

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

**Consolidated Financial Statements**

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

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

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## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Feng Tay Enterprises Company Limited and its subsidiaries (“the Group”), as of September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, as well as the changes in equity and cash flows for the nine months ended September 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 \$11,526,702 thousand and \$12,249,556 thousand, constituting 28.09% and 29.84% of consolidated total assets as of September 30, 2021 and 2020, respectively; total liabilities amounting to \$3,700,341 thousand and \$3,527,281 thousand, constituting 16.28% and 15.84% of consolidated total liabilities as of September 30, 2021 and 2020, respectively, and total comprehensive income amounting to \$29,938 thousand, \$344,393 thousand, \$120,757 thousand and \$987,686 thousand, constituting (9.60)%, 22.89%, 4.11% and 27.32% of consolidated total comprehensive income (loss) for the three months and nine months ended September 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 \$707,062 thousand and \$780,078 thousand as of September 30, 2021 and 2020, respectively, and its equity in net gain (loss) on these investee companies of \$(39,117) thousand, \$21,891 thousand, \$1,596 thousand and \$25,095 thousand for the three months and nine months ended September 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 September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine months ended September 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)  
November 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 and Report Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

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

**Consolidated Balance Sheets**

**September 30, 2021, December 31, 2020, and September 30, 2020**

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2021		December 31, 2020		September 30, 2020				September 30, 2021		December 31, 2020		September 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (Note (6)(a))	\$ 3,809,904	9	4,717,157	11	3,844,304	10	2100	Short-term borrowings (Note (6)(k))	\$ 5,519,940	14	3,496,883	8	4,128,773	10
1170	Notes and accounts receivable (Notes (6)(c) and (r))	3,562,041	9	7,388,850	17	6,999,378	17	2130	Current contract liabilities (Note (6)(r))	402	-	2,172	-	16,725	-
1180	Accounts receivable due from related parties, net (Notes (6)(c), (r) and (7))	-	-	12,988	-	14,519	-	2170	Notes and accounts payable	3,307,633	8	5,318,806	12	4,355,086	11
1200	Other receivables (Note (7))	429,702	1	392,943	1	458,571	1	2200	Other payables	3,734,129	9	4,877,657	11	3,697,753	9
1220	Current tax assets	153,575	-	217,593	-	134,111	-	2230	Current tax liabilities	1,675,564	4	2,333,204	6	2,230,555	5
130X	Inventories (Note (6)(d))	9,077,045	22	7,968,535	18	6,591,261	16	2280	Current lease liabilities (Note (6)(m))	14,649	-	21,389	-	22,724	-
1476	Other current financial assets (Note (8))	1,050,327	3	119,260	-	121,533	-	2320	Long-term liabilities, current portion (Note (6)(l))	37,439	-	77,833	-	-	-
1479	Other current assets, others	982,150	2	990,381	3	974,171	3	2399	Other current liabilities	45,001	-	44,469	-	30,233	-
	<b>Total current assets</b>	<u>19,064,744</u>	<u>46</u>	<u>21,807,707</u>	<u>50</u>	<u>19,137,848</u>	<u>47</u>		<b>Total current liabilities</b>	<u>14,334,757</u>	<u>35</u>	<u>16,172,413</u>	<u>37</u>	<u>14,481,849</u>	<u>35</u>
<b>Non-current assets:</b>															
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	-	-	422	-	427	-	2540	Long-term borrowings (Note (6)(l))	1,359,839	3	907,615	2	1,007,299	3
1550	Investments accounted for using equity method (Note (6)(e))	707,062	2	771,031	2	780,078	2	2570	Deferred tax liabilities	3,072,971	8	3,428,023	8	3,396,072	8
1600	Property, plant and equipment (Note (6)(g))	17,980,895	44	17,773,887	41	17,826,242	43	2580	Non-current lease liabilities (Note (6)(m))	493,514	1	522,659	1	519,007	1
1755	Right-of-use assets (Note (6)(h))	1,408,854	3	1,419,194	3	1,448,949	4	2640	Non-current net defined benefit liability	3,302,446	8	3,269,380	8	2,746,490	7
1760	Investment property, net (Note (6)(i))	63,100	-	75,030	-	73,770	-	2670	Other non-current liabilities	165,609	-	133,023	-	135,031	-
1780	Intangible assets (Note (6)(j))	390,199	1	378,242	1	373,192	1		<b>Total non-current liabilities</b>	<u>8,394,379</u>	<u>20</u>	<u>8,260,700</u>	<u>19</u>	<u>7,803,899</u>	<u>19</u>
1840	Deferred tax assets	1,062,916	3	1,097,106	2	1,001,823	2		<b>Total liabilities</b>	<u>22,729,136</u>	<u>55</u>	<u>24,433,113</u>	<u>56</u>	<u>22,285,748</u>	<u>54</u>
1980	Other non-current financial assets (Note (8))	78,501	-	75,557	-	74,043	-	<b>Equity attributable to owners of parent</b>							
1990	Other non-current assets	284,738	1	390,029	1	360,946	1	<b>(Note (6)(p)):</b>							
	<b>Total non-current assets</b>	<u>21,976,265</u>	<u>54</u>	<u>21,980,498</u>	<u>50</u>	<u>21,939,470</u>	<u>53</u>	3110	Total capital stock	8,816,811	22	8,816,811	20	8,816,811	22
	<b>Total assets</b>	<u>\$ 41,041,009</u>	<u>100</u>	<u>43,788,205</u>	<u>100</u>	<u>41,077,318</u>	<u>100</u>	3200	Capital surplus	50,008	-	50,025	-	49,383	-
									Retained earnings:						
								3310	Legal reserve	5,126,375	13	4,676,373	11	4,676,373	11
								3320	Special reserve	2,082,107	5	1,247,402	3	1,247,402	3
								3350	Unappropriated retained earnings	3,013,586	7	4,631,561	10	3,800,075	9
									Other equity interest:						
								3410	Exchange differences on translation of foreign financial statements	(2,487,390)	(6)	(2,082,107)	(5)	(1,808,286)	(4)
									<b>Total equity attributable to owners of parent:</b>	<u>16,601,497</u>	<u>41</u>	<u>17,340,065</u>	<u>39</u>	<u>16,781,758</u>	<u>41</u>
								36XX	<b>Non-controlling interests</b>	<u>1,710,376</u>	<u>4</u>	<u>2,015,027</u>	<u>5</u>	<u>2,009,812</u>	<u>5</u>
									<b>Total equity</b>	<u>18,311,873</u>	<u>45</u>	<u>19,355,092</u>	<u>44</u>	<u>18,791,570</u>	<u>46</u>
									<b>Total liabilities and equity</b>	<u>\$ 41,041,009</u>	<u>100</u>	<u>43,788,205</u>	<u>100</u>	<u>41,077,318</u>	<u>100</u>

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

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

**Consolidated Statements of Comprehensive Income**

**For the three months and nine months ended September 30, 2021 and 2020**

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

	For the three months ended September 30				For the nine months ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	<b>Operating revenues (Notes (6)(r) and (7))</b>							
	\$ 12,590,437	100	17,299,300	100	51,625,122	100	51,340,147	100
5000	<b>Operating costs (Note (6)(d))</b>							
	(11,081,161)	(88)	(12,941,038)	(75)	(40,394,611)	(78)	(39,228,669)	(76)
	<b>Gross profit from operations</b>							
	1,509,276	12	4,358,262	25	11,230,511	22	12,111,478	24
	<b>Operating expenses:</b>							
6100	Selling and administrative expenses							
	(1,548,200)	(12)	(1,674,956)	(9)	(5,134,098)	(10)	(5,103,633)	(10)
6300	Research and development expenses							
	(530,850)	(4)	(619,339)	(4)	(1,862,973)	(4)	(1,881,852)	(4)
	<b>Total operating expenses</b>							
	(2,079,050)	(16)	(2,294,295)	(13)	(6,997,071)	(14)	(6,985,485)	(14)
	<b>Net operating income</b>							
	(569,774)	(4)	2,063,967	12	4,233,440	8	5,125,993	10
	<b>Non-operating income and expenses:</b>							
7100	Interest income (Note (6)(t))							
	10,545	-	6,156	-	28,931	-	31,929	-
7010	Other income (Note (6)(t))							
	166,418	1	147,841	1	440,854	1	745,450	1
7020	Other gains and losses, net (Note (6)(t))							
	16,570	-	8,120	-	80,429	-	(72,644)	-
7050	Financial costs (Note (6)(t))							
	(24,155)	-	(23,284)	-	(72,977)	-	(96,843)	-
7060	Share of profit (loss) of associates and joint ventures							
	accounted for using equity method (Note (6)(e))							
	(39,117)	-	21,891	-	1,596	-	25,095	-
	<b>Total non-operating income and expenses</b>							
	130,261	1	160,724	1	478,833	1	632,987	1
	<b>Profit (loss) from continuing operations before tax</b>							
	(439,513)	(3)	2,224,691	13	4,712,273	9	5,758,980	11
7950	<b>Income tax benefit (expenses) (Note (6)(o))</b>							
	131,870	(1)	(520,021)	3	(1,332,962)	2	(1,538,331)	3
	<b>Net profit (loss)</b>							
	(307,643)	(2)	1,704,670	10	3,379,311	7	4,220,649	8
	<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							
	(4,167)	-	(187,124)	(1)	(429,616)	(1)	(584,513)	(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							
	96	-	(14,212)	-	(16,170)	-	(23,280)	-
8399	Income tax related to components of other comprehensive income that will may be reclassified to profit or loss							
	(8)	-	1,183	-	1,346	-	1,938	-
	<b>Item that may be reclassified subsequently to profit or loss</b>							
	(4,079)	-	(200,153)	(1)	(444,440)	(1)	(605,855)	(1)
	<b>Other comprehensive income</b>							
	(4,079)	-	(200,153)	(1)	(444,440)	(1)	(605,855)	(1)
8500	<b>Total comprehensive (loss) income</b>							
	\$ (311,722)	(2)	1,504,517	9	2,934,871	6	3,614,794	7
	<b>Net profit (loss), attributable to:</b>							
8610	Net profit (loss), attributable to owners of parent							
	\$ (411,916)	(3)	1,452,703	9	2,928,952	6	3,668,530	7
8620	Net profit (loss), attributable to non-controlling interests							
	104,273	1	251,967	1	450,359	1	552,119	1
	\$ (307,643)	(2)	1,704,670	10	3,379,311	7	4,220,649	8
	<b>Comprehensive income attributable to:</b>							
8710	Comprehensive income, attributable to owners of parent							
	\$ (410,156)	(3)	1,242,763	7	2,523,669	5	3,107,646	6
8720	Comprehensive income, attributable to non-controlling interests							
	98,434	1	261,754	2	411,202	1	507,148	1
	\$ (311,722)	(2)	1,504,517	9	2,934,871	6	3,614,794	7
	<b>Earnings per share (Note (6)(q))</b>							
9750	<b>Basic earnings (loss) per share</b>							
	\$ (0.47)		1.65		3.32		4.16	

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 nine months ended September 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	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	-	-	-	-	3,668,530	-	3,668,530	552,119	4,220,649
Other comprehensive income	-	-	-	-	-	(560,884)	(560,884)	(44,971)	(605,855)
Total comprehensive income	-	-	-	-	3,668,530	(560,884)	3,107,646	507,148	3,614,794
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	-	(46)	-	-	-	-	(46)	-	(46)
Changes in non-controlling interests	-	-	-	-	-	-	-	(617,382)	(617,382)
<b>Balance on September 30, 2020</b>	<b>\$ 8,816,811</b>	<b>49,383</b>	<b>4,676,373</b>	<b>1,247,402</b>	<b>3,800,075</b>	<b>(1,808,286)</b>	<b>16,781,758</b>	<b>2,009,812</b>	<b>18,791,570</b>
<b>Balance on January 1, 2021</b>	\$ 8,816,811	50,025	4,676,373	1,247,402	4,631,561	(2,082,107)	17,340,065	2,015,027	19,355,092
Net profit	-	-	-	-	2,928,952	-	2,928,952	450,359	3,379,311
Other comprehensive income	-	-	-	-	-	(405,283)	(405,283)	(39,157)	(444,440)
Total comprehensive income	-	-	-	-	2,928,952	(405,283)	2,523,669	411,202	2,934,871
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	450,002	-	(450,002)	-	-	-	-
Special reserve appropriated	-	-	-	834,705	(834,705)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,262,220)	-	(3,262,220)	-	(3,262,220)
Due to donated assets received	-	(17)	-	-	-	-	(17)	-	(17)
Changes in non-controlling interests	-	-	-	-	-	-	-	(715,853)	(715,853)
<b>Balance on September 30, 2021</b>	<b>\$ 8,816,811</b>	<b>50,008</b>	<b>5,126,375</b>	<b>2,082,107</b>	<b>3,013,586</b>	<b>(2,487,390)</b>	<b>16,601,497</b>	<b>1,710,376</b>	<b>18,311,873</b>

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows**

**For the nine months ended September 30, 2021 and 2020**

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

	<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 4,712,273	5,758,980
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	1,846,653	1,753,205
Amortization expense	31,388	29,154
Interest expense	72,977	96,843
Interest income	(28,931)	(31,929)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(1,596)	(25,095)
Loss on disposal of property, plant and equipment	9,456	8,658
Gain on disposal of investment properties	(109,481)	-
Impairment losses	7,641	4,337
<b>Total adjustments to reconcile profit</b>	<u>1,828,107</u>	<u>1,835,173</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in notes and accounts receivable	3,748,321	(479,778)
Decrease (increase) in other receivables	(49,287)	(45,065)
Decrease (increase) in inventories	(1,284,328)	423,540
Decrease (increase) in other current assets	(35,153)	163,590
Decrease (increase) in other current financial assets	(931,090)	(120,248)
Decrease (increase) in other non-current assets	80,363	(62,469)
<b>Total changes in operating assets</b>	<u>1,528,826</u>	<u>(120,430)</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in contract liabilities	(1,733)	(1,946)
Increase (decrease) in notes and accounts payable	(1,888,357)	(38,357)
Increase (decrease) in other payable	(1,006,015)	(1,073,301)
Increase (decrease) in other current liabilities	17,782	(5,719)
Increase (decrease) in net defined benefit liability	88,668	9,069
Increase (decrease) in other non-current liabilities	32,630	6,219
<b>Total changes in operating liabilities</b>	<u>(2,757,025)</u>	<u>(1,104,035)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(1,228,199)</u>	<u>(1,224,465)</u>
<b>Total adjustments</b>	<u>599,908</u>	<u>610,708</u>
Cash inflow generated from operations	5,312,181	6,369,688
Interest received	32,032	36,898
Interest paid	(73,078)	(96,692)
Income taxes paid	(2,246,100)	(726,662)
<b>Net cash flows from operating activities</b>	<u>3,025,035</u>	<u>5,583,232</u>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	422	-
Acquisition of property, plant and equipment	(2,369,720)	(2,341,662)
Proceeds from disposal of property, plant and equipment	84,530	62,306
Acquisition of intangible assets	(44,203)	(30,217)
Acquisition of right-of-use assets	(67,786)	(400,236)
Proceeds from disposal of investment properties	121,952	-
Decrease (increase) in other non-current financial assets	(5,259)	(15,226)
Decrease (increase) in other non-current assets	26,721	46,703
Dividends received	49,539	-
<b>Net cash flows used in investing activities</b>	<u>(2,203,804)</u>	<u>(2,678,332)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	2,046,634	491,385
Proceeds from long-term borrowings	726,999	1,557,790
Repayments of long-term borrowings	(290,184)	(1,319,137)
Payment of lease liabilities	(29,872)	(41,857)
Cash dividends paid	(3,262,220)	(2,938,937)
Change in non-controlling interests	(783,330)	(634,707)
<b>Net cash flows used in financing activities</b>	<u>(1,591,973)</u>	<u>(2,885,463)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(136,511)</u>	<u>(213,216)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(907,253)</u>	<u>(193,779)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>4,717,157</u>	<u>4,038,083</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,809,904</u>	<u>3,844,304</u>

See accompanying notes to consolidated financial statements.

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

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

**Notes to the Consolidated Financial Statements**

**September 30, 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 November 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”

(Continued)

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to 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
			September 30, 2021	December 31, 2020	September 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).
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)

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
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)
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 in December 2020. (Note2)

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
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.
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 USD23,000,000. (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 USD90,688,139. (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).

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
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 USD48,302,000 (including share premium of USD48,277,849).(Note2)

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.

(Continued)

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

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

(a) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash	\$ 990	988	1,021
Demand deposits and check deposit	1,751,848	1,173,670	825,893
Time deposits	<u>2,057,066</u>	<u>3,542,499</u>	<u>3,017,390</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 3,809,904</u>	<u>4,717,157</u>	<u>3,844,304</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

	September 30, 2021	December 31, 2020	September 30, 2020
Equity investments at fair value through other comprehensive income			
Stock unlisted in foreign markets	<u>\$ -</u>	<u>422</u>	<u>427</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 September 30, 2021, December 31, 2020 and September 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)

	September 30, 2021	December 31, 2020	September 30, 2020
Trade receivables—measured at amortized cost	\$ 3,562,041	7,401,838	7,013,897
Less: Allowance for credit loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,562,041</u>	<u>7,401,838</u>	<u>7,013,897</u>

(Continued)

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

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:

	<b>September 30, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Allowance for credit loss provision</b>
Current	\$ 3,430,233	0.00%	-
1 to 60 days past due	125,113	0.00%	-
61 to 180 days past due	6,695	0.00%	-
181 days to 1 year past due	-	0.00%~50.00%	-
	<b>\$ 3,562,041</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>September 30, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Allowance for credit loss provision</b>
Current	\$ 6,561,389	0.00%	-
1 to 60 days past due	429,025	0.00%	-
61 to 180 days past due	22,157	0.00%	-
181 days to 1 year past due	1,326	0.00%~50.00%	-
	<b>\$ 7,013,897</b>		<b>-</b>

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

	<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Balance on September 30	\$ -	-

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

(Continued)

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

## (d) Inventories

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials and supplies	\$ 5,178,704	2,554,368	2,713,802
Work in process	988,504	969,369	858,207
Finished goods	1,258,969	3,052,562	2,104,310
Merchandise inventory	135,251	184,000	145,985
Inventory in transit	1,511,160	1,204,667	763,885
Others	4,457	3,569	5,072
	<u>\$ 9,077,045</u>	<u>7,968,535</u>	<u>6,591,261</u>

The details of operating cost were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Cost of goods sold	\$ 8,632,966	12,767,202	37,759,169	38,520,063
Unallocated production overheads	2,431,570	232,446	2,615,502	783,912
Net gains on inventories	-	(47)	(1,651)	(22)
Inventory scrap loss	1,616	299	3,733	2,748
Revenue from sale of scraps	(19,428)	(7,745)	(38,352)	(23,822)
Losses (gains) on obsolescence and inventory valuation	34,437	(19,002)	56,210	30,987
Total	<u>\$ 11,081,161</u>	<u>12,973,153</u>	<u>40,394,611</u>	<u>39,313,866</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 September 30, 2021, December 31, 2020 and September 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:

	September 30, 2021	December 31, 2020	September 30, 2020
Joint ventures	\$ <u>707,062</u>	<u>771,031</u>	<u>780,078</u>

(Continued)

**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:

	September 30, 2021		December 31, 2020		September 30, 2020			
	\$		\$		\$			
Individually insignificant joint venture	<u>707,062</u>		<u>771,031</u>		<u>780,078</u>			
	For the three months ended September 30		For the nine months ended September 30					
	2021		2020		2021		2020	
Attributable to the Group:								
Profit (loss) from continuing operation	\$	(39,117)	21,891	1,596	25,095			
Other comprehensive income (loss)		88	(13,029)	(14,824)	(21,342)			
Comprehensive income (loss)	\$	<u>(39,029)</u>	<u>8,862</u>	<u>(13,228)</u>	<u>3,753</u>			

(ii) Collateral

As of September 30, 2021, December 31, 2020 and September 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	Percentage of non-controlling interests		
		September 30, 2021	December 31, 2020	September 30, 2020
Da Feng Holdings Co., Ltd.	China	30.00 %	30.00 %	30.00 %

(Continued)

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

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 213,155	1,680,124	111,204
Non-current assets	2,547,177	1,938,421	3,149,276
Current liabilities	(43,686)	(46,444)	(24,943)
Net assets	<u>\$ 2,716,646</u>	<u>3,572,101</u>	<u>3,235,537</u>
Non-controlling interests	<u>\$ 814,994</u>	<u>1,071,630</u>	<u>970,661</u>

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Net income	\$ 206,705	444,136	755,042	1,048,119
Other comprehensive income (loss)	(13,831)	(65,692)	19,122	(135,989)
Comprehensive income	<u>\$ 192,874</u>	<u>378,444</u>	<u>774,164</u>	<u>912,130</u>
Profit, attributable to non- controlling interests	<u>\$ 62,012</u>	<u>133,241</u>	<u>226,513</u>	<u>314,436</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 57,862</u>	<u>113,533</u>	<u>232,249</u>	<u>273,639</u>
Net cash flows from operating activities	\$ 16,414	15,558	(24,335)	32,602
Net cash flows from investing activities	(7,540)	34,448	1,045,451	1,110,533
Net cash flows from financing activities	10,768	(35,222)	(1,552,689)	(1,135,496)
Net increase (decrease) in cash and cash equivalents	<u>\$ 19,642</u>	<u>14,784</u>	<u>(531,573)</u>	<u>7,639</u>
Cash dividends to non- controlling interests	<u>\$ -</u>	<u>-</u>	<u>465,807</u>	<u>340,649</u>

(Continued)

**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 nine months ended September 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	-	8,801	96,971	35,058	3,267	11,396	8,722	5,052	2,193,681	2,362,948
Disposals	-	(21,826)	(466,917)	(10,176)	(2,265)	(9,698)	(18,550)	(3,440)	-	(532,872)
Reclassifications	-	348,347	1,566,427	10,782	4,056	105,512	22,634	1,854	(2,059,612)	-
Effect of changes in foreign exchange rates	(8,560)	(265,807)	(389,773)	(6,135)	-	(6,724)	(10,806)	(657)	(23,794)	(712,256)
Balance on September 30, 2021	\$ <u>1,588,266</u>	<u>13,035,633</u>	<u>18,911,019</u>	<u>432,269</u>	<u>110,112</u>	<u>417,138</u>	<u>525,656</u>	<u>86,350</u>	<u>1,209,574</u>	<u>36,216,017</u>
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	-	46,324	297,277	35,112	1,632	6,910	10,941	1,848	2,009,864	2,409,908
Disposals	-	(50,222)	(605,361)	(12,956)	(2,347)	(12,969)	(98,440)	(1,022)	-	(783,317)
Reclassifications	-	1,846,387	1,351,474	22,372	-	17,998	10,340	1,286	(3,249,857)	-
Effect of changes in foreign exchange rates	(6,240)	(337,451)	(463,587)	(7,074)	-	(7,582)	(15,301)	(959)	(63,556)	(901,750)
Balance on September 30, 2020	\$ <u>1,416,553</u>	<u>12,969,257</u>	<u>17,700,121</u>	<u>392,454</u>	<u>106,547</u>	<u>312,581</u>	<u>514,743</u>	<u>83,400</u>	<u>1,467,288</u>	<u>34,962,944</u>
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	-	379,131	1,304,498	38,835	5,542	29,456	37,304	5,271	-	1,800,037
Impairment loss	-	258	7,353	22	-	7	1	-	-	7,641
Disposals	-	(16,129)	(381,323)	(9,609)	(2,160)	(8,817)	(17,902)	(2,946)	-	(438,886)
Reclassifications	-	(1,569)	4,313	-	-	-	-	-	-	2,744
Effect of changes in foreign exchange rates	-	(118,611)	(325,910)	(4,443)	-	(3,546)	(7,747)	(467)	-	(460,724)
Balance on September 30, 2021	\$ <u>-</u>	<u>6,411,617</u>	<u>10,843,772</u>	<u>324,000</u>	<u>93,827</u>	<u>200,001</u>	<u>398,966</u>	<u>62,939</u>	<u>-</u>	<u>18,335,122</u>
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	-	366,801	1,225,527	38,625	6,054	26,333	33,761	4,825	-	1,701,926
Impairment loss	-	-	4,308	19	-	7	3	-	-	4,337
Disposals	-	(44,545)	(554,352)	(12,254)	(2,234)	(9,012)	(89,066)	(890)	-	(712,353)
Effect of changes in foreign exchange rates	-	(132,740)	(260,623)	(5,086)	-	(4,044)	(10,792)	(689)	-	(413,974)
Balance on September 30, 2020	\$ <u>-</u>	<u>6,081,100</u>	<u>10,052,790</u>	<u>287,360</u>	<u>90,767</u>	<u>180,276</u>	<u>382,807</u>	<u>61,602</u>	<u>-</u>	<u>17,136,702</u>
Carrying amounts:										
Balance on January 1, 2021	\$ <u>1,596,826</u>	<u>6,797,581</u>	<u>7,869,470</u>	<u>103,545</u>	<u>14,609</u>	<u>133,751</u>	<u>136,346</u>	<u>22,460</u>	<u>1,099,299</u>	<u>17,773,887</u>
Balance on September 30, 2021	\$ <u>1,588,266</u>	<u>6,624,016</u>	<u>8,067,247</u>	<u>108,269</u>	<u>16,285</u>	<u>217,137</u>	<u>126,690</u>	<u>23,411</u>	<u>1,209,574</u>	<u>17,980,895</u>
Balance on January 1, 2020	\$ <u>1,422,793</u>	<u>5,572,635</u>	<u>7,482,388</u>	<u>88,944</u>	<u>20,315</u>	<u>141,232</u>	<u>158,302</u>	<u>23,891</u>	<u>2,770,837</u>	<u>17,681,337</u>
Balance on September 30, 2020	\$ <u>1,416,553</u>	<u>6,888,157</u>	<u>7,647,331</u>	<u>105,094</u>	<u>15,780</u>	<u>132,305</u>	<u>131,936</u>	<u>21,798</u>	<u>1,467,288</u>	<u>17,826,242</u>

As of September 30, 2021, December 31, 2020 and September 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 equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2021	\$ 1,465,910	30,755	14,133	11,281	1,522,079
Additions	67,370	-	-	-	67,370
Disposal/Write-off	-	-	-	(241)	(241)
Effect of changes in foreign exchange rates	(32,387)	(681)	(313)	(38)	(33,419)
Balance on September 30, 2021	<u>\$ 1,500,893</u>	<u>30,074</u>	<u>13,820</u>	<u>11,002</u>	<u>1,555,789</u>
Balance on January 1, 2020	\$ 1,466,820	14,688	42,418	9,932	1,533,858
Additions	558,994	22,707	-	1,378	583,079
Disposal/Write-off	(497,345)	(14,256)	(26,730)	-	(538,331)
Effect of changes in foreign exchange rates	(40,748)	(432)	(1,246)	-	(42,426)
Balance on September 30, 2020	<u>\$ 1,487,721</u>	<u>22,707</u>	<u>14,442</u>	<u>11,310</u>	<u>1,536,180</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2021	\$ 86,461	7,490	1,116	7,818	102,885
Depreciation	37,848	5,723	1,647	1,174	46,392
Disposal/Write-off	-	-	-	(241)	(241)
Effect of changes in foreign exchange rates	(1,857)	(203)	(35)	(6)	(2,101)
Balance on September 30, 2021	<u>\$ 122,452</u>	<u>13,010</u>	<u>2,728</u>	<u>8,745</u>	<u>146,935</u>
Balance on January 1, 2020	\$ 42,749	7,041	2,924	6,252	58,966
Depreciation	38,392	5,812	3,367	1,170	48,741
Disposal/Write-off	-	(6,996)	(5,689)	-	(12,685)
Effect of changes in foreign exchange rates	(7,575)	(180)	(32)	(4)	(7,791)
Balance on September 30, 2020	<u>\$ 73,566</u>	<u>5,677</u>	<u>570</u>	<u>7,418</u>	<u>87,231</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 September 30, 2021	<u>\$ 1,378,441</u>	<u>17,064</u>	<u>11,092</u>	<u>2,257</u>	<u>1,408,854</u>
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 September 30, 2020	<u>\$ 1,414,155</u>	<u>17,030</u>	<u>13,872</u>	<u>3,892</u>	<u>1,448,949</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 nine months ended September 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
Disposal	-	(124,710)	(124,710)
Effect of changes in foreign exchange rates	(189)	(7,994)	(8,183)
Balance on September 30, 2021	<u>\$ 15,164</u>	<u>400,594</u>	<u>415,758</u>
Balance on January 1, 2020	\$ 15,801	526,465	542,266
Effect of changes in foreign exchange rates	(263)	(3,510)	(3,773)
Balance on December 31, 2020	<u>\$ 15,538</u>	<u>522,955</u>	<u>538,493</u>
Accumulated depreciation and impairment losses:			
Balance on January 1, 2021	\$ -	473,621	473,621
Depreciation	-	224	224
Disposal	-	(112,239)	(112,239)
Effect of changes in foreign exchange rates	-	(8,948)	(8,948)
Balance on September 30, 2021	<u>\$ -</u>	<u>352,658</u>	<u>352,658</u>
Balance on January 1, 2020	\$ -	465,128	465,128
Depreciation	-	2,538	2,538
Effect of changes in foreign exchange rates	-	(2,943)	(2,943)
Balance on September 30, 2020	<u>\$ -</u>	<u>464,723</u>	<u>464,723</u>
Carrying amount:			
Balance on January 1, 2021	<u>\$ 15,353</u>	<u>59,677</u>	<u>75,030</u>
Balance on September 30, 2021	<u>\$ 15,164</u>	<u>47,936</u>	<u>63,100</u>
Balance on January 1, 2020	<u>\$ 15,801</u>	<u>61,337</u>	<u>77,138</u>
Balance on September 30, 2020	<u>\$ 15,538</u>	<u>58,232</u>	<u>73,770</u>
Fair value:			
Balance on September 30, 2021			<u>\$ 333,940</u>
Balance on January 1, 2021			<u>\$ 469,704</u>
Balance on September 30, 2020			<u>\$ 768,577</u>

(Continued)

**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 September 30, 2021, December 31, 2020 and September 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 nine months ended September 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	-	44,736	44,736
Disposal	-	(10,007)	(10,007)
Effect of changes in foreign exchange rates	(2,444)	(4,800)	(7,244)
Balance on September 30, 2021	<u>\$ 419,951</u>	<u>299,543</u>	<u>719,494</u>
Balance on January 1, 2020	\$ 428,215	264,657	692,872
Additions	-	30,006	30,006
Disposal	-	(18,662)	(18,662)
Effect of changes in foreign exchange rates	(3,415)	(5,437)	(8,852)
Balance on September 30, 2020	<u>\$ 424,800</u>	<u>270,564</u>	<u>695,364</u>

(Continued)

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

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Accumulated amortization and impairment losses			
Balance on January 1, 2021	\$ 107,108	206,659	313,767
Amortization	-	31,388	31,388
Disposal	-	(10,007)	(10,007)
Effect of changes in foreign exchange rates	(2,320)	(3,533)	(5,853)
Balance on September 30, 2021	<u>\$ 104,788</u>	<u>224,507</u>	<u>329,295</u>
Balance on January 1, 2020	\$ 112,634	206,685	319,319
Amortization	-	29,154	29,154
Disposal	-	(18,662)	(18,662)
Effect of changes in foreign exchange rates	(3,242)	(4,397)	(7,639)
Balance on September 30, 2020	<u>\$ 109,392</u>	<u>212,780</u>	<u>322,172</u>
Carrying amounts:			
Balance on January 1, 2021	<u>\$ 315,287</u>	<u>62,955</u>	<u>378,242</u>
Balance on September 30, 2021	<u>\$ 315,163</u>	<u>75,036</u>	<u>390,199</u>
Balance on January 1, 2020	<u>\$ 315,581</u>	<u>57,972</u>	<u>373,553</u>
Balance on September 30, 2020	<u>\$ 315,408</u>	<u>57,784</u>	<u>373,192</u>

The carrying amount of goodwill on September 30, 2021 amounted to \$315,163 thousand (December 31, 2020: \$315,287 thousand and September 30, 2020: \$315,408 thousand).

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

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

(k) Short-term borrowings

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Unsecured bank loans	<u>\$ 5,519,940</u>	<u>3,496,883</u>	<u>4,128,773</u>
Range of interest rates	<u>0.55%~2.20%</u>	<u>0.51%~4.35%</u>	<u>0.50%~2.40%</u>

(Continued)

**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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Unsecured bank loans	USD	\$ 1,253,780	810,254	833,734
Other long-term borrowings	INR	143,498	175,194	173,565
		1,397,278	985,448	1,007,299
Less: current portion		(37,439)	(77,833)	-
Total		<u>\$ 1,359,839</u>	<u>907,615</u>	<u>1,007,299</u>
Range of interest rates		<u>0.10%~1.16%</u>	<u>0.10%~1.40%</u>	<u>0.10%~1.41%</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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current	\$ <u>14,649</u>	<u>21,389</u>	<u>22,724</u>
Non-current	\$ <u>493,514</u>	<u>522,659</u>	<u>519,007</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 September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>11,339</u>	<u>7,795</u>	<u>34,376</u>	<u>45,719</u>

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

	<u>For the nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>64,248</u>	<u>87,576</u>

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

(i) Real estate leases

As of September 30, 2021, December 31, 2020 and September 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.

(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 \$140,224 thousand, \$81,821 thousand, \$337,863 thousand and \$253,890 thousand for the three months ended September 30, 2021 and 2020 and the nine months ended September 30, 2021 and 2020, respectively.

(ii) Defined contribution plans

The pension costs incurred from the contributions to the pension plans amounted to \$249,881 thousand, \$182,930 thousand, \$683,971 thousand and \$486,016 thousand for the three months ended September 30, 2021 and 2020 and the nine months ended September 30, 2021 and 2020, respectively.

(o) Income taxes

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

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current tax expense				
Current period	\$ (132,535)	520,017	1,324,486	1,541,446
Adjustment for prior periods	665	4	8,476	(3,115)
Income tax expense (benefit)	<u>\$ (131,870)</u>	<u>520,021</u>	<u>1,332,962</u>	<u>1,538,331</u>

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

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

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
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>(8)</u>	<u>1,183</u>	<u>1,346</u>	<u>1,938</u>

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

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

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

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

(ii) Capital surplus

The details of capital surplus were as follows:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
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	1,234
Issued shares of subsidiaries not recognized in proportion to shareholding	8,866	8,866	8,866
	<b>\$ 50,008</b>	<b>50,025</b>	<b>49,383</b>

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.

(Continued)

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

(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.

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

(Continued)

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

(iv) Other equity interest after tax

	<b>Exchange differences on translation of foreign financial statement</b>
Balance on January 1, 2021	\$ (2,082,107)
Exchange differences on translation of foreign financial statement	(390,459)
Exchange differences on associates accounted for using equity method	<u>(14,824)</u>
Balance on September 30, 2021	<u><u>\$ (2,487,390)</u></u>
Balance on January 1, 2020	\$ (1,247,402)
Exchange differences on translation of foreign financial statement	(539,542)
Exchange differences on associates accounted for using equity method	<u>(21,342)</u>
Balance on September 30, 2020	<u><u>\$ (1,808,286)</u></u>

(v) Non-controlling interests(NCIs)

	<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Balance on January 1	\$ 2,015,027	2,120,046
Shares attributed to non-controlling interests		
Net profit	450,359	552,119
Foreign currency translation differences for foreign operations	(39,157)	(44,971)
Cash dividends paid to NCIs by subsidiaries	(715,853)	(535,593)
Capital returned to NCIs by subsidiaries on capital reduction	<u>-</u>	<u>(81,789)</u>
Balance on September 30	<u><u>\$ 1,710,376</u></u>	<u><u>2,009,812</u></u>

(Continued)

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

(q) Earnings (loss) per share

For the three months ended September 30, 2021 and 2020 and the nine months ended September 30, 2021 and 2020, the Company's basic earnings (loss) per share were calculated as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Basic earnings per share</b>				
Net profit (loss) attributable to ordinary shareholders of the Company	\$ <u>(411,916)</u>	<u>1,452,703</u>	<u>2,928,952</u>	<u>3,668,530</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 (loss) per share (dollars)</b>	\$ <u>(0.47)</u>	<u>1.65</u>	<u>3.32</u>	<u>4.16</u>

The Company did not intend to calculate diluted earnings (loss) 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.

(r) Revenue from contracts with customer

(i) Disaggregation of revenue

	<b>For the three months ended September 30, 2021</b>		
	<b>Segments of footwear manufacturing and sales</b>	<b>Other Segments</b>	<b>Total</b>
Primary geographical markets			
Singapore	\$ 8,978,427	149,898	9,128,325
America	1,315,730	129,714	1,445,444
Mainland China	745,821	691	746,512
Switzerland	401,282	-	401,282
Mexico	334,243	4,884	339,127
Other countries	<u>392,063</u>	<u>137,684</u>	<u>529,747</u>
	<u>\$ 12,167,566</u>	<u>422,871</u>	<u>12,590,437</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 12,167,566	-	12,167,566
Other	<u>-</u>	<u>422,871</u>	<u>422,871</u>
	<u>\$ 12,167,566</u>	<u>422,871</u>	<u>12,590,437</u>

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**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
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<b>For the three months ended September 30, 2020</b>			
	<b>Segments of footwear manufacturing and sales</b>	<b>Other Segments</b>	<b>Total</b>
Primary geographical markets			
Singapore	\$ 12,862,001	135,769	12,997,770
America	1,488,457	103,604	1,592,061
Mainland China	1,370,397	-	1,370,397
Switzerland	455,793	-	455,793
Mexico	212,533	3,699	216,232
Other countries	582,522	84,525	667,047
	<b>\$ 16,971,703</b>	<b>327,597</b>	<b>17,299,300</b>
Major products/services lines			
Manufacturing and sale of footwear	\$ 16,971,703	-	16,971,703
Other	-	327,597	327,597
	<b>\$ 16,971,703</b>	<b>327,597</b>	<b>17,299,300</b>
<b>For the nine months ended September 30, 2021</b>			
	<b>Segments of footwear manufacturing and sales</b>	<b>Other Segments</b>	<b>Total</b>
Primary geographical markets			
Singapore	\$ 38,070,322	870,282	38,940,604
America	5,079,549	253,314	5,332,863
Mainland China	2,534,517	691	2,535,208
Switzerland	1,486,876	-	1,486,876
Mexico	1,286,686	15,074	1,301,760
Other countries	1,787,658	240,153	2,027,811
	<b>\$ 50,245,608</b>	<b>1,379,514</b>	<b>51,625,122</b>
Major products/services lines			
Manufacturing and sale of footwear	\$ 50,245,608	-	50,245,608
Other	-	1,379,514	1,379,514
	<b>\$ 50,245,608</b>	<b>1,379,514</b>	<b>51,625,122</b>

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**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
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	<u>For the nine months ended September 30, 2020</u>		
	<u>Segments of footwear manufacturing and sales</u>	<u>Other Segments</u>	<u>Total</u>
Primary geographical markets			
Singapore	\$ 38,596,914	662,407	39,259,321
America	4,665,709	337,937	5,003,646
Mainland China	2,810,717	363	2,811,080
Switzerland	1,287,509	-	1,287,509
Mexico	897,789	21,396	919,185
Other countries	<u>1,651,062</u>	<u>408,344</u>	<u>2,059,406</u>
	<u>\$ 49,909,700</u>	<u>1,430,447</u>	<u>51,340,147</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 49,909,700	-	49,909,700
Other	<u>-</u>	<u>1,430,447</u>	<u>1,430,447</u>
	<u>\$ 49,909,700</u>	<u>1,430,447</u>	<u>51,340,147</u>

## (ii) Contract balances

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Trade receivables (including related parties)	\$ 3,562,041	7,401,838	7,013,897
Less: allowance for impairment	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,562,041</u>	<u>7,401,838</u>	<u>7,013,897</u>
Contract liabilities	<u>\$ 402</u>	<u>2,172</u>	<u>16,725</u>

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 \$0 thousand, \$37,560 thousand, \$79,291 thousand and \$90,923 thousand for the three months ended September 30, 2021 and 2020 and the nine months ended September 30, 2021 and 2020, and estimated (reversed) its director compensation at \$(9,806) thousand, \$33,804 thousand, \$61,555 thousand and \$81,831 thousand for the three months ended September 30, 2021 and 2020 and the nine months ended September 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.

(Continued)

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

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.

(t) Non-operating income and expenses

(i) Interest income

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

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest income from bank deposits	\$ 10,545	6,022	28,931	31,494
Interest income from financial assets measured at amortized cost	-	134	-	435
	<u>\$ 10,545</u>	<u>6,156</u>	<u>28,931</u>	<u>31,929</u>

(ii) Other income

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

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Rent income	\$ 945	1,026	2,885	16,031
Government subsidy	80,299	22,588	101,676	128,584
Income from export incentives	-	25,320	-	129,010
Other income	85,174	98,907	336,293	471,825
	<u>\$ 166,418</u>	<u>147,841</u>	<u>440,854</u>	<u>745,450</u>

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**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 September 30, 2021 and 2020 and the nine months ended September 30, 2021 and 2020 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Foreign exchange gains (losses)	\$ 29,573	22,087	1,526	(21,199)
Losses on disposal of property, plant and equipment	(3,510)	(2,796)	(9,456)	(8,658)
Gains (Losses) on disposal of investment property	(344)	-	109,481	-
Impairment loss	(1,792)	(896)	(7,641)	(4,337)
Others	(7,357)	(10,275)	(13,481)	(38,450)
	<u>\$ 16,570</u>	<u>8,120</u>	<u>80,429</u>	<u>(72,644)</u>

(iv) Financial costs

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

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest expenses	\$ <u>24,155</u>	<u>23,284</u>	<u>72,977</u>	<u>96,843</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 September 30, 2021, December 31, 2020 and September 30, 2020, 70%, 76% and 78% 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 amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
<b>September 30, 2021</b>							
Non derivative financial liabilities							
Notes and accounts payable	\$ 3,307,633	3,307,633	3,278,168	28,488	977	-	-
Other payables	3,734,129	3,734,129	3,734,129	-	-	-	-
Unsecured bank loans	6,773,720	6,807,873	5,019,575	522,933	1,265,365	-	-
Other long-term borrowings	143,498	143,842	53	37,491	13,113	93,185	-
Lease liabilities	508,163	1,359,001	40,734	18,866	61,851	163,857	1,073,693
	<u>\$ 14,467,143</u>	<u>15,352,478</u>	<u>12,072,659</u>	<u>607,778</u>	<u>1,341,306</u>	<u>257,042</u>	<u>1,073,693</u>
<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	544,048	1,442,826	44,907	24,575	63,582	171,738	1,138,024
	<u>\$ 15,222,842</u>	<u>16,146,198</u>	<u>13,557,366</u>	<u>302,137</u>	<u>918,428</u>	<u>230,243</u>	<u>1,138,024</u>
<b>September 30, 2020</b>							
Non derivative financial liabilities							
Notes and accounts payable	\$ 4,355,086	4,355,086	4,321,451	1,671	31,964	-	-
Other payables	3,697,753	3,697,753	3,697,753	-	-	-	-
Unsecured bank loans	4,962,507	4,986,945	4,053,847	90,895	842,203	-	-
Other long-term borrowings	173,565	173,948	87	87	118,206	55,568	-
Lease liabilities	541,731	1,467,339	46,303	23,972	64,497	169,380	1,163,187
	<u>\$ 13,730,642</u>	<u>14,681,071</u>	<u>12,119,441</u>	<u>116,625</u>	<u>1,056,870</u>	<u>224,948</u>	<u>1,163,187</u>

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>September 30, 2021</b>		
		<b>Foreign currency (In thousands)</b>	<b>Exchange rate</b>	<b>TWD</b>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	128,256	USD : TWD 27.800	3,565,531
		28,294	USD : CNY 6.4854	786,584
		5	USD : VND 22,760	138
VND		264,556,188	VND : USD 0.00004	317,467
INR		2,245,017	INR : USD 0.0135	840,534
IDR		30,575,599	IDR : USD 0.0001	58,094
<u>Non monetary items</u>				
USD		25,434	USD : TWD 27.800	707,062
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		46,670	USD : TWD 27.800	1,297,425
		4,962	USD : CNY 6.4854	137,942
		3	USD : VND 22,760	83
VND		828,820,503	VND : USD 0.00004	994,585
INR		3,412,776	INR : USD 0.0135	1,277,743
IDR		211,064,842	IDR : USD 0.0001	401,023
		<b>December 31, 2020</b>		
		<b>Foreign currency (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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**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2020</b>				
	<b>Foreign currency (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>September 30, 2020</b>				
	<b>Foreign currency (In thousands)</b>		<b>Exchange rate</b>	<b>TWD</b>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 201,500	USD : TWD	29.050	5,853,580
	2,131	USD : CNY	6.8101	61,896
	13	USD : VND	23,180	382
VND	112,558,793	VND : USD	0.00004	146,326
INR	1,060,354	INR : USD	0.0136	417,355
IDR	12,187,984	IDR : USD	0.0001	23,157
<u>Non monetary items</u>				
USD	26,853	USD : TWD	29.050	780,078
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	43,373	USD : TWD	29.050	1,259,991
	3,156	USD : CNY	6.8101	91,676
	2	USD : VND	23,180	65
VND	1,226,898,035	VND : USD	0.00004	1,594,967
INR	2,689,449	INR : USD	0.0136	1,058,567
IDR	78,146,998	IDR : USD	0.0001	148,479

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**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
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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 (depreciation) appreciation of 5% of the TWD against the USD, VND, INR and IDR for the nine months ended September 30, 2021 and 2020, would have increased (decreased) the net profit before tax by \$72,977 thousand and \$117,448 thousand, respectively. Performed based on the same basis, the analysis of both periods assumed that all other variables remained constant.

3) Gains or losses on foreign exchange

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the nine months ended September 30, 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$1,526 thousand and \$(21,199) 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 increased or decreased by \$5,006 thousand and decreased or increased by \$2,185 thousand for the nine months ended September 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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**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
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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>September 30, 2021</b>			
		<b>Fair Value</b>			
<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
Financial assets at fair value through other comprehensive income					
Stock unlisted in markets	\$ -	-	-	-	-

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

		<b>September 30, 2020</b>			
		<b>Fair Value</b>			
<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
Financial assets at fair value through other comprehensive income					
Stock unlisted in markets	\$ <b>427</b>	-	-	<b>427</b>	<b>427</b>

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
Disposal	(422)
Balance on September 30, 2021	\$ -

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**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
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	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance on January 1, 2020	\$ 456
Effect of changes in foreign exchange rates	(29)
Balance on September 30, 2020	<b>\$ 427</b>

(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.

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**FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**  
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(iii) Credit risk

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

1) Trade and other receivables

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

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

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.

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

3) Guarantees

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

The Group monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the total amount of unused credit facilities as of September 30, 2021, December 31, 2020 and September 30, 2020, amounted to \$9,621,498 thousand, \$12,020,462 thousand and \$10,487,564 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.

(Continued)

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

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.

(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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Total liabilities	\$ 22,729,136	24,433,113	22,285,748
Less: cash and cash equivalents	<u>(3,809,904)</u>	<u>(4,717,157)</u>	<u>(3,844,304)</u>
Net debt	18,919,232	19,715,956	18,441,444
Total equity	<u>18,311,873</u>	<u>19,355,092</u>	<u>18,791,570</u>
Total capital	<u>\$ 37,231,105</u>	<u>39,071,048</u>	<u>37,233,014</u>
Debt to capital ratio on period end	<u>50.82 %</u>	<u>50.46 %</u>	<u>49.53 %</u>

(Continued)

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

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

(a) Name of related parties and relationship

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

<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 income

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

	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 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>9,423</u>	<u>31,086</u>	<u>57,659</u>	<u>83,897</u>

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

(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</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 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>-</u>	<u>885</u>	<u>-</u>	<u>2,687</u>

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

(iii) Receivables due from Related Parties

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

Account item	Category of related party	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable	The Group is a joint venture under the joint agreement	\$ -	12,988	14,519
Other receivables	The Group is a joint venture under the joint agreement	728	1,746	1,060
		<u>\$ 728</u>	<u>14,734</u>	<u>15,579</u>

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 33,063	90,814	240,055	262,628
Post-employment benefits	1,059	838	2,940	2,491
	<u>\$ 34,122</u>	<u>91,652</u>	<u>242,995</u>	<u>265,119</u>

(8) Pledged assets:

The book values of pledged assets were as follows:

Pledged assets	Object	September 30, 2021	December 31, 2020	September 30, 2020
Other current financial assets	Customs deposit and lease deposit	\$ 1,119	1,560	1,266
Other non-current financial assets	Customs deposit and lease deposit	78,501	75,557	74,043
		<u>\$ 79,620</u>	<u>77,117</u>	<u>75,309</u>

(9) Commitments and contingencies:

- (a) As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group has issued promissory notes for short-term and long-term borrowings of \$8,502,000 thousand, \$6,995,050 thousand and \$7,016,750 thousand, respectively.
- (b) As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had payables in respect of important construction contracts, amounting to \$268,365 thousand, \$448,517 thousand and \$464,988 thousand, respectively.

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

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

**(11) Subsequent Events:None**

**(12) Others:**

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

By item	By function	For the three months ended September 30, 2021			For the three months ended September 30, 2020		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		3,489,759	1,090,172	4,579,931	3,463,917	1,345,289	4,809,206
Labor and health insurance		457,447	109,925	567,372	404,196	95,755	499,951
Pension		311,244	78,861	390,105	206,251	58,500	264,751
Other employee benefits		404,278	99,774	504,052	475,106	138,053	613,159
Depreciation		466,195	157,420	623,615	442,356	151,214	593,570
Amortization		1,027	9,823	10,850	723	8,814	9,537

By item	By function	For the nine months ended September 30, 2021			For the nine months ended September 30, 2020		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		11,355,834	3,907,874	15,263,708	10,833,404	4,016,385	14,849,789
Labor and health insurance		1,345,041	331,957	1,676,998	1,245,838	312,200	1,558,038
Pension		809,467	212,367	1,021,834	569,221	170,685	739,906
Other employee benefits		1,482,087	323,355	1,805,442	1,410,301	358,954	1,769,255
Depreciation		1,380,161	466,492	1,846,653	1,307,408	445,797	1,753,205
Amortization		3,112	28,276	31,388	2,428	26,726	29,154

- (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 and gradually resumed from October. The Group will continue to strengthen various protection to respond to the development of the pandemic.

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

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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%)	-

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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	-

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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. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	1	Accounts payable to related parties	229,177	20/30/90days	0.5285%
"	"	Dona Pacific(Vietnam) Co., Ltd.	4	Sales revenue	721,077	Note3	1.8473%
"	"	"	"	Cost of sales	3,775,520	Note3	9.6722%
"	"	"	"	Accounts receivable due from related parties	50,296	15days	0.1160%
"	"	"	"	Accounts payable to related parties	531,860	15/30/90days	1.2266%
"	"	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	1,742,600	Note3	4.4642%
"	"	"	"	Cost of sales	3,234,019	Note3	8.2850%
"	"	"	"	Accounts receivable due from related parties	591,353	60days	1.3638%
"	"	"	"	Accounts payable to related parties	381,973	30/90days	0.8809%
"	"	Dona Victor Footwear Co., Ltd.	"	Sales revenue	839,004	Note3	2.1494%
"	"	"	"	Cost of sales	4,520,400	Note3	11.5805%
"	"	"	"	Accounts receivable due from related parties	91,369	15days	0.2107%
"	"	"	"	Accounts payable to related parties	807,824	30/90days	1.8630%
"	"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sales revenue	1,058,034	Note3	2.7105%
"	"	"	"	Cost of sales	2,304,769	Note3	5.9044%
"	"	"	"	Accounts receivable due from related parties	468,990	60/90days	1.0816%
"	"	"	"	Accounts payable to related parties	335,922	30/90days	0.7747%
"	"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sales revenue	370,127	Note3	0.9482%
"	"	"	"	Cost of sales	1,503,660	Note3	3.8521%
"	"	"	"	Accounts receivable due from related parties	73,701	15days	0.1700%
"	"	"	"	Accounts payable to related parties	178,843	15/30/90days	0.4124%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	343,455	Note3	0.8799%
"	"	"	"	Cost of sales	1,352,042	Note3	3.4637%
"	"	"	"	Accounts receivable due from related parties	30,983	15days	0.0715%
"	"	"	"	Accounts payable to related parties	128,936	15/30days	0.2973%
"	"	Fujian Xiefeng Footwear Co., Ltd.	"	Sales revenue	523,300	Note3	1.3406%
"	"	"	"	Cost of sales	1,715,589	Note3	4.3950%
"	"	"	"	Accounts receivable due from related parties	35,106	15days	0.0810%

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

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	Fujian Xiefeng Footwear Co., Ltd.	4	Accounts payable to related parties	98,268	15/30/90days	0.2266%
"	"	Fujian Great Hope Footwear Co., Ltd.	"	Sales revenue	108,859	Note3	0.2789%
"	"	"	"	Cost of sales	568,667	Note3	1.4568%
"	"	"	"	Accounts receivable due from related parties	46,622	15days	0.1075%
"	"	"	"	Accounts payable to related parties	305,848	60days	0.7053%
"	"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sales revenue	1,989,908	Note3	5.0978%
"	"	Vietnam Dona Standard Footwear Co., Ltd.	"	Cost of sales	7,149,715	Note3	18.3163%
"	"	"	"	Accounts receivable due from related parties	1,113,689	90days	2.5684%
"	"	"	"	Accounts payable to related parties	1,266,588	30/60/75/90days	2.9210%
"	"	Vung Tau Orient Co., Ltd.	"	Sales revenue	294,793	Note3	0.7552%
"	"	"	"	Cost of sales	797,316	Note3	2.0426%
"	"	"	"	Accounts receivable due from related parties	214,966	90days	0.4957%
"	"	"	"	Accounts payable to related parties	171,843	15/30/60/90/120days	0.3963%
"	"	East Wind Footwear Co., Ltd.(India Branch)	"	Sales revenue	844,814	Note3	2.1643%
"	"	"	"	Cost of sales	1,193,428	Note3	3.0574%
"	"	"	"	Accounts receivable due from related parties	522,326	60/90days	1.2046%
"	"	"	"	Accounts payable to related parties	165,204	30/60days	0.3810%
"	"	Fairway Enterprises Co., Ltd. (India Branch)	"	Sales revenue	788,028	Note3	2.0188%
"	"	"	"	Cost of sales	1,129,632	Note3	2.8939%
"	"	"	"	Accounts receivable due from related parties	385,952	90days	0.8901%
"	"	"	"	Accounts payable to related parties	258,849	30days	0.5970%
"	"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sales revenue	165,169	Note3	0.4231%
"	"	"	"	Accounts receivable due from related parties	27,027	15days	0.0623%
1	Growth-Link Overseas Co., Ltd.	Fujian Great Hope Footwear 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. (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
1	Growth-Link Overseas Co., Ltd.	East Wind Footwear Co., Ltd.(India Branch)	6	Cost of sales	100,572	Note3	0.2576%
"	"	"	"	Accounts payable to related parties	149,042	Payment after Delivery	0.3437%
2	Fujian Xiefeng Footwear Co., Ltd.	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	8	Sales revenue	128,197	Note3	0.3284%
"	"	"	"	Accounts receivable due from related parties	18,118	10~15days	0.0418%
3	Xie Feng Mold Co., Ltd. Putian, Fujian	Fujian San Feng Footwear Co., Ltd.	8	Sales revenue	111,271	Note3	0.2851%
"	"	"	"	Accounts receivable due from related parties	11,050	10~15days	0.0255%
4	Dona Victor Footwear Co., Ltd.	Vietnam Dona Standard Footwear Company Ltd.	8	Cost of sales	116,175	Note3	0.2976%
"	"	"	"	Accounts payable to related parties	28,253	30days	0.0652%
5	Dona Victor Molds Mfg Co., Ltd.	Vietnam Dona Standard Footwear Company Ltd.	8	Sales revenue	199,251	Note3	0.5104%
"	"	"	"	Accounts receivable 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	Subsidiary (Note 5)
"	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)	Subsidiary (Note 5)
"	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.	Cheyyar 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 capital surplus (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 in current period (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	Note1	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 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**  
**Notes to the Consolidated Financial Statements**

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

	<b>Department of manufacturing and selling shoes</b>	<b>Other Departments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>For the three months ended</b>				
<b>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>

	<b>Department of manufacturing and selling shoes</b>	<b>Other Departments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>For the three months ended</b>				
<b>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>

	<b>Department of manufacturing and selling shoes</b>	<b>Other Departments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<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 manufacturing and selling shoes</b>	<b>Other Departments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>For the six months ended 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>