

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022**

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

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~13
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	13
(6) Explanation of significant accounts	13~41
(7) Related-party transactions	42~43
(8) Pledged assets	43
(9) Commitments and contingencies	43
(10) Losses Due to Major Disasters	44
(11) Subsequent Events	44
(12) Others	44
(13) Other disclosures	
(a) Information on significant transactions	45~51
(b) Information on investment	52~53
(c) Information on investment in mainland China	54~55
(d) Major shareholders	55
(14) Segment information	55~56



安侯建業聯合會計師事務所
KPMG

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

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

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Feng Tay Enterprises Company Limited and its subsidiaries (“the Group”), as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note (4)(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$13,897,683 thousand and \$11,419,175 thousand, constituting 27.43% and 22.77% of consolidated total assets as of June 30, 2023 and 2022, respectively; total liabilities amounting to \$4,390,660 thousand and \$3,986,913 thousand, constituting 15.38% and 14.08% of consolidated total liabilities as of June 30, 2023 and 2022, respectively, and total comprehensive income (loss) amounting to \$158,018 thousand, \$680,914 thousand, \$(35,843) thousand and \$973,844 thousand, constituting 9.17%, 20.68%, (1.48)% and 15.79% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2023 and 2022, respectively.

Furthermore, as stated in Note (6)(d), the other equity accounted investments of the Group in its investee companies of \$1,031,152 thousand and \$880,685 thousand as of June 30, 2023 and 2022, respectively, and its equity in net gain on these investee companies of \$31,143 thousand, \$72,075 thousand, \$10,888 thousand and \$111,895 thousand for the three months and six months ended June 30, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.



Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
August 11, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2023, December 31, 2022, and June 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note (6)(a))	\$ 4,316,448	8	5,076,095	10	3,756,619	8	2100	Short-term borrowings (Note (6)(j))	\$ 1,575,239	3	435,372	1	3,074,544	6
1170	Notes and accounts receivable							2130	Current contract liabilities (Note (6)(q))	735	-	317	-	321	-
	(Notes (6)(b) and (q))	8,539,360	17	8,772,178	17	9,448,849	19	2170	Notes and accounts payable	3,974,138	8	3,941,237	8	4,869,818	10
1180	Accounts receivable due from related parties, net							2216	Dividends payable	6,935,664	14	35,218	-	3,614,893	7
	(Notes (6)(b), (q) and (7))	1,171	-	21,146	-	19,861	-	2200	Other payables	4,039,072	8	6,407,114	12	4,563,129	9
1200	Other receivables (Note (7))	640,437	1	442,193	1	631,592	1	2230	Current tax liabilities	1,345,353	3	2,593,834	5	2,345,060	5
1220	Current tax assets	19,898	-	187,379	-	288,262	-	2280	Current lease liabilities (Note (6)(l))	33,121	-	34,934	-	36,440	-
130X	Inventories (Note (6)(c))	8,911,843	18	9,104,194	18	9,820,461	20	2320	Long-term liabilities, current portion (Note (6)(k))	56,526	-	14,481	-	14,018	-
1476	Other current financial assets (Notes (6)(n) and (8))	1,334	-	498,751	1	640,059	1	2399	Other current liabilities, others	51,390	-	36,328	-	32,510	-
1479	Other current assets, others	1,110,566	2	1,078,973	2	1,105,731	2		Total current liabilities	<u>18,011,238</u>	<u>36</u>	<u>13,498,835</u>	<u>26</u>	<u>18,550,733</u>	<u>37</u>
	Total current assets	<u>23,541,057</u>	<u>46</u>	<u>25,180,909</u>	<u>49</u>	<u>25,711,434</u>	<u>51</u>		Non-Current liabilities:						
Non-current assets:								2540	Long-term borrowings (Note (6)(k))	2,106,414	4	2,511,012	5	2,044,191	4
1550	Investments accounted for using equity method							2570	Deferred tax liabilities (Note (6)(n))	3,489,145	7	3,827,503	8	3,392,422	7
	(Note (6)(d))	1,031,152	2	1,051,389	2	880,685	2	2580	Non-current lease liabilities (Note (6)(l))	506,325	1	549,238	1	542,359	1
1600	Property, plant and equipment (Note (6)(f))	21,444,658	42	20,704,257	40	19,443,358	39	2640	Non-current net defined benefit liability						
1755	Right-of-use assets (Note (6)(g))	1,719,052	4	1,764,171	4	1,697,305	3		(Note (6)(m))	4,223,442	8	3,839,586	8	3,540,988	7
1760	Investment property, net (Note (6)(h))	69,020	-	68,679	-	67,159	-	2670	Other non-current liabilities	208,803	-	210,266	-	245,984	-
1780	Intangible assets (Note (6)(i))	408,115	1	420,583	1	405,300	1		Total non-current liabilities	<u>10,534,129</u>	<u>20</u>	<u>10,937,605</u>	<u>22</u>	<u>9,765,944</u>	<u>19</u>
1840	Deferred tax assets (Note (6)(n))	1,708,478	4	1,409,418	3	1,275,402	3		Total liabilities	<u>28,545,367</u>	<u>56</u>	<u>24,436,440</u>	<u>48</u>	<u>28,316,677</u>	<u>56</u>
1980	Other non-current financial assets (Note (8))	97,178	-	84,422	-	222,472	-	Equity attributable to owners of parent							
1990	Other non-current assets	650,977	1	626,539	1	437,240	1		(Note (6)(o)):						
	Total non-current assets	<u>27,128,630</u>	<u>54</u>	<u>26,129,458</u>	<u>51</u>	<u>24,428,921</u>	<u>49</u>	3110	Total capital stock	8,816,811	18	8,816,811	17	8,816,811	18
								3150	Stock dividend to be distributed	1,058,017	2	-	-	-	-
								3200	Capital surplus	51,145	-	51,160	-	50,914	-
									Retained earnings:						
								3310	Legal reserve	6,476,443	13	5,577,243	11	5,577,243	11
								3320	Special reserve	1,053,529	2	2,559,457	5	2,559,457	5
								3350	Unappropriated retained earnings	3,748,389	7	9,042,212	18	4,705,823	9
									Other equity interest:						
								3410	Exchange differences on translation of foreign financial statements	(810,034)	(2)	(1,053,529)	(2)	(1,464,222)	(2)
									Total equity attributable to owners of parent:	<u>20,394,300</u>	<u>40</u>	<u>24,993,354</u>	<u>49</u>	<u>20,246,026</u>	<u>41</u>
								36XX	Non-controlling interests	<u>1,730,020</u>	<u>4</u>	<u>1,880,573</u>	<u>3</u>	<u>1,577,652</u>	<u>3</u>
									Total equity	<u>22,124,320</u>	<u>44</u>	<u>26,873,927</u>	<u>52</u>	<u>21,823,678</u>	<u>44</u>
Total assets		<u>\$ 50,669,687</u>	<u>100</u>	<u>51,310,367</u>	<u>100</u>	<u>50,140,355</u>	<u>100</u>	Total liabilities and equity		<u>\$ 50,669,687</u>	<u>100</u>	<u>51,310,367</u>	<u>100</u>	<u>50,140,355</u>	<u>100</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 Comprehensive Income

For the three months and six months ended June 30, 2023 and 2022

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

	For the three months ended June 30				For the six months ended June 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues (Notes (6)(q) and (7))								
	\$	20,656,426	100	24,763,347	100	40,159,176	100	47,158,341	100
5000	Operating costs (Note (6)(c))								
		(16,641,982)	(81)	(18,384,157)	(74)	(32,618,255)	(81)	(35,516,713)	(75)
	Gross profit from operations								
		4,014,444	19	6,379,190	26	7,540,921	19	11,641,628	25
	Operating expenses:								
6100	Selling and administrative expenses								
		(1,982,158)	(10)	(2,392,483)	(10)	(3,964,233)	(10)	(4,429,115)	(9)
6300	Research and development expenses								
		(618,671)	(3)	(864,326)	(3)	(1,236,168)	(3)	(1,538,361)	(3)
	Total operating expenses								
		(2,600,829)	(13)	(3,256,809)	(13)	(5,200,401)	(13)	(5,967,476)	(12)
	Net operating income								
		1,413,615	6	3,122,381	13	2,340,520	6	5,674,152	13
	Non-operating income and expenses:								
7100	Interest income (Note (6)(s))								
		36,549	-	12,532	-	62,268	-	24,908	-
7010	Other income (Note (6)(s))								
		117,568	1	166,741	-	238,540	-	312,825	1
7020	Other gains and losses, net (Note (6)(s))								
		224,928	1	509,953	2	117,808	-	827,042	1
7050	Financial costs (Note (6)(s))								
		(59,003)	-	(38,384)	-	(109,494)	-	(70,815)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Note (6)(d))								
		31,143	-	72,075	-	10,888	-	111,895	-
	Total non-operating income and expenses								
		351,185	2	722,917	2	320,010	-	1,205,855	2
	Profit from continuing operations before tax								
		1,764,800	8	3,845,298	15	2,660,530	6	6,880,007	15
7950	Income tax expenses (Note (6)(n))								
		(433,677)	(2)	(1,035,718)	(4)	(472,939)	(1)	(1,863,027)	(4)
	Net profit								
		1,331,123	6	2,809,580	11	2,187,591	5	5,016,980	11
	Other comprehensive income:								
8360	Item that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements								
		393,352	2	485,141	2	242,299	1	1,153,312	2
8399	Income tax related to components of other comprehensive income that will may be reclassified to profit or loss								
		(1,899)	-	(2,581)	-	(1,148)	-	(4,661)	-
	Item that may be reclassified subsequently to profit or loss								
		391,453	2	482,560	2	241,151	1	1,148,651	2
	Other comprehensive income								
		391,453	2	482,560	2	241,151	1	1,148,651	2
8500	Total comprehensive income								
	\$	1,722,576	8	3,292,140	13	2,428,742	6	6,165,631	13
	Net profit, attributable to:								
8610	Net profit, attributable to owners of parent								
		1,197,051	5	2,582,632	10	1,946,410	4	4,655,615	10
8620	Net profit, attributable to non-controlling interests								
		134,072	1	226,948	1	241,181	1	361,365	1
	\$	1,331,123	6	2,809,580	11	2,187,591	5	5,016,980	11
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent								
		1,587,783	8	3,064,272	12	2,189,905	5	5,750,850	12
8720	Comprehensive income, attributable to non-controlling interests								
		134,793	-	227,868	1	238,837	1	414,781	1
	\$	1,722,576	8	3,292,140	13	2,428,742	6	6,165,631	13
	Earnings per share (Note (6)(p))								
9750	Basic earnings per share (dollars)								
	\$	1.21		2.62		1.97		4.71	

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 six months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital		Capital surplus	Retained earnings						
	Ordinary shares	Stock dividend to be distributed		Legal reserve	Special reserve	Unappropriated retained earnings				
Balance on January 1, 2022	\$ 8,816,811	-	50,916	5,126,375	2,082,107	4,593,319	(2,559,457)	18,110,071	1,758,492	19,868,563
Net profit	-	-	-	-	-	4,655,615	-	4,655,615	361,365	5,016,980
Other comprehensive income	-	-	-	-	-	-	1,095,235	1,095,235	53,416	1,148,651
Total comprehensive income	-	-	-	-	-	4,655,615	1,095,235	5,750,850	414,781	6,165,631
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	450,868	-	(450,868)	-	-	-	-
Special reserve appropriated	-	-	-	-	477,350	(477,350)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(3,614,893)	-	(3,614,893)	-	(3,614,893)
Due to donated assets received	-	-	(2)	-	-	-	-	(2)	-	(2)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(595,621)	(595,621)
Balance on June 30, 2022	\$ 8,816,811	-	50,914	5,577,243	2,559,457	4,705,823	(1,464,222)	20,246,026	1,577,652	21,823,678
Balance on January 1, 2023	\$ 8,816,811	-	51,160	5,577,243	2,559,457	9,042,212	(1,053,529)	24,993,354	1,880,573	26,873,927
Net profit	-	-	-	-	-	1,946,410	-	1,946,410	241,181	2,187,591
Other comprehensive income (loss)	-	-	-	-	-	-	243,495	243,495	(2,344)	241,151
Total comprehensive income	-	-	-	-	-	1,946,410	243,495	2,189,905	238,837	2,428,742
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	899,200	-	(899,200)	-	-	-	-
Special reserve appropriated	-	-	-	-	(1,505,928)	1,505,928	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(6,788,944)	-	(6,788,944)	-	(6,788,944)
Stock dividends of ordinary share	-	1,058,017	-	-	-	(1,058,017)	-	-	-	-
Due to donated assets received	-	-	(7)	-	-	-	-	(7)	-	(7)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	183	-	-	-	-	183	-	183
Changes in ownership interests in subsidiaries	-	-	(191)	-	-	-	-	(191)	2,639	2,448
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(392,029)	(392,029)
Balance on June 30, 2023	\$ 8,816,811	1,058,017	51,145	6,476,443	1,053,529	3,748,389	(810,034)	20,394,300	1,730,020	22,124,320

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 six months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,660,530	6,880,007
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,437,060	1,367,572
Amortization expense	26,606	29,397
Interest expense	109,494	70,815
Interest income	(62,268)	(24,908)
Share of profit of associates and joint ventures accounted for using equity method	(10,888)	(111,895)
Loss on disposal of property, plant and equipment	17,704	13,871
Profit from lease modification	(1,226)	-
Impairment losses	825	2,279
Total adjustments to reconcile profit	<u>1,517,307</u>	<u>1,347,131</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes and accounts receivable	255,226	(857,913)
Decrease (increase) in other receivables	(190,424)	32,542
Decrease (increase) in inventories	262,233	158,722
Decrease (increase) in other current assets	(21,066)	(7,029)
Decrease (increase) in other current financial assets	497,387	404,929
Total changes in operating assets	<u>803,356</u>	<u>(268,749)</u>
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	407	(439)
Increase (decrease) in notes and accounts payable	16,818	775,275
Increase (decrease) in other payable	(2,212,531)	(130,114)
Increase (decrease) in other current liabilities	16,111	5,956
Increase (decrease) in net defined benefit liability	336,000	2,448
Increase (decrease) in other non-current liabilities	(4,442)	(22,952)
Total changes in operating liabilities	<u>(1,847,637)</u>	<u>630,174</u>
Total changes in operating assets and liabilities	<u>(1,044,281)</u>	<u>361,425</u>
Total adjustments	<u>473,026</u>	<u>1,708,556</u>
Cash inflow generated from operations	3,133,556	8,588,563
Interest received	67,719	26,478
Interest paid	(104,878)	(71,959)
Income taxes paid	(2,361,375)	(1,203,743)
Net cash flows from operating activities	<u>735,022</u>	<u>7,339,339</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(1,905,069)	(2,031,657)
Proceeds from disposal of property, plant and equipment	72,413	56,861
Acquisition of intangible assets	(13,779)	(29,691)
Decrease (increase) in other non-current financial assets	(11,520)	(143,510)
Decrease (increase) in other non-current assets	(8,458)	(238,474)
Dividends received	43,769	5,599
Net cash flows used in investing activities	<u>(1,822,644)</u>	<u>(2,380,872)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	1,118,388	(3,383,233)
Proceeds from long-term borrowings	546,464	813,759
Repayments of long-term borrowings	(940,593)	(1,741,381)
Payment of lease liabilities	(26,798)	(27,865)
Change in non-controlling interests	(281,889)	(690,367)
Net cash flows from (used in) financing activities	<u>415,572</u>	<u>(5,029,087)</u>
Effect of exchange rate changes on cash and cash equivalents	(87,597)	6,780
Net decrease in cash and cash equivalents	(759,647)	(63,840)
Cash and cash equivalents at beginning of period	5,076,095	3,820,459
Cash and cash equivalents at end of period	<u>\$ 4,316,448</u>	<u>3,756,619</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
June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

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

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

The consolidated financial statements were authorized for issuance by the board of directors on August 11, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

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

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

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

(Continued)

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

- Amendments to IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company ∙ GLO	PT Feng Tay Indonesia Enterprises	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	100.00 %	99.81 %	99.81 %	PT Feng Tay Indonesia Enterprises was established in Indonesia in 1992, and has paid in capital of USD27,000,000.(Note1)
The Company	Growth-Link Overseas Co., Ltd. (GLO)	Investment holding.	100.00 %	100.00 %	100.00 %	Growth-Link Overseas Co., Ltd. was established in Bermuda in 1991, and has paid in capital of USD27,513,036 (including share premium of USD27,453,036).
The Company ∙ GLO	VX Holdings Limited (VXH)	Investment holding.	92.13 %	92.13 %	92.13 %	VX Holdings Limited was established in British Virgin Islands in 1997, and has paid in capital of USD32,335,923 (including share premium of USD32,254,923).(Note1)
The Company ∙ GLO	Dona Orient Holdings Limited (DOH)	Investment holding.	100.00 %	100.00 %	100.00 %	Dona Orient Holdings Limited was established in British Virgin Islands in 2003, and has paid in capital of USD111,593,053 (including share premium of USD111,483,817).

(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
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company GLO	PT Rich Valley Indonesia	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	100.00 %	100.00 %	100.00 %	PT Rich Valley Indonesia was established in Indonesia in 2019, and has paid in capital of USD36,431,286.(Note1)
The Company	Great Eastern Industries Limited	International trade services.	100.00 %	100.00 %	100.00 %	Great Eastern Industries Limited, was established in Hong Kong in 2019, and has paid in capital of USD1,000,000 (including share premium of USD999,000).(Note1)
The Company	Great South Private Limited	Investing holding.	100.00 %	100.00 %	100.00 %	Great South Private Limited was established in Singapore in 2021, and has paid in capital of SGD1,200,000.(Note1)
The Company	India Tindivanam Footwear Private Limited	Manufactures athletic shoes, semi-finished footwear and footwear accessories.	95.36 %	93.87 %	- %	India Tindivanam Footwear Private Limited was established in India in 2022, and has paid in capital of INR1,513,500,000. (Note1)
GLO	Fujian Da Feng Holdings Co., Ltd. (DF)	Investment holding.	70.00 %	70.00 %	70.00 %	Fujian Da Feng Holdings Co., Ltd. was established in Fujian Province, China in 1993, and has paid in capital of USD27,000,000.(Note1)
DF	Fujian Lifeng Footwear Ind. Dev. Co., Ltd. (LF)	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Fujian Lifeng Footwear Ind. Dev. Co., Ltd. was established in Fujian Province, China in 1988, and has paid in capital of USD15,000,000.
GLO and DF	Fujian Xiefeng Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Fujian Xiefeng Footwear Co., Ltd. was established in Fujian Province, China in 1989, and has paid in capital of USD15,000,000.
GLO and DF	Fujian San Feng Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	80.00 %	80.00 %	80.00 %	Fujian San Feng Footwear Co., Ltd. was established in Fujian Province, China in 1992, and has paid in capital of USD15,000,000.
GLO, DF, LF and XM	Fujian Great Hope Footwear Co., Ltd.(GH)	Manufactures athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	100.00 %	100.00 %	100.00 %	Fujian Great Hope Footwear Co., Ltd. was established in Fujian Province, China in 1989, and has paid in capital of USD7,950,000.(Note1)
GLO	Xie Feng Mold Co., Ltd. Putian, Fujian(XM)	Manufactures and repairs molds, cutting dies, shoe lasts, injections, and processing of metal parts.	50.34 %	50.34 %	50.34 %	Xie Feng Mold Co., Ltd. Putian, Fujian was established in Fujian Province, China in 1991, and has paid in capital of USD3,000,000.(Note1)

(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
			June 30, 2023	December 31, 2022	June 30, 2022	
LF, GH and XM	Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	100.00 %	100.00 %	100.00 %	Suzhou Yufeng Plastic Technology Co., Ltd., was established in Jiangsu Province, China in 2009, and has paid in capital of USD2,562,738.(Note1)
GLO	Fujian Wu Feng Department Store Co., Ltd.	Wholesaler and retailer of general merchandise, and related services.	50.00 %	50.00 %	50.00 %	Fujian Wu Feng Department Store Co., Ltd. was established in Fujian Province, China in 1992, and has paid in capital of USD4,500,000.(Note1)
GLO	Dona Pacific Holdings Limited (DPH)	Investment holding.	92.00 %	92.00 %	92.00 %	Dona Pacific Holdings Ltd., was established in British Virgin Islands in 2000, and has paid in capital of USD13,558,901 (including share premium of USD13,533,901).(Note1)
GLO	VX Mold Co., Ltd. (VXM)	Investment holding.	93.00 %	93.00 %	93.00 %	VX Mold Co., Ltd., was established in British Virgin Islands in 1999, and has paid in capital of USD400,000.(Note1)
GLO	Lotus Footwear Enterprises Limited (LUH)	Investment holding business, and manufacturing and selling of finished shoes.	88.00 %	88.00 %	88.00 %	Lotus Footwear Enterprises Ltd., was established in British Virgin Islands in 2006, and has paid in capital of USD79,141,400 (including share premium of USD79,102,741).
VXH	Dona Victor Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Dona Victor Footwear Co., Ltd., was established in Vietnam in 1994, and has paid in capital of USD35,400,000.
DOH	Vietnam Dona Orient Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Vietnam Dona Orient Co.,Ltd., was established in Vietnam in 2003, and has paid in capital of USD44,000,000.
DOH	Vietnam Dona Standard Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Vietnam Dona Standard Footwear Co., Ltd., was established in Vietnam in 2006, and has paid in capital of USD75,700,000.
DOH	Vung Tau Orient Co., Ltd.	Manufactures golf balls, soccer balls, backpack and bags.	100.00 %	100.00 %	100.00 %	Vung Tau Orient Co., Ltd., was established in Vietnam in 2005, and has paid in capital of USD28,000,000.(Note1)

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
DOH	Hold Gold Trading Co., Ltd.	Selling of finished shoes, golf balls, backpack, bags and soccer balls.	- %	- %	- %	Hold Gold Trading Co., Ltd., was established in British Virgin Islands in 2010, and has paid in capital of USD100,000 (including share premium of USD99,900). (Note1) - (Note2)
DOH	Vietnam Nam Ha Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Vietnam Nam Ha Footwear Co., Ltd., was established in Vietnam in 2019, and has paid in capital of USD 49,000,000.(Note1)
DPH	Dona Pacific (Vietnam) Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Dona Pacific (Vietnam) Co., Ltd., was established in Vietnam in 2000, and has paid in capital of USD20,000,000.
VXM	Dona Victor Molds MFG. Co., Ltd.	Manufactures and repairs molds, cutting dies, and processing of metal parts.	100.00 %	100.00 %	100.00 %	Dona Victor Molds MFG. Co., Ltd., was established in Vietnam in 1999, and has paid in capital of USD3,100,000.(Note1)
GLO and LUH	Cheyar SEZ Developers Private Ltd.	Development in India's Industrial Park.	100.00 %	100.00 %	100.00 %	Cheyar SEZ Developers Private Ltd., was established in Indian in 2006, and has paid in capital of USD113,791,534.(Note1)
LUH	East Wind Footwear Co., Ltd.	Investment holding and production of athletic shoes.	100.00 %	100.00 %	100.00 %	East Wind Footwear Co., Ltd., was established in British Virgin Islands in 2010, and has paid in capital of USD16,532,207 (including share premium of USD16,522,456).
LUH	Fairway Enterprises Co., Ltd.	Investment holding and production of athletic shoes.	100.00 %	100.00 %	100.00 %	Fairway Enterprises Co., Ltd., was established in British Virgin Islands in 2014, and has paid in capital of USD51,369,564 (including share premium of USD51,340,063).

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

Note2: This subsidiary was dissolved in April 2022.

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

(Continued)

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

(c) Employee benefits

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

(d) Income taxes

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

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

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash	\$ 1,178	1,165	1,104
Demand deposits and check deposit	1,740,644	1,922,997	1,575,403
Time deposits	<u>2,574,626</u>	<u>3,151,933</u>	<u>2,180,112</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 4,316,448</u></u>	<u><u>5,076,095</u></u>	<u><u>3,756,619</u></u>

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

(Continued)

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

(b) Notes and accounts receivable (including related parties)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable—measured at amortized cost	\$ 8,548,503	8,801,296	9,468,700
Notes receivable—measured at amortized cost	-	-	10
Less: Allowance for credit loss	<u>(7,972)</u>	<u>(7,972)</u>	<u>-</u>
	<u>\$ 8,540,531</u>	<u>8,793,324</u>	<u>9,468,710</u>

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

	<u>June 30, 2023</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Allowance for credit loss provision</u>
Current	\$ 8,253,701	0.00%	-
1 to 60 days past due	286,830	0.00%	-
More than 1 year past due	<u>7,972</u>	100.00%	<u>7,972</u>
	<u>\$ 8,548,503</u>		<u>7,972</u>
	<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>\$ 8,801,296</u>		<u>7,972</u>

(Continued)

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

	June 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Allowance for credit loss provision
Current	\$ 8,975,304	0.00%	-
1 to 60 days past due	484,882	0.00%	-
61 days to 1 year past due	8,524	0.00%~50.00%	-
	\$ 9,468,710		-

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

	For the six months ended June 30	
	2023	2022
Balance on January 1	\$ 7,972	-
Impairment losses recognized	-	-
Balance on June 30	\$ 7,972	-

As of June 30, 2023, December 31, 2022 and June 30, 2022, the notes and accounts receivable of the Group were not pledged as collateral for its loan.

(c) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 3,535,119	4,066,297	4,932,527
Work in process	1,237,556	1,156,759	1,229,481
Finished goods	2,957,169	2,793,327	2,119,614
Merchandise inventory	78,115	129,915	180,956
Inventory in transit	1,103,076	955,771	1,357,349
Others	808	2,125	534
	\$ 8,911,843	9,104,194	9,820,461

The details of operating cost were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Cost of goods sold	\$ 16,638,415	18,431,761	32,424,575	35,588,319
Net losses (gains) on inventories	(330)	445	(392)	430
Inventory scrap loss	23,471	2,044	148,224	2,793
Revenue from sale of scraps	(20,764)	(54,632)	(44,091)	(94,373)
Losses on obsolescence and inventory valuation	1,190	4,539	89,939	19,544
Total	\$ 16,641,982	18,384,157	32,618,255	35,516,713

(Continued)

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

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, the inventory of the Group was not pledged as collateral for its loan.

(d) Investments accounted for using equity method

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

	June 30, 2023	December 31, 2022	June 30, 2022
Joint ventures	<u>\$ 1,031,152</u>	<u>1,051,389</u>	<u>880,685</u>

(i) Joint ventures

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Individually insignificant joint venture	<u>\$ 1,031,152</u>	<u>1,051,389</u>	<u>880,685</u>

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Attributable to the Group:				
Profit from continuing operation	\$ 31,143	72,075	10,888	111,895
Other comprehensive income	<u>20,909</u>	<u>28,416</u>	<u>12,644</u>	<u>51,315</u>
Comprehensive income	<u>\$ 52,052</u>	<u>100,491</u>	<u>23,532</u>	<u>163,210</u>

(ii) Collateral

As of June 30, 2023, December 31, 2022 and June 30, 2022, the investment accounted for using equity method of the Group was not pledged as collateral for its loan.

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

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

(Continued)

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

(e) Material non-controlling interest of subsidiaries

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

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Da Feng Holdings Co., Ltd.	China	30.00 %	30.00 %	30.00 %

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

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	
	Current assets	\$ 402,166	793,011	110,281
Non-current assets	2,403,840	2,112,137	2,347,426	
Current liabilities	(402,165)	(48,194)	(115,375)	
Net assets	<u>\$ 2,403,841</u>	<u>2,856,954</u>	<u>2,342,332</u>	
Non-controlling interests	<u>\$ 721,152</u>	<u>857,086</u>	<u>702,700</u>	
	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income	\$ 125,401	359,443	338,268	588,905
Other comprehensive income (loss)	(31,047)	(5,105)	(30,176)	91,507
Comprehensive income	<u>\$ 94,354</u>	<u>354,338</u>	<u>308,092</u>	<u>680,412</u>
Profit, attributable to non-controlling interests	<u>\$ 37,620</u>	<u>107,833</u>	<u>101,480</u>	<u>176,672</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 28,307</u>	<u>106,302</u>	<u>92,428</u>	<u>204,124</u>
Net cash flows from operating activities	\$ 6,200	82,725	(6,750)	(10,526)
Net cash flows from investing activities	456,889	(18,458)	456,889	1,079,620
Net cash flows from financing activities	(359,363)	40,597	(359,363)	(1,189,599)
Net increase (decrease) in cash and cash equivalents	<u>\$ 103,726</u>	<u>104,864</u>	<u>90,776</u>	<u>(120,505)</u>
Cash dividends to non-controlling interests	<u>\$ 107,809</u>	<u>-</u>	<u>107,809</u>	<u>356,880</u>

(Continued)

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

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2023 and 2022 were as follows:

	Land	Buildings	Machinery and equipment	Computer and communication equipment	Test equipment	Transportation equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:										
Balance on January 1, 2023	\$ 1,627,127	14,768,244	22,355,304	503,148	116,842	564,300	623,809	103,495	2,169,304	42,831,573
Additions	-	6,416	87,414	8,537	939	15,599	14,073	4,322	1,802,247	1,939,547
Disposals	(130)	(175,177)	(471,429)	(9,242)	(3,413)	(12,585)	(17,641)	(6,612)	-	(696,229)
Reclassifications	-	251,692	515,224	4,341	3,692	86,515	9,912	3,037	(872,196)	2,217
Effect of changes in foreign exchange rates	5,840	116,238	186,474	2,966	-	6,382	12,731	357	49,116	380,104
Balance on June 30, 2023	<u>\$ 1,632,837</u>	<u>14,967,413</u>	<u>22,672,987</u>	<u>509,750</u>	<u>118,060</u>	<u>660,211</u>	<u>642,884</u>	<u>104,599</u>	<u>3,148,471</u>	<u>44,457,212</u>
Balance on January 1, 2022	\$ 1,585,956	13,272,490	19,511,422	439,680	113,563	441,603	526,556	88,908	839,820	36,819,998
Additions	-	67,556	214,551	13,883	5,142	11,480	18,395	1,486	1,450,766	1,783,259
Disposals	-	(30,000)	(272,176)	(8,174)	(5,104)	(7,127)	(3,416)	(1,696)	-	(327,693)
Reclassifications	-	511,520	828,080	13,667	2,858	35,446	18,668	407	(1,410,646)	-
Effect of changes in foreign exchange rates	27,719	600,473	1,240,276	19,584	-	27,308	30,362	2,056	28,058	1,975,836
Balance on June 30, 2022	<u>\$ 1,613,675</u>	<u>14,422,039</u>	<u>21,522,153</u>	<u>478,640</u>	<u>116,459</u>	<u>508,710</u>	<u>590,565</u>	<u>91,161</u>	<u>907,998</u>	<u>40,251,400</u>
Depreciation and impairment loss:										
Balance on January 1, 2023	\$ -	7,425,458	13,398,726	379,888	98,291	269,135	477,124	78,694	-	22,127,316
Depreciation	-	285,555	1,014,582	25,272	4,127	35,506	27,880	3,274	-	1,396,196
Impairment loss	-	-	825	-	-	-	-	-	-	825
Disposals	-	(160,304)	(401,549)	(8,864)	(3,300)	(10,493)	(15,837)	(5,765)	-	(606,112)
Reclassifications	-	-	-	-	-	-	-	2,169	-	2,169
Effect of changes in foreign exchange rates	-	35,105	45,909	2,414	-	2,307	6,179	246	-	92,160
Balance on June 30, 2023	<u>\$ -</u>	<u>7,585,814</u>	<u>14,058,493</u>	<u>398,710</u>	<u>99,118</u>	<u>296,455</u>	<u>495,346</u>	<u>78,618</u>	<u>-</u>	<u>23,012,554</u>
Balance on January 1, 2022	\$ -	6,529,458	11,127,462	333,398	95,845	208,504	401,377	64,239	-	18,760,283
Depreciation	-	262,776	979,866	25,210	4,608	27,299	25,446	3,592	-	1,328,797
Impairment loss	-	-	2,233	16	-	30	-	-	-	2,279
Disposals	-	(26,241)	(207,270)	(7,526)	(4,798)	(6,521)	(3,170)	(1,435)	-	(256,961)
Effect of changes in foreign exchange rates	-	292,004	631,385	14,358	-	11,853	22,606	1,438	-	973,644
Balance on June 30, 2022	<u>\$ -</u>	<u>7,057,997</u>	<u>12,533,676</u>	<u>365,456</u>	<u>95,655</u>	<u>241,165</u>	<u>446,259</u>	<u>67,834</u>	<u>-</u>	<u>20,808,042</u>
Carrying amounts:										
Balance on January 1, 2023	<u>\$ 1,627,127</u>	<u>7,342,786</u>	<u>8,956,578</u>	<u>123,260</u>	<u>18,551</u>	<u>295,165</u>	<u>146,685</u>	<u>24,801</u>	<u>2,169,304</u>	<u>20,704,257</u>
Balance on June 30, 2023	<u>\$ 1,632,837</u>	<u>7,381,599</u>	<u>8,614,494</u>	<u>111,040</u>	<u>18,942</u>	<u>363,756</u>	<u>147,538</u>	<u>25,981</u>	<u>3,148,471</u>	<u>21,444,658</u>
Balance on January 1, 2022	<u>\$ 1,585,956</u>	<u>6,743,032</u>	<u>8,383,960</u>	<u>106,282</u>	<u>17,718</u>	<u>233,099</u>	<u>125,179</u>	<u>24,669</u>	<u>839,820</u>	<u>18,059,715</u>
Balance on June 30, 2022	<u>\$ 1,613,675</u>	<u>7,364,042</u>	<u>8,988,477</u>	<u>113,184</u>	<u>20,804</u>	<u>267,545</u>	<u>144,306</u>	<u>23,327</u>	<u>907,998</u>	<u>19,443,358</u>

(Continued)

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

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

As of June 30, 2023, December 31, 2022 and June 30, 2022 the property, plant and equipment of the Group were not pledged as collateral for its loan.

(g) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2023	\$ 1,895,108	80,766	15,242	4,660	1,995,776
Additions	-	9,563	-	-	9,563
Disposal/Write-off	(46,570)	-	-	-	(46,570)
Reclassification	-	-	-	(2,217)	(2,217)
Effect of changes in foreign exchange rates	20,358	(860)	214	35	19,747
Balance on June 30, 2023	<u>\$ 1,868,896</u>	<u>89,469</u>	<u>15,456</u>	<u>2,478</u>	<u>1,976,299</u>
Balance on January 1, 2022	\$ 1,697,289	84,697	13,736	11,001	1,806,723
Additions	-	-	-	957	957
Effect of changes in foreign exchange rates	88,577	(4,506)	1,014	98	85,183
Balance on June 30, 2022	<u>\$ 1,785,866</u>	<u>80,191</u>	<u>14,750</u>	<u>12,056</u>	<u>1,892,863</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2023	\$ 182,603	39,925	6,017	3,060	231,605
Depreciation	24,288	15,001	1,199	213	40,701
Disposal/Write-off	(14,126)	-	-	-	(14,126)
Reclassification	-	-	-	(2,169)	(2,169)
Effect of changes in foreign exchange rates	1,493	(379)	105	17	1,236
Balance on June 30, 2023	<u>\$ 194,258</u>	<u>54,547</u>	<u>7,321</u>	<u>1,121</u>	<u>257,247</u>
Balance on January 1, 2022	\$ 124,762	19,383	3,253	9,127	156,525
Depreciation	23,463	13,229	1,128	802	38,622
Effect of changes in foreign exchange rates	6,586	(6,494)	277	42	411
Balance on June 30, 2022	<u>\$ 154,811</u>	<u>26,118</u>	<u>4,658</u>	<u>9,971</u>	<u>195,558</u>
Carrying amount:					
Balance on January 1, 2023	<u>\$ 1,712,505</u>	<u>40,841</u>	<u>9,225</u>	<u>1,600</u>	<u>1,764,171</u>
Balance on June 30, 2023	<u>\$ 1,674,638</u>	<u>34,922</u>	<u>8,135</u>	<u>1,357</u>	<u>1,719,052</u>
Balance on January 1, 2022	<u>\$ 1,572,527</u>	<u>65,314</u>	<u>10,483</u>	<u>1,874</u>	<u>1,650,198</u>
Balance on June 30, 2022	<u>\$ 1,631,055</u>	<u>54,073</u>	<u>10,092</u>	<u>2,085</u>	<u>1,697,305</u>

(Continued)

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

(h) Investment property

The cost, depreciation, and impairment of the Investment property of the Group for the six months ended June 30, 2023 and 2022 were as follows:

	<u>Owned property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Cost:			
Balance on January 1, 2023	\$ 16,019	412,878	428,897
Effect of changes in foreign exchange rates	<u>128</u>	<u>(8,560)</u>	<u>(8,432)</u>
Balance on June 30, 2023	<u><u>\$ 16,147</u></u>	<u><u>404,318</u></u>	<u><u>420,465</u></u>
Balance on January 1, 2022	\$ 15,114	404,663	419,777
Effect of changes in foreign exchange rates	<u>609</u>	<u>9,177</u>	<u>9,786</u>
Balance on June 30, 2022	<u><u>\$ 15,723</u></u>	<u><u>413,840</u></u>	<u><u>429,563</u></u>
Accumulated depreciation and impairment losses:			
Balance on January 1, 2023	\$ -	360,218	360,218
Depreciation	-	163	163
Effect of changes in foreign exchange rates	<u>-</u>	<u>(8,936)</u>	<u>(8,936)</u>
Balance on June 30, 2023	<u><u>\$ -</u></u>	<u><u>351,445</u></u>	<u><u>351,445</u></u>
Balance on January 1, 2022	\$ -	355,773	355,773
Depreciation	-	153	153
Effect of changes in foreign exchange rates	<u>-</u>	<u>6,478</u>	<u>6,478</u>
Balance on June 30, 2022	<u><u>\$ -</u></u>	<u><u>362,404</u></u>	<u><u>362,404</u></u>
Carrying amount:			
Balance on January 1, 2023	<u><u>\$ 16,019</u></u>	<u><u>52,660</u></u>	<u><u>68,679</u></u>
Balance on June 30, 2023	<u><u>\$ 16,147</u></u>	<u><u>52,873</u></u>	<u><u>69,020</u></u>
Balance on January 1, 2022	<u><u>\$ 15,114</u></u>	<u><u>48,890</u></u>	<u><u>64,004</u></u>
Balance on June 30, 2022	<u><u>\$ 15,723</u></u>	<u><u>51,436</u></u>	<u><u>67,159</u></u>

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

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

(Continued)

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

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 June 30, 2023, December 31, 2022 and June 30, 2022, the Investment property of the Group was not pledged as collateral for its loans.

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the six months ended June 30, 2023 and 2022 were as follows:

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Costs			
Balance on January 1, 2023	\$ 431,047	334,591	765,638
Additions	-	13,731	13,731
Disposal	-	(17,119)	(17,119)
Effect of changes in foreign exchange rates	<u>1,668</u>	<u>1,295</u>	<u>2,963</u>
Balance on June 30, 2023	<u><u>\$ 432,715</u></u>	<u><u>332,498</u></u>	<u><u>765,213</u></u>
Balance on January 1, 2022	\$ 419,291	318,596	737,887
Additions	-	29,891	29,891
Disposal	-	(22,545)	(22,545)
Effect of changes in foreign exchange rates	<u>7,915</u>	<u>13,982</u>	<u>21,897</u>
Balance on June 30, 2022	<u><u>\$ 427,206</u></u>	<u><u>339,924</u></u>	<u><u>767,130</u></u>

(Continued)

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

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Accumulated amortization and impairment losses			
Balance on January 1, 2023	\$ 115,323	229,732	345,055
Amortization	-	26,606	26,606
Disposal	-	(17,119)	(17,119)
Effect of changes in foreign exchange rates	<u>1,584</u>	<u>972</u>	<u>2,556</u>
Balance on June 30, 2023	<u>\$ 116,907</u>	<u>240,191</u>	<u>357,098</u>
Balance on January 1, 2022	\$ 104,161	232,519	336,680
Amortization	-	29,397	29,397
Disposal	-	(22,545)	(22,545)
Effect of changes in foreign exchange rates	<u>7,515</u>	<u>10,783</u>	<u>18,298</u>
Balance on June 30, 2022	<u>\$ 111,676</u>	<u>250,154</u>	<u>361,830</u>
Carrying amounts:			
Balance on January 1, 2023	<u>\$ 315,724</u>	<u>104,859</u>	<u>420,583</u>
Balance on June 30, 2023	<u>\$ 315,808</u>	<u>92,307</u>	<u>408,115</u>
Balance on January 1, 2022	<u>\$ 315,130</u>	<u>86,077</u>	<u>401,207</u>
Balance on June 30, 2022	<u>\$ 315,530</u>	<u>89,770</u>	<u>405,300</u>

The Group determined whether an impairment loss of goodwill shall be recognized based on experience and actual operating results. As of June 30, 2023, December 31, 2022 and June 30, 2022, no impairment loss has been recognized.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unsecured bank loans	<u>\$ 1,575,239</u>	<u>435,372</u>	<u>3,074,544</u>
Range of interest rates	<u>1.57%~6.65%</u>	<u>3.60%~5.62%</u>	<u>0.82%~4.35%</u>

(Continued)

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

(k) Long-term borrowings

The details were as follows:

	<u>Currency</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unsecured bank loans	TWD	\$ -	852,000	-
Unsecured bank loans	USD	2,050,385	1,554,462	1,943,385
Other long-term borrowings	INR	112,555	119,031	114,824
		2,162,940	2,525,493	2,058,209
Less: current portion		(56,526)	(14,481)	(14,018)
Total		<u>\$ 2,106,414</u>	<u>2,511,012</u>	<u>2,044,191</u>
Range of interest rates		<u>0.10%~6.45%</u>	<u>0.10%~5.52%</u>	<u>0.10%~2.87%</u>
Period		<u>2024~2026</u>	<u>2023~2026</u>	<u>2023~2026</u>

(l) Lease liabilities

The Group lease liabilities were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current	<u>\$ 33,121</u>	<u>34,934</u>	<u>36,440</u>
Non-current	<u>\$ 506,325</u>	<u>549,238</u>	<u>542,359</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 12,521</u>	<u>12,257</u>	<u>25,174</u>	<u>24,283</u>

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

	<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 51,972</u>	<u>52,148</u>

(Continued)

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

(i) Real estate leases

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

(ii) Other leases

The Group leased photocopiers with lease terms of eight years.

(m) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The expenses recognized in profit or loss for the Group amounted to \$202,861 thousand, \$139,670 thousand, \$337,769 thousand and \$246,825 thousand for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022, respectively.

(ii) Defined contribution plans

The pension costs incurred from the contributions to the pension plans amounted to \$245,977 thousand, \$261,144 thousand, \$496,981 thousand and \$509,856 thousand for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022, respectively.

(n) Income taxes

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current tax expense				
Current period	\$ 786,467	727,652	1,331,999	1,794,441
Adjustment for prior periods	(6,491)	(4,994)	(221,642)	(4,644)
	<u>779,976</u>	<u>722,658</u>	<u>1,110,357</u>	<u>1,789,797</u>
Deferred tax expense				
Origination and reversal of temporary differences	(346,299)	313,060	(637,418)	73,230
Income tax expense	<u>\$ 433,677</u>	<u>1,035,718</u>	<u>472,939</u>	<u>1,863,027</u>

(Continued)

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

The amount of income tax recognized in other comprehensive income for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022 were as follows:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	\$ <u>(1,899)</u>	<u>(2,581)</u>	<u>(1,148)</u>	<u>(4,661)</u>

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

In 2021, the dividends distributed by the subsidiaries of the Group are applicable to the regulations on repatriation of funds, the dividend amount is \$1,506,230 thousand, the tax rate is 10%, and the tax incentive amount is \$152,272 thousand. The amounts of restricted assets under the regulations on repatriation of funds on December 31, 2022 and June 30, 2022, were \$497,387 thousand and \$639,131 thousand, respectively, which is recognized under other current financial assets.

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

For the year of 2006 to 2013, some of the Group's subsidiaries in China were involved in disputes with the local tax authorities over tax returns, against which, each of the subsidiaries has filed an appeal that had undergone through negotiation, which resulted in the estimated tax expenses above to be recognized in 2016. Moreover, a consensus was reached with the tax authorities in March 2023, in which the relevant taxes were approved and paid according to what had been agreed upon, resulting in the estimated tax expenses, recognized in previous years, to be reversed.

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

(o) Capital and other equity

As of June 30, 2023, December 31, 2022 and June 30, 2022, the Company's total rated share capital was \$12,000,000 thousand, \$9,000,000 thousand and \$9,000,000 thousand, each with par value of \$10, and the number of shares was 1,200,000 thousand ordinary shares, 900,000 thousand ordinary shares and 900,000 thousand ordinary shares, respectively. The aforementioned aggregate amount of rated equity is all ordinary shares. The issued shares are all 881,681 thousand ordinary shares, and all the consideration for issued shares has been received.

(Continued)

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

Reconciliations of shares outstanding for the six months ended June 30, 2023 and 2022 is as follows:

(Expressed in thousands of shares)	Ordinary shares	
	For the six months ended June 30	
	2023	2022
Balance on January 1	881,681	881,681
Stock dividend	105,802	-
Balance on June 30	987,483	881,681
Number of shares after adjustment	987,483	987,483

(i) Ordinary shares

The Group transferred its unappropriated retained earnings of \$1,058,017 thousand to its capital, with the base date set on August 11, 2023, based on the resolution decided during the shareholders' meeting held on June 21, 2023, with the approval of the Financial Supervisory Commission. The relevant statutory registration procedures have yet to be completed as of the reporting date.

(ii) Capital surplus

The details of capital surplus were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Treasury share transactions	\$ 4,143	4,143	4,143
Gain on disposal of assets	32,980	32,980	32,980
Capital surplus-premium from merger	2,160	2,160	2,160
Donation from shareholders	3,610	3,617	2,765
Issued shares of subsidiaries not recognized in proportion to shareholding	8,069	8,260	8,866
Difference between consideration and carrying amount of subsidiaries acquired or disposed	183	-	-
	\$ 51,145	51,160	50,914

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

(Continued)

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

(iii) Retained earnings

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

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

1) Legal reserve

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

2) Special reserve

In accordance with 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 21, 2023, and June 17, 2022, the Company's shareholder's meetings resolved to distribute the 2022 and 2021 earnings, respectively. These earnings were appropriated as follows:

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

(Continued)

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

(iv) Other equity interest after tax

	Exchange differences on translation of foreign financial statement
Balance on January 1, 2023	\$ (1,053,529)
Exchange differences on translation of foreign financial statement	<u>243,495</u>
Balance on June 30, 2023	<u>\$ (810,034)</u>
Balance on January 1, 2022	\$ (2,559,457)
Exchange differences on translation of foreign financial statement	<u>1,095,235</u>
Balance on June 30, 2022	<u>\$ (1,464,222)</u>

(v) Non-controlling interests (NCIs)

	For the six months ended June 30	
	2023	2022
Balance on January 1	\$ 1,880,573	1,758,492
Shares attributed to non-controlling interests		
Net profit	241,181	361,365
Foreign currency translation differences for foreign operations	(2,344)	53,416
Changes in ownership interests in subsidiaries	2,639	(569,759)
Cash dividends paid to NCIs by subsidiaries	<u>(392,029)</u>	<u>(25,862)</u>
Balance on June 30	<u>\$ 1,730,020</u>	<u>1,577,652</u>

(p) Earnings per share

For the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022, the Company's basic earnings per share were calculated as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Basic earnings per share				
Net profit attributable to ordinary shareholders of the Company	<u>\$ 1,197,051</u>	<u>2,582,632</u>	<u>1,946,410</u>	<u>4,655,615</u>
Weighted average number of ordinary shares (basic)	<u>987,483</u>	<u>987,483</u>	<u>987,483</u>	<u>987,483</u>
Basic earnings per share (dollars)	<u>\$ 1.21</u>	<u>2.62</u>	<u>1.97</u>	<u>4.71</u>

(Continued)

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

The Company did not intend to calculate diluted earnings per share on the assumption that, the compensation to employees and directors for the year ended December 31, 2023, was distributed in cash using the same method for the preceding three years.

(q) Revenue from contracts with customer

(i) Disaggregation of revenue

	For the three months ended June 30, 2023		
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 14,845,493	557,258	15,402,751
America	1,833,240	255,420	2,088,660
Switzerland	1,047,967	-	1,047,967
Mainland China	663,660	7,234	670,894
Mexico	429,167	12,218	441,385
Other countries	<u>633,541</u>	<u>371,228</u>	<u>1,004,769</u>
	<u>\$ 19,453,068</u>	<u>1,203,358</u>	<u>20,656,426</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 19,453,068	-	19,453,068
Other	<u>-</u>	<u>1,203,358</u>	<u>1,203,358</u>
	<u>\$ 19,453,068</u>	<u>1,203,358</u>	<u>20,656,426</u>
	For the three months ended June 30, 2022		
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 17,975,609	505,477	18,481,086
America	2,559,978	259,800	2,819,778
Mainland China	1,110,137	180	1,110,317
Switzerland	879,603	2,233	881,836
Mexico	412,987	8,583	421,570
Other countries	<u>748,997</u>	<u>299,763</u>	<u>1,048,760</u>
	<u>\$ 23,687,311</u>	<u>1,076,036</u>	<u>24,763,347</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 23,687,311	-	23,687,311
Other	<u>-</u>	<u>1,076,036</u>	<u>1,076,036</u>
	<u>\$ 23,687,311</u>	<u>1,076,036</u>	<u>24,763,347</u>

(Continued)

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

	For the six months ended June 30, 2023		
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 28,242,881	986,889	29,229,770
America	3,902,337	516,445	4,418,782
Switzerland	2,214,853	-	2,214,853
Mainland China	1,539,138	12,698	1,551,836
Mexico	803,809	21,749	825,558
Other countries	<u>1,260,128</u>	<u>658,249</u>	<u>1,918,377</u>
	<u>\$ 37,963,146</u>	<u>2,196,030</u>	<u>40,159,176</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 37,963,146	-	37,963,146
Others	<u>-</u>	<u>2,196,030</u>	<u>2,196,030</u>
	<u>\$ 37,963,146</u>	<u>2,196,030</u>	<u>40,159,176</u>
	For the six months ended June 30, 2022		
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 34,072,294	928,111	35,000,405
America	4,812,310	520,037	5,332,347
Mainland China	2,455,447	929	2,456,376
Switzerland	1,628,022	2,233	1,630,255
Mexico	814,807	13,279	828,086
Other countries	<u>1,368,718</u>	<u>542,154</u>	<u>1,910,872</u>
	<u>\$ 45,151,598</u>	<u>2,006,743</u>	<u>47,158,341</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 45,151,598	-	45,151,598
Others	<u>-</u>	<u>2,006,743</u>	<u>2,006,743</u>
	<u>\$ 45,151,598</u>	<u>2,006,743</u>	<u>47,158,341</u>

(Continued)

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

(ii) Contract balances

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Notes and accounts receivable(including related parties)	\$ 8,548,503	8,801,296	9,468,710
Less: allowance for credit loss	<u>(7,972)</u>	<u>(7,972)</u>	<u>-</u>
Total	<u>\$ 8,540,531</u>	<u>8,793,324</u>	<u>9,468,710</u>
Contract liabilities	<u>\$ 735</u>	<u>317</u>	<u>321</u>

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

(r) Compensation to employees and directors

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

The Company estimated its employee compensation at respectively \$52,456 thousand, \$156,810 thousand, \$78,856 thousand and \$218,400 thousand for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022, and estimated its director compensation at \$28,930 thousand, \$59,928 thousand, \$44,510 thousand and \$105,677 thousand for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022, respectively. The estimated amounts, recognized as operating costs or expenses, were based on net profit before tax of for the respective periods, multiplied by the percentage of compensation to employees and directors, as specified in the Articles of Incorporation. If the actual amounts differ from the estimated amounts, the differences shall be accounted for as changes in accounting estimates and recognized as profit or loss in the next year.

For the years ended December 31, 2022 and 2021, the remunerations to employees amounted to \$270,000 thousand and \$185,000 thousand; and directors amounted to \$145,080 thousand and \$98,280 thousand, respectively. The information is available on the Market Observation Post System website. There was no difference between the amounts approved by Board of Directors.

(s) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022 were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	<u>\$ 36,549</u>	<u>12,532</u>	<u>62,268</u>	<u>24,908</u>

(Continued)

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

(ii) Other income

The details of the Group's other income for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Rent income	\$ 320	840	1,656	1,724
Government subsidy	9,380	18,763	18,651	26,362
Income from export incentives	-	3,458	-	30,147
Other income	107,868	143,680	218,233	254,592
	\$ 117,568	166,741	238,540	312,825

(iii) Other gains and losses

The details of the Group's other gains and losses for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Foreign exchange gains	\$ 259,788	532,358	160,513	860,542
Losses on disposal of property, plant and equipment	(16,767)	(10,564)	(17,704)	(13,871)
Impairment loss	(310)	(1,180)	(825)	(2,279)
Profit from lease modification	-	-	1,226	-
Others	(17,783)	(10,661)	(25,402)	(17,350)
	\$ 224,928	509,953	117,808	827,042

(iv) Financial costs

The details of the Group's financial costs for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest expense	\$ 59,003	38,384	109,494	70,815

(Continued)

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

(t) Financial instruments

(i) Credit risks

1) Credit risk exposure

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

2) The concentration of credit risk

On June 30, 2023, December 31, 2022 and June 30, 2022, 72%, 71% and 71% of the Group's total receivables were concentrated within a single overseas customer.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
June 30, 2023							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 3,974,138	3,974,138	3,971,203	2,935	-	-	-
Other payables	4,039,072	4,039,072	3,575,182	463,462	428	-	-
Dividends payable	6,935,664	6,935,664	6,935,664	-	-	-	-
Unsecured bank loans	3,625,624	3,817,054	1,366,518	369,389	2,081,147	-	-
Other long-term borrowings	112,555	112,752	57	56,568	56	56,071	-
Lease liabilities	539,446	1,411,293	34,012	49,137	64,815	165,761	1,097,568
	<u>\$ 19,226,499</u>	<u>20,289,973</u>	<u>15,882,636</u>	<u>941,491</u>	<u>2,146,446</u>	<u>221,832</u>	<u>1,097,568</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	6,407,114	6,407,114	6,406,949	165	-	-	-
Dividends payable	35,218	35,218	35,218	-	-	-	-
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>
June 30, 2022							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 4,869,818	4,869,818	4,858,411	11,407	-	-	-
Other payables	4,563,129	4,563,129	4,563,129	-	-	-	-
Dividends payable	3,614,893	3,614,893	3,614,893	-	-	-	-
Unsecured bank loans	5,017,929	5,088,266	2,667,548	472,911	1,947,807	-	-
Other long-term borrowings	114,824	115,112	58	14,072	51,099	49,883	-
Lease liabilities	578,799	1,460,697	33,592	52,033	81,277	175,992	1,117,803
	<u>\$ 18,759,392</u>	<u>19,711,915</u>	<u>15,737,631</u>	<u>550,423</u>	<u>2,080,183</u>	<u>225,875</u>	<u>1,117,803</u>

(Continued)

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

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

(iii) Currency risks

1) Exposure to currency risks

		June 30, 2023		
		Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	279,517	USD : TWD 31.090	8,690,194
		32,650	USD : CNY 7.2258	1,015,097
		5	USD : VND 23,580	149
VND		479,460,426	VND : USD 0.00004	623,299
INR		3,307,261	INR : USD 0.0122	1,253,121
IDR		88,379,321	IDR : USD 0.0001	185,597
<u>Non-monetary items</u>				
USD		33,167	USD : TWD 31.090	1,031,152
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		33,936	USD : TWD 31.090	1,055,075
		11,257	USD : CNY 7.2258	349,992
		117	USD : VND 23,580	3,627
VND		1,415,688,669	VND : USD 0.00004	1,840,395
INR		3,036,110	INR : USD 0.0122	1,150,382
IDR		1,190,208,658	IDR : USD 0.0001	2,499,438

(Continued)

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

		December 31, 2022		
		Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	317,778	USD : TWD 30.66	9,743,084
		31,066	USD : CNY 6.9646	952,474
		104	USD : VND 23,570	3,186
VND		387,275,775	VND : USD 0.00004	503,459
INR		2,686,296	INR : USD 0.0121	995,004
IDR		36,631,536	IDR : USD 0.0001	69,600
<u>Non-monetary items</u>				
USD		34,292	USD : TWD 30.66	1,051,389
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		27,038	USD : TWD 30.66	828,992
		7,777	USD : CNY 6.9646	238,428
		378	USD : VND 23,570	11,577
VND		1,900,289,824	VND : USD 0.00004	2,470,377
INR		3,620,800	INR : USD 0.0121	1,341,144
IDR		1,266,479,737	IDR : USD 0.0001	2,406,311
		June 30, 2022		
		Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	314,654	USD : TWD 29.670	9,335,792
		34,408	USD : CNY 6.7114	1,020,894
		187	USD : VND 23,275	5,550
VND		524,964,996	VND : USD 0.00004	682,454
INR		4,081,418	INR : USD 0.0127	1,533,797
IDR		87,182,373	IDR : USD 0.0001	174,365
<u>Non-monetary items</u>				
USD		29,683	USD : TWD 29.670	880,685

(Continued)

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

June 30, 2022				
<u>Financial liabilities</u>	<u>Foreign currency (In thousands)</u>	<u>Exchange rate</u>		<u>TWD</u>
<u>Monetary items</u>				
USD	45,880	USD : TWD	29.670	1,361,252
	12,082	USD : CNY	6.7114	358,468
	2	USD : VND	23,275	56
VND	1,350,809,631	VND : USD	0.00004	1,756,053
INR	3,742,076	INR : USD	0.0127	1,406,272
IDR	1,102,725,658	IDR : USD	0.0001	2,205,451

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 six months ended June 30, 2023 and 2022, would have increased or decreased the net profit before tax by \$243,427 thousand and \$283,265 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 six months ended June 30, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$160,513 thousand and \$860,542 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.

(Continued)

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

If the interest rate increases or decreases by 50 basis points, with all other variable factors remaining constant, the Group's net profit before tax would have decreased or increased by \$4,713 thousand and \$8,606 thousand for the six months ended June 30, 2023 and 2022, respectively. This was mainly due to the Group's deposits and borrowings at variable rates.

(v) Fair value information

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value

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

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

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

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

(u) Financial risk management

(i) Overview

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

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

(Continued)

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

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

(ii) Risk management framework

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

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

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the 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.

(Continued)

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

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

2) Investment

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

3) Guarantees

As of June 30, 2023, December 31, 2022 and June 30, 2022, there was no guarantee outstanding.

(iv) Liquidity risk

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

The Group monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the total amount of unused credit facilities as of June 30, 2023, December 31, 2022 and June 30, 2022, amounted to \$14,915,614 thousand, \$16,310,996 thousand and \$13,783,252 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.

(Continued)

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

1) Currency risk

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

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

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

2) Interest rate risk

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

3) Other market price risks

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

(v) Capital management

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

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

(Continued)

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Total liabilities	\$ 28,545,367	24,436,440	28,316,677
Less: cash and cash equivalents	(4,316,448)	(5,076,095)	(3,756,619)
Net debt	24,228,919	19,360,345	24,560,058
Total equity	22,124,320	26,873,927	21,823,678
Total capital	<u>\$ 46,353,239</u>	<u>46,234,272</u>	<u>46,383,736</u>
Debt-to-equity ratio on period end	<u>52.27 %</u>	<u>41.87 %</u>	<u>52.95 %</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 six months ended June 30, 2023 and 2022.

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Non-cash changes		June 30, 2023
			Others	Foreign exchange movement	
Long-term borrowings	\$ 2,525,493	(394,129)	-	31,576	2,162,940
Short-term borrowings	435,372	1,118,388	-	21,479	1,575,239
Lease liabilities	584,172	(26,798)	(24,155)	6,227	539,446
Total liabilities from financing activities	<u>\$ 3,545,037</u>	<u>697,461</u>	<u>(24,155)</u>	<u>59,282</u>	<u>4,277,625</u>

	January 1, 2022	Cash flows	Non-cash changes		June 30, 2022
			Others	Foreign exchange movement	
Long-term borrowings	\$ 2,890,474	(927,622)	-	95,357	2,058,209
Short-term borrowings	6,300,675	(3,383,233)	-	157,102	3,074,544
Lease liabilities	567,349	(27,865)	957	38,358	578,799
Total liabilities from financing activities	<u>\$ 9,758,498</u>	<u>(4,338,720)</u>	<u>957</u>	<u>290,817</u>	<u>5,711,552</u>

(Continued)

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

(7) Related-party transactions:

(a) Name of related parties and relationship

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

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

(b) Significant transactions with related parties

(i) Operating income

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The Group is a joint venture under the joint agreement	\$ <u>1,057</u>	<u>41,270</u>	<u>1,718</u>	<u>72,496</u>

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

(ii) Other revenue

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The Group is a joint venture under the joint agreement	\$ <u>2,107</u>	<u>2,363</u>	<u>4,604</u>	<u>4,625</u>

(iii) Other expense

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The Group is a joint venture under the joint agreement	\$ <u>158</u>	<u>-</u>	<u>158</u>	<u>-</u>

(Continued)

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

(iv) Receivables due from Related Parties

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

<u>Account item</u>	<u>Category of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable	The Group is a joint venture under the joint agreement	\$ 1,171	21,146	19,861
Other receivables	The Group is a joint venture under the joint agreement	765	1,443	796
		<u>\$ 1,936</u>	<u>22,589</u>	<u>20,657</u>

(c) Key management personnel transactions

Key management personnel compensation comprised:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 90,558	175,466	154,029	290,739
Post-employment benefits	1,200	1,050	2,503	2,133
	<u>\$ 91,758</u>	<u>176,516</u>	<u>156,532</u>	<u>292,872</u>

(8) Pledged assets:

The book values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other current financial assets	Customs deposit and lease deposit	\$ 1,334	1,364	928
Other non-current financial assets	Customs deposit and lease deposit	97,178	84,422	222,472
		<u>\$ 98,512</u>	<u>85,786</u>	<u>223,400</u>

(9) Commitments and contingencies:

- (a) As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group has issued promissory notes for short-term and long-term borrowings of \$9,298,100 thousand, \$9,259,400 thousand and \$9,170,300 thousand, respectively.
- (b) As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had payables in respect of important construction contracts, amounting to \$1,691,214 thousand, \$2,309,047 thousand and \$2,252,410 thousand, respectively.

(Continued)

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

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Others:

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

By item	By function	For the three months ended June 30, 2023			For the three months ended June 30, 2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		4,998,316	1,420,275	6,418,591	4,900,054	1,930,983	6,831,037
Labor and health insurance		576,551	145,186	721,737	477,648	115,352	593,000
Pension		362,357	86,481	448,838	319,219	81,595	400,814
Other employee benefits		655,424	166,593	822,017	610,746	163,828	774,574
Depreciation		532,305	192,521	724,826	532,038	169,462	701,500
Amortization		1,232	12,053	13,285	1,218	16,354	17,572

By item	By function	For the six months ended June 30, 2023			For the six months ended June 30, 2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		9,845,508	2,866,689	12,712,197	9,519,128	3,467,540	12,986,668
Labor and health insurance		1,101,056	288,347	1,389,403	927,587	232,341	1,159,928
Pension		671,091	163,659	834,750	598,533	158,148	756,681
Other employee benefits		1,318,820	285,477	1,604,297	1,257,046	294,993	1,552,039
Depreciation		1,071,797	365,263	1,437,060	1,039,328	328,244	1,367,572
Amortization		2,469	24,137	26,606	2,513	26,884	29,397

- (b) Seasonality of operation

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

(Continued)

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

(13) Other disclosures

(a) Information on significant transactions

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2023 :

- i. Loans to other parties : None
- ii. Guarantees and endorsements for other parties : None
- iii. Securities held as of June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures) : None
- iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock : None
- v. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock : None
- vi. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock : None
- vii. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock :

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	Sale	669,158	1%	90 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	315,852	3%	-
"	"	"	Purchase	2,676,110	6%	20 days	"	-	(284,450)	(4%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	Sale	660,938	1%	30 days	"	-	118,710	1%	-
"	"	"	Purchase	2,622,357	6%	15 days	"	-	(383,558)	(6%)	-
"	Vietnam Dona Orient Co., Ltd.	"	Sale	1,409,639	3%	75 days	"	-	770,871	7%	-
"	"	"	Purchase	2,518,003	6%	30 days	"	-	(528,552)	(8%)	-
"	Dona Victor Footwear Co., Ltd.	"	Sale	649,904	1%	30 days	"	-	127,293	1%	-
"	"	"	Purchase	3,310,780	8%	30 days	"	-	(675,534)	(10%)	-
"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sale	1,056,064	2%	60/90 days	"	-	502,104	4%	-
"	"	"	Purchase	2,709,051	6%	30 days	"	-	(461,027)	(7%)	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sale	294,975	1%	15 days	"	-	53,218	-	-
"	"	"	Purchase	1,385,035	3%	15 days	"	-	(106,793)	(2%)	-

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	Fujian San Feng Footwear Co., Ltd.	Parent and subsidiary	Sale	291,014	1%	15 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	37,261	-	-
"	"	"	Purchase	1,228,386	3%	15 days	"	-	(144,739)	(2%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	"	Sale	610,269	1%	15 days	"	-	68,800	1%	-
"	"	"	Purchase	1,930,870	4%	15days	"	-	(178,096)	(3%)	-
"	Fujian Great Hope Footwear Co., Ltd.	"	Purchase	654,124	1%	60 days	"	-	(234,781)	(4%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sale	1,650,897	4%	90 days	"	-	854,363	7%	-
"	"	"	Purchase	7,793,974	18%	10 days	"	-	(668,164)	(10%)	-
"	Vung Tau Orient Co., Ltd.	"	Sale	514,888	1%	90 days	"	-	547,640	5%	-
"	"	"	Purchase	1,529,361	4%	10 days	"	-	(148,355)	(2%)	-
"	East Wind Footwear Co., Ltd.(India Branch)	"	Sale	889,155	2%	60 days	"	-	332,183	3%	-
"	"	"	Purchase	2,379,552	5%	10/30 days	"	-	(291,117)	(4%)	-
"	Fairway Enterprises Co., Ltd. (India Branch)	"	Sale	1,294,416	3%	30/60 days	"	-	341,440	3%	-
"	"	"	Purchase	2,728,914	6%	30 days	"	-	(628,495)	(10%)	-
"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sale	213,471	-	15 days	"	-	51,084	-	-
"	"	"	Purchase	127,059	-	30 days	"	-	9,451	-	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	2,676,110	99%	20 days	"	-	284,450	96%	-
"	"	"	Purchase	669,158	36%	90 days	"	-	(315,852)	(65%)	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,385,035	71%	15 days	"	-	106,793	34%	-
"	"	"	Purchase	294,975	27%	15 days	"	-	(53,218)	(24%)	-
"	Xie Feng Mold Co., Ltd.	Associate	Purchase	104,904	9%	10~15 days	"	-	(9,342)	(4%)	-
Fujian Xiefeng Footwear Co., Ltd.	Putian, Fujian Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,930,870	77%	15 days	"	-	178,096	56%	-
"	"	"	Purchase	610,269	50%	15 days	"	-	(68,800)	(34%)	-
"	Fujian San Feng Footwear Co., Ltd.	Associate	Sale	101,190	4%	15~20 days	"	-	15,189	5%	-
Fujian San Feng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,228,386	70%	15 days	"	-	144,739	50%	-
"	"	"	Purchase	291,014	32%	15 days	"	-	(37,261)	(23%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	Associate	Purchase	101,190	11%	15~20 days	"	-	(15,189)	(9%)	-
"	Xie Feng Mold Co., Ltd.	"	Purchase	101,001	11%	10~15 days	"	-	(8,952)	(5%)	-
"	Putian, Fujian	"	"	"	"	"	"	"	"	"	"
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	654,124	97%	60 days	"	-	234,781	97%	-

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Xie Feng Mold Co., Ltd. Putian, Fujian	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Associate	Sale	104,904	22%	10-15 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	9,342	13%	-
"	Fujian San Feng Footwear Co., Ltd.	"	Sale	101,001	21%	10-15 days	"	-	8,952	13%	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	127,059	24%	30 days	"	-	9,451	15%	-
"	"	"	Purchase	213,471	75%	15 days	"	-	(51,084)	(84%)	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Associate	Sale	2,283,931	100%	Payment after Delivery	"	-	839,791	99%	-
Hong Kong Shoe Majesty Trading Co., Ltd.	Vietnam Shoe Majesty Co., Ltd.	Associate	Purchase	2,283,931	100%	Payment after Delivery	"	-	(839,791)	(98%)	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	3,310,780	100%	30 days	"	-	675,534	100%	-
"	"	"	Purchase	649,904	68%	30 days	"	-	(127,293)	(31%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	Associate	Purchase	104,729	11%	60 days	"	-	(11,200)	(3%)	-
Dona Pacific (Vietnam) Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	2,622,357	91%	15 days	"	-	383,558	86%	-
"	"	"	Purchase	660,938	92%	30 days	"	-	(118,700)	(27%)	-
"	Vietnam Dona Orient Co., Ltd.	Associate	Sale	123,257	4%	60 days	"	-	31,775	7%	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	2,518,003	68%	30 days	"	-	528,552	60%	-
"	"	"	Purchase	1,409,639	23%	75 days	"	-	(770,871)	(77%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	Associate	Purchase	123,257	2%	60 days	"	-	(31,775)	(3%)	-
Dona Victor Molds Mfg. Co., Ltd.	Vietnam Dona Standard Footwear Co., Ltd.	Associate	Sale	156,826	45%	30 days	"	-	21,643	32%	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,529,361	100%	10 days	"	-	148,355	99%	-
"	"	"	Purchase	514,888	76%	90 days	"	-	(547,640)	(82%)	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	7,793,974	97%	10 days	"	-	668,164	93%	-
"	"	"	Purchase	1,650,897	85%	90 days	"	-	(854,363)	(62%)	-
"	Dona Victor Footwear Co., Ltd.	Associate	Sale	104,729	1%	60 days	"	-	11,200	2%	-
"	Dona Victor Molds Mfg. Co., Ltd.	"	Purchase	156,826	8%	30 days	"	-	(21,643)	(2%)	-
East Wind Footwear Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	2,379,552	100%	10/30 days	"	-	291,117	100%	-
"	"	"	Purchase	889,155	95%	60 days	"	-	(332,183)	(89%)	-
Lotus Footwear Enterprises Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	2,709,051	97%	30 days	"	-	461,027	94%	-
"	"	"	Purchase	1,056,064	99%	60/90 days	"	-	(502,104)	(93%)	-

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Fairway Enterprises Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsiary and investor	Sale	2,728,914	100%	30 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	628,495	100%	-
"	"	"	Purchase	1,294,416	97%	30/60 days	"	-	(341,440)	(86%)	-

Note : Reconciliated in the preparation of the consolidated report.

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

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	315,852	6.13	-	-	189	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	118,700	13.79	-	-	71,205	-
"	Vietnam Dona Orient Co., Ltd.	"	770,871	4.37	-	-	125,550	-
"	Dona Victor Footwear Co., Ltd.	"	127,293	12.47	-	-	68,907	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	854,363	3.68	-	-	155,575	-
"	Vung Tau Orient Co., Ltd.	"	547,640	2.40	312,322	-	38,177	-
"	Lotus Footwear Enterprises Ltd. (India Branch)	"	502,104	4.03	-	-	83,778	-
"	"	"	194,537	Note 2	-	-	-	-
"	East Wind Footwear Co., Ltd. (India Branch)	"	332,183	4.81	-	-	82,955	-
"	"	"	30,781	Note 2	-	-	-	-
"	Fairway Enterprises Co., Ltd. (India Branch)	"	341,440	6.25	-	-	111,069	-
"	"	"	192,329	Note 2	-	-	-	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	284,450	15.09	-	-	284,377	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsiary and investor	106,793	19.75	-	-	106,793	-
Fujian Xiefeng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsiary and investor	178,096	18.54	-	-	178,096	-
Fujian San Feng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsiary and investor	144,739	16.21	-	-	144,739	-
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsiary and investor	234,781	6.64	-	-	52,889	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Associate	839,791	5.61	-	-	277,806	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsiary and investor	675,534	10.16	-	-	383,135	-
Dona Pacific (Vietnam) Co., Ltd	Feng Tay Enterprises Co., Ltd.	Sub-subsiary and investor	383,558	14.27	-	-	383,558	-

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

Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	528,552	9.77	-	-	326,057	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	148,355	21.93	-	-	148,355	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	668,164	22.70	-	-	665,921	-
East Wind Footwear Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	291,117	18.51	-	-	185,659	-
Lotus Footwear Enterprises Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	461,027	10.95	-	-	248,869	-
Fairway Enterprises Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	628,495	8.94	-	-	410,037	-

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			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	1	Sales revenue	669,158	Note 3	1.6663%
"	"	"	"	Cost of sales	2,676,110	Note 3	6.6638%
"	"	"	"	Accounts receivable due from related parties	315,852	90days	0.6234%
"	"	"	"	Accounts payable to related parties	284,450	20days	0.5614%
"	"	Dona Pacific (Vietnam) Co., Ltd.	4	Sales revenue	660,938	Note 3	1.6458%
"	"	"	"	Cost of sales	2,622,357	Note 3	6.5299%
"	"	"	"	Accounts receivable due from related parties	118,700	30days	0.2343%
"	"	"	"	Accounts payable to related parties	383,558	15days	0.7570%
"	"	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	1,409,639	Note3	3.5101%
"	"	"	"	Cost of sales	2,518,003	Note3	6.2701%
"	"	"	"	Accounts receivable due from related parties	770,871	75days	1.5214%
"	"	"	"	Accounts payable to related parties	528,552	30days	1.0431%
"	"	Dona Victor Footwear Co., Ltd.	"	Sales revenue	649,904	Note3	1.6183%
"	"	"	"	Cost of sales	3,310,780	Note3	8.2441%
"	"	"	"	Accounts receivable due from related parties	127,293	30days	0.2512%
"	"	"	"	Accounts payable to related parties	675,534	30days	1.3332%
"	"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sales revenue	1,056,064	Note3	2.6297%
"	"	"	"	Cost of sales	2,709,051	Note3	6.7458%
"	"	"	"	Accounts receivable due from related parties	502,104	60/90days	0.9909%
"	"	"	"	Accounts payable to related parties	461,027	30days	0.9099%

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 Lifeng Footwear Ind. Dev. Co., Ltd.	4	Sales revenue	294,975	Note3	0.7345%
"	"	"	"	Cost of sales	1,385,035	Note3	3.4489%
"	"	"	"	Accounts receivable due from related parties	53,218	15days	0.1050%
"	"	"	"	Accounts payable to related parties	106,793	15days	0.2108%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	291,014	Note3	0.7247%
"	"	"	"	Cost of sales	1,228,386	Note3	3.0588%
"	"	"	"	Accounts receivable due from related parties	37,261	15days	0.0735%
"	"	"	"	Accounts payable to related parties	144,739	15days	0.2857%
"	"	Fujian Xiefeng Footwear Co., Ltd.	"	Sales revenue	610,269	Note3	1.5196%
"	"	"	"	Cost of sales	1,930,870	Note3	4.8080%
"	"	"	"	Accounts receivable due from related parties	68,800	15days	0.1358%
"	"	"	"	Accounts payable to related parties	178,096	15days	0.3515%
"	"	Fujian Great Hope Footwear Co., Ltd.	"	Cost of sales	654,124	Note3	1.6288%
"	"	"	"	Accounts payable to related parties	234,781	60days	0.4634%
"	"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sales revenue	1,650,897	Note3	4.1109%
"	"	"	"	Cost of sales	7,793,974	Note3	19.4077%
"	"	"	"	Accounts receivable due from related parties	854,363	90days	1.6861%
"	"	"	"	Accounts payable to related parties	668,164	10days	1.3187%
"	"	Vung Tau Orient Co., Ltd.	"	Sales revenue	514,888	Note3	1.2821%
"	"	"	"	Cost of sales	1,529,361	Note3	3.8082%
"	"	"	"	Accounts receivable due from related parties	547,640	90days	1.0808%
"	"	"	"	Accounts payable to related parties	148,355	10days	0.2928%
"	"	East Wind Footwear Co., Ltd.(India Branch)	"	Sales revenue	889,155	Note3	2.2141%
"	"	"	"	Cost of sales	2,379,552	Note3	5.9253%
"	"	"	"	Accounts receivable due from related parties	332,183	60days	0.6556%
"	"	"	"	Accounts payable to related parties	291,117	10/30days	0.5745%
"	"	Fairway Enterprises Co., Ltd. (India Branch)	"	Sales revenue	1,294,416	Note3	3.2232%
"	"	"	"	Cost of sales	2,728,914	Note3	6.7952%
"	"	"	"	Accounts receivable due from related parties	341,440	30/60days	0.6739%
"	"	"	"	Accounts payable to related parties	628,495	30days	1.2404%

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.	Suzhou Yufeng Plastics Technology Co., Ltd.	4	Sales revenue	213,471	Note3	0.5316%
"	"	"	"	Cost of sales	127,059	Note3	0.3164%
"	"	"	"	Accounts receivable due from related parties	51,084	15days	0.1008%
"	"	"	"	Accounts payable to related parties	9,451	30days	0.0187%
1	Fujian Xiefeng Footwear Co., Ltd.	Fujian San Feng Footwear Co., Ltd.	8	Sales revenue	101,190	Note3	0.2520%
"	"	"	"	Accounts receivable due from related parties	15,189	15~20days	0.0300%
2	Xie Feng Mold Co., Ltd. Putian, Fujian	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sales revenue	104,904	Note3	0.2612%
"	"	"	"	Accounts receivable due from related parties	9,342	10~15days	0.0184%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	101,001	Note3	0.2515%
"	"	"	"	Accounts receivable due from related parties	8,952	10~15days	0.0177%
3	Dona Victor Footwear Co.,Ltd	Vietnam Dona Standard Footwear Company Ltd.	"	Cost of sales	104,729	Note3	0.2608%
"	"	"	"	Accounts payable to related parties	11,200	60days	0.0221%
4	Dona Pacific (Vietnam) Co., Ltd.	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	123,257	Note3	0.3069%
"	"	"	"	Accounts receivable due from related parties	31,775	60days	0.0627%
5	Dona Victor Molds Mfg Co.,Ltd.	Vietnam Dona Standard Footwear Company Ltd.	"	Sales revenue	156,826	Note3	0.3905%
"	"	"	"	Accounts receivable due from related parties	21,643	30days	0.0427%

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 six months ended June 30, 2023
(excluding information on investment in Mainland China) :

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	1,324,722	1,322,618	53,999	99.99%	867,869	(452,730)	(452,547)	Subsidiary (Note 5)
"	PT Rich Valley Indonesia	"	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	1,063,389	899,054	519,990	99.99%	1,126,039	4,149	4,149	"
"	Growth-Link Overseas Co., Ltd.	Bermuda	Investment holding	5,521,531	5,521,531	6,000,000	100.00%	14,885,066	696,995	696,995	"
"	VX Holdings Ltd.	British Virgin Islands	Investment holding	447,734	447,734	38,280	47.26%	787,372	(146,319)	(69,150)	"
"	Shoe Majesty Co., Ltd.	"	Investment holding	203,466	203,466	6,120	20.40%	416,078	22,220	4,533	Investee under the equity method
"	Dona Orient Holdings Ltd.	"	Investment holding	1,529,723	1,529,723	44,753	40.97%	3,503,165	(159,831)	(65,483)	Subsidiary (Note 5)
"	Great Eastern Industries Ltd.	Hong Kong	International trade services	30,358	30,358	1,000	100.00%	33,725	2,053	2,053	"
"	Great South Private Ltd.	Singapore	Investment holding	26,037	16,845	1,200	100.00%	8,765	(8,047)	(8,047)	"
"	India Tindivandam Footwear Private Limited	India	Manufacturing of athletic shoes, semi-finished footwear and footwear accessories	539,956	330,659	144,320,000	95.36%	529,533	(8,176)	(7,748)	"
Growth-Link Overseas Co., Ltd.	VX Mold Co., Ltd.	British Virgin Islands	Investment holding	15,570	15,570	372,000	93.00%	259,052	97,351	90,537	Subsidiary (Note 5)
"	VX Holdings Ltd.	"	Investment holding	295,597	295,597	36,342	44.87%	780,833	(146,319)	(65,649)	Investee under the equity method (Note 5)
"	Dona Pacific Holdings Ltd.	"	Investment holding	387,823	387,823	23,000	92.00%	1,133,634	(128,686)	(118,391)	Subsidiary (Note 5)
"	Shoe Majesty Co., Ltd.	"	Investment holding	250,128	250,128	8,580	28.60%	615,074	22,220	6,355	Investee under the equity method
"	Dona Orient Holdings Ltd.	"	Investment holding	2,047,202	2,047,202	64,483	59.03%	5,305,100	(159,831)	(94,348)	Subsidiary (Note 5)
"	Lotus Footwear Enterprises Ltd.	"	Investment holding business, and manufacturing and selling of finished shoe	2,115,364	2,115,364	34,020	88.00%	4,466,441	564,040	496,355	"

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
Growth-Link Overseas Co., Ltd.	PT Rich Valley Indonesia	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	22	22	10	0.01%	113	4,149	-	Investee under the equity method (Note 5)
"	PT Feng Tay Indonesia Enterprises	"	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	22	-	1	0.01%	71	(452,730)	(7)	"
"	Cheyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	-	-	1	0.01%	-	36,304	-	"
VX Holdings Ltd.	Dona Victor Footwear Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,025,479	1,025,479	Note4	100.00%	1,737,025	(145,800)	(145,800)	Subsidiary (Note 5)
Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Hong Kong	International trade services	6,218	6,218	200	100.00%	83,972	15,900	15,900	Subsidiary
"	Vietnam Shoe Majesty Co., Ltd.	Vietnam	Manufacturing footwear products	1,150,330	1,150,330	Note4	100.00%	2,006,392	12,854	12,854	"
Dona Orient Holdings Ltd.	Vietnam Dona Orient Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,367,960	1,367,960	Note4	100.00%	2,056,710	9,250	9,250	Subsidiary (Note 5)
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	2,353,513	2,353,513	"	100.00%	4,270,337	(82,788)	(82,788)	"
"	Vung Tau Orient Co., Ltd.	"	Producing golf balls, soccer balls, and backpack, bags	722,010	722,010	"	100.00%	731,053	(70,904)	(70,904)	"
"	Vietnam Nam Ha Footwear Co., Ltd.	"	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,523,410	1,336,870	"	100.00%	1,477,965	(15,154)	(15,154)	"
VX Mold Co., Ltd.	Dona Victor Molds Mfg. Co., Ltd.	Vietnam	Manufacturing and repair of molds, cutting dies, and processing of metal parts	96,379	96,379	Note4	100.00%	274,925	97,772	97,772	Subsidiary (Note 5)
Dona Pacific Holdings Ltd.	Dona Pacific (Vietnam) Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	621,800	621,800	Note4	100.00%	1,230,055	(128,259)	(128,259)	Subsidiary (Note 5)
Lotus Footwear Enterprises Ltd.	Cheyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	3,537,779	3,232,376	112,999,999	99.99%	2,783,481	36,304	36,304	Subsidiary (Note 5)
"	East Wind Footwear Co., Ltd.	British Virgin Islands	Investment holding and production of athletic shoes	513,986	513,986	9,751	100.00%	1,002,169	128,989	128,989	"
"	Fairway Enterprises Co., Ltd.	"	Investment holding and production of athletic shoes	1,597,080	1,597,080	29,501	100.00%	2,167,323	263,271	263,271	"

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

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

Note 3 : The investees of Feng Tay Enterprises Co., Ltd. are presented based on the financial statements as of June 30, 2023, reviewed by certified public accountants, except that some of the investees were presented based on the unreviewed financial statements as of June 30, 2023.

Note 4 : Unissued shares of the Vietnamese entities.

Note 5 : Included in the consolidated financial statements.

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

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

(c) Information on investment in mainland China

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

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (Note 7)	Investment flows		Accumulated outflow of investment from June 30, 2023 (Note 7)	Net income (losses) of the investee (Note 8)	Percentage of ownership	Investment income (losses) (Note 8)	Book value (Note 7)	Accumulated remittance of earnings in current period (Note 8)
					Outflow	Inflow						
Fujian Wu Feng Department Store Co., Ltd.	Wholesale and retail of general merchandise, and related services.	139,905	Note 1	170,359	-	-	170,359	422	50.00%	211	23,995	103,291
Xie Feng Mold Co., Ltd. Putian, Fujian	Manufacturing and repair of molds, cutting dies, shoe lasts, injections, and processing of metal parts.	93,270	"	149,334	-	-	149,334	113,970	50.34%	57,367	132,178	1,096,473
Fujian Xiefeng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	466,350	"	176,350	-	-	176,350	243,586	77.50%	188,779	756,582	998,841
Fujian San Feng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	466,350	"	282,165	-	-	282,165	169,876	68.00%	115,516	321,810	1,017,291
Fujian Da Feng Holdings Co., Ltd.	Investment holding.	839,430	"	936,161	-	65,289	870,872	338,268	70.00%	236,787	1,682,689	5,983,090
Fujian Great Hope Footwear Co., Ltd.	Production of athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	247,166	"	416,124	-	-	416,124	65,162	84.73%	55,215	485,656	554,988
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	466,350	Note 2	-	-	-	-	66,318	70.00%	46,422	483,196	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	79,676	"	-	-	-	-	43,136	66.07%	28,498	160,419	-

ii. Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of June 30, 2023 (Note 4 and 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5 and 7)	Upper Limit on Investment (Note 6)
2,065,204	2,815,279	12,236,580

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

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

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

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

(2) Based on unreviewed financial statements for the six months ended June 30, 2023.

Note 4 : The accumulated investment amount has been deducted by capital increase from retained earnings of USD 3,939,943, capital stock inflows of USD 20,185,981.

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

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

Note 7 : Calculated based on the closing exchange rate of 31.09 on June 30, 2023.

Note 8 : Calculated based on the average closing exchange rate of 30.5492 between January and the end of June 2023.

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

iii Significant transactions :

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

(d) Major shareholders

Shareholding Shareholder's Name	Shares	Percentage
WANG LIOU, MEI-HUEI	95,423,056	10.82 %
WANG, CHOU-HSIONG	58,787,033	6.66 %
CHEN, HUI-LING	57,044,655	6.46 %

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

(14) Segment information

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

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

	Department of manufacturing and selling shoes	Other Departments	Reconciliation and elimination	Total
For the three months ended				
June 30, 2023				
Revenue				
Revenue from external customers	\$ 19,453,068	1,203,358	-	20,656,426
Intersegment revenues	22,817,474	1,122,464	(23,939,938)	-
Total revenue	\$ 42,270,542	2,325,822	(23,939,938)	20,656,426
Reportable segment profit or loss	\$ 1,689,928	16,553	58,319	1,764,800

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

	Department of manufacturing and selling shoes	Other Departments	Reconciliation and elimination	Total
For the three months ended				
June 30, 2022				
Revenue				
Revenue from external customers	\$ 23,687,311	1,076,036	-	24,763,347
Intersegment revenues	27,579,665	894,500	(28,474,165)	-
Total revenue	\$ 51,266,976	1,970,536	(28,474,165)	24,763,347
Reportable segment profit or loss	\$ 3,817,773	77,651	(50,126)	3,845,298
	Department of manufacturing and selling shoes	Other Departments	Reconciliation and elimination	Total
For the six months ended				
June 30, 2023				
Revenue				
Revenue from external customers	\$ 37,963,146	2,196,030	-	40,159,176
Intersegment revenues	43,653,480	2,114,611	(45,768,091)	-
Total revenue	\$ 81,616,626	4,310,641	(45,768,091)	40,159,176
Reportable segment profit or loss	\$ 2,575,912	(21,634)	106,252	2,660,530
	Department of manufacturing and selling shoes	Other Departments	Reconciliation and elimination	Total
For the six months ended				
June 30, 2022				
Revenue				
Revenue from external customers	\$ 45,151,598	2,006,743	-	47,158,341
Intersegment revenues	52,591,052	1,628,325	(54,219,377)	-
Total revenue	\$ 97,742,650	3,635,068	(54,219,377)	47,158,341
Reportable segment profit or loss	\$ 6,866,141	127,053	(113,187)	6,880,007