

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

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021**

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Feng Tay Enterprises Company Limited as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Feng Tay Enterprises Company Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Feng Tay Enterprises Company Limited
Chairman: Chien - Hung Wang
Date: March 14, 2023



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of The Group:

Opinion

We have audited the consolidated financial statements of Feng Tay Enterprises Company Limited and its subsidiaries ("the Group"), which comprised the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to Note (4)(o) of the consolidated financial statements for details of the accounting policies on revenue recognition. Please refer to Note (6)(q) of the consolidated financial statements for details of type of operating revenue.

Description of the key auditor matter:

Feng Tay Enterprises Company Limited principally engages in the production and sale of athletic shoes, and its sales revenues are mainly composed of export revenues. On the one hand, transaction terms and conditions impact the timing of revenue recognition for exports. On the other hand, the transfer of control over goods involves uncertainty. Accordingly, the accuracy of timing of revenue recognition has significant influence on consolidated financial statements. Therefore, we considered revenue recognition for sales before and after the balance sheet date to be a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include assessing whether the internal control related to sales revenue recognized by the Group. was appropriate by testing internal control, so as to ascertain the execution and effectiveness thereof; testing export revenues by sampling relevant documents, so as to verify the accuracy of revenue recognition for exports; performing cut-off tests for revenue recognition for transactions in a sufficient period before and after the reporting date, so as to assess whether the timing of revenue recognition for sales was reasonable.

Other Matter

Feng Tay Enterprises Company Limited has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Feng Tay Enterprises Company Limited's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

Notes to Readers

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

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

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2022</u>		<u>December 31, 2021</u>				<u>December 31, 2022</u>		<u>December 31, 2021</u>	
Assets		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Liabilities and Equity		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note (6)(a))	\$ 5,076,095	10	3,820,459	8	2100	Short-term borrowings (Note (6)(j))	\$ 435,372	1	6,300,675	13
1170	Accounts receivable (Notes (6)(b) and (q))	8,772,178	17	8,567,534	18	2130	Current contract liabilities (Note (6)(q))	317	-	403	-
1180	Accounts receivable due from related parties, net (Notes (6)(b), (q) and (7))	21,146	-	13,118	-	2170	Notes and accounts payable	3,941,237	8	3,960,166	9
1200	Other receivables (Note (7))	442,193	1	631,589	2	2200	Other payables	6,442,332	12	4,672,025	10
1220	Current tax assets	187,379	-	178,851	-	2230	Current tax liabilities	2,593,834	5	1,761,214	4
130X	Inventories (Note (6)(c))	9,104,194	18	9,374,817	20	2280	Current lease liabilities (Note (6)(l))	34,934	-	33,158	-
1476	Other current financial assets (Notes (6)(n) and (8))	498,751	1	1,044,985	2	2320	Long-term liabilities, current portion (Note (6)(k))	14,481	-	37,186	-
1479	Other current assets, others	<u>1,078,973</u>	<u>2</u>	<u>814,889</u>	<u>2</u>	2399	Other current liabilities, others	<u>36,328</u>	<u>-</u>	<u>19,476</u>	<u>-</u>
	Total current assets	<u>25,180,909</u>	<u>49</u>	<u>24,446,242</u>	<u>52</u>		Total current liabilities	<u>13,498,835</u>	<u>26</u>	<u>16,784,303</u>	<u>36</u>
Non-current assets:						Non-Current liabilities:					
1550	Investments accounted for using equity method (Note (6)(d))	1,051,389	2	719,726	2	2540	Long-term borrowings (Note (6)(k))	2,511,012	5	2,853,288	6
1600	Property, plant and equipment (Note (6)(f))	20,704,257	40	18,059,715	38	2570	Deferred tax liabilities (Note (6)(n))	3,827,503	8	3,276,537	7
1755	Right-of-use assets (Note (6)(g))	1,764,171	4	1,650,198	3	2580	Non-current lease liabilities (Note (6)(l))	549,238	1	534,191	1
1760	Investment property, net (Note (6)(h))	68,679	-	64,004	-	2640	Non-current net defined benefit liability				
1780	Intangible assets (Note (6)(i))	420,583	1	401,207	1		(Note (6)(m))	3,839,586	8	3,356,409	7
1840	Deferred tax assets (Note (6)(n))	1,409,418	3	1,232,747	3	2670	Other non-current liabilities	<u>210,266</u>	<u>-</u>	<u>251,898</u>	<u>1</u>
1980	Other non-current financial assets (Note (8))	84,422	-	71,532	-		Total non-current liabilities	<u>10,937,605</u>	<u>22</u>	<u>10,272,323</u>	<u>22</u>
1990	Other non-current assets	<u>626,539</u>	<u>1</u>	<u>279,818</u>	<u>1</u>		Total liabilities	<u>24,436,440</u>	<u>48</u>	<u>27,056,626</u>	<u>58</u>
	Total non-current assets	<u>26,129,458</u>	<u>51</u>	<u>22,478,947</u>	<u>48</u>		Equity attributable to owners of parent				
							(Note (6)(o)):				
						3110	Total capital stock	8,816,811	17	8,816,811	18
						3200	Capital surplus	51,160	-	50,916	-
							Retained earnings:				
						3310	Legal reserve	5,577,243	11	5,126,375	11
						3320	Special reserve	2,559,457	5	2,082,107	4
						3350	Unappropriated retained earnings	9,042,212	18	4,593,319	10
							Other equity interest:				
						3410	Exchange differences on translation of foreign financial statements	<u>(1,053,529)</u>	<u>(2)</u>	<u>(2,559,457)</u>	<u>(5)</u>
							Total equity attributable to owners of parent:	<u>24,993,354</u>	<u>49</u>	<u>18,110,071</u>	<u>38</u>
						36XX	Non-controlling interests	<u>1,880,573</u>	<u>3</u>	<u>1,758,492</u>	<u>4</u>
							Total equity	<u>26,873,927</u>	<u>52</u>	<u>19,868,563</u>	<u>42</u>
							Total liabilities and equity	<u>\$ 51,310,367</u>	<u>100</u>	<u>46,925,189</u>	<u>100</u>
	Total assets	<u>\$ 51,310,367</u>	<u>100</u>	<u>46,925,189</u>	<u>100</u>						

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

Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

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

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenues (Notes (6)(q) and (7))	\$ 95,902,924	100	70,349,864	100
5000	Operating costs (Note (6)(c))	(72,616,941)	(76)	(54,450,541)	(77)
	Gross profit from operations	<u>23,285,983</u>	<u>24</u>	<u>15,899,323</u>	<u>23</u>
	Operating expenses:				
6100	Selling and administrative expenses	(9,002,483)	(9)	(7,045,091)	(10)
6300	Research and development expenses	(2,929,431)	(3)	(2,477,067)	(4)
6450	Expected credit loss	(7,972)	-	-	-
	Total operating expenses	<u>(11,939,886)</u>	<u>(12)</u>	<u>(9,522,158)</u>	<u>(14)</u>
	Net operating income	<u>11,346,097</u>	<u>12</u>	<u>6,377,165</u>	<u>9</u>
	Non-operating income and expenses:				
7100	Interest income (Note (6)(s))	61,871	-	44,189	-
7010	Other income (Note (6)(s))	657,888	1	579,711	1
7020	Other gains and losses, net (Note (6)(s))	1,321,235	1	57,852	-
7050	Financial costs (Note (6)(s))	(167,042)	-	(150,012)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Note (6)(d))	<u>254,418</u>	<u>-</u>	<u>18,990</u>	<u>-</u>
	Total non-operating income and expenses	<u>2,128,370</u>	<u>2</u>	<u>550,730</u>	<u>1</u>
	Profit from continuing operations before tax	<u>13,474,467</u>	<u>14</u>	<u>6,927,895</u>	<u>10</u>
7950	Income tax expenses (Note (6)(n))	<u>(3,710,194)</u>	<u>(4)</u>	<u>(1,766,162)</u>	<u>(3)</u>
	Net profit	<u>9,764,273</u>	<u>10</u>	<u>5,161,733</u>	<u>7</u>
	Other comprehensive income (loss):				
8310	Item that will not be reclassified subsequently to profit or loss				
8311	Losses on remeasurements of defined benefit plans	(160,034)	-	(42,997)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	134	-	(399)	-
8349	Income tax related to components of other comprehensive income that will may not be reclassified to profit	<u>66,493</u>	<u>-</u>	<u>2,947</u>	<u>-</u>
	Item that will not be reclassified subsequently to profit or loss	<u>(93,407)</u>	<u>-</u>	<u>(40,449)</u>	<u>-</u>
8360	Item that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	1,573,625	2	(510,726)	(1)
8399	Income tax related to components of other comprehensive income that will may be reclassified to profit or loss	<u>(7,051)</u>	<u>-</u>	<u>1,717</u>	<u>-</u>
	Item that may be reclassified subsequently to profit or loss	<u>1,566,574</u>	<u>2</u>	<u>(509,009)</u>	<u>(1)</u>
	Other comprehensive income (loss)	<u>1,473,167</u>	<u>2</u>	<u>(549,458)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 11,237,440</u>	<u>12</u>	<u>4,612,275</u>	<u>6</u>
	Net profit, attributable to:				
8610	Net profit, attributable to owners of parent	\$ 9,081,733	9	4,541,841	6
8620	Net profit, attributable to non-controlling interests	<u>682,540</u>	<u>1</u>	<u>619,892</u>	<u>1</u>
		<u>\$ 9,764,273</u>	<u>10</u>	<u>5,161,733</u>	<u>7</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 10,497,932	11	4,032,137	5
8720	Comprehensive income, attributable to non-controlling interests	<u>739,508</u>	<u>1</u>	<u>580,138</u>	<u>1</u>
		<u>\$ 11,237,440</u>	<u>12</u>	<u>4,612,275</u>	<u>6</u>
	Earnings per share (Note (6)(p))				
9750	Basic earnings per share (dollars)	<u>\$ 10.30</u>		<u>5.15</u>	

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital Ordinary shares	Capital surplus	Retained earnings		Unappropriated retained earnings	Exchange differences on translation of foreign financial statements			
			Legal reserve	Special reserve					
Balance on January 1, 2021	\$ 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	-	-	-	-	4,541,841	-	4,541,841	619,892	5,161,733
Other comprehensive loss	-	-	-	-	(33,156)	(476,548)	(509,704)	(39,754)	(549,458)
Total comprehensive income (loss)	-	-	-	-	4,508,685	(476,548)	4,032,137	580,138	4,612,275
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	-	891	-	-	-	-	891	-	891
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	(802)	(802)	-	(802)
Changes in non-controlling interests	-	-	-	-	-	-	-	(836,673)	(836,673)
Balance on December 31, 2021	8,816,811	50,916	5,126,375	2,082,107	4,593,319	(2,559,457)	18,110,071	1,758,492	19,868,563
Net profit	-	-	-	-	9,081,733	-	9,081,733	682,540	9,764,273
Other comprehensive income (loss)	-	-	-	-	(89,729)	1,505,928	1,416,199	56,968	1,473,167
Total comprehensive income	-	-	-	-	8,992,004	1,505,928	10,497,932	739,508	11,237,440
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	450,868	-	(450,868)	-	-	-	-
Special reserve appropriated	-	-	-	477,350	(477,350)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,614,893)	-	(3,614,893)	-	(3,614,893)
Due to donated assets received	-	850	-	-	-	-	850	-	850
Changes in ownership interests in subsidiaries	-	(606)	-	-	-	-	(606)	22,329	21,723
Changes in non-controlling interests	-	-	-	-	-	-	-	(639,756)	(639,756)
Balance on December 31, 2022	\$ 8,816,811	51,160	5,577,243	2,559,457	9,042,212	(1,053,529)	24,993,354	1,880,573	26,873,927

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 13,474,467	6,927,895
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	2,810,984	2,498,263
Amortization expense	51,653	43,242
Expected credit loss	7,972	-
Interest expense	167,042	150,012
Interest income	(61,871)	(44,189)
Share of profit of associates and joint ventures accounted for using equity method	(254,418)	(18,990)
Loss on disposal of property, plant and equipment	17,279	12,347
Gain on disposal of investment properties	-	(109,597)
Impairment losses	7,357	16,287
Gain from disposal of long-term investments	-	(802)
Total adjustments to reconcile profit	<u>2,745,998</u>	<u>2,546,573</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in accounts receivable	(180,927)	(1,283,602)
Decrease (increase) in other receivables	246,526	(246,584)
Decrease (increase) in inventories	1,120,738	(1,577,517)
Decrease (increase) in other current assets	103,736	138,171
Decrease (increase) in other current financial assets	546,246	(925,741)
Decrease (increase) in other non-current assets	75,449	73,593
Total changes in operating assets	<u>1,911,768</u>	<u>(3,821,680)</u>
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	(457)	(1,394)
Increase (decrease) in notes and accounts payable	(189,494)	(1,224,802)
Increase (decrease) in other payable	1,441,324	(189,679)
Increase (decrease) in other current liabilities	8,826	(12,618)
Increase (decrease) in net defined benefit liability	83,128	99,114
Increase (decrease) in other non-current liabilities	(65,961)	121,652
Total changes in operating liabilities	<u>1,277,366</u>	<u>(1,207,727)</u>
Total changes in operating assets and liabilities	<u>3,189,134</u>	<u>(5,029,407)</u>
Total adjustments	<u>5,935,132</u>	<u>(2,482,834)</u>
Cash inflow generated from operations	19,409,599	4,445,061
Interest received	57,260	43,282
Interest paid	(165,602)	(148,415)
Income taxes paid	(2,452,192)	(2,584,820)
Net cash flows from operating activities	<u>16,849,065</u>	<u>1,755,108</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	422
Acquisition of property, plant and equipment	(4,454,173)	(3,112,728)
Proceeds from disposal of property, plant and equipment	119,709	104,054
Acquisition of intangible assets	(68,397)	(67,787)
Proceeds from disposal of intangible assets	2,544	-
Acquisition of right-of-use assets	(76,638)	(290,627)
Proceeds from disposal of investment properties	-	122,254
Decrease (increase) in other non-current financial assets	(7,824)	1,302
Decrease (increase) in other non-current assets	(391,100)	18,530
Dividends received	5,725	49,473
Net cash flows used in investing activities	<u>(4,870,154)</u>	<u>(3,175,107)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(6,026,783)	2,802,139
Proceeds from long-term borrowings	1,671,274	2,227,101
Repayments of long-term borrowings	(2,192,239)	(251,164)
Payment of lease liabilities	(41,433)	(22,023)
Cash dividends paid	(3,614,893)	(3,262,220)
Change in non-controlling interests	(727,696)	(783,330)
Net cash flows from (used in) financing activities	<u>(10,931,770)</u>	<u>710,503</u>
Effect of exchange rate changes on cash and cash equivalents	208,495	(187,202)
Net increase (decrease) in cash and cash equivalents	1,255,636	(896,698)
Cash and cash equivalents at beginning of period	3,820,459	4,717,157
Cash and cash equivalents at end of period	<u>\$ 5,076,095</u>	<u>3,820,459</u>

See accompanying notes to consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

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

(1) Company history

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

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

The consolidated financial statements were authorized for issuance by the board of directors on March 14, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

(Continued)

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

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

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

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

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

- (b) Basis of preparation

- (i) Basis of measurement

Except for the defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, the consolidated financial statements have been prepared on a historical cost basis.

- (ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (TWD), which is the Company’s functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2022	December 31, 2021	
The Company	PT Feng Tay Indonesia Enterprises	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	99.81 %	99.81 %	PT Feng Tay Indonesia Enterprises was established in Indonesia in 1992, and has paid in capital of USD27,000,000.
The Company	Growth-Link Overseas Co., Ltd. (GLO)	Investment holding, selling of athletic shoes, and trading of footwear materials.	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 %	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).
The Company & GLO	Dona Orient Holdings Limited (DOH)	Investment holding.	100.00 %	100.00 %	Dona Orient Holdings Limited was established in British Virgin Islands in 2003, and has paid in capital of USD111,593,053 (including share premium of USD111,483,817).
The Company & GLO	PT Rich Valley Indonesia	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	100.00 %	100.00 %	PT Rich Valley Indonesia was established in Indonesia in 2019, and has paid in capital of USD31,062,158.
The Company	Great Eastern Industries Limited	International trade services.	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).

(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
			December 31, 2022	December 31, 2021	
The Company	Great South Private Limited	Investing holding.	100.00 %	100.00 %	Great South Private Limited was established in Singapore in 2021, and has paid in capital of SGD800,000.
The Company	India Tindivanam Footwear Private Limited	Manufactures athletic shoes, semi-finished footwear and footwear accessories.	93.87 %	- %	India Tindivanam Footwear Private Limited was established in India in 2022, and has paid in capital of INR937,500,000.
GLO	Fujian Da Feng Holdings Co., Ltd. (DF)	Investment holding.	70.00 %	70.00 %	Fujian Da Feng Holdings Co., Ltd. was established in Fujian Province, China in 1993, and has paid in capital of USD27,000,000.
DF	Fujian Lifeng Footwear Ind. Dev. Co., Ltd. (LF)	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Fujian Lifeng Footwear Ind. Dev. Co., Ltd. was established in Fujian Province, China in 1988, and has paid in capital of USD15,000,000.
GLO and DF	Fujian Xiefeng Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Fujian Xiefeng Footwear Co., Ltd. was established in Fujian Province, China in 1989, and has paid in capital of USD15,000,000.
GLO and DF	Fujian San Feng Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	80.00 %	80.00 %	Fujian San Feng Footwear Co., Ltd. was established in Fujian Province, China in 1992, and has paid in capital of USD15,000,000.
GLO, DF, LF and XM	Fujian Great Hope Footwear Co., Ltd.(GH)	Manufactures athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	100.00 %	100.00 %	Fujian Great Hope Footwear Co., Ltd. was established in Fujian Province, China in 1989, and has paid in capital of USD7,950,000.
GLO	Xie Feng Mold Co., Ltd. Putian, Fujian(XM)	Manufactures and repairs molds, cutting dies, shoe lasts, injections, and processing of metal parts.	50.34 %	50.34 %	Xie Feng Mold Co., Ltd. Putian, Fujian was established in Fujian Province, China in 1991, and has paid in capital of USD3,000,000.
LF, GH and XM	Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	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.
GLO	Fujian Wu Feng Department Store Co., Ltd.	Wholesaler and retailer of general merchandise, and related services.	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.
GLO	Dona Pacific Holdings Limited (DPH)	Investment holding and sale of finished shoes.	92.00 %	92.00 %	Dona Pacific Holdings Ltd., was established in British Virgin Islands in 2000, and has paid in capital of USD13,558,901 (including share premium of USD13,533,901).
GLO	VX Mold Co., Ltd. (VXM)	Investment holding.	93.00 %	93.00 %	VX Mold Co., Ltd., was established in British Virgin Islands in 1999, and has paid in capital of USD400,000.
GLO	Lotus Footwear Enterprises Limited (LUH)	Investment holding business, and manufacturing and selling of finished shoes.	88.00 %	88.00 %	Lotus Footwear Enterprises Ltd., was established in British Virgin Islands in 2006, and has paid in capital of USD79,141,400 (including share premium of USD79,102,741).
VXH	Dona Victor Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Dona Victor Footwear Co., Ltd., was established in Vietnam in 1994, and has paid in capital of USD35,400,000.
DOH	Vietnam Dona Orient Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Vietnam Dona Orient Co., Ltd., was established in Vietnam in 2003, and has paid in capital of USD44,000,000.

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2022	December 31, 2021	
DOH	Vietnam Dona Standard Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Vietnam Dona Standard Footwear Co., Ltd., was established in Vietnam in 2006, and has paid in capital of USD75,700,000.
DOH	Vung Tau Orient Co., Ltd.	Manufactures golf balls, soccer balls, backpack and bags.	100.00 %	100.00 %	Vung Tau Orient Co., Ltd., was established in Vietnam in 2005, and has paid in capital of USD28,000,000.
DOH	Hold Gold Trading Co., Ltd.	Selling of finished shoes, golf balls, backpack, bags and soccer balls.	- %	100.00 %	Hold Gold Trading Co., Ltd., was established in British Virgin Islands in 2010, and has paid in capital of USD100,000 (including share premium of USD99,900). (Note)
DOH	Vietnam Nam Ha Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Vietnam Nam Ha Footwear Co., Ltd., was established in Vietnam in 2019, and has paid in capital of USD 43,000,000.
DPH	Dona Pacific (Vietnam) Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Dona Pacific (Vietnam) Co., Ltd., was established in Vietnam in 2000, and has paid in capital of USD20,000,000.
VXM	Dona Victor Molds MFG. Co., Ltd.	Manufactures and repairs molds, cutting dies, and processing of metal parts.	100.00 %	100.00 %	Dona Victor Molds MFG. Co., Ltd., was established in Vietnam in 1999, and has paid in capital of USD3,100,000.
GLO and LUH	Cheyar SEZ Developers Private Ltd.	Development in India's Industrial Park.	100.00 %	100.00 %	Cheyar SEZ Developers Private Ltd., was established in Indian in 2006, and has paid in capital of USD103,968,351.
LUH	East Wind Footwear Co., Ltd.	Investment holding and production of athletic shoes.	100.00 %	100.00 %	East Wind Footwear Co., Ltd., was established in British Virgin Islands in 2010, and has paid in capital of USD16,532,207 (including share premium of USD16,522,456).
LUH	Fairway Enterprises Co., Ltd.	Investment holding and production of athletic shoes.	100.00 %	100.00 %	Fairway Enterprises Co., Ltd., was established in British Virgin Islands in 2014, and has paid in capital of USD51,369,564 (including share premium of USD51,340,063).

Note: This subsidiary was dissolved in April 2022.

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

(d) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate on the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for that difference relating to the following, which are recognized in other comprehensive income:

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

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

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost or FVOCI – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, with change in the cumulative amortization using the effective interest method. In addition, these assets are further adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss

(Continued)

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

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive dividend is established.

3) Impairment of financial assets

The Group recognizes allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables, other receivable and other financial assets).

The Group measures allowances for credit loss at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Allowance for credit loss for trade receivables are always measured at an amount equal to lifetime ECL.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

(Continued)

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Allowance for credit loss for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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

(ii) Financial liabilities

1) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payable, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income and expenses.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

(Continued)

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

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless the Group qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Group reevaluates whether the classification of the joint arrangement has changed.

When the Group’s share of losses of a joint venture equals or exceeds its interests in a joint venture, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(j) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant, and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(Continued)

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	2 years~ 55 years
2) Machinery and equipment	2 years~ 13 years
3) Computer and communication equipment	3 years~ 7 years
4) Testing equipment	2 years~ 8 years
5) Transportation equipment	3 years~ 5 years
6) Office equipment	3 years~ 8 years
7) Other equipment	2 years~ 8 years

Depreciation methods, useful lives and residual values are reviewed on each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(l) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

(m) Intangible assets

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

(ii) Other Intangible assets

Other intangible assets acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses. Such intangible assets are amortized on a straight line basis over the estimated useful lives and are recognized in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

1) computer software: 1~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment – non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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

(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

Revenue is recognized when the control of a product has been transferred to the customer. When the products are delivered to the customer, the customer has full obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized ; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to offset current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities related to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(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 the IFRSs 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note (c) for further description of the valuation of inventories

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash	\$ 1,165	1,003
Demand deposits and check deposit	1,922,997	1,218,416
Time deposits	<u>3,151,933</u>	<u>2,601,040</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 5,076,095</u>	<u>3,820,459</u>

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(b) Accounts receivable (including related parties)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable—measured at amortized cost	\$ 8,801,296	8,580,652
Less: Allowance for credit loss	<u>(7,972)</u>	<u>-</u>
	<u><u>\$ 8,793,324</u></u>	<u><u>8,580,652</u></u>

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

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

	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Allowance for credit loss provision</u>
Current	\$ 7,283,255	0.00%	-
1 to 60 days past due	1,290,935	0.00%	-
61 days to 1 year past due	<u>6,462</u>	0.00%~50.00%	<u>-</u>
	<u><u>\$ 8,580,652</u></u>		<u><u>-</u></u>

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

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ -	-
Impairment losses recognized	<u>7,972</u>	<u>-</u>
Balance on December 31	<u><u>\$ 7,972</u></u>	<u><u>-</u></u>

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(c) Inventories

	December 31, 2022	December 31, 2021
Raw materials	\$ 4,066,297	4,680,122
Work in process	1,156,759	1,135,772
Finished goods	2,793,327	2,071,857
Merchandise inventory	129,915	152,063
Inventory in transit	955,771	1,333,423
Others	2,125	1,580
	<u>\$ 9,104,194</u>	<u>9,374,817</u>

The details of operating cost were as follows:

	For the years ended December 31	
	2022	2021
Cost of goods sold	\$ 72,624,654	51,669,979
Unallocated production overheads	-	2,778,889
Net losses (gains) on inventories	88	(2,213)
Inventory scrap loss	42,382	4,817
Revenue from sale of scraps	(91,781)	(86,225)
Losses on obsolescence and inventory valuation	41,598	85,294
Total	<u>\$ 72,616,941</u>	<u>54,450,541</u>

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

(d) Investments accounted for using equity method

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

	December 31, 2022	December 31, 2021
Joint ventures	<u>\$ 1,051,389</u>	<u>719,726</u>

(i) Joint ventures

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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The Group's financial information for investments accounted for using the equity method that were individually insignificant was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Individually insignificant joint venture	<u>\$ 1,051,389</u>	<u>719,726</u>
	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Attributable to the Group:		
Profit from continuing operation	\$ 254,418	18,990
Other comprehensive income (loss)	<u>77,769</u>	<u>(19,297)</u>
Comprehensive income (loss)	<u>\$ 332,187</u>	<u>(307)</u>

(ii) Collateral

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

(e) Material non-controlling interest of subsidiaries

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

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

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 793,011	1,322,920
Non-current assets	2,112,137	1,707,959
Current liabilities	<u>(48,194)</u>	<u>(49,168)</u>
Net assets	<u>\$ 2,856,954</u>	<u>2,981,711</u>
Non-controlling interests	<u>\$ 857,086</u>	<u>894,513</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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	For the years ended December 31	
	2022	2021
Net income	\$ 1,095,325	999,051
Other comprehensive income	99,339	41,838
Comprehensive income	\$ 1,194,664	1,040,889
Profit, attributable to non-controlling interests	\$ 328,598	299,715
Comprehensive income, attributable to non-controlling interests	\$ 358,399	312,267
Net cash flows from operating activities	\$ 17,485	(10,124)
Net cash flows from investing activities	992,589	1,060,903
Net cash flows from financing activities	(1,190,316)	(1,575,757)
Net increase (decrease) in cash and cash equivalents	\$ (180,242)	(524,978)
Cash dividends to non-controlling interests	\$ 357,095	472,727

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021 were as follows:

Cost:	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
Balance on January 1, 2022	\$ 1,585,956	13,272,490	19,511,422	439,680	113,563	441,603	526,556	88,908	839,820	36,819,998
Additions	-	96,847	327,220	31,916	7,183	24,749	38,487	5,878	3,593,447	4,125,727
Disposals	-	(55,984)	(750,169)	(27,026)	(6,762)	(17,701)	(10,434)	(2,429)	-	(870,505)
Reclassifications	-	643,259	1,526,986	31,446	2,858	78,026	27,020	8,027	(2,310,086)	7,536
Effect of changes in foreign exchange rates	41,171	811,632	1,739,845	27,132	-	37,623	42,180	3,111	46,123	2,748,817
Balance on December 31, 2022	\$ 1,627,127	14,768,244	22,355,304	503,148	116,842	564,300	623,809	103,495	2,169,304	42,831,573
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	-	23,484	208,900	44,122	6,790	22,761	14,299	8,232	2,808,235	3,136,823
Disposals	-	(23,872)	(610,249)	(13,485)	(2,337)	(13,166)	(26,557)	(3,888)	-	(693,554)
Reclassifications	-	610,478	2,260,981	13,320	4,056	123,552	28,573	1,854	(3,042,814)	-
Effect of changes in foreign exchange rates	(10,870)	(303,718)	(452,521)	(7,017)	-	(8,196)	(13,415)	(831)	(24,900)	(821,468)
Balance on December 31, 2021	\$ 1,585,956	13,272,490	19,511,422	439,680	113,563	441,603	526,556	88,908	839,820	36,819,998
Depreciation and impairment loss:										
Balance on January 1, 2022	\$ -	6,529,458	11,127,462	333,398	95,845	208,504	401,377	64,239	-	18,760,283
Depreciation	-	547,265	2,005,083	51,116	8,884	59,119	53,178	6,795	-	2,731,440
Impairment loss	-	-	7,265	61	-	30	1	-	-	7,357
Disposals	-	(49,338)	(624,130)	(25,601)	(6,438)	(15,968)	(9,961)	(2,075)	-	(733,511)
Reclassifications	-	-	-	12	-	(12)	-	7,536	-	7,536
Effect of changes in foreign exchange rates	-	398,073	883,046	20,902	-	17,462	32,529	2,199	-	1,354,211
Balance on December 31, 2022	\$ -	7,425,458	13,398,726	379,888	98,291	269,135	477,124	78,694	-	22,127,316
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	-	504,468	1,758,360	51,964	7,633	41,573	49,444	7,073	-	2,420,515
Impairment loss	-	258	15,936	54	-	38	1	-	-	16,287
Disposals	-	(17,664)	(503,576)	(12,694)	(2,233)	(12,002)	(25,600)	(3,324)	-	(577,153)
Effect of changes in foreign exchange rates	-	(126,141)	(378,099)	(5,121)	-	(4,006)	(9,718)	(591)	-	(523,676)
Balance on December 31, 2021	\$ -	6,529,458	11,127,462	333,398	95,845	208,504	401,377	64,239	-	18,760,283

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Carrying amounts:	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
Balance on December 31, 2022	\$ 1,627,127	7,342,786	8,956,578	123,260	18,551	295,165	146,685	24,801	2,169,304	20,704,257
Balance on January 1, 2021	\$ 1,596,826	6,797,581	7,869,470	103,545	14,609	133,751	136,346	22,460	1,099,299	17,773,887
Balance on December 31, 2021	\$ 1,585,956	6,743,032	8,383,960	106,282	17,718	233,099	125,179	24,669	839,820	18,059,715

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

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

(g) Right-of-use assets

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

Cost:	Land	Buildings	Machinery equipment	Other equipment	Total
Balance on January 1, 2022	\$ 1,697,289	84,697	13,736	11,001	1,806,723
Additions	78,750	-	-	989	79,739
Disposal/Write-off	-	(8,077)	-	-	(8,077)
Reclassification	-	-	-	(7,536)	(7,536)
Others	-	-	-	62	62
Effect of changes in foreign exchange rates	119,069	4,146	1,506	144	124,865
Balance on December 31, 2022	\$ 1,895,108	80,766	15,242	4,660	1,995,776
Balance on January 1, 2021	\$ 1,465,910	30,755	14,133	11,281	1,522,079
Additions	291,246	53,881	-	-	345,127
Disposal/Write-off	(20,953)	-	-	(241)	(21,194)
Effect of changes in foreign exchange rates	(38,914)	61	(397)	(39)	(39,289)
Balance on December 31, 2021	\$ 1,697,289	84,697	13,736	11,001	1,806,723
Accumulated depreciation and impairment losses:					
Balance on January 1, 2022	\$ 124,762	19,383	3,253	9,127	156,525
Depreciation	48,723	26,754	2,342	1,407	79,226
Disposal/Write-off	-	(8,077)	-	-	(8,077)
Reclassification	-	-	-	(7,536)	(7,536)
Effect of changes in foreign exchange rates	9,118	1,865	422	62	11,467
Balance on December 31, 2022	\$ 182,603	39,925	6,017	3,060	231,605
Balance on January 1, 2021	\$ 86,461	7,490	1,116	7,818	102,885
Depreciation	61,526	12,174	2,191	1,560	77,451
Disposal/Write-off	(20,953)	-	-	(241)	(21,194)
Effect of changes in foreign exchange rates	(2,272)	(281)	(54)	(10)	(2,617)
Balance on December 31, 2021	\$ 124,762	19,383	3,253	9,127	156,525

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Other equipment</u>	<u>Total</u>
Carrying amount:					
Balance on December 31, 2022	\$ 1,712,505	40,841	9,225	1,600	1,764,171
Balance on January 1, 2021	\$ 1,379,449	23,265	13,017	3,463	1,419,194
Balance on December 31, 2021	\$ 1,572,527	65,314	10,483	1,874	1,650,198

(h) Investment property

The cost, depreciation, and impairment of the Investment property of the Group for the years ended December 31, 2022 and 2021 were as follows:

	<u>Owned property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Cost:			
Balance on January 1, 2022	\$ 15,114	404,663	419,777
Effect of changes in foreign exchange rates	905	8,215	9,120
Balance on December 31, 2022	\$ 16,019	412,878	428,897
Balance on January 1, 2021	\$ 15,353	533,298	548,651
Disposals	-	(126,563)	(126,563)
Effect of changes in foreign exchange rates	(239)	(2,072)	(2,311)
Balance on December 31, 2021	\$ 15,114	404,663	419,777
Accumulated depreciation and impairment losses:			
Balance on January 1, 2022	\$ -	355,773	355,773
Depreciation	-	318	318
Effect of changes in foreign exchange rates	-	4,127	4,127
Balance on December 31, 2022	\$ -	360,218	360,218
Balance on January 1, 2021	\$ -	473,621	473,621
Depreciation	-	297	297
Disposal	-	(113,906)	(113,906)
Effect of changes in foreign exchange rates	-	(4,239)	(4,239)
Balance on December 31, 2021	\$ -	355,773	355,773
Carrying amount:			
Balance on December 31, 2022	\$ 16,019	52,660	68,679
Balance on January 1, 2021	\$ 15,353	59,677	75,030
Balance on December 31, 2021	\$ 15,114	48,890	64,004
Fair value:			
Balance on December 31, 2022			\$ 381,861
Balance on December 31, 2021			\$ 336,612

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

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

Investment property includes commercial property held for value appreciation.

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

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

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

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2022 and 2021 were as follows:

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Costs			
Balance on January 1, 2022	\$ 419,291	318,596	737,887
Additions	-	68,283	68,283
Disposal	-	(71,215)	(71,215)
Effect of changes in foreign exchange rates	<u>11,756</u>	<u>18,927</u>	<u>30,683</u>
Balance on December 31, 2022	<u>\$ 431,047</u>	<u>334,591</u>	<u>765,638</u>

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

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Balance on January 1, 2021	\$ 422,395	269,614	692,009
Additions	-	67,937	67,937
Disposal	-	(13,666)	(13,666)
Effect of changes in foreign exchange rates	<u>(3,104)</u>	<u>(5,289)</u>	<u>(8,393)</u>
Balance on December 31, 2021	<u>\$ 419,291</u>	<u>318,596</u>	<u>737,887</u>
Accumulated amortization and impairment losses			
Balance on January 1, 2022	\$ 104,161	232,519	336,680
Amortization	-	51,653	51,653
Disposal	-	(68,677)	(68,677)
Effect of changes in foreign exchange rates	<u>11,162</u>	<u>14,237</u>	<u>25,399</u>
Balance on December 31, 2022	<u>\$ 115,323</u>	<u>229,732</u>	<u>345,055</u>
Balance on January 1, 2021	\$ 107,108	206,659	313,767
Amortization	-	43,242	43,242
Disposal	-	(13,666)	(13,666)
Effect of changes in foreign exchange rates	<u>(2,947)</u>	<u>(3,716)</u>	<u>(6,663)</u>
Balance on December 31, 2021	<u>\$ 104,161</u>	<u>232,519</u>	<u>336,680</u>
Carrying amounts:			
Balance on December 31, 2022	<u>\$ 315,724</u>	<u>104,859</u>	<u>420,583</u>
Balance on January 1, 2021	<u>\$ 315,287</u>	<u>62,955</u>	<u>378,242</u>
Balance on December 31, 2021	<u>\$ 315,130</u>	<u>86,077</u>	<u>401,207</u>

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Cost of sales	\$ 5,229	4,523
Operating expenses	<u>46,424</u>	<u>38,719</u>
Total	<u>\$ 51,653</u>	<u>43,242</u>

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

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

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

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	<u>\$ 435,372</u>	<u>6,300,675</u>
Range of interest rates	<u>3.60%~5.62%</u>	<u>0.55%~1.90%</u>

(k) Long-term borrowings

The details were as follows:

December 31, 2022				
	Currency	Interest Rate	Period	Amount
Unsecured bank loans	TWD	1.48%	2024	\$ 852,000
	USD	5.25%~5.52%	2024	1,554,462
Other long-term borrowings	INR	0.10%	2023~2026	<u>119,031</u>
				2,525,493
Less: current portion				<u>(14,481)</u>
Total				<u>\$ 2,511,012</u>

December 31, 2021				
	Currency	Interest Rate	Period	Amount
Unsecured bank loans	TWD	0.68%	2023	\$ 1,500,000
	USD	1.13%~1.16%	2023	1,246,113
Other long-term borrowings	INR	0.10%	2022~2026	<u>144,361</u>
				2,890,474
Less: current portion				<u>(37,186)</u>
Total				<u>\$ 2,853,288</u>

(l) Lease liabilities

The Group lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	<u>\$ 34,934</u>	<u>33,158</u>
Non-current	<u>\$ 549,238</u>	<u>534,191</u>

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2022	2021
Interest on lease liabilities	<u>\$ 50,198</u>	<u>46,284</u>

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

	For the years ended December 31	
	2022	2021
Total cash outflow for leases	<u>\$ 91,631</u>	<u>68,307</u>

(i) Real estate leases

As of December 31, 2022 and 2021, the Group leases land and buildings for its parking, factory and warehouse. The leases of office space typically run for a period of 1 to 99 years. Some leases include an option to renew the lease term for the same duration at the end of the original contractual period.

(ii) Other leases

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

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	\$ 5,754,909	5,189,304
Fair value of plan assets	<u>(1,915,323)</u>	<u>(1,832,895)</u>
Net defined benefit assets	<u>\$ 3,839,586</u>	<u>3,356,409</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Retired employee under the plans (covered by the Labor Standards Law) will be entitled to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

The employees of subsidiaries in Indonesia, India, and Vietnam are entitled to retirement benefit under the Group's defined benefit plan, for which actuarial valuation is conducted in accordance with the local labor laws and regulations.

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

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks

The Company's Bank of Taiwan pension reserve account balance had amounted to \$1,915,323 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

	For the years ended December 31	
	2022	2021
Defined benefit obligation on January 1	\$ 5,189,304	5,016,069
Current service cost and interest cost	598,837	515,527
Remeasurement loss (gain):		
– Actuarial loss (gain) arising from experience	12,944	30,822
– Actuarial loss (gain) arising from demographic assumptions	32,421	50,275
– Actuarial loss arising from financial assumptions	254,818	(18,717)
Past service credit	102,896	-
Benefits paid	(292,270)	(234,821)
Effect of movements in exchange rates	(144,041)	(169,851)
Defined benefit obligations on December 31	\$ 5,754,909	5,189,304

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31	
	2022	2021
Fair value of plan assets on January 1	\$ 1,832,895	1,746,689
Interest income	11,612	11,160
Remeasurement gain (loss)		
– Return on plan assets excluding interest income	140,149	19,383
Contributions paid by the employer	99,710	158,656
Benefits paid	(169,043)	(102,993)
Fair value of plan assets on December 31	\$ 1,915,323	1,832,895

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

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31	
	2022	2021
Current service costs	\$ 424,145	328,810
Net interest of net defined benefit liabilities obligations	163,080	175,557
	\$ 587,225	504,367
Operating costs	\$ 506,442	435,801
Selling and Administration expenses	68,238	53,133
Research and development expenses	12,545	15,433
	\$ 587,225	504,367

5) Actuarial assumptions

The principal actuarial assumptions on the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.50%~7.28%	0.63%~7.50%
Future salary increases rate	5.00%~10.00%	2.80%~10.00%

The contribution to be made by the Group to the defined benefit plans within one year after the reporting date is \$79,824 thousand.

The weighted-average lifetime of the defined benefit plans is 6.54 to 10.20 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	0.25% Increased	0.25% Decreased
December 31, 2022		
Discount rate	(827,924)	862,985
Future salary increasing rate	860,105	(825,070)
December 31, 2021		
Discount rate	(661,521)	690,411
Future salary increasing rate	687,035	(658,211)

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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Reasonably possible changes on the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The employees of the Group's subsidiaries in China, India and Vietnamese are members of their respective government pension plans, to which those subsidiaries must allocate a specific proportion of the salary, so as to provide funding for their respective plans, while the Group's only obligation is to contribute a specific amount to these government pension plans.

The pension costs incurred from the contributions to the pension plans amounted to \$1,074,130 thousand and \$923,435 thousand for the years ended December 31, 2022 and 2021, respectively.

(n) Income taxes

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.

(i) Income tax expense

The components of income tax in the years 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Current income tax expense:		
Current period	\$ 3,139,788	2,115,041
Adjustment for prior years	<u>78,554</u>	<u>(44,497)</u>
	<u>3,218,342</u>	<u>2,070,544</u>
Deferred income tax expense:		
Origination and reversal of temporary differences	491,852	(260,291)
Adjustment in tax rate	<u>-</u>	<u>(44,091)</u>
	<u>491,852</u>	<u>(304,382)</u>
Income tax expense	<u>\$ 3,710,194</u>	<u>1,766,162</u>

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

The amount of income tax recognized in other comprehensive income (loss) for 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ <u>66,493</u>	<u>2,947</u>
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	\$ <u>(7,051)</u>	<u>1,717</u>

Reconciliation of income tax and profit before tax for 2022 and 2021 was as follows:

	For the years ended December 31	
	2022	2021
Profit before income tax	\$ <u>13,474,467</u>	<u>6,927,895</u>
Income tax using each entity's domestic tax rate	\$ 4,096,942	2,124,314
Adjustment in tax rate	-	(44,091)
Others income tax adjustments	115,736	19,597
Tax exempt income	(178,442)	(132,619)
Tax incentives	(286,385)	(212,339)
Tax credit for foreign income	(121,579)	(163,729)
Investment tax credit	(75,000)	(30,000)
Change in unrecognized temporary differences	(58,433)	54,387
Adjustment to prior periods' income tax	78,554	(44,497)
Tax on dividend income	114,211	185,927
Others	<u>24,590</u>	<u>9,212</u>
Income tax expenses	\$ <u>3,710,194</u>	<u>1,766,162</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2022	December 31, 2021
Deductible Temporary Differences	\$ -	-
Tax losses	-	72,285
	\$ <u>-</u>	<u>72,285</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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The tax authorities of subsidiaries allow net losses to offset taxable income for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities during 2022 and 2021 were as follows:

	<u>Gains on foreign investment</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Liabilities:			
Balance on January 1, 2022	\$ 2,795,081	481,456	3,276,537
Debit (credit) on income statement	372,831	168,738	541,569
Debit (credit) on other comprehensive income	-	7,051	7,051
Effect in exchange rate	-	2,346	2,346
Balance on December 31, 2022	<u>\$ 3,167,912</u>	<u>659,591</u>	<u>3,827,503</u>
Balance on January 1, 2021	\$ 3,020,362	407,661	3,428,023
Debit (credit) on income statement	(225,281)	82,760	(142,521)
Debit (credit) on other comprehensive income	-	(1,717)	(1,717)
Effect in exchange rate	-	(7,248)	(7,248)
Balance on December 31, 2021	<u>\$ 2,795,081</u>	<u>481,456</u>	<u>3,276,537</u>
	<u>Defined Benefit Plans</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Assets:			
Balance on January 1, 2022	\$ 566,777	665,970	1,232,747
(Debit) credit on income statement	(47,777)	97,494	49,717
(Debit) credit on other comprehensive income	66,493	-	66,493
Effect in exchange rate	44,018	16,443	60,461
Balance on December 31, 2022	<u>\$ 629,511</u>	<u>779,907</u>	<u>1,409,418</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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	Defined Benefit Plans	Others	Total
Balance on January 1, 2021	\$ 527,048	570,058	1,097,106
(Debit) credit on income statement	47,255	114,606	161,861
(Debit) credit on other comprehensive income	2,947	-	2,947
Effect in exchange rate	(10,473)	(18,694)	(29,167)
Balance on December 31, 2021	<u>\$ 566,777</u>	<u>665,970</u>	<u>1,232,747</u>

(iii) Assessment of tax

The Company's tax returns for the years up to 2020 have been assessed by the R.O.C. tax authorities.

In 2021, the dividends distributed by the subsidiaries of the Group are applicable to the regulations on repatriation of funds, the dividend amount is \$1,506,230 thousand, the tax rate is 10%, and the tax incentive amount is \$152,272 thousand. The amounts of restricted assets under the regulations on repatriation of funds on December 31, 2022 and 2021, were \$497,387 thousand and \$1,042,793 thousand, respectively, which is recognized under other current financial assets.

(iv) Business income tax administrative remedies

For the year of 2011 to 2020, some of the Group's subsidiaries were embroiled in disputes with tax authorities over tax returns, and the amended amounts thereof had been approved and adjusted for the respective years of approval. Each subsidiary has filed an administrative relief application, which has been under review by the authorities concerned.

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

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

(o) Capital and other equity

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(i) Capital surplus

The details of capital surplus were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Treasury share transactions	\$ 4,143	4,143
Gain on disposal of assets	32,980	32,980
Capital surplus-premium from merger	2,160	2,160
Donation from shareholders	3,617	2,767
Issued shares of subsidiaries not recognized in proportion to shareholding	<u>8,260</u>	<u>8,866</u>
	<u><u>\$ 51,160</u></u>	<u><u>50,916</u></u>

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

(ii) Retained earnings

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

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

1) Legal reserve

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

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2) Special reserve

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

3) Earnings distribution

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

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

On March 14, 2023, the Company's Board of Directors proposed to distribute the 2022 earnings as follows:

	For the years ended December 31	
	2022	
	Amount (dollar)	Total
Dividends distributed to ordinary shareholders		
Cash	\$ 7.70	6,788,944
Shares	1.20	<u>1,058,017</u>
Total	<u>\$ 7,846,961</u>	

(iii) Other equity interest after tax

Balance on January 1, 2022	\$ (2,559,457)
Exchange differences on translation of foreign financial statement	<u>1,505,928</u>
Balance on December 31, 2022	<u>\$ (1,053,529)</u>

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	Exchange differences on translation of foreign financial statement
Balance on January 1, 2021	\$ (2,082,107)
Exchange differences on translation of foreign financial statement	(476,548)
Loss on disposal of subsidiaries reclassified to profit or loss	<u>(802)</u>
Balance on December 31, 2021	<u><u>\$ (2,559,457)</u></u>

(iv) Non-controlling interests (NCIs)

	For the years ended December 31	
	2022	2021
Balance on January 1	\$ 1,758,492	2,015,027
Shares attributed to non-controlling interests		
Net profit	682,540	619,892
Foreign currency translation differences for foreign operations	60,646	(32,461)
Remeasurement from defined benefit plans	(3,678)	(7,293)
Changes in ownership interests in subsidiaries	22,329	-
Cash dividends paid to NCIs by subsidiaries	(612,902)	(836,673)
Capital returned to NCIs by subsidiaries on capital reduction	<u>(26,854)</u>	<u>-</u>
Balance on December 31	<u><u>\$ 1,880,573</u></u>	<u><u>1,758,492</u></u>

(p) Earnings per share

For the years ended December 31, 2022 and 2021, the Company's basic earnings (loss) per share were calculated as follows:

	For the years ended December 31	
	2022	2021
Basic earnings per share		
Net profit attributable to ordinary shareholders of the Company	<u><u>\$ 9,081,733</u></u>	<u><u>4,541,841</u></u>
Weighted average number of ordinary shares (basic)	<u>881,681</u>	<u>881,681</u>
Basic earnings per share (dollars)	<u><u>\$ 10.30</u></u>	<u><u>5.15</u></u>

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(q) Revenue from contracts with customer

(i) Disaggregation of revenue

	For the years ended December 31, 2022		
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 69,509,782	1,910,128	71,419,910
America	9,305,593	1,134,322	10,439,915
Mainland China	4,432,513	12,420	4,444,933
Switzerland	3,752,690	4,892	3,757,582
Mexico	1,890,354	37,284	1,927,638
Other countries	<u>2,811,347</u>	<u>1,101,599</u>	<u>3,912,946</u>
	<u>\$ 91,702,279</u>	<u>4,200,645</u>	<u>95,902,924</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 91,702,279	-	91,702,279
Others	-	<u>4,200,645</u>	<u>4,200,645</u>
	<u>\$ 91,702,279</u>	<u>4,200,645</u>	<u>95,902,924</u>
	For the years ended December 31, 2021		
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 51,689,373	1,285,384	52,974,757
America	6,623,744	424,793	7,048,537
Mainland China	3,784,893	1,056	3,785,949
Switzerland	2,067,516	256	2,067,772
Mexico	1,770,050	23,663	1,793,713
Other countries	<u>2,290,081</u>	<u>389,055</u>	<u>2,679,136</u>
	<u>\$ 68,225,657</u>	<u>2,124,207</u>	<u>70,349,864</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 68,225,657	-	68,225,657
Others	-	<u>2,124,207</u>	<u>2,124,207</u>
	<u>\$ 68,225,657</u>	<u>2,124,207</u>	<u>70,349,864</u>

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

(ii) Contract balances

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>January 1,</u> <u>2021</u>
Accounts receivable(including related parties)	\$ 8,801,296	8,580,652	7,401,838
Less: allowance for credit loss	<u>(7,972)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,793,324</u>	<u>8,580,652</u>	<u>7,401,838</u>
Contract liabilities	<u>\$ 317</u>	<u>403</u>	<u>2,172</u>

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

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period were \$403 thousand and \$2,172 thousand, respectively.

(r) Compensation to employees and directors

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

The Company estimated its employee compensation at respectively \$270,000 thousand and \$185,000 thousand for the years ended December 31, 2022 and 2021, and estimated its director compensation at \$145,080 thousand and \$98,280 thousand for years ended December 31, 2022 and 2021, respectively. The estimated amounts, recognized as operating costs or expenses, were based on net profit before tax of for the respective periods, multiplied by the percentage of compensation to employees and directors, as specified in the Articles of Incorporation. If the actual amounts differ from the estimated amounts, the differences shall be accounted for as changes in accounting estimates and recognized as profit or loss in the next year.

There was no difference between the amounts approved by Board of Directors and those recognized in the parent-company-only financial statements for the years ended December 31, 2022 and 2021. The information is available on the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income for the years ended December 31, 2022 and 2021 were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	<u>\$ 61,871</u>	<u>44,189</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(ii) Other income

The details of the Group's other income for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Rent income	\$ 3,419	3,818
Government subsidy	187,765	135,194
Income from export incentives	39,908	41,206
Other income	426,796	399,493
	\$ 657,888	579,711

(iii) Other gains and losses

The details of the Group's other gains and losses for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Foreign exchange gains (losses)	\$ 1,388,840	(5,614)
Losses on disposal of property, plant and equipment	(17,279)	(12,347)
Gain on disposal of investment property	-	109,597
Impairment loss	(7,357)	(16,287)
Others	(42,969)	(17,497)
	\$ 1,321,235	57,852

(iv) Financial costs

The details of the Group's financial costs for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Interest expense	\$ 167,042	150,012

(t) Financial instruments

(i) Credit risks

1) Credit risk exposure

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

2) The concentration of credit risk

On December 31, 2022 and 2021, 71% and 80% 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>
December 31, 2022							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 3,941,237	3,941,237	3,930,959	10,278	-	-	-
Other payables	6,442,332	6,442,332	6,442,167	165	-	-	-
Unsecured bank loans	2,841,834	3,015,952	338,049	204,239	2,473,664	-	-
Other long-term borrowings	119,031	119,265	14,532	53	52,757	51,923	-
Lease liabilities	584,172	1,469,684	51,678	33,245	74,415	172,820	1,137,526
	<u>\$ 13,928,606</u>	<u>14,988,470</u>	<u>10,777,385</u>	<u>247,980</u>	<u>2,600,836</u>	<u>224,743</u>	<u>1,137,526</u>
December 31, 2021							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 3,960,166	3,960,166	3,939,514	20,652	-	-	-
Other payables	4,672,025	4,672,025	4,672,025	-	-	-	-
Unsecured bank loans	9,046,788	9,099,197	5,681,640	656,310	2,761,247	-	-
Other long-term borrowings	144,361	144,683	37,240	53	12,473	94,917	-
Lease liabilities	567,349	1,412,171	47,959	31,798	80,661	174,035	1,077,718
	<u>\$ 18,390,689</u>	<u>19,288,242</u>	<u>14,378,378</u>	<u>708,813</u>	<u>2,854,381</u>	<u>268,952</u>	<u>1,077,718</u>

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

(iii) Currency risks

1) Exposure to currency risks

		December 31, 2022		
		<u>Foreign currency (In thousands)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	317,778	USD : TWD	30.660
		31,066	USD : CNY	6.9646
		104	USD : VND	23,570
VND		387,275,775	VND : USD	0.00004
INR		2,686,296	INR : USD	0.0121
IDR		36,631,536	IDR : USD	0.0001
<u>Non-monetary items</u>				
USD		34,292	USD : TWD	30.660

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December 31, 2022				
	Foreign currency (In thousands)		Exchange rate	TWD
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	27,038	USD : TWD	30.660	828,992
	7,777	USD : CNY	6.9646	238,428
	378	USD : VND	23,570	11,577
VND	1,900,289,824	VND : USD	0.00004	2,470,377
INR	3,620,800	INR : USD	0.0121	1,341,144
IDR	1,266,479,737	IDR : USD	0.0001	2,406,311
December 31, 2021				
	Foreign currency (In thousands)		Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 301,489	USD : TWD	27.63	8,330,141
	36,677	USD : CNY	6.3757	1,013,394
	-	USD : VND	22,780	5
VND	454,930,701	VND : USD	0.00004	545,917
INR	2,753,372	INR : USD	0.0135	1,023,979
IDR	78,872,233	IDR : USD	0.0001	149,857
<u>Non-monetary items</u>				
USD	26,049	USD : TWD	27.63	719,726
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	38,025	USD : TWD	27.63	1,050,625
	6,318	USD : CNY	6.3757	174,566
	2	USD : VND	22,780	62
VND	1,588,636,552	VND : USD	0.00004	1,906,364
INR	3,529,802	INR : USD	0.0135	1,312,733
IDR	271,247,336	IDR : USD	0.0001	515,370

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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 appreciation or depreciation of 5% of the TWD against the USD, VND, INR and IDR for the years ended December 31, 2022 and 2021, would have increased or decreased the net profit before tax by \$248,499 thousand and \$305,179 thousand, respectively. Performed based on the same basis, the analysis of both periods assumed that all other variables remained constant.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$1,388,840 thousand and \$(5,614) thousand, respectively.

(iv) Interest rate analysis

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

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

If the interest rate increases or decreases by 50 basis points, with all other variable factors remaining constant, the Group's net profit before tax would have decreased or increased by \$4,594 thousand and increased or decreased \$2,694 thousand for the years ended December 31, 2022 and 2021, respectively. This was mainly due to the Group's deposits and borrowings at variable rates.

(v) Fair value information

1) Financial instruments not measured at fair value

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

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).
- 3) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2021	\$ 422
Disposals	(422)
Balance on December 31, 2021	\$ -

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

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

- (u) Financial risk management

- (i) Overview

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

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

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

- (ii) Risk management framework

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

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

(iii) Credit risk

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

1) Trade and other receivables

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

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

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

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

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

2) Investment

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

3) Guarantees

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

(iv) Liquidity risk

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

The Group monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the total amount of unused credit facilities as of December 31, 2022 and 2021, amounted to \$16,310,996 thousand and \$8,585,588 thousand, respectively.

(v) Market risk

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

1) Currency risk

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

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

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

2) Interest rate risk

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

3) Other market price risks

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

(v) Capital management

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

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

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

	December 31, 2022	December 31, 2021
Total liabilities	\$ 24,436,440	27,056,626
Less: cash and cash equivalents	<u>(5,076,095)</u>	<u>(3,820,459)</u>
Net debt	19,360,345	23,236,167
Total equity	<u>26,873,927</u>	<u>19,868,563</u>
Total capital	<u>\$ 46,234,272</u>	<u>43,104,730</u>
Debt-to-equity ratio on period end	<u>41.87 %</u>	<u>53.91 %</u>

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

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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Reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>December 31, 2022</u>
			<u>Others</u>	<u>Foreign exchange movement</u>	
Long-term borrowings	\$ 2,890,474	(520,965)	-	155,984	2,525,493
Short-term borrowings	6,300,675	(6,026,783)	-	161,480	435,372
Lease liabilities	567,349	(41,433)	79,739	(21,483)	584,172
Total liabilities from financing activities	<u>\$ 9,758,498</u>	<u>(6,589,181)</u>	<u>79,739</u>	<u>295,981</u>	<u>3,545,037</u>

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>December 31, 2021</u>
			<u>Others</u>	<u>Foreign exchange movement</u>	
Long-term borrowings	\$ 985,448	1,975,937	-	(70,911)	2,890,474
Short-term borrowings	3,496,883	2,802,139	-	1,653	6,300,675
Lease liabilities	544,048	(22,023)	345,127	(299,803)	567,349
Total liabilities from financing activities	<u>\$ 5,026,379</u>	<u>4,756,053</u>	<u>345,127</u>	<u>(369,061)</u>	<u>9,758,498</u>

(7) Related-party transactions:

(a) Name of related parties and relationship

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

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

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

(b) Significant transactions with related parties

(i) Operating income

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

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
The Group is a joint venture under the joint agreement	<u>\$ 141,976</u>	<u>79,617</u>

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

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(ii) Other revenue

	For the years ended December 31	
	2022	2021
The Group is a joint venture under the joint agreement	\$ 9,610	10,658

(iii) Other expense

	For the years ended December 31	
	2022	2021
The Group is a joint venture under the joint agreement	\$ 16	-

(iv) Receivables due from Related Parties

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

Account item	Category of related party	December 31, 2022	December 31, 2021
Accounts receivable	The Group is a joint venture under the joint agreement	\$ 21,146	13,118
Other receivables	The Group is a joint venture under the joint agreement	1,443	609
		\$ 22,589	13,727

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	2021
Short-term employee benefits	\$ 442,538	321,057
Post-employment benefits	4,325	3,980
	\$ 446,863	325,037

(8) Pledged assets:

The book values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Other current financial assets	Customs deposit and lease deposit	\$ 1,364	2,192
Other non-current financial assets	Customs deposit and lease deposit	84,422	71,532
		\$ 85,786	73,724

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(9) Commitments and contingencies:

- (a) As of December 31, 2022 and 2021, the Group has issued promissory notes for short-term and long-term borrowings of \$9,259,400 thousand and \$8,486,700 thousand, respectively.
- (b) As of December 31, 2022 and 2021, the Group had payables in respect of important construction contracts, amounting to \$2,309,047 thousand and \$399,298 thousand, respectively.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Others:

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

By item	By function	For the year ended December 31, 2022			For the year ended December 31, 2021		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		19,819,465	6,618,149	26,437,614	15,464,771	5,080,249	20,545,020
Labor and health insurance		1,977,198	470,547	2,447,745	1,780,331	437,209	2,217,540
Pension		1,333,388	327,967	1,661,355	1,136,119	291,683	1,427,802
Other employee benefits		2,682,784	667,616	3,350,400	2,030,830	419,755	2,450,585
Depreciation		2,151,009	659,975	2,810,984	1,881,675	616,588	2,498,263
Amortization		5,229	46,424	51,653	4,523	38,719	43,242

- (b) Impact of COVID-19

Due to the outbreak of Covid-19 in 2022, the Group's plants in Suzhou, China were suspended between April 11 and April 24 in compliance with the local government's epidemic prevention policy and resumed work on April 25, the plants resumed to business as usual with no significant impact on the Group's operations. The Group will comply with the global epidemic prevention policy to cope with the development of the epidemic situation.

(Continued)

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:

- i. Loans to other parties : None
- ii. Guarantees and endorsements for other parties : None
- iii. Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures) : None
- iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock :

(In Thousands of New Taiwan Dollar)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Counterparty	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain/Loss on Disposal	Shares	Amount (Note1)
Feng Tay Enterprises Co., Ltd.	Stock PT Rich Valley Indonesia	Investments accounted for using equity method	-	Subsidiary	179,990	355,271	260,000	519,704	-	-	-	-	439,990	941,683
"	India Tindivanam Footwear Private Limited	"	-	"	-	-	88,000,000	330,659	-	-	-	-	88,000,000	316,957
Dona Orient Holdings Ltd.	Vietnam Nam Ha Footwear Co., Ltd.	Investments accounted for using equity method	-	Subsidiary	Note 3	816,491	Note 3	489,185	-	-	-	-	Note 3	1,288,773
Lotus Footwear Enterprises Ltd.	Cheyar SEZ Developers Private Ltd.	Investments accounted for using equity method	-	Subsidiary	94,999,999	2,291,508	10,000,000	382,603	-	-	-	-	104,999,999	2,387,753
"	Fairway Enterprises Co., Ltd.	"	-	"	24,151	1,553,529	5,350	304,432	-	-	235,827	-	29,501	1,873,121

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

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

Note 3 : Unissued shares of the Vietnamese entities.

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

(On December 31, 2022, the USD closing exchange rate of 30.66)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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- v. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock :

(In Thousands of New Taiwan Dollar)

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

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

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	Sale	1,851,304	2%	30days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	121,019	1%	-
"	"	"	Purchase	7,496,032	9%	20 days	"	-	(432,869)	(6%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	Sale	1,601,915	2%	30days	"	-	72,970	1%	-
"	"	"	Purchase	7,940,645	10%	15 days	"	-	(360,248)	(5%)	-
"	Vietnam Dona Orient Co., Ltd.	"	Sale	3,498,811	4%	75days	"	-	595,843	5%	-
"	"	"	Purchase	7,098,729	9%	30days	"	-	(513,885)	(8%)	-
"	Dona Victor Footwear Co., Ltd.	"	Sale	1,642,881	2%	30days	"	-	81,136	1%	-
"	"	"	Purchase	8,856,316	11%	30days	"	-	(643,475)	(9%)	-
"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sale	2,630,608	3%	60/90days	"	-	546,999	5%	-
"	"	"	Purchase	5,294,283	6%	30days	"	-	(540,475)	(8%)	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sale	831,640	1%	15days	"	-	35,550	-	-
"	"	"	Purchase	3,460,263	4%	15 days	"	-	(176,663)	(3%)	-
"	Fujian San Feng Footwear Co., Ltd.	"	Sale	598,160	1%	15days	"	-	23,844	-	-

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	Fujian San Feng Footwear Co., Ltd.	Parent and subsidiary	Purchase	3,000,510	4%	15days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	(161,426)	(2%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	"	Sale	1,252,867	1%	15days	"	-	46,724	-	-
"	"	"	Purchase	3,534,989	4%	15days	"	-	(242,733)	(4%)	-
"	Fujian Great Hope Footwear Co., Ltd.	"	Sale	192,126	-	15days	"	-	15,183	-	-
"	"	"	Purchase	1,564,059	2%	60days	"	-	(164,987)	(2%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sale	4,004,349	4%	90days	"	-	967,118	8%	-
"	"	"	Purchase	17,938,568	22%	10days	"	-	(720,863)	(11%)	-
"	Vung Tau Orient Co., Ltd.	"	Sale	983,389	1%	90days	"	-	310,967	3%	-
"	"	"	Purchase	2,404,097	3%	10days	"	-	(133,685)	(2%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	Sale	116,391	-	15days	"	-	6,700	-	-
"	"	"	Purchase	140,927	-	30days	"	-	(6,616)	-	-
"	East Wind Footwear Co., Ltd.(India Branch)	"	Sale	2,212,181	2%	60/90days	"	-	406,790	3%	-
"	"	"	Purchase	4,981,368	6%	10/30days	"	-	(229,659)	(3%)	-
"	Fairway Enterprises Co., Ltd.(India Branch)	"	Sale	3,157,716	3%	45/90days	"	-	487,374	4%	-
"	"	"	Purchase	5,578,839	7%	30days	"	-	(608,632)	(9%)	-
"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sale	477,945	1%	15days	"	-	63,178	1%	-
"	"	"	Purchase	240,199	-	30days	"	-	(9,320)	-	-
Growth-Link Overseas Co., Ltd.	Lotus Footwear Enterprises Ltd.(India Branch)	Parent and subsidiary	Purchase	142,599	40%	Payment after Delivery	"	-	-	-	-
"	East Wind Footwear Co., Ltd.(India Branch)	"	"	184,640	52%	"	"	-	-	-	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	7,496,032	100%	20days	"	-	432,869	99%	-
"	"	"	Purchase	1,851,304	34%	30days	"	-	(121,019)	(33%)	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	3,460,263	71%	15days	"	-	176,663	87%	-
"	"	"	Purchase	831,640	32%	15days	"	-	(35,550)	(19%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	Associate	"	239,920	9%	10~15days	"	-	(14,909)	(8%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	"	183,367	7%	10~15days	"	-	(12,151)	(7%)	-

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Fujian Xiefeng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	3,534,989	64%	15days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	242,733	62%	-
"	"	"	Purchase	1,252,867	50%	15days	"	-	(46,724)	(27%)	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Associate	Sale	239,920	4%	10~15days	"	-	14,909	4%	-
"	Fujian San Feng Footwear Co., Ltd.	"	"	169,786	3%	15~20days	"	-	9,207	2%	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	Purchase	141,471	6%	10~15days	"	-	(5,300)	(3%)	-
Fujian San Feng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	3,000,510	69%	15days	"	-	161,426	61%	-
"	"	"	Purchase	598,160	29%	15days	"	-	(23,844)	(17%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	Associate	"	169,786	8%	15~20days	"	-	(9,207)	(7%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	"	204,854	10%	10~15days	"	-	(8,219)	(6%)	-
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,564,059	100%	60days	"	-	164,987	96%	-
"	"	"	Purchase	192,126	21%	15days	"	-	(15,183)	(14%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	Associate	"	202,353	22%	10~60days	"	-	(35,734)	(33%)	-
Xie Feng Mold Co., Ltd. Putian, Fujian	Fujian Xiefeng Footwear Co., Ltd.	Associate	Sale	141,471	14%	10~15days	"	-	5,300	7%	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	"	183,367	18%	10~15days	"	-	12,151	16%	-
"	Fujian Great Hope Footwear Co., Ltd.	"	"	202,353	20%	10~60days	"	-	35,734	47%	-
"	Fujian San Feng Footwear Co., Ltd.	"	"	204,854	20%	10~15days	"	-	8,219	11%	-
"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	"	122,107	12%	15~20days	"	-	8,704	11%	-
"	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	"	140,927	14%	30days	"	-	6,616	9%	-
"	"	"	Purchase	116,391	46%	15days	"	-	(6,700)	(40%)	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	240,199	23%	30days	"	-	9,320	15%	-
"	"	"	Purchase	477,945	75%	15days	"	-	(63,178)	(87%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	Associate	"	122,107	19%	15~20days	"	-	(8,704)	(12%)	-

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Associate	Sale	6,690,710	100%	Payment after Delivery	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	806,653	99%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Purchase	125,462	3%	45days	"	-	(21,146)	(6%)	-
Hong Kong Shoe Majesty Trading Co., Ltd.	Vietnam Shoe Majesty Co., Ltd.	Associate	Purchase	6,690,710	100%	Payment after Delivery	"	-	(806,653)	(96%)	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	8,856,316	100%	30days	"	-	643,475	100%	-
"	"	"	Purchase	1,642,881	71%	30days	"	-	(81,136)	(22%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	Associate	"	192,403	8%	60days	"	-	(15,420)	(4%)	-
"	Dona Victor Molds Mfg. Co., Ltd.	"	"	142,718	6%	30days	"	-	(10,070)	(3%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	298,838	13%	60days	"	-	(18,178)	(5%)	-
Dona Pacific (Vietnam) Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	7,940,645	94%	15days	"	-	360,248	89%	-
"	"	"	Purchase	1,601,915	75%	30days	"	-	(72,970)	(23%)	-
"	Vietnam Dona Orient Co., Ltd.	Associate	Sale	235,138	3%	60days	"	-	19,834	5%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	113,122	1%	60days	"	-	9,019	2%	-
"	Dona Victor Footwear Co., Ltd.	"	"	192,403	2%	60days	"	-	15,420	4%	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	7,098,729	72%	30days	"	-	513,885	61%	-
"	"	"	Purchase	3,498,811	76%	75days	"	-	(595,843)	(75%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	Associate	"	160,653	3%	60days	"	-	(5,475)	(1%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	"	235,138	5%	60days	"	-	(19,834)	(3%)	-
"	Dona Victor Molds Mfg. Co., Ltd.	"	"	139,144	3%	30days	"	-	(7,643)	(1%)	-
Dona Victor Molds Mfg. Co., Ltd.	Dona Victor Footwear Co., Ltd.	Associate	Sale	142,718	19%	30days	"	-	10,070	14%	-
"	Vietnam Dona Orient Co., Ltd.	"	"	139,144	19%	30days	"	-	7,643	11%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	380,776	51%	30days	"	-	38,400	54%	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	2,404,097	99%	10days	"	-	133,685	98%	-
"	"	"	Purchase	983,389	89%	90days	"	-	(310,967)	(66%)	-

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsiary and investor	Sale	17,938,568	96%	10days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	720,863	91%	-
"	"	"	Purchase	4,004,349	72%	90days	"	-	(967,118)	(63%)	-
"	Dona Victor Footwear Co., Ltd.	Associate	"	298,838	2%	60days	"	-	18,178	2%	-
"	Vietnam Dona Orient Co., Ltd.	"	"	160,653	1%	60days	"	-	5,475	1%	-
"	Vietnam Shoe Majesty Co.,Ltd.	"	"	125,462	1%	45days	"	-	21,146	3%	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	"	113,122	2%	60days	"	-	(9,019)	(1%)	-
"	Dona Victor Molds Mfg. Co.,Ltd.	"	"	380,776	7%	30days	"	-	(38,400)	(2%)	-
East Wind Footwear Co., Ltd. (India Branch)	Growth-Link Overseas Co., Ltd.	Sub-subsiary and investor	Sale	184,640	4%	Payment after Delivery	"	-	-	-	-
"	Feng Tay Enterprises Co., Ltd.	"	"	4,981,368	96%	10/30days	"	-	229,659	100%	-
"	"	"	Purchase	2,212,181	96%	60/90days	"	-	(406,790)	(91%)	-
Lotus Footwear Enterprises Ltd.(India Branch)	Growth- Link Overseas Co., Ltd.	subsidiary and parents	Sale	142,599	3%	Payment after Delivery	"	-	-	-	-
"	Feng Tay Enterprises Co., Ltd.	Sub-subsiary and investor	"	5,294,283	95%	30days	"	-	540,475	97%	-
"	"	"	Purchase	2,630,608	100%	60/90days	"	-	(546,999)	(94%)	-
Fairway Enterprises Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsiary and investor	Sale	5,578,839	99%	30days	"	-	608,632	100%	-
"	"	"	Purchase	3,157,716	99%	45/90days	"	-	(487,374)	(91%)	-

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

Note 2 : The above-mentioned transactions between related parties included repeated sales and purchases.

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

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	121,019	9.84	-	-	121,019	-
"	Vietnam Dona Orient Co., Ltd.	"	595,843	5.42	-	-	336,964	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	967,118	4.82	-	-	393,273	-
"	Vung Tau Orient Co., Ltd.	"	310,967	4.50	65,518	-	44,255	-

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Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
Feng Tay Enterprises Co., Ltd.	Lotus Footwear Enterprises Ltd. (India Branch)	Parent and subsidiary	546,999	4.45	-	-	239,036	-
"	"	"	193,691	Note 2	-	-	-	-
"	East Wind Footwear Co., Ltd. (India Branch)	"	406,790	4.15	-	-	153,324	-
"	"	"	73,725	Note 2	-	-	-	-
"	Fairway Enterprises Co., Ltd. (India Branch)	"	487,374	4.88	-	-	194,315	-
"	"	"	208,785	Note 2	-	-	-	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	432,869	16.29	-	-	432,807	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	176,663	19.05	-	-	176,663	-
Fujian Xiefeng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	242,733	18.23	-	-	242,733	-
Fujian San Feng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	161,426	17.91	-	-	161,426	-
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	164,987	9.76	-	-	120,893	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Associate	806,653	10.17	-	-	74,729	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	643,475	15.61	-	-	643,475	-
Dona Pacific (Vietnam) Co., Ltd	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	360,248	20.83	-	-	360,248	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	513,885	17.09	-	-	513,865	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	133,685	20.16	-	-	133,643	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	720,863	26.16	-	-	713,585	-
East Wind Footwear Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	229,659	23.47	-	-	229,422	-
Lotus Footwear Enterprises Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	540,475	10.59	-	-	540,475	-
Fairway Enterprises Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	608,632	10.13	-	-	608,632	-

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

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

ix. Trading in derivative instruments : None

x. Business relationships and significant intercompany transactions :

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	1	Sales revenue	1,851,304	Note3	1.9304%
"	"	"	"	Cost of sales	7,496,032	Note3	7.8163%

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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 receivable due from related parties	121,019	30days	0.2359%
"	"	"	"	Accounts payable to related parties	432,869	20days	0.8436%
"	"	Dona Pacific(Vietnam) Co., Ltd.	4	Sales revenue	1,601,915	Note 3	1.6703%
"	"	"	"	Cost of sales	7,940,645	Note 3	8.2799%
"	"	"	"	Accounts receivable due from related parties	72,970	30days	0.1422%
"	"	"	"	Accounts payable to related parties	360,248	15days	0.7021%
"	"	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	3,498,811	Note 3	3.6483%
"	"	"	"	Technical service income	166,057	-	0.1732%
"	"	"	"	Cost of sales	7,098,729	Note 3	7.4020%
"	"	"	"	Accounts receivable due from related parties	595,843	75days	1.1613%
"	"	"	"	Accounts payable to related parties	513,885	30days	1.0015%
"	"	Dona Victor Footwear Co., Ltd.	"	Sales revenue	1,642,881	Note 3	1.7131%
"	"	"	"	Cost of sales	8,856,316	Note 3	9.2347%
"	"	"	"	Accounts receivable due from related parties	81,136	30days	0.1581%
"	"	"	"	Accounts payable to related parties	643,475	30days	1.2541%
"	"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sales revenue	2,630,608	Note 3	2.7430%
"	"	"	"	Cost of sales	5,294,283	Note 3	5.5205%
"	"	"	"	Accounts receivable due from related parties	546,999	60/90days	1.0661%
"	"	"	"	Accounts payable to related parties	540,475	30days	1.0533%
"	"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sales revenue	831,640	Note 3	0.8672%
"	"	"	"	Cost of sales	3,460,263	Note 3	3.6081%
"	"	"	"	Accounts receivable due from related parties	35,550	15days	0.0693%
"	"	"	"	Accounts payable to related parties	176,663	15days	0.3443%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	598,160	Note 3	0.6237%
"	"	"	"	Cost of sales	3,000,510	Note 3	3.1287%
"	"	"	"	Accounts receivable due from related parties	23,844	15days	0.0465%
"	"	"	"	Accounts payable to related parties	161,426	15days	0.3146%

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	Sales revenue	1,252,867	Note 3	1.3064%
"	"	"	"	Cost of sales	3,534,989	Note 3	3.6860%
"	"	"	"	Accounts receivable due from related parties	46,724	15days	0.0911%
"	"	"	"	Accounts payable to related parties	242,733	15days	0.4731%
"	"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	Sales revenue	116,391	Note 3	0.1214%
"	"	"	"	Cost of sales	140,927	Note 3	0.1469%
"	"	"	"	Accounts receivable due from related parties	6,700	15days	0.0131%
"	"	"	"	Accounts payable to related parties	6,616	30days	0.0129%
"	"	Fujian Great Hope Footwear Co., Ltd.	"	Sales revenue	192,126	Note 3	0.2003%
"	"	"	"	Cost of sales	1,564,059	Note 3	1.6309%
"	"	"	"	Accounts receivable due from related parties	15,183	15days	0.0296%
"	"	"	"	Accounts payable to related parties	164,987	60days	0.3215%
"	"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sales revenue	4,004,349	Note 3	4.1754%
"	"	"	"	Cost of sales	17,938,568	Note 3	18.7049%
"	"	"	"	Accounts receivable due from related parties	967,118	90days	1.8848%
"	"	"	"	Accounts payable to related parties	720,863	10days	1.4049%
"	"	Vung Tau Orient Co., Ltd.	"	Sales revenue	983,389	Note 3	1.0254%
"	"	"	"	Cost of sales	2,404,097	Note 3	2.5068%
"	"	"	"	Accounts receivable due from related parties	310,967	90days	0.6061%
"	"	"	"	Accounts payable to related parties	133,685	10days	0.2605%
"	"	East Wind Footwear Co., Ltd.(India Branch)	"	Sales revenue	2,212,181	Note 3	2.3067%
"	"	"	"	Cost of sales	4,981,368	Note 3	5.1942%
"	"	"	"	Accounts receivable due from related parties	406,790	60/90days	0.7928%
"	"	"	"	Accounts payable to related parties	229,659	10/30days	0.4476%
"	"	Fairway Enterprises Co., Ltd. (India Branch)	"	Sales revenue	3,157,716	Note 3	3.2926%
"	"	"	"	Cost of sales	5,578,839	Note 3	5.8172%
"	"	"	"	Accounts receivable due from related parties	487,374	45/90days	0.9499%

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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.	Fairway Enterprises Co., Ltd. (India Branch)	"	Accounts payable to related parties	608,632	30days	1.1862%
"	"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sales revenue	477,945	Note 3	0.4984%
"	"	"	"	Cost of sales	240,199	Note 3	0.2505%
"	"	"	"	Accounts receivable due from related parties	63,178	15days	0.1231%
"	"	"	"	Accounts payable to related parties	9,320	30days	0.0182%
1	Growth-Link Overseas Co., Ltd.	Lotus Footwear Enterprises Ltd.(India Branch)	6	Cost of sales	142,599	Note 3	0.1487%
"	"	East Wind Footwear Co., Ltd.(India Branch)	"	Cost of sales	184,640	Note 3	0.1925%
2	Fujian Xiefeng Footwear Co., Ltd.	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	8	Sales revenue	239,920	Note 3	0.2502%
"	"	"	"	Accounts receivable due from related parties	14,909	10~15days	0.0291%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	169,786	Note 3	0.1770%
"	"	"	"	Accounts receivable due from related parties	9,207	15~20days	0.0179%
3	Xie Feng Mold Co., Ltd. Putian, Fujian	Fujian Xiefeng Footwear Co., Ltd	8	Sales revenue	141,471	Note 3	0.1475%
"	"	"	"	Accounts receivable due from related parties	5,300	10~15days	0.0103%
"	"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sales revenue	183,367	Note 3	0.1912%
"	"	"	"	Accounts receivable due from related parties	12,151	10~15days	0.0237%
"	"	Fujian Great Hope Footwear Co., Ltd.	"	Sales revenue	202,353	Note 3	0.2110%
"	"	"	"	Accounts receivable due from related parties	35,734	10~60days	0.0696%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	204,854	Note 3	0.2136%
"	"	"	"	Accounts receivable due from related parties	8,219	10~15days	0.0160%
"	"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sales revenue	122,107	Note 3	0.1273%
"	"	"	"	Accounts receivable due from related parties	8,704	15~20days	0.0170%

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
4	Dona Victor Footwear Co., Ltd.	Dona Pacific (Vietnam) Co., Ltd.	8	Cost of sales	192,403	Note 3	0.2006%
"	"	"	"	Accounts payable to related parties	15,420	60days	0.0301%
"	"	Vietnam Dona Standard Footwear Company Ltd.	"	Cost of sales	298,838	Note 3	0.3116%
"	"	"	"	Accounts payable to related parties	18,178	60days	0.0354%
5	Dona Pacific (Vietnam) Co., Ltd.	Vietnam Dona Orient Co., Ltd.	8	Sales revenue	235,138	Note 3	0.2452%
"	"	"	"	Accounts receivable due from related parties	19,834	60days	0.0387%
"	"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sales revenue	113,122	Note 3	0.1180%
"	"	"	"	Accounts receivable due from related parties	9,019	60days	0.0176%
6	Vietnam Dona Orient Co., Ltd.	Vietnam Dona Standard Footwear Company Ltd.	8	Cost of sales	160,653	Note 3	0.1675%
"	"	"	"	Accounts payable to related parties	5,475	60days	0.0107%
7	Dona Victor Molds Mfg Co., Ltd.	Dona Victor Footwear Co., Ltd.	8	Sales revenue	142,718	Note 3	0.1488%
"	"	"	"	Accounts receivable due from related parties	10,070	30days	0.0196%
"	"	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	139,144	Note 3	0.1451%
"	"	"	"	Accounts receivable due from related parties	7,643	30days	0.0149%
"	"	Vietnam Dona Standard Footwear Company Ltd.	"	Sales revenue	380,776	Note 3	0.3970%
"	"	"	"	Accounts receivable due from related parties	38,400	30days	0.0748%

Note 1 : The numbers filled in as follows :

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

Note 2 : Transactions labeled as follows:

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

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

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 nine months ended December 31, 2022 (excluding information on investment in Mainland China) :

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest balance during the year Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value				
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	1,322,618	1,322,618	53,900	99.81%	1,301,346	99.81%	186,317	185,972	Subsidiary (Note 5)
"	PT Rich Valley Indonesia	"	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	899,054	379,350	439,990	99.99%	941,683	99.99%	(12,457)	(12,457)	"
"	Growth-Link Overseas Co., Ltd.	Bermuda	Investment holding, selling of athletic shoes, and trading of footwear materials	5,521,531	5,521,531	6,000,000	100.00%	15,042,703	100.00%	3,418,233	3,418,233	"
"	VX Holdings Ltd.	British Virgin Islands	Investment holding	447,734	447,734	38,280	47.26%	961,662	47.26%	460,653	217,704	"
"	Shoe Majesty Co., Ltd.	"	Investment holding	203,466	203,466	6,120	20.40%	424,383	20.40%	519,220	105,921	Investee under the equity method
"	Dona Orient Holdings Ltd.	"	Investment holding	1,529,723	1,529,723	44,753	40.97%	3,517,230	40.97%	1,336,178	547,432	Sub-sub-sidiary (Note 5)
"	Great Eastern Industries Ltd.	Hong Kong	International trade services	30,358	30,358	1,000	100.00%	38,863	100.00%	5,963	5,963	"
"	Great South Private Ltd.	Singapore	Investment holding	16,845	6,105	800	100.00%	7,636	100.00%	(9,833)	(9,833)	"
"	India Tindivandam Footwear Private Limited	India	Manufacturing of athletic shoes, semi-finished footwear and footwear accessories	330,659	-	88,000,000	93.87%	316,957	93.87%	(9,875)	(8,657)	"
Growth-Link Overseas Co., Ltd.	VX Mold Co., Ltd.	British Virgin Islands	Investment holding	15,355	15,355	372,000	93.00%	249,057	93.00%	184,202	171,308	Subsidiary (Note 5)
"	VX Holdings Ltd.	"	Investment holding	291,509	291,509	36,342	44.87%	944,595	44.87%	460,653	206,681	Investee under the equity method (Note 5)
"	Dona Pacific Holdings Ltd.	"	Investment holding and sale of finished shoes	382,459	382,459	23,000	92.00%	1,236,776	92.00%	559,183	514,449	Subsidiary (Note 5)
"	Shoe Majesty Co., Ltd.	"	Investment holding	246,669	246,669	8,580	28.60%	627,006	28.60%	519,220	148,497	Investee under the equity method
"	Dona Orient Holdings Ltd.	"	Investment holding	2,018,888	2,018,888	64,483	59.03%	5,326,416	59.03%	1,336,178	788,746	Subsidiary (Note 5)
"	Lotus Footwear Enterprises Ltd.	"	Investment holding business, and manufacturing and selling of finished shoe	2,086,106	2,086,106	34,020	88.00%	3,889,250	88.00%	440,847	387,946	"
"	PT Rich Valley Indonesia	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	22	22	10	0.01%	94	0.01%	(12,457)	-	Investee under the equity method (Note 5)
"	Cheyyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	-	-	1	0.01%	-	0.01%	(39,463)	-	"
VX Holdings Ltd.	Dona Victor Footwear Co., Ltd.	Vietnam	Producing of athletic shoes, semi-finished footwear, and footwear accessories	1,011,296	1,011,296	Note 4	100.00%	2,104,610	100.00%	461,313	461,313	Subsidiary (Note 5)
Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Hong Kong	International trade services	6,132	6,132	200	100.00%	168,031	100.00%	80,310	80,310	Subsidiary

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest balance during the year Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value				
Shoe Majesty Co., Ltd.	Vietnam Shoe Majesty Co., Ltd.	Vietnam	Manufacturing footwear products	1,134,420	1,134,420	Note 4	100.00%	1,965,742	100.00%	440,160	440,160	Subsidiary
Dona Orient Holdings Ltd.	Vietnam Dona Orient Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,349,040	1,349,040	Note 4	100.00%	2,172,280	100.00%	724,663	724,663	Subsidiary (Note 5)
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	2,320,962	2,320,962	"	100.00%	4,294,363	100.00%	641,993	641,993	"
"	Hold Gold Trading Co., Ltd.	British Virgin Islands	Selling of finished shoes, golf balls, backpack, bags and soccer ball	-	3,066	-	-	-	100.00%	(59)	(59)	"
"	Vung Tau Orient Co., Ltd.	Vietnam	Producing golf balls, soccer balls, and backpack, bags	712,024	558,724	Note 4	100.00%	792,104	100.00%	(13,344)	(13,344)	"
"	Vietnam Nam Ha Footwear Co., Ltd.	"	Producing athletic shoes, semi-finished footwear, and footwear accessories	1,318,380	827,820	"	100.00%	1,288,773	100.00%	(17,788)	(17,788)	"
VX Mold Co., Ltd.	Dona Victor Molds Mfg. Co., Ltd.	Vietnam	Manufacturing and repair of molds, cutting dies, and processing of metal parts	95,046	95,046	Note 4	100.00%	266,872	100.00%	184,819	184,819	Subsidiary (Note 5)
Dona Pacific Holdings Ltd.	Dona Pacific (Vietnam) Co., Ltd.	Vietnam	Producing athletic shoes, semi-finished footwear, and footwear accessories	613,200	613,200	Note 4	100.00%	1,341,766	100.00%	559,806	559,806	Subsidiary (Note 5)
Lotus Footwear Enterprises Ltd.	Cheygar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	3,187,670	2,780,498	104,999,999	99.99%	2,387,753	99.99%	(39,463)	(39,463)	Subsidiary (Note 5)
"	East Wind Footwear Co., Ltd.	British Virgin Islands	Investment holding and production of athletic shoes	506,877	506,877	9,751	100.00%	858,852	100.00%	230,332	230,332	"
"	Fairway Enterprises Co., Ltd.	"	Investment holding and production of athletic shoes	1,574,991	1,480,939	29,501	100.00%	1,873,121	100.00%	307,450	307,450	"

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 December 31, 2022 audited by certified public accountants, except that some of the investees were presented based on the unaudited financial statements as of December 31, 2022.

Note 4 : Unissued shares of the Vietnamese entities.

Note 5 : Included in the consolidated financial statements.

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

(c) Information on investment in mainland China

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

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022 (Note 7)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022 (Note 7)	Net income (losses) of the investee (Note 8)	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) (Note 8)	Book value (Note 7)	Accumulated remittance of earnings as of December 31, 2022 (Note 8)
					Outflow	Inflow							
Fujian Wu Feng Department Store Co., Ltd.	Wholesale and retail of general merchandise, and related services.	137,970	Note 1	168,003	-	-	168,003	1,238	50.00%	50.00%	619	24,338	100,886
Xie Feng Mold Co., Ltd. Putian, Fujian	Manufacturing and repair of molds, cutting dies, shoe lasts, injections, and processing of metal parts.	91,980	"	147,268	-	-	147,268	279,357	50.34%	50.34%	140,615	202,558	1,070,943

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Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022 (Note 7)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022 (Note 7)	Net income (losses) of the investee (Note 8)	Percentage of ownership	Highest Percentage of ownership during the year	Investment income (losses) (Note 8)	Book value (Note 7)	Accumulated remittance of earnings as of December 31, 2022 (Note 8)
					Outflow	Inflow							
Fujian Xiefeng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	459,900	Note 1	173,911	-	-	173,911	512,565	77.50%	77.50%	397,238	584,508	975,584
Fujian San Feng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	459,900	"	278,262	-	-	278,262	335,762	68.00%	68.00%	228,318	213,248	993,604
Fujian Da Feng Holdings Co., Ltd.	Investment holding.	827,820	"	923,213	-	-	923,213	1,095,325	70.00%	70.00%	766,728	1,999,868	5,843,781
Fujian Great Hope Footwear Co., Ltd.	Production of athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	243,747	"	410,369	-	-	410,369	175,239	84.73%	84.73%	148,488	424,170	542,066
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	459,900	Note 2	-	-	-	-	536,604	70.00%	70.00%	375,623	424,997	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	78,574	"	-	-	-	-	118,877	66.07%	66.07%	78,536	231,489	-

ii. Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2022 (Note 4 and 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5 and 7)	Upper Limit on Investment (Note 6)
2,101,026	2,776,341	14,996,012

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 audited by the parent company's certified public accountants.

(2) Based on unaudited financial statements for the year ended December 31, 2022.

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

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

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

Note 7 : Calculated based on the closing exchange rate of 30.66 on December 31, 2022.

Note 8 : Calculated based on the average closing exchange rate of 29.8379 between January and the end of December 2022.

iii Significant transactions :

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

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

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

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

(14) Segment information

(a) General information

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

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

	<u>Department of manufacturing and selling shoes</u>	<u>Other Departments</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
2022				
Revenue				
Revenue from external customers	\$ 91,702,279	4,200,645	-	95,902,924
Intersegment revenues	106,211,794	2,648,405	(108,860,199)	-
Total revenue	\$ 197,914,073	6,849,050	(108,860,199)	95,902,924
Interest expenses	\$ 155,203	11,839	-	167,042
Depreciation and amortization	2,711,454	151,183	-	2,862,637
Share of profit (loss) of associates and joint ventures accounted for using equity method	4,815,230	-	(4,560,812)	254,418
Impairment of assets	7,235	122	-	7,357
Reportable segment profit or loss	\$ 13,522,384	168,818	(216,735)	13,474,467

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2021	Department of manufacturing and selling shoes	Other Departments	Reconciliation and elimination	Total
Revenue				
Revenue from external customers	\$ 68,225,657	2,124,207	-	70,349,864
Intersegment revenues	82,217,041	1,640,917	(83,857,958)	-
Total revenue	\$ 150,442,698	3,765,124	(83,857,958)	70,349,864
Interest expenses	\$ 143,419	6,593	-	150,012
Depreciation and amortization	2,421,881	119,624	-	2,541,505
Share of profit (loss) of associates and joint ventures accounted for using equity method	2,074,332	-	(2,055,342)	18,990
Impairment of assets	15,648	639	-	16,287
Reportable segment profit or loss	\$ 7,184,168	(104,024)	(152,249)	6,927,895

The material reconciling items of the above reportable segment are as below:

Total reportable segment revenue after deducting the intersegment revenue was 108,860,199 thousand in 2022 (2021: \$ 83,857,958 thousand)

(b) Product and service information

Revenue from the external customers of the Group was as follows :

Product and services	2022	2021
Manufacturing and sales of shoes	\$ 91,702,279	68,225,657
Others	4,200,645	2,124,207
Total	\$ 95,902,924	70,349,864

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

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers (note 6(q)) and segment assets are based on the geographical location of the assets.

<u>Geographical information</u>	<u>2022</u>	<u>2021</u>
Non-current assets:		
Vietnam	\$ 9,369,100	8,108,497
India	5,377,787	4,577,539
Taiwan	3,465,761	3,427,833
Mainland China	2,296,212	2,190,045
Indonesia	3,031,660	2,104,856
Other countries	43,709	46,172
Total	<u>\$ 23,584,229</u>	<u>20,454,942</u>

Non-current assets include property, plant and equipment, investment property, intangible assets, right-of-use assets and other non-current assets, excluding financial instruments, deferred tax assets and refundable deposits.

(d) Major customers

	<u>2022</u>	<u>2021</u>
A customer of shoe manufacturing and sales division \$	<u>81,603,427</u>	<u>61,199,404</u>