169                              | VND : USD | 0.00004              | 2,263,630  |
| INR                          | 2,721,901                                  | INR : USD | 0.0137               | 1,059,364  |
| IDR                          | 54,412,311                                 | IDR : USD | 0.0001               | 108,825    |
| <b>June 30, 2020</b>         |  |           |                      |            |
|                              | <b>Foreign currency<br/>(In thousands)</b> |           | <b>Exchange rate</b> | <b>TWD</b> |
| <u>Financial assets</u>      |  |           |                      |            |
| <u>Monetary items</u>        |  |           |                      |            |
| USD                          | \$ 164,081                                 | USD : TWD | 29.580               | 4,853,526  |
|                              | 3,403                                      | USD : CNY | 7.0795               | 100,670    |
|                              | 1  | USD : VND | 23,210               | 18         |
| VND                          | 73,214,431                                 | VND : USD | 0.00004              | 95,179     |
| INR                          | 764,470                                    | INR : USD | 0.0132               | 299,366    |
| IDR                          | 13,746,914                                 | IDR : USD | 0.0001               | 28,869     |
| <u>Non monetary items</u>    |  |           |                      |            |
| USD                          | 26,100                                     | USD : TWD | 29.580               | 772,046    |
| <u>Financial liabilities</u> |  |           |                      |            |
| <u>Monetary items</u>        |  |           |                      |            |
| USD                          | 23,639                                     | USD : TWD | 29.580               | 699,231    |
|                              | 4,190                                      | USD : CNY | 7.0795               | 123,955    |
|                              | 2  | USD : VND | 23,210               | 67         |
| VND                          | 996,179,241                                | VND : USD | 0.00004              | 1,295,033  |
| INR                          | 2,040,824                                  | INR : USD | 0.0132               | 799,187    |
| IDR                          | 80,846,503                                 | IDR : USD | 0.0001               | 169,778    |

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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 (depreciation) of 5% of the TWD against the USD, VND, INR and IDR for the six months ended June 30, 2021 and 2020, would have increased (decreased) the net profit before tax by \$296,609 thousand and \$114,519 thousand, respectively. Performed based on the same basis, the analysis of both periods assumed that all other variables remained constant.

3) Gains or losses on foreign exchange

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the six months ended June 30, 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(28,047) thousand and \$(43,286) thousand, respectively.

(iv) Interest rate analysis

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

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

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 \$2,143 thousand and \$298 thousand for the six months ended June 30, 2021 and 2020, respectively, due to the Company's borrowings at variable rates and banks deposits at variable rates. This was mainly due to the Company's deposits and borrowings at variable rates.

(v) Fair value information

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value

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

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- 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).

|  |   | <b>June 30, 2021</b>     |                   |                |     |              |
|--|---|--------------------------|-------------------|----------------|-----|--------------|
|  |   | <b>Book Value</b>        | <b>Fair Value</b> |                |     | <b>Total</b> |
|  |   | <b>Level 1</b>           | <b>Level 2</b>    | <b>Level 3</b> |     |              |
|  | Financial assets at fair value through other comprehensive income |                          |                   |                |     |              |
|  | Stock unlisted in markets   | \$ -                     | -                 | -              | -   | -            |
|  |   |                          |                   |                |     |              |
|  |   | <b>December 31, 2020</b> |                   |                |     |              |
|  |   | <b>Book Value</b>        | <b>Fair Value</b> |                |     | <b>Total</b> |
|  |   | <b>Level 1</b>           | <b>Level 2</b>    | <b>Level 3</b> |     |              |
|  | Financial assets at fair value through other comprehensive income |                          |                   |                |     |              |
|  | Stock unlisted in markets   | \$ 422                   | -                 | -              | 422 | 422          |
|  |   |                          |                   |                |     |              |
|  |   | <b>June 30, 2020</b>     |                   |                |     |              |
|  |   | <b>Book Value</b>        | <b>Fair Value</b> |                |     | <b>Total</b> |
|  |   | <b>Level 1</b>           | <b>Level 2</b>    | <b>Level 3</b> |     |              |
|  | Financial assets at fair value through other comprehensive income |                          |                   |                |     |              |
|  | Stock unlisted in markets   | \$ 425                   | -                 | -              | 425 | 425          |
|  |   |                          |                   |                |     |              |

3) Reconciliation of Level 3 fair values

|   | <b>Fair value through other comprehensive income</b> |
|---|--|
|   | <b>Unquoted equity instruments</b>                   |
| Balance on January 1, 2021                  | \$ 422   |
| Disposals                                   | (422)  |
| Balance on June 30, 2021                    | \$ -   |
| Balance on January 1, 2020                  | \$ 456   |
| Effect of changes in foreign exchange rates | (31)   |
| Balance on June 30, 2020                    | \$ 425   |

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**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
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(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. Nonetheless, the assessment concluded that there was no significant difference between the assessed fair value and the information disclosed in Note 6(b) of the consolidated financial statements.

(v) 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 risks exposures, please refer to the respective notes in the accompanying financial statement.

(ii) Risk management framework

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

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

(iii) Credit risk

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

1) Trade and other receivables

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

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

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

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

2) Investment

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

3) Guarantees

At June 30, 2021, December 31, 2020 and June 30, 2020, 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.

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**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
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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 June 30, 2021, December 31, 2020 and June 30, 2020, amounted to \$11,661,449 thousand, \$12,020,462 thousand and \$10,850,516 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.

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 shortterm and longterm 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.

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(w) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shareholders, issue new shares or sell assets to settle any liabilities.

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

|                                     | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|-------------------------------------|----------------------|--------------------------|----------------------|
| Total liabilities                   | \$ 21,478,440        | 24,433,113               | 21,927,005           |
| Less: cash and cash equivalents     | (2,731,458)          | (4,717,157)              | (2,974,142)          |
| Net debt                            | 18,746,982           | 19,715,956               | 18,952,863           |
| Total equity                        | 21,883,378           | 19,355,092               | 17,338,191           |
| Total capital                       | <u>\$ 40,630,360</u> | <u>39,071,048</u>        | <u>36,291,054</u>    |
| Debt to capital ratio on period end | <u>46.14 %</u>       | <u>50.46 %</u>           | <u>52.22 %</u>       |

(7) Related-party transactions:

(a) Name of related parties and relationship

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

| <u>Name of related party</u>             | <u>Relationship with the Group</u>                  |
|--|---|
| Shoe Majesty Co., Ltd.                   | A joint venture under the Group's joint arrangement |
| Shoe Majesty Trading Co., Ltd.           | "   |
| Vietnam Shoe Majesty Co., Ltd.           | "   |
| Hong Kong Shoe Majesty Trading Co., Ltd. | "   |

(b) Significant transactions with related parties

(i) Operating revenue

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

|  | <u>For the three months ended June 30</u> |               | <u>For the six months ended June 30</u> |               |
|--|---|---------------|---|---------------|
|  | <u>2021</u>                               | <u>2020</u>   | <u>2021</u>                             | <u>2020</u>   |
| The Group is a joint venture under the joint agreement | \$ <u>24,851</u>                          | <u>21,903</u> | <u>48,236</u>                           | <u>52,811</u> |

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

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(ii) Technical service income

The amounts of technical service income by the Group to related parties were as follows:

|  | <u>For the three months ended June 30</u> |             | <u>For the six months ended June 30</u> |             |
|--|---|-------------|---|-------------|
|  | <u>2021</u>                               | <u>2020</u> | <u>2021</u>                             | <u>2020</u> |
| The Group is a joint venture under the joint agreement | \$ -                                      | 898         | -                                       | 1,802       |

(iii) Receivables due from Related Parties

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

| <u>Account item</u> | <u>Category of related party</u>                       | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|---------------------|--|----------------------|--------------------------|----------------------|
| Accounts receivable | The Group is a joint venture under the joint agreement | \$ 16,772            | 12,988                   | 12,077               |
| Other receivables   | The Group is a joint venture under the joint agreement | 729                  | 1,746                    | 1,207                |
|                     |  | <u>\$ 17,501</u>     | <u>14,734</u>            | <u>13,284</u>        |

(c) Key management personnel transactions

Key management personnel compensation comprised:

|                              | <u>For the three months ended June 30</u> |               | <u>For the six months ended June 30</u> |                |
|------------------------------|---|---------------|---|----------------|
|                              | <u>2021</u>                               | <u>2020</u>   | <u>2021</u>                             | <u>2020</u>    |
| Short-term employee benefits | \$ 118,047                                | 89,198        | 206,992                                 | 171,814        |
| Post-employment benefits     | 952                                       | 760           | 1,881                                   | 1,653          |
|                              | <u>\$ 118,999</u>                         | <u>89,958</u> | <u>208,873</u>                          | <u>173,467</u> |

(8) Pledged assets:

The book values of pledged assets were as follows:

| <u>Pledged assets</u>              | <u>Object</u>                     | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|------------------------------------|-----------------------------------|----------------------|--------------------------|----------------------|
| Other current financial assets     | Customs deposit and lease deposit | \$ 1,227             | 1,560                    | 1,258                |
| Other non-current financial assets | Customs deposit and lease deposit | 74,490               | 75,557                   | 69,898               |
| Total                              |                                   | <u>\$ 75,717</u>     | <u>77,117</u>            | <u>71,156</u>        |

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**(9) Commitments and contingencies:**

- (a) As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group has issued promissory notes for short-term and long-term borrowings of \$7,946,700 thousand, \$6,995,050 thousand and \$6,035,300 thousand, respectively.
- (b) As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group had payables in respect of important construction contracts, amounting to \$327,608 thousand, \$448,517 thousand and \$613,585 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<br>June 30, 2021 |                   |           | For the three months ended<br>June 30, 2020 |                   |           |
|----------------------------|-------------|---|-------------------|-----------|---|-------------------|-----------|
|                            |             | Cost of Sale                                | Operating Expense | Total     | Cost of Sale                                | Operating Expense | Total     |
| Employee benefits          |             |   |                   |           |   |                   |           |
| Salary                     |             | 3,922,330                                   | 1,424,043         | 5,346,373 | 3,865,854                                   | 964,849           | 4,830,703 |
| Labor and health insurance |             | 447,146                                     | 109,695           | 556,841   | 479,161                                     | 45,161            | 524,322   |
| Pension                    |             | 243,732                                     | 66,434            | 310,166   | 156,530                                     | 51,671            | 208,201   |
| Other employee benefits    |             | 585,584                                     | 117,960           | 703,544   | 430,791                                     | 64,568            | 495,359   |
| Depreciation               |             | 457,453                                     | 157,851           | 615,304   | 438,110                                     | 149,097           | 587,207   |
| Amortization               |             | 1,061                                       | 9,097             | 10,158    | 780   | 8,413             | 9,193     |

| By item                    | By function | For the six months ended<br>June 30, 2021 |                   |            | For the six months ended<br>June 30, 2020 |                   |            |
|----------------------------|-------------|---|-------------------|------------|---|-------------------|------------|
|                            |             | Cost of Sale                              | Operating Expense | Total      | Cost of Sale                              | Operating Expense | Total      |
| Employee benefits          |             |   |                   |            |   |                   |            |
| Salary                     |             | 7,866,075                                 | 2,817,702         | 10,683,777 | 7,369,487                                 | 2,671,096         | 10,040,583 |
| Labor and health insurance |             | 887,594                                   | 222,032           | 1,109,626  | 841,642                                   | 216,445           | 1,058,087  |
| Pension                    |             | 498,223                                   | 133,506           | 631,729    | 362,970                                   | 112,185           | 475,155    |
| Other employee benefits    |             | 1,077,809                                 | 223,581           | 1,301,390  | 935,195                                   | 220,901           | 1,156,096  |
| Depreciation               |             | 913,966                                   | 309,072           | 1,223,038  | 865,052                                   | 294,583           | 1,159,635  |
| Amortization               |             | 2,085                                     | 18,453            | 20,538     | 1,705                                     | 17,912            | 19,617     |

- (b) Impact of COVID-19

As a result of Covid-19 in 2021, the Group's India subsidiaries has been suspended from May 12 to May 30, and resumed in June in compliance to the government policy in order to protect employees' health and to prevent further pandemic. In addition, Vietnam region also obeyed the local policy to suspend work from July 17. The Group will continue to strengthen various protection to respond to the development of the pandemic.

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**(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 six months ended June 30, 2021:

- i. Loans to other parties : None
- ii. Guarantees and endorsements for other parties : None
- iii. Securities held as of June 30, 2021 (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/ Trade receivables (payables) |  | Note |
|--------------------------------|-----------------------------------|------------------------|---------------------|-----------|-------------------------------------|---------------|--|---------------|-------------------------------------|--|------|
|                                |                                   |                        | Purchase/Sale       | Amount    | Percentage of total purchases/sales | Payment terms | Unit price   | Payment terms | Ending balance                      | Percentage of total notes/trade receivables (payables) |      |
| Feng Tay Enterprises Co., Ltd. | PT Feng Tay Indonesia Enterprises | Parent and subsidiary  | Sale                | 830,193   | 2%                                  | 30days        | Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare. | -             | 179,983                             | 2%   | -    |
| "                              | "                                 | "                      | Purchase            | 3,132,595 | 7%                                  | 20/30/90 days | "  | -             | (229,177)                           | (3%)   | -    |
| "                              | Dona Pacific (Vietnam) Co., Ltd.  | "                      | Sale                | 721,077   | 2%                                  | 15days        | "  | -             | 50,296                              | -  | -    |
| "                              | "                                 | "                      | Purchase            | 3,775,520 | 9%                                  | 15/30/90 days | "  | -             | (531,860)                           | (7%)   | -    |
| "                              | Vietnam Dona Orient Co., Ltd.     | "                      | Sale                | 1,742,600 | 4%                                  | 60days        | "  | -             | 591,353                             | 5%   | -    |
| "                              | "                                 | "                      | Purchase            | 3,234,019 | 8%                                  | 30/90days     | "  | -             | (381,973)                           | (5%)   | -    |
| "                              | Dona Victor Footwear Co., Ltd.    | "                      | Sale                | 839,004   | 2%                                  | 15days        | "  | -             | 91,369                              | 1%   | -    |

**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/ Trade receivables (payables) |  | Note |
|--|--|-----------------------------|---------------------|-----------|-------------------------------------|------------------------|--|---------------|-------------------------------------|--|------|
|  |  |                             | Purchase/Sale       | Amount    | Percentage of total purchases/sales | Payment terms          | Unit price   | Payment terms | Ending balance                      | Percentage of total notes/trade receivables (payables) |      |
| Feng Tay Enterprises Co., Ltd.             | Dona Victor Footwear Co., Ltd.                 | Parent and subsidiary       | Purchase            | 4,520,400 | 11%                                 | 30/90days              | Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare. | -             | (807,824)                           | (11%)  | -    |
| "  | Lotus Footwear Enterprises Ltd. (India Branch) | "                           | Sale                | 1,058,034 | 2%                                  | 60/90days              | "  | -             | 468,990                             | 4%   | -    |
| "  | "  | "                           | Purchase            | 2,304,769 | 5%                                  | 30/90days              | "  | -             | (335,922)                           | (5%)   | -    |
| "  | Fujian Lifeng Footwear Ind. Dev. Co., Ltd.     | "                           | Sale                | 370,127   | 1%                                  | 15days                 | "  | -             | 73,701                              | 1%   | -    |
| "  | "  | "                           | Purchase            | 1,503,660 | 4%                                  | 15/30/90 days          | "  | -             | (178,843)                           | (2%)   | -    |
| "  | Fujian San Feng Footwear Co., Ltd.             | "                           | Sale                | 343,455   | 1%                                  | 15days                 | "  | -             | 30,983                              | -  | -    |
| "  | "  | "                           | Purchase            | 1,352,042 | 3%                                  | 15/30days              | "  | -             | (128,936)                           | (2%)   | -    |
| "  | Fujian Xiefeng Footwear Co., Ltd.              | "                           | Sale                | 523,300   | 1%                                  | 15days                 | "  | -             | 35,106                              | -  | -    |
| "  | "  | "                           | Purchase            | 1,715,589 | 4%                                  | 15/30/90 days          | "  | -             | (98,268)                            | (1%)   | -    |
| "  | Fujian Great Hope Footwear Co., Ltd.           | "                           | Sale                | 108,859   | -                                   | 15days                 | "  | -             | 46,622                              | -  | -    |
| "  | "  | "                           | Purchase            | 568,667   | 1%                                  | 60days                 | "  | -             | (305,848)                           | (4%)   | -    |
| "  | Vietnam Dona Standard Footwear Co., Ltd.       | "                           | Sale                | 1,989,908 | 4%                                  | 90days                 | "  | -             | 1,113,689                           | 10%  | -    |
| "  | "  | "                           | Purchase            | 7,149,715 | 17%                                 | 30/60/75/90 days       | "  | -             | (1,266,588)                         | (17%)  | -    |
| "  | Vung Tau Orient Co., Ltd.                      | "                           | Sale                | 294,793   | 1%                                  | 90days                 | "  | -             | 214,966                             | 2%   | -    |
| "  | "  | "                           | Purchase            | 797,316   | 2%                                  | 15/30/60/90/120days    | "  | -             | (171,843)                           | (2%)   | -    |
| "  | East Wind Footwear Co., Ltd. (India Branch)    | "                           | Sale                | 844,814   | 2%                                  | 60/90days              | "  | -             | 522,326                             | 5%   | -    |
| "  | "  | "                           | Purchase            | 1,193,428 | 3%                                  | 30/60days              | "  | -             | (165,204)                           | (2%)   | -    |
| "  | Fairway Enterprises Co., Ltd. (India Branch)   | "                           | Sale                | 788,028   | 2%                                  | 90days                 | "  | -             | 385,952                             | 3%   | -    |
| "  | "  | "                           | Purchase            | 1,129,632 | 3%                                  | 30days                 | "  | -             | (258,849)                           | (3%)   | -    |
| "  | Suzhou Yufeng Plastics Technology Co., Ltd.    | "                           | Sale                | 165,169   | -                                   | 15days                 | "  | -             | 27,027                              | -  | -    |
| Growth-Link Overseas Co., Ltd.             | Fujian Great Hope Footwear Co., Ltd.           | Parent and subsidiary       | Purchase            | 133,699   | 57%                                 | Payment after Delivery | "  | -             | -                                   | -  | -    |
| "  | East Wind Footwear Co., Ltd. (India Branch)    | "                           | "                   | 100,572   | 43%                                 | "                      | "  | -             | (149,042)                           | (99%)  | -    |
| PT Feng Tay Indonesia Enterprises          | Feng Tay Enterprises Co., Ltd.                 | Subsidiary and parent       | Sale                | 3,132,595 | 99%                                 | 20/30/90 days          | "  | -             | 229,177                             | 100%   | -    |
| "  | "  | "                           | Purchase            | 830,193   | 44%                                 | 30days                 | "  | -             | (179,983)                           | (44%)  | -    |
| Fujian Lifeng Footwear Ind. Dev. Co., Ltd. | Feng Tay Enterprises Co., Ltd.                 | Sub-subsidiary and investor | Sale                | 1,503,660 | 71%                                 | 15/30/90 days          | "  | -             | 178,843                             | 65%  | -    |

**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/ Trade receivables (payables) |  | Note |
|---|--|-----------------------------|---------------------|-----------|-------------------------------------|------------------------|--|---------------|-------------------------------------|--|------|
|   |  |                             | Purchase/Sale       | Amount    | Percentage of total purchases/sales | Payment terms          | Unit price   | Payment terms | Ending balance                      | Percentage of total notes/trade receivables (payables) |      |
| Fujian Lifeng Footwear Ind. Dev. Co., Ltd.  | Feng Tay Enterprises Co., Ltd.             | Sub-subsidiary and investor | Purchase            | 370,127   | 36%                                 | 15days                 | Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare. | -             | (73,701)                            | (39%)  | -    |
| "   | Fujian Xiefeng Footwear Co., Ltd.          | Associate                   | "                   | 128,197   | 13%                                 | 10-15days              | "  | -             | (18,118)                            | (10%)  | -    |
| Fujian Xiefeng Footwear Co., Ltd.           | Feng Tay Enterprises Co., Ltd.             | Sub-subsidiary and investor | Sale                | 1,715,589 | 67%                                 | 15/30/90 days          | "  | -             | 98,268                              | 35%  | -    |
| "   | Fujian Lifeng Footwear Ind. Dev. Co., Ltd. | Associate                   | "                   | 128,197   | 5%                                  | 10-15days              | "  | -             | 18,118                              | 7%   | -    |
| "   | Feng Tay Enterprises Co., Ltd.             | Sub-subsidiary and investor | Purchase            | 523,300   | 45%                                 | 15days                 | "  | -             | (35,106)                            | (18%)  | -    |
| Fujian San Feng Footwear Co., Ltd.          | Feng Tay Enterprises Co., Ltd.             | Sub-subsidiary and investor | Sale                | 1,352,042 | 70%                                 | 15/30days              | "  | -             | 128,936                             | 53%  | -    |
| "   | "  | "                           | Purchase            | 343,455   | 40%                                 | 15days                 | "  | -             | (30,983)                            | (18%)  | -    |
| "   | Xie Feng Mold Co., Ltd. Putian, Fujian     | Associate                   | "                   | 111,271   | 13%                                 | 10-15days              | "  | -             | (11,050)                            | (6%)   | -    |
| Fujian Great Hope Footwear Co., Ltd.        | Growth-Link Overseas Co., Ltd.             | Subsidiary and parent       | Sale                | 133,699   | 19%                                 | Payment after Delivery | "  | -             | -                                   | -  | -    |
| "   | Feng Tay Enterprises Co., Ltd.             | Sub-subsidiary and investor | "                   | 568,667   | 80%                                 | 60days                 | "  | -             | 305,848                             | 99%  | -    |
| "   | "  | "                           | Purchase            | 108,859   | 30%                                 | 15days                 | "  | -             | (46,622)                            | (33%)  | -    |
| Xie Feng Mold Co., Ltd. Putian, Fujian      | Fujian San Feng Footwear Co., Ltd.         | Associate                   | Sale                | 111,271   | 25%                                 | 10-15days              | "  | -             | 11,050                              | 17%  | -    |
| Suzhou Yufeng Plastics Technology Co., Ltd. | Feng Tay Enterprises Co., Ltd.             | Sub-subsidiary and investor | Purchase            | 165,169   | 58%                                 | 15days                 | "  | -             | (27,027)                            | (69%)  | -    |
| Vietnam Shoe Majesty Co., Ltd.              | Hong Kong Shoe Majesty Trading Co., Ltd.   | Associate                   | Sale                | 2,427,086 | 96%                                 | Payment after Delivery | "  | -             | 797,816                             | 99%  | -    |
| Hong Kong Shoe Majesty Trading Co., Ltd.    | Vietnam Shoe Majesty Co., Ltd.             | Associate                   | Purchase            | 2,427,086 | 100%                                | Payment after Delivery | "  | -             | (797,816)                           | (94%)  | -    |
| Dona Victor Footwear Co., Ltd.              | Feng Tay Enterprises Co., Ltd.             | Sub-subsidiary and investor | Sale                | 4,520,400 | 100%                                | 30/90days              | "  | -             | 807,824                             | 100%   | -    |
| "   | "  | "                           | Purchase            | 839,004   | 72%                                 | 15days                 | "  | -             | (91,369)                            | (23%)  | -    |
| "   | Vietnam Dona Standard Footwear Co., Ltd.   | Associate                   | Purchase            | 116,175   | 10%                                 | 30days                 | "  | -             | (28,253)                            | (7%)   | -    |
| Dona Pacific (Vietnam) Co., Ltd.            | Feng Tay Enterprises Co., Ltd.             | Sub-subsidiary and investor | Sale                | 3,775,520 | 94%                                 | 15/30/90 days          | "  | -             | 531,860                             | 92%  | -    |
| "   | "  | "                           | Purchase            | 721,077   | 43%                                 | 15days                 | "  | -             | (50,296)                            | (12%)  | -    |
| Vietnam Dona Orient Co., Ltd.               | Feng Tay Enterprises Co., Ltd.             | Sub-subsidiary and investor | Sale                | 3,234,019 | 74%                                 | 30/90days              | "  | -             | 381,973                             | 55%  | -    |
| "   | "  | "                           | Purchase            | 1,742,600 | 76%                                 | 60days                 | "  | -             | (591,353)                           | (73%)  | -    |

**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/ Trade receivables (payables) |  | Note |
|---|--|-----------------------------|---------------------|-----------|-------------------------------------|------------------------|--|---------------|-------------------------------------|--|------|
|   |  |                             | Purchase/Sale       | Amount    | Percentage of total purchases/sales | Payment terms          | Unit price   | Payment terms | Ending balance                      | Percentage of total notes/trade receivables (payables) |      |
| Dona Victor Molds Mfg. Co., Ltd.              | Vietnam Dona Standard Footwear Co., Ltd. | Associate                   | Sale                | 199,251   | 50%                                 | 30days                 | Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare. | -             | 33,633                              | 47%  | -    |
| Vung Tau Orient Co., Ltd.                     | Feng Tay Enterprises Co., Ltd.           | Sub-subsidiary and investor | Sale                | 797,316   | 96%                                 | 15/30/60/90/120days    | "  | -             | 171,843                             | 98%  | -    |
| "   | "  | "                           | Purchase            | 294,793   | 94%                                 | 90days                 | "  | -             | (214,966)                           | (78%)  | -    |
| Vietnam Dona Standard Footwear Co., Ltd.      | Feng Tay Enterprises Co., Ltd.           | Sub-subsidiary and investor | Sale                | 7,149,715 | 96%                                 | 30/60/75/90 days       | "  | -             | 1,266,588                           | 95%  | -    |
| "   | Dona Victor Footwear Co., Ltd.           | Associate                   | "                   | 116,175   | 2%                                  | 30days                 | "  | -             | 28,253                              | 2%   | -    |
| "   | Feng Tay Enterprises Co., Ltd.           | Sub-subsidiary and investor | Purchase            | 1,989,908 | 85%                                 | 90days                 | "  | -             | (1,113,689)                         | (66%)  | -    |
| "   | Dona Victor Molds Mfg. Co., Ltd.         | Associate                   | "                   | 199,251   | 9%                                  | 30days                 | "  | -             | (33,633)                            | (2%)   | -    |
| East Wind Footwear Co., Ltd. (India Branch)   | Growth- Link Overseas Co., Ltd.          | Sub-subsidiary and investor | Sale                | 100,572   | 8%                                  | Payment after Delivery | "  | -             | 149,042                             | 47%  | -    |
| "   | Feng Tay Enterprises Co., Ltd.           | "                           | "                   | 1,193,428 | 92%                                 | 30/60days              | "  | -             | 165,204                             | 52%  | -    |
| "   | "  | "                           | Purchase            | 844,814   | 98%                                 | 60/90days              | "  | -             | (522,326)                           | (96%)  | -    |
| Lotus Footwear Enterprises Ltd.(India Branch) | Feng Tay Enterprises Co., Ltd.           | Sub-subsidiary and investor | Sale                | 2,304,769 | 98%                                 | 30/90days              | "  | -             | 335,922                             | 98%  | -    |
| "   | "  | "                           | Purchase            | 1,058,034 | 100%                                | 60/90days              | "  | -             | (468,990)                           | (94%)  | -    |
| Fairway Enterprises Co., Ltd. (India Branch)  | Feng Tay Enterprises Co., Ltd.           | Sub-subsidiary and investor | Sale                | 1,129,632 | 100%                                | 30days                 | "  | -             | 258,849                             | 100%   | -    |
| "   | "  | "                           | Purchase            | 788,028   | 99%                                 | 90days                 | "  | -             | (385,952)                           | (93%)  | -    |

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) | Turnover days | Overdue |              | Amounts received in subsequent period | Allowance for credit loss |
|--------------------------------|--|------------------------|-----------------------|---------------|---------|--------------|---------------------------------------|---------------------------|
|                                |  |                        |                       |               | Amount  | Action taken |                                       |                           |
| Feng Tay Enterprises Co., Ltd. | PT Feng Tay Indonesia Enterprises        | Parent and subsidiary  | 179,983               | 8.64          | -       | -            | 102,598                               | -                         |
| "                              | Vietnam Dona Orient Co., Ltd.            | "                      | 591,353               | 6.26          | -       | -            | 173,400                               | -                         |
| "                              | Vietnam Dona Standard Footwear Co., Ltd. | "                      | 1,113,689             | 3.90          | 33,210  | -            | 287,474                               | -                         |
| "                              | Vung Tau Orient Co., Ltd.                | "                      | 214,966               | 3.10          | 63,373  | -            | 84,371                                | -                         |

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

| Name of company                               | Related party                                  | Nature of relationship      | Ending balance (Note) | Turnover days | Overdue |              | Amounts received in subsequent period | Allowance for credit loss |
|---|--|-----------------------------|-----------------------|---------------|---------|--------------|---------------------------------------|---------------------------|
|   |  |                             |                       |               | Amount  | Action taken |                                       |                           |
| Feng Tay Enterprises Co., Ltd.                | Lotus Footwear Enterprises Ltd. (India Branch) | Parent and subsidiary       | 468,990               | 4.24          | -       | -            | 119,383                               | -                         |
| "   | East Wind Footwear Co., Ltd. (India Branch)    | "                           | 522,326               | 3.81          | 83,394  | -            | 50,754                                | -                         |
| "   | Fairway Enterprises Co., Ltd. (India Branch)   | "                           | 385,952               | 4.22          | -       | -            | 65,262                                | -                         |
| PT Feng Tay Indonesia Enterprises             | Feng Tay Enterprises Co., Ltd.                 | Subsidiary and parent       | 229,177               | 24.42         | -       | -            | 150,966                               | -                         |
| Fujian Lifeng Footwear Ind. Dev. Co., Ltd.    | Feng Tay Enterprises Co., Ltd.                 | Sub-subsidiary and investor | 178,843               | 16.95         | -       | -            | 102,162                               | -                         |
| Fujian San Feng Footwear Co., Ltd.            | Feng Tay Enterprises Co., Ltd.                 | Sub-subsidiary and investor | 128,936               | 28.27         | -       | -            | 89,895                                | -                         |
| Fujian Great Hope Footwear Co., Ltd.          | Feng Tay Enterprises Co., Ltd.                 | Sub-subsidiary and investor | 305,848               | 5.26          | -       | -            | 63,402                                | -                         |
| Vietnam Shoe Majesty Co., Ltd.                | Hong Kong Shoe Majesty Trading Co., Ltd.       | Associate                   | 797,816               | 6.68          | -       | -            | 106,483                               | -                         |
| Dona Victor Footwear Co., Ltd.                | Feng Tay Enterprises Co., Ltd.                 | Sub-subsidiary and investor | 807,824               | 11.69         | -       | -            | 177,720                               | -                         |
| Dona Pacific (Vietnam) Co., Ltd.              | Feng Tay Enterprises Co., Ltd.                 | Sub-subsidiary and investor | 531,860               | 14.17         | -       | -            | 181,065                               | -                         |
| Vietnam Dona Orient Co., Ltd.                 | Feng Tay Enterprises Co., Ltd.                 | Sub-subsidiary and investor | 381,973               | 17.83         | -       | -            | 124,329                               | -                         |
| Vung Tau Orient Co., Ltd.                     | Feng Tay Enterprises Co., Ltd.                 | Sub-subsidiary and investor | 171,843               | 12.05         | -       | -            | 21,502                                | -                         |
| Vietnam Dona Standard Footwear Co., Ltd.      | Feng Tay Enterprises Co., Ltd.                 | Sub-subsidiary and investor | 1,266,588             | 12.72         | -       | -            | 336,264                               | -                         |
| East Wind Footwear Co., Ltd. (India Branch)   | Growth-Link Overseas Co., Ltd.                 | Sub-subsidiary and investor | 149,042               | 1.96          | -       | -            | -                                     | -                         |
| "   | Feng Tay Enterprises Co., Ltd.                 | "                           | 165,204               | 14.04         | -       | -            | 52,090                                | -                         |
| Lotus Footwear Enterprises Ltd.(India Branch) | Feng Tay Enterprises Co., Ltd.                 | Sub-subsidiary and investor | 335,922               | 13.89         | -       | -            | 81,228                                | -                         |
| Fairway Enterprises Co., Ltd. (India Branch)  | Feng Tay Enterprises Co., Ltd.                 | Sub-subsidiary and investor | 258,849               | 9.00          | -       | -            | 97,274                                | -                         |

Note : Reconciliated in the preparation of the consolidated report.

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                                | 830,193   | Note3         | 2.1268%  |
| "           | "                              | "                                 | "                               | Cost of sales                                | 3,132,595 | Note3         | 8.0252%  |
| "           | "                              | "                                 | "                               | Accounts receivable due from related parties | 179,983   | 30days        | 0.4151%  |

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

| No.<br>(Note1) | Name of<br>company                   | Name of<br>counter-party                             | Nature of<br>relationship<br>(Note 2) | Intercompany transactions                       |           |               |  |
|----------------|--------------------------------------|--|---------------------------------------|---|-----------|---------------|--|
|                |                                      |  |                                       | Account name                                    | Amount    | Trading terms | Percentage of the<br>consolidated net<br>revenue or total assets |
| 0              | Feng Tay<br>Enterprises<br>Co., Ltd. | PT Feng Tay<br>Indonesia<br>Enterprises              | 1                                     | Accounts payable to<br>related parties          | 229,177   | 20/30/90days  | 0.5285%  |
| "              | "                                    | Dona<br>Pacific(Vietnam)<br>Co., Ltd.                | 4                                     | Sales revenue                                   | 721,077   | Note3         | 1.8473%  |
| "              | "                                    | "  | "                                     | Cost of sales                                   | 3,775,520 | Note3         | 9.6722%  |
| "              | "                                    | "  | "                                     | Accounts receivable<br>due from related parties | 50,296    | 15days        | 0.1160%  |
| "              | "                                    | "  | "                                     | Accounts payable to<br>related parties          | 531,860   | 15/30/90days  | 1.2266%  |
| "              | "                                    | Vietnam Dona<br>Orient Co., Ltd.                     | "                                     | Sales revenue                                   | 1,742,600 | Note3         | 4.4642%  |
| "              | "                                    | "  | "                                     | Cost of sales                                   | 3,234,019 | Note3         | 8.2850%  |
| "              | "                                    | "  | "                                     | Accounts receivable<br>due from related parties | 591,353   | 60days        | 1.3638%  |
| "              | "                                    | "  | "                                     | Accounts payable to<br>related parties          | 381,973   | 30/90days     | 0.8809%  |
| "              | "                                    | Dona Victor<br>Footwear Co.,<br>Ltd.                 | "                                     | Sales revenue                                   | 839,004   | Note3         | 2.1494%  |
| "              | "                                    | "  | "                                     | Cost of sales                                   | 4,520,400 | Note3         | 11.5805%   |
| "              | "                                    | "  | "                                     | Accounts receivable<br>due from related parties | 91,369    | 15days        | 0.2107%  |
| "              | "                                    | "  | "                                     | Accounts payable to<br>related parties          | 807,824   | 30/90days     | 1.8630%  |
| "              | "                                    | Lotus Footwear<br>Enterprises Ltd.<br>(India Branch) | "                                     | Sales revenue                                   | 1,058,034 | Note3         | 2.7105%  |
| "              | "                                    | "  | "                                     | Cost of sales                                   | 2,304,769 | Note3         | 5.9044%  |
| "              | "                                    | "  | "                                     | Accounts receivable<br>due from related parties | 468,990   | 60/90days     | 1.0816%  |
| "              | "                                    | "  | "                                     | Accounts payable to<br>related parties          | 335,922   | 30/90days     | 0.7747%  |
| "              | "                                    | Fujian Lifeng<br>Footwear Ind.<br>Dev. Co., Ltd.     | "                                     | Sales revenue                                   | 370,127   | Note3         | 0.9482%  |
| "              | "                                    | "  | "                                     | Cost of sales                                   | 1,503,660 | Note3         | 3.8521%  |
| "              | "                                    | "  | "                                     | Accounts receivable<br>due from related parties | 73,701    | 15days        | 0.1700%  |
| "              | "                                    | "  | "                                     | Accounts payable to<br>related parties          | 178,843   | 15/30/90days  | 0.4124%  |
| "              | "                                    | Fujian San Feng<br>Footwear Co.,<br>Ltd.             | "                                     | Sales revenue                                   | 343,455   | Note3         | 0.8799%  |
| "              | "                                    | "  | "                                     | Cost of sales                                   | 1,352,042 | Note3         | 3.4637%  |
| "              | "                                    | "  | "                                     | Accounts receivable<br>due from related parties | 30,983    | 15days        | 0.0715%  |
| "              | "                                    | "  | "                                     | Accounts payable to<br>related parties          | 128,936   | 15/30days     | 0.2973%  |
| "              | "                                    | Fujian Xiefeng<br>Footwear Co.,<br>Ltd.              | "                                     | Sales revenue                                   | 523,300   | Note3         | 1.3406%  |
| "              | "                                    | "  | "                                     | Cost of sales                                   | 1,715,589 | Note3         | 4.3950%  |
| "              | "                                    | "  | "                                     | Accounts receivable<br>due from related parties | 35,106    | 15days        | 0.0810%  |

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

| No.<br>(Note1) | Name of<br>company                   | Name of<br>counter-party                              | Nature of<br>relationship<br>(Note 2) | Intercompany transactions                       |           |                     |  |
|----------------|--------------------------------------|---|---------------------------------------|---|-----------|---------------------|--|
|                |                                      |   |                                       | Account name                                    | Amount    | Trading terms       | Percentage of the<br>consolidated net<br>revenue or total assets |
| 0              | Feng Tay<br>Enterprises<br>Co., Ltd. | Fujian Xiefeng<br>Footwear Co.,<br>Ltd.               | 4                                     | Accounts payable to<br>related parties          | 98,268    | 15/30/90days        | 0.2266%  |
| "              | "                                    | Fujian Great<br>Hope Footwear<br>Co., Ltd.            | "                                     | Sales revenue                                   | 108,859   | Note3               | 0.2789%  |
| "              | "                                    | "   | "                                     | Cost of sales                                   | 568,667   | Note3               | 1.4568%  |
| "              | "                                    | "   | "                                     | Accounts receivable<br>due from related parties | 46,622    | 15days              | 0.1075%  |
| "              | "                                    | "   | "                                     | Accounts payable to<br>related parties          | 305,848   | 60days              | 0.7053%  |
| "              | "                                    | Vietnam Dona<br>Standard<br>Footwear Co.,<br>Ltd.     | "                                     | Sales revenue                                   | 1,989,908 | Note3               | 5.0978%  |
| "              | "                                    | "   | "                                     | Cost of sales                                   | 7,149,715 | Note3               | 18.3163%   |
| "              | "                                    | "   | "                                     | Accounts receivable<br>due from related parties | 1,113,689 | 90days              | 2.5684%  |
| "              | "                                    | "   | "                                     | Accounts payable to<br>related parties          | 1,266,588 | 30/60/75/90days     | 2.9210%  |
| "              | "                                    | Vung Tau Orient<br>Co., Ltd.                          | "                                     | Sales revenue                                   | 294,793   | Note3               | 0.7552%  |
| "              | "                                    | "   | "                                     | Cost of sales                                   | 797,316   | Note3               | 2.0426%  |
| "              | "                                    | "   | "                                     | Accounts receivable<br>due from related parties | 214,966   | 90days              | 0.4957%  |
| "              | "                                    | "   | "                                     | Accounts payable to<br>related parties          | 171,843   | 15/30/60/90/120days | 0.3963%  |
| "              | "                                    | East Wind<br>Footwear Co.,<br>Ltd.(India<br>Branch)   | "                                     | Sales revenue                                   | 844,814   | Note3               | 2.1643%  |
| "              | "                                    | "   | "                                     | Cost of sales                                   | 1,193,428 | Note3               | 3.0574%  |
| "              | "                                    | "   | "                                     | Accounts receivable<br>due from related parties | 522,326   | 60/90days           | 1.2046%  |
| "              | "                                    | "   | "                                     | Accounts payable to<br>related parties          | 165,204   | 30/60days           | 0.3810%  |
| "              | "                                    | Fairway<br>Enterprises Co.,<br>Ltd. (India<br>Branch) | "                                     | Sales revenue                                   | 788,028   | Note3               | 2.0188%  |
| "              | "                                    | "   | "                                     | Cost of sales                                   | 1,129,632 | Note3               | 2.8939%  |
| "              | "                                    | "   | "                                     | Accounts receivable<br>due from related parties | 385,952   | 90days              | 0.8901%  |
| "              | "                                    | "   | "                                     | Accounts payable to<br>related parties          | 258,849   | 30days              | 0.5970%  |
| "              | "                                    | Suzhou Yufeng<br>Plastics<br>Technology Co.,<br>Ltd.  | "                                     | Sales revenue                                   | 165,169   | Note3               | 0.4231%  |
| "              | "                                    | "   | "                                     | Accounts receivable<br>due from related parties | 27,027    | 15days              | 0.0623%  |
| 1              | Growth-Link<br>Overseas<br>Co., Ltd. | Fujian Great<br>Hope Footwear<br>Co., Ltd.            | 6                                     | Cost of sales                                   | 133,699   | Note3               | 0.3425%  |

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

| No.<br>(Note1) | Name of<br>company                              | Name of<br>counter-party                             | Nature of<br>relationship<br>(Note 2) | Intercompany transactions                       |         |                           |  |
|----------------|---|--|---------------------------------------|---|---------|---------------------------|--|
|                |   |  |                                       | Account name                                    | Amount  | Trading terms             | Percentage of the<br>consolidated net<br>revenue or total assets |
| 1              | Growth-Link<br>Overseas<br>Co., Ltd.            | East Wind<br>Footwear Co.,<br>Ltd.(India<br>Branch)  | 6                                     | Cost of sales                                   | 100,572 | Note3                     | 0.2576%  |
| "              | "   | "  | "                                     | Accounts payable to<br>related parties          | 149,042 | Payment after<br>Delivery | 0.3437%  |
| 2              | Fujian<br>Xiefeng<br>Footwear<br>Co., Ltd.      | Fujian Lifeng<br>Footwear Ind.<br>Dev. Co., Ltd.     | 8                                     | Sales revenue                                   | 128,197 | Note3                     | 0.3284%  |
| "              | "   | "  | "                                     | Accounts receivable<br>due from related parties | 18,118  | 10~15days                 | 0.0418%  |
| 3              | Xie Feng<br>Mold Co.,<br>Ltd. Putian,<br>Fujian | Fujian San Feng<br>Footwear Co.,<br>Ltd.             | 8                                     | Sales revenue                                   | 111,271 | Note3                     | 0.2851%  |
| "              | "   | "  | "                                     | Accounts receivable<br>due from related parties | 11,050  | 10~15days                 | 0.0255%  |
| 4              | Dona Victor<br>Footwear<br>Co., Ltd.            | Vietnam Dona<br>Standard<br>Footwear<br>Company Ltd. | 8                                     | Cost of sales                                   | 116,175 | Note3                     | 0.2976%  |
| "              | "   | "  | "                                     | Accounts payable to<br>related parties          | 28,253  | 30days                    | 0.0652%  |
| 5              | Dona Victor<br>Molds Mfg<br>Co., Ltd.           | Vietnam Dona<br>Standard<br>Footwear<br>Company Ltd. | 8                                     | Sales revenue                                   | 199,251 | Note3                     | 0.5104%  |
| "              | "   | "  | "                                     | Accounts receivable<br>due from related parties | 33,633  | 30days                    | 0.0776%  |

Note1 The numbers filled in as follows :

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

Note2 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.

Note3 Selling price of goods is determined through negotiations and there are no other transactions with non-related parties to compare.

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

## (b) Information on investment

The following is the information on investment for the six months ended June 30, 2021  
(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 June 30, 2021 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note                                      |
|--------------------------------|--|------------------------|--|----------------------------|-------------------|-----------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|---|
|                                |  |                        |  | June 30, 2021              | December 31, 2020 | Shares                      | Percentage of ownership | Carrying value |                                 |                                     |   |
| Feng Tay Enterprises Co., Ltd. | PT Feng Tay Indonesia Enterprises        | Indonesia              | Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories | 1,322,618                  | 1,322,618         | 53,900                      | 99.81%                  | 902,866        | 39,103                          | 39,030                              | Subsidiary (Note 5)                       |
| "                              | PT Rich Valley Indonesia                 | "                      | Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories | 280,876                    | 221,479           | 129,990                     | 99.99%                  | 258,052        | (600)                           | (600)                               | "   |
| "                              | Growth-Link Overseas Co., Ltd.           | Bermuda                | Investment holding, selling of athletic shoes, and trading of footwear materials               | 5,521,531                  | 5,521,531         | 6,000,000                   | 100.00%                 | 12,941,897     | 1,510,273                       | 1,510,273                           | "   |
| "                              | VX Holdings Ltd.                         | British Virgin Islands | Investment holding   | 447,734                    | 447,734           | 38,280                      | 47.26%                  | 877,022        | 519,045                         | 245,300                             | "   |
| "                              | Shoe Majesty Co., Ltd.                   | "                      | Investment holding   | 203,466                    | 203,466           | 6,120                       | 20.40%                  | 296,481        | 83,088                          | 16,950                              | Investee under the equity method          |
| "                              | Dona Orient Holdings Ltd.                | "                      | Investment holding   | 1,529,723                  | 1,529,723         | 44,753                      | 40.97%                  | 2,981,175      | 497,694                         | 203,905                             | Sub-subsidiary (Note 5)                   |
| "                              | Great Eastern Industries Ltd.            | Hong Kong              | International trade services   | 30,358                     | 30,358            | 1,000                       | 100.00%                 | 32,539         | 2,263                           | 2,263                               | Subsidiary (Note 5)                       |
| Growth-Link Overseas Co., Ltd. | VX Mold Co., Ltd.                        | British Virgin Islands | Investment holding   | 13,927                     | 13,927            | 372,000                     | 93.00%                  | 237,425        | 104,962                         | 97,614                              | Subsidiary (Note 5)                       |
| "                              | VX Holdings Ltd.                         | "                      | Investment holding   | 264,411                    | 264,411           | 36,342                      | 44.87%                  | 872,638        | 519,045                         | 232,880                             | Investee under the equity method (Note 5) |
| "                              | Dona Pacific Holdings Ltd.               | "                      | Investment holding and sale of finished shoes  | 346,907                    | 346,907           | 23,000                      | 92.00%                  | 1,120,600      | 376,765                         | 346,624                             | Subsidiary (Note 5)                       |
| "                              | Shoe Majesty Co., Ltd.                   | "                      | Investment holding   | 223,740                    | 223,740           | 8,580                       | 28.60%                  | 431,289        | 83,088                          | 23,763                              | Investee under the equity method          |
| "                              | Dona Orient Holdings Ltd.                | "                      | Investment holding   | 1,831,222                  | 1,831,222         | 64,483                      | 59.03%                  | 4,577,163      | 497,694                         | 293,789                             | Subsidiary (Note 5)                       |
| "                              | Lotus Footwear Enterprises Ltd.          | "                      | Investment holding business, and manufacturing and selling of finished shoe                    | 1,892,192                  | 1,892,192         | 34,020                      | 88.00%                  | 3,252,437      | 52,457                          | 46,162                              | "   |
| "                              | PT Rich Valley Indonesia                 | Indonesia              | Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories | 20                         | 20                | 10                          | 0.01%                   | 26             | (600)                           | -                                   | Investee under the equity method (Note 5) |
| "                              | Cheyar SEZ Developers Private Ltd.       | India                  | Development in India's Industrial Park   | -                          | -                 | 1                           | 0.01%                   | -              | 5,225                           | -                                   | "   |
| VX Holdings Ltd.               | Dona Victor Footwear Co., Ltd.           | Vietnam                | Producing of athletic shoes, semi-finished footwear, and footwear accessories                  | 917,291                    | 917,291           | Note4                       | 100.00%                 | 1,999,715      | 516,968                         | 516,968                             | Subsidiary (Note 5)                       |
| Shoe Majesty Co., Ltd.         | Shoe Majesty Trading Co., Ltd.           | British Virgin Islands | International trade services   | 11,402                     | 11,402            | 410                         | 100.00%                 | 4,503          | (16,087)                        | (16,087)                            | Subsidiary                                |
| "                              | Hong Kong Shoe Majesty Trading Co., Ltd. | Hong Kong              | International trade services   | 5,562                      | 5,562             | 200                         | 100.00%                 | 62,914         | 40,501                          | 40,501                              | "   |

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
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| Name of investor                | Name of investee                         | Location               | Main businesses and products  | Original investment amount |                   | Balance as of June 30, 2021 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note                |
|---------------------------------|--|------------------------|---|----------------------------|-------------------|-----------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|---------------------|
|                                 |  |                        |   | June 30, 2021              | December 31, 2020 | Shares                      | Percentage of ownership | Carrying value |                                 |                                     |                     |
| Shoe Majesty Co., Ltd.          | Vietnam Shoe Majesty Co., Ltd.           | Vietnam                | Manufacturing footwear products   | 1,028,970                  | 1,028,970         | Note4                       | 100.00%                 | 1,454,571      | 62,210                          | 62,210                              | Subsidiary          |
| Dona Orient Holdings Ltd.       | Vietnam Dona Orient Co., Ltd.            | Vietnam                | Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories | 1,223,640                  | 1,223,640         | Note4                       | 100.00%                 | 1,764,853      | 260,826                         | 260,826                             | Subsidiary (Note 5) |
| "                               | Vietnam Dona Standard Footwear Co., Ltd. | "                      | Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories | 2,105,217                  | 2,105,217         | "                           | 100.00%                 | 4,574,013      | 251,924                         | 251,924                             | "                   |
| "                               | Hold Gold Trading Co., Ltd.              | British Virgin Islands | Selling of finished shoes, golf balls, backpack, bags and soccer ball             | 2,781                      | 2,781             | 100                         | 100.00%                 | 16,976         | 1,490                           | 1,490                               | "                   |
| "                               | Vung Tau Orient Co., Ltd.                | Vietnam                | Producing golf balls, soccer balls, and backpack, bags                            | 423,358                    | 423,358           | Note4                       | 100.00%                 | 573,227        | (12,555)                        | (12,555)                            | "                   |
| "                               | Vietnam Nam Ha Footwear Co., Ltd.        | "                      | Producing athletic shoes, semi-finished footwear, and footwear accessories        | 606,258                    | 606,258           | "                           | 100.00%                 | 599,749        | (3,940)                         | (3,940)                             | "                   |
| VX Mold Co., Ltd.               | Dona Victor Molds Mfg. Co., Ltd.         | Vietnam                | Manufacturing and repair of molds, cutting dies, and processing of metal parts    | 86,211                     | 86,211            | Note4                       | 100.00%                 | 253,544        | 106,008                         | 106,008                             | Subsidiary (Note 5) |
| Dona Pacific Holdings Ltd.      | Dona Pacific (Vietnam) Co., Ltd.         | Vietnam                | Producing athletic shoes, semi-finished footwear, and footwear accessories        | 556,200                    | 834,300           | Note4                       | 100.00%                 | 1,217,629      | 377,088                         | 377,088                             | Subsidiary (Note 5) |
| Lotus Footwear Enterprises Ltd. | Cheyar SEZ Developers Private Ltd.       | India                  | Development in India's Industrial Park  | 2,410,559                  | 2,410,559         | 91,999,999                  | 99.99%                  | 1,954,782      | 5,225                           | 5,225                               | Subsidiary (Note 5) |
| "                               | East Wind Footwear Co., Ltd.             | British Virgin Islands | Investment holding and production of athletic shoes                               | 459,761                    | 459,761           | 9,751                       | 100.00%                 | 743,231        | (114,665)                       | (114,665)                           | "                   |
| "                               | Fairway Enterprises Co., Ltd.            | "                      | Investment holding and production of athletic shoes                               | 1,321,031                  | 1,098,551         | 23,751                      | 100.00%                 | 1,248,675      | (49,407)                        | (49,407)                            | "                   |

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 June 30, 2021 reviewed by certified public accountants, except that some of the investees were presented based on the unreviewed financial statements as of June 30, 2021.

Note 4 : Unissued shares of the Vietnamese entities.

Note 5 : Included in the consolidated financial statements.

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

(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 paid in capital (Note 6) | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2021 (Note 6) | Investment flows |        | Accumulated outflow of investment from Taiwan as of June 30, 2021 (Note 6) | Net income (losses) of the investee (Note 7) | Percentage of ownership | Investment income (losses) (Note 7) | Book value (Note 6) | Accumulated remittance of earnings as of June 30, 2021 (Note 7) |
|---|--|--|----------------------|--|------------------|--------|--|--|-------------------------|-------------------------------------|---------------------|---|
|   |  |  |                      |  | Outflow          | Inflow |  |  |                         |                                     |                     |   |
| Fujian Wu Feng Department Store Co., Ltd.   | Wholesale and retail of general merchandise, and related services.   | 125,145                                  | Note1                | \$152,387  | -                | -      | \$152,387  | 123  | 50.00%                  | 61                                  | 23,093              | 94,860  |
| Xie Feng Mold Co., Ltd. Putian, Fujian      | Manufacturing and repair of molds, cutting dies, shoe lasts, injections, and processing of metal parts.                                  | 83,430                                   | "                    | 133,579  | -                | -      | 133,579  | 128,922                                      | 50.34%                  | 64,893                              | 139,164             | 773,153   |
| Fujian Xiefeng Footwear Co., Ltd.           | Producing athletic shoes, semi-finished footwear, and footwear accessories   | 417,150                                  | "                    | 438,294  | -                | -      | 438,294  | 224,068                                      | 77.50%                  | 173,653                             | 584,691             | 586,062   |
| Fujian San Feng Footwear Co., Ltd.          | Producing athletic shoes, semi-finished footwear, and footwear accessories   | 417,150                                  | "                    | 398,083  | -                | -      | 398,083  | 175,129                                      | 68.00%                  | 119,087                             | 310,366             | 556,052   |
| Fujian Da Feng Holdings Co., Ltd.           | Investment holding   | 834,300                                  | "                    | 837,396  | -                | -      | 837,396  | 548,337                                      | 70.00%                  | 383,836                             | 1,763,196           | 3,752,627   |
| Fujian Great Hope Footwear Co., Ltd.        | Production of athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products | 221,090                                  | "                    | 441,172  | -                | -      | 441,172  | 79,751                                       | 84.73%                  | 67,576                              | 496,252             | 443,652   |
| Fujian Lifeng Footwear Ind. Dev. Co., Ltd.  | Producing athletic shoes, semi-finished footwear, and footwear accessories   | 417,150                                  | Note2                | 382,948  | -                | -      | 382,948  | 210,867                                      | 70.00%                  | 147,607                             | 604,938             | -   |
| Suzhou Yufeng Plastics Technology Co., Ltd. | Manufacturing and processing of plastic products.  | 71,270                                   | "                    | -  | -                | -      | -  | 74,602                                       | 66.07%                  | 49,286                              | 163,890             | -   |

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

ii. Upper limit on investment in Mainland China

| Accumulated Investment in Mainland China as of June 30, 2021 (Note 4 and 6) | Investment Amounts Authorized by Investment Commission, MOEA (Note 6) | Upper Limit on Investment (Note 5) |
|---|---|------------------------------------|
| 2,110,999   | 2,294,613   | 12,164,323                         |

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 June 30, 2021.

Note 4 : The investment amount has been deducted by accumulated remittance of earnings as of the current period of USD 222,542,955, capital increase from retained earnings of USD 3,939,944, capital stock inflows of USD 24,626,117, investment through a company registered in Mainland China of USD 31,576,154, including verified sale of the equity interests in Tianjin Tecnica and Beijing Tecnica of USD 118,206, and the investment in The Quest Group disposed of on September 28, 2008 of USD 9,600,595.

Note 5 : 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 6 : Calculated based on the closing exchange rate of 27.81 on June 30, 2021

Note 7 : Calculated based on the average closing exchange rate of 28.0558 between January and the end of June 2021.

iii Significant transactions :

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

(d) Major shareholders

| Shareholding<br>Shareholder's Name | Shares     | Percentage |
|------------------------------------|------------|------------|
| WANG LIOU, MEI-HUEI                | 95,423,056 | 10.82 %    |
| WANG, CHOU-HSIONG                  | 82,987,033 | 9.41 %     |
| 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.

**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
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The Group's operating segment information and reconciliation are as follows :

|  | <u>Department of<br/>manufacturing<br/>and selling shoes</u> | <u>Other<br/>Departments</u> | <u>Reconciliation<br/>and elimination</u> | <u>Total</u>      |
|--|--|------------------------------|---|-------------------|
| <b>For the three months ended</b>        |  |                              |   |                   |
| <b>June 30, 2021</b>                     |  |                              |   |                   |
| <b>Revenue</b>                           |  |                              |   |                   |
| Revenue from external customers          | \$ 19,226,840  | 471,020                      | -   | 19,697,860        |
| Intersegment revenues                    | 22,407,462   | 629,702                      | (23,037,164)                              | -                 |
| <b>Total revenue</b>                     | <b>\$ 41,634,302</b>   | <b>1,100,722</b>             | <b>(23,037,164)</b>                       | <b>19,697,860</b> |
| <b>Reportable segment profit or loss</b> | <b>\$ 2,643,897</b>  | <b>(40,382)</b>              | <b>(143,332)</b>                          | <b>2,460,183</b>  |

|  | <u>Department of<br/>manufacturing<br/>and selling shoes</u> | <u>Other<br/>Departments</u> | <u>Reconciliation<br/>and elimination</u> | <u>Total</u>      |
|--|--|------------------------------|---|-------------------|
| <b>For the three months ended</b>        |  |                              |   |                   |
| <b>June 30, 2020</b>                     |  |                              |   |                   |
| <b>Revenue</b>                           |  |                              |   |                   |
| Revenue from external customers          | \$ 15,384,608  | 536,024                      | -   | 15,920,632        |
| Intersegment revenues                    | 17,443,332   | 283,712                      | (17,727,044)                              | -                 |
| <b>Total revenue</b>                     | <b>\$ 32,827,940</b>   | <b>819,736</b>               | <b>(17,727,044)</b>                       | <b>15,920,632</b> |
| <b>Reportable segment profit or loss</b> | <b>\$ 1,610,674</b>  | <b>21,775</b>                | <b>(54,659)</b>                           | <b>1,577,790</b>  |

|  | <u>Department of<br/>manufacturing<br/>and selling shoes</u> | <u>Other<br/>Departments</u> | <u>Reconciliation<br/>and elimination</u> | <u>Total</u>      |
|--|--|------------------------------|---|-------------------|
| <b>For the six months ended</b>          |  |                              |   |                   |
| <b>June 30, 2021</b>                     |  |                              |   |                   |
| <b>Revenue</b>                           |  |                              |   |                   |
| Revenue from external customers          | \$ 38,078,042  | 956,643                      | -   | 39,034,685        |
| Intersegment revenues                    | 44,411,569   | 1,263,806                    | (45,675,375)                              | -                 |
| <b>Total revenue</b>                     | <b>\$ 82,489,611</b>   | <b>2,220,449</b>             | <b>(45,675,375)</b>                       | <b>39,034,685</b> |
| <b>Reportable segment profit or loss</b> | <b>\$ 5,427,625</b>  | <b>(38,635)</b>              | <b>(237,204)</b>                          | <b>5,151,786</b>  |

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

|   | <b>Department of<br/>manufacturing<br/>and selling shoes</b> | <b>Other<br/>Departments</b> | <b>Reconciliation<br/>and elimination</b> | <b>Total</b>      |
|---|--|------------------------------|---|-------------------|
| <b>For the six months ended<br/>June 30, 2020</b> |  |                              |   |                   |
| <b>Revenue</b>                                    |  |                              |   |                   |
| Revenue from external customers                   | \$ 32,937,997  | 1,102,850                    | -   | 34,040,847        |
| Intersegment revenues                             | 38,045,370   | 1,047,209                    | (39,092,579)                              | -                 |
| <b>Total revenue</b>                              | <b>\$ 70,983,367</b>   | <b>2,150,059</b>             | <b>(39,092,579)</b>                       | <b>34,040,847</b> |
| <b>Reportable segment profit or loss</b>          | <b>\$ 3,591,014</b>  | <b>42,907</b>                | <b>(99,632)</b>                           | <b>3,534,289</b>  |