

Feng Tay Enterprises Co., Ltd.

2022 Annual Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Annual Report is available at : <http://www.fengtay.com> ; <http://mops.twse.com.tw>

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Taiwan

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Tel.: 886-5-5379100

Feng Tay Factory

No. 666, Xiping Rd., Douliu City, Yunlin County, Taiwan (640009)
Tel.: 886-5-5514141

Phondy Factory

No. 123, Liunan Rd., Liunan Village, Douliu City, Yunlin County, Taiwan (640107)

Tel.: 886-5-5573308

FL Logistics Center

No. 118, Sec. 3, Yunke Rd. Douliu City, Yunlin County, Taiwan (640111)
Tel.: 886-5-5519690

China

Fujian Da Feng Holding Co., Ltd.

3F of Building No. 19, No. 399 Cheng Meng St., Cheng Meng Village, Tsan Shan Dist., Fuzhou City, Fujian Province.

Tel.: 86-591-83497668

Fujian Wu Feng Department Store Co., Ltd.

3F of Building No. 19, No. 399 Cheng Meng St., Cheng Meng Village, Tsan Shan Dist., Fuzhou City, Fujian Province.

Great Eastern Industries Limited

2101-03&2105-09, 21F, Hua Mao Trade Square II, No. 338, King's Road, North Point, Hong Kong.

Tel.: 852-28383382

Fujian Lifeng Footwear Industrial Development Co., Ltd.

No. 888, Chin Shi N St., Wu tan Village, Han Jian Dist., Pu Tien City, Fujian Province.

Tel.: 86-594-39919998

Fujian Xiefeng Footwear Co., Ltd.

Hukou, W Tien Wei Village, Li Cheng Dist., Pu Tien City, Fujian Province.

Tel.: 86-594-2894210

Fujian San Feng Footwear Co., Ltd.

No. 399, Cheng Meng St., Cheng Meng Village, Tsan Shan Dist., Fuzhou City, Fujian Province.

Tel.: 86-591-83497688

Fujian Great Hope Footwear Co., Ltd.

Ching Kou Village, Ming Hou County, Fuzhou City, Fujian Province.

Tel.: 86-591-22762288

Xie Feng Mold Co., Ltd. Putian, Fujian

Hukou, W Tien Wei Village, Li Cheng Dist., Pu Tien City., Fujian Province.

Tel.: 86-594-2866888

Suzhou Yufeng Plastics Technology Co., Ltd.

No. 288, Ching Dao E Rd., Tai Tsan Economy development area, Tai Tsan City, Jiangsu Province.

Tel.: 86-512-53589898

Indonesia

PT Feng Tay Indonesia Enterprises

Jl. Raya Banjaran Km 14,6, Desa Bojongmangu, Kecamatan Pameungpeuk, Kabupaten Bandung, Indonesia

Tel. : 62-22-5940688

PT Rich Valley Indonesia

Jl. Cicalengka Majalaya, Mandalasari, Cikancung, Bandung Regency, West Java, Indonesia

Tel : 62-22-5940688

India

Cheyyar SEZ Developers Private Ltd.

Plot No.3A, SIPCOT Industrial Park, Mangal Village, Mathur Post, Vembakkam Taluk, Tiruvannamalai District, Pin – 631701, Tamil Nadu, India

Tel. : 91-418-2676100

Lotus Footwear Enterprises Ltd. (India Branch)

Plot No. 3B(Unit I) & Plot No. 3C(Unit II), SIPCOT Industrial Park, Mangal Village, Mathur Post, Vembakkam Taluk, Tiruvannamalai District, Pin – 631701, Tamil Nadu, India

Tel. : 91-418-2676250

East Wind Footwear Co., Ltd. (India Branch)

Plot No.3D(Unit 1) & 3E (Unit 2), SIPCOT Industrial Park, Mangal Village, Mathur Post, Vembakkam Taluk, Tiruvannamalai District, Pin – 631701, Tamil Nadu, India

Tel. : 91-418-2306300

Fairway Enterprises Co., Ltd. (India Branch)

Plot No. G-1B (Unit I) & G-1C (Unit II), SIPCOT Industrial Park, Bargur SEZ area, Olaipatti Village, Salamarathupatti Post, Uthangarai Taluk, Krishnagiri District, Pin – 635304, Tamil Nadu, India

Tel. : 91-434-1257100

India Tindivanam Footwear Private Ltd.

Plot No.3A, SIPCOT Industrial Park, Mangal Village, Mathur Post, Vembakkam Taluk, Tiruvannamalai District, Pin – 631 701, Tamil Nadu

Tel. : 91-418-267-6100

Vietnam

Dona Victor Footwear Co., Ltd.

Song May Industrial Zone, Bac Son Ward, Trang Bom District, Dong Nai Province, Vietnam

Tel. : 84-251-3869872

Dona Pacific (Vietnam) Co., Ltd.

Song May Industrial Zone, Bac Son Ward, Trang Bom District, Dong Nai Province, Vietnam

Tel. : 84-251-3967171~2

Dona Victor Molds Mfg Co., Ltd.

Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam.

Tel. : 84-251-3869817~9

Vietnam Dona Orient Co., Ltd.

Song May Industrial Zone, Bac Son Ward, Trang Bom District, Dong Nai Province, Vietnam

Tel. : 84-251-3968790~4

Vietnam Dona Standard Footwear Co., Ltd.

Xuan Loc Industrial Zone, Xuan Loc District, Dong Nai Province, Vietnam

Tel. : 84-251-3743800

Vung Tau Orient Co., Ltd.

11 Road, Dong Xuyen industrial Zone, Rach Dua Ward, Vung Tau City, Ba Ria-Vung Tau Province, Vietnam.

Tel. : 84-254-3614598~600

Vietnam Nam Ha Footwear Co., Ltd.

Nam Ha Industrial Cluster, Dong Ha Commune, Duc Linh District, Binh Thuan Province, Vietnam.

Tel. : 84-251-3744828

Bermuda

Growth-Link Overseas Co., Ltd.

Clovelly, 36 Victoria Street, Hamilton HM 12, Bermuda.

Tel. : 852-28383382

British Virgin Islands

Lotus Footwear Enterprises Ltd./ East Wind Footwear Co., Ltd./

Fairway Enterprises Co., Ltd. /VX Holdings Ltd. / Dona Pacific Holdings

Ltd. / VX Mold Co., Ltd./ Dona Orient Holdings Ltd.

Visra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, Virgin Islands, British.

Tel. : 852-28383382

Singapore

Great South Private Ltd.

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Spokesperson

Name and Title: Li-Chin, Chen (Chief Director)

Tel.: 886-5-5379117

Email: amy.chen@fengtay.com

Acting Spokesperson

Name and Title: Fang-Wei, Hsu (BOD Office Head)

Tel.: 886-5-5379100

Email: stella.hsu@fengtay.com

Share-transferring institution

Name: The Capital Group Co., Ltd.

Address: B2, No. 97, Sec. 2, Dunhua S. Rd., Da' an Dist., Taipei City, Taiwan
Tel.: 886-2-27023999

Website: <http://agency.capital.com.tw>

Certified public accountant who duly audited the annual financial report for the most recent fiscal year

Accountant: Rou-Lan, Kuo, Shu-Ling, Lien

Firm: KPMG Taiwan

Address: 68F., No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City, Taiwan

Tel.: 886-2-81016666

Website: <http://www.kpmg.com.tw>

Name of overseas stock exchange and method for accessing information on overseas negotiable securities: None. (No issuance of overseas stock exchange)

Company website: www.fengtay.com

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I. Letter to Shareholders

Dear Shareholders, the following is Feng Tay Group's operating status in 2022 and report for future development:

Operation Result

The company's consolidated sales in 2022 was NT\$ 95,903 million, an increase of 36% compared to 2021; the sales volume of shoes was 134 million, an increase of 17% compared to 2021. Consolidated operating income was NT\$ 11,346 million, an increase of 78% compared to 2021; consolidated net income was NT\$ 9,764 million, an increase of 89% compared to 2021; Net income attributable to shareholders of the parent was NT\$ 9,082 million, an increase of 100% compared to 2021; earnings per share was NT\$ 10.30. The sales and profit in 2022 soared than that in 2021, mainly due to the relief of the COVID-19, the growth of orders from client, factories resumed normal production and currency depreciation of TWD against the USD.

Research and development

The company is devoted to research and development of new production technique, new products and automation...etc. The total amount for research and development expense in 2022 was NT\$ 2,929 million, 18% increase compared to 2021. The main research and development results of 2022 were as follows:

- The development and production of the basketball footwear model, leading the key technology of the unique Formula 23 new compound core with hollowed IP midsole carrier to level up the function of light weight and responsive feedback.
- The development and production of the lightest basketball footwear model ever. first 3D laser sculpture in synthetic leather wrapped with midsole, forefoot & heel equipped with Zoom Air cushioning system, carbon shank provides the arch support and outstanding rebound, give consumers lightweight and speedy sensation.
- The development and production of the golf footwear model, initiate visible Zoom Air new design on forefoot, provide 18 holes comfortable walking. Integrated injection plate without receptacle, offer excellent traction and release sole pressure at the same time.
- The development and production of the athlete training shoes, providing excellent abrasion and traction by adopting TPU yarn and high sidewall rubber to wrap up foot on upper. With application of Inner plate and React foam, it gives Athlete stability and cushion during training.
- The development and production of the midsole which is bio-friendly and environmentally friendly. By adding natural rubber to the EVA formula, the elasticity and cushioning performance are increased. In addition to providing consumers with wearing comfort, the road feeling feedback is clearer when running, and it is also environmentally friendly.

Production Overview

The company's production of shoes in 2022 was 134 million pairs, which was increased 21% than in 2021. Of all, the annual increase in China was 1%, the annual increase in Vietnam was 27%, the annual increase in Indonesia was 5%, and the annual increase in India was 28%. In addition to comprehensively improving factory production management and manufacturing capabilities, the main business strategies for each region in 2023 are as follows: (the production volume and percentage of each area)

China area (13 million shoes, 10%): increase the automatic processing line, improve the proportion of automation and the efficiency of production, and strive to become the benchmark for factory lean production management.

Vietnam area (64 million shoes, 48%): enhance the ability to produce difficult shoe models, increase the automation processing line, and expand new factories.

Indonesia area (19 million shoes, 14%): focus on the production of children's shoes, to be a professional children's shoes production factory, and expand new factories.

India area (38 million shoes, 28%): develop the ability to undertake mid-to-high-end products, stabilize growth momentum, and expand new factories.

Corporate Social Responsibility

The company continuously takes care of employee development, environment protection and contributes to the community, pursuing the sustainability of corporate, community and environment. In addition to being committed to energy and water conservation, we use environmentally friendly materials and reduce waste. Facing the issue of global climate change, we use the method of Science-Based Targets initiative (SBTi) to stipulate 2030 Absolute Carbon Emissions goal (which declines 46.2% compared with 2019). We also joined the CDP organization to publicly disclose the company's result of energy saving and carbon reduction with the platform. Furthermore, obtained 100% electricity supply with geothermal power generation in Indonesia in 2022, and increasing solar power generation in Taiwan and China, continuing to promote energy saving and carbon reduction. Besides, by the foundations established in Taiwan and China, and each local factory, the company continuously contributes to deeply cultivating partnerships with local communities, vulnerable groups care, subsidy for students under poverty line and rural education, helping regional medical development, improvement of basic equipment for household use and holding athletic, artistic and science competition activities...etc. for corporate social responsibility. More details have been disclosed in the company's sustainability report in 2022. Please refer to the company's website "Corporate Social Responsibility Section" (website: <http://www.fengtay.com>).

Prospects

Although the situation of the international economic situation in the current and next 1-2 years is not ideal. The management team will continuously enhance competitiveness by technology innovation, manufacturing process improvement, automation, lean management, talents cultivation and environment protection for sustainability development and better operation performance.

II. Company Overview

2.1 Company Profile

Feng Tay Enterprise was established on July 29, 1971.

The company was founded with the initial capital of two million NT dollars and was mainly operating rubber canvas shoes production for export. In the 1970s and 1980s, with the awakening development of Taiwan shoes industry, the company grew rapidly and gradually became a multinational corporate professional in sneakers manufacturing.

In the late 1980s, because the development of labor-intensive shoes industry was gradually disadvantaged by the change of Taiwan's entire operating environment, Feng Tay started to expand oversea branch offices and established production base in China, Indonesia, Vietnam and India in succession, which can meet the customers' demands and also efficiently spread the risk of each political economy environment.

The business2 division was established in 1999, operating shoes production like casual shoes, outdoor sneakers and ice skates. In 2006, the company extended the business beyond athletic shoes, and began to manufacture sporting goods such as golf balls, soccer balls, and ice hockey helmets and equipment.

The development team for automation procedure and equipment was founded in 2010, starting the use of automatic production on shoes industry.

In 2012, the company contributed actively to advanced manufacturing process technology, and annually increased the investment amount for R&D. The operation mode changed from the early traditional manufacturing to the technology-driving production. The company successively put automatic equipment into massive manufacturing tests, which had gradually improved the entire automatic technology.

The automatic equipment assembling factory was founded in 2016, speeding up the integration and automatic equipment development, and gradually promoted the automatic production for factories in China and Vietnam from 2017.

As of 2022/12/31, the number of employees of the Group is about 140,000; the capital has achieved NT\$8,816,810,990 dollars.

2.2 Company History

- | | |
|------|--|
| 1971 | Feng Tay Enterprises Co., Ltd. was founded. |
| 1972 | The company completed the first shipment of rubber canvas shoes ordered by Hun Chen Co., Ltd. for export to the Netherland. |
| 1973 | The company started producing sole type of shoes. |
| 1975 | The company started producing furred sports shoes. |
| 1976 | The company successfully tested production of leather upper sports shoes. |
| 1977 | The company started producing high quality canvas and leather upper sports shoes for Nike. |
| 1978 | The company is the first one launching Cupsole structure (outsole with sidewall).
The company started producing Nike sports shoes with two-colored outsole. |
| 1979 | The kindergarten for employees was established in Taiwan. |
| 1980 | Phondy Co., Ltd. was founded and public for the entire employees for stock subscription.
The company applied the European Strobel Stitching technique into traditional sports footwear. |
| 1981 | The computer room was established.
The Feng Tay Cultural Foundation was established (which was renamed Feng Tay Cultural and Educational Foundation in 1993). |
| 1984 | The first shipment of casual shoes was completed. |
| 1985 | Mr. Mark Parker (current chairman) of Nike headquarters in America came and confirmed the new type of Air Conditioner shoes. The company started to produce Air Shoes. |
| 1986 | Celebration for cooperation with Nike for 10 years. |
| 1988 | Fujian Lifeng Footwear Industrial Development Co., Ltd. was established. |
| 1989 | Fujian Xiefeng Footwear Co., Ltd. was established.
Phondy Enterprises Co., Ltd. was merged into Feng Tay Enterprises Co., Ltd. |
| 1991 | Da Feng Cultural Foundation was established.
Xie Feng Mold Co., Ltd. Putian, Fujian was established. |

- 1992 Feng Tay Enterprises Co., Ltd. listed in Taiwan Stock Exchange.
Fujian San Feng Footwear Co., Ltd. was established.
PT Feng Tay Indonesia Enterprises was established.
Fujian Wu Feng Department Store Co., Ltd. was established.
Research and Development Center (RDC) was established.
- 1993 The company executed SOTAP project with Nike.
Fujian Lifeng and Xiefeng Kindergarten was established.
- 1994 Advanced casting and molding technique was brought in from American MCE company.
Set up the CAD / CAM / CNC computer-assisted mold-making system.
- 1995 Mold factory of PT Feng Tay Indonesia Enterprises was established.
- 1996 The company invested Hong Kong Top-Tan International Ltd. and obtained the management right of Dona Victor Footwear Co., Ltd.
Celebration for cooperation with Nike for 20 years.
New factory of Fujian Lifeng Footwear Ind. Dev. Co., Ltd. was constructed.
- 1997 Phondy factory started producing Bauer ice skates and inline skates.
The company invested Bermuda Growth-Link Overseas Co., Ltd.
Molding technique of steel casting was established.
- 1998 The rapid Injection Phylon production technique is developed.
- 1999 The Second Business Division was established.
Dona Victor Molds Mfg Co., Ltd. was established.
In response to customer, The company donate to construct "Nike Village" for victims of Taiwan 921 earthquake.
- 2000 Dona Pacific (Vietnam) Co., Ltd. was established.
The company invested Fujian Great Hope Footwear Co., Ltd.
- 2001 The company started to produce Nordica inline skates (Rollerblade).
The headquarters moved to current Yunlin Science and Industrial Park.
RD&D (Research, Development and Design) Division was established.
- 2002 The company started to produce Nordica ski boots.
- 2003 Vietnam Dona Orient Co., Ltd. was established.
The company started produce Northwave snowboard boots and cycling shoes.
- 2005 Vietnam Vung Tau Orient Co., Ltd. was established.
- 2006 Cheyyar SEZ Developers Private Ltd. was established. in India Tamil Nadu Province to develop a Special Economy Industrial Area for footwear manufacturing
Vietnam Dona Standard Footwear Co., Ltd. was established.
The company started producing Nike air soles.
The company started producing Nike golf balls.
Celebration for cooperation with Nike for 30 years.
- 2007 First Factory of Lotus Footwear Enterprises Ltd. (India Branch) was established. in India
- 2008 Vietnam Dona Orient kindergarten was established.
- 2009 Suzhou Yufeng Plastics Technology Co., Ltd. was established.
The company started to produce Bauer ice hockey helmets.
The company published the first sustainability report (2007-2008).
- 2010 East Wind Footwear Co., Ltd.(India Branch) was established.
The company started to contribute to automation process and equipment development.
The company hosted the first Yunlin Legend.
- 2011 Flyknit technique was established.
The company started to produce Nike soccer balls.
The company started to produce Salomon outdoor shoes.
- 2012 The Nike Flyknit Racer knitted shoes developed and produced by the company was selected by the Times Magazine of the US as one of "The Best Inventions of the Year 2012".
Vietnam Dona Standard Footwear Co., Ltd. expanded the second factory.
The company started to produce Dr. Martens Goodyear shoes.
- 2013 The company started to produce Bauer ice hockey stick and gloves.
The second factory of Lotus Footwear Enterprises Ltd. (India Branch) was established.
Vietnam Dona Standard Footwear Co., Ltd. expanded the third factory.
- 2014 The company reconstructed Phondy Factory to expand R&D capabilities in Taiwan.
- 2015 Vietnam Product Creation Center was established.
The company started to produce GIRO cycling shoes.
- 2016 Celebration for cooperation with Nike for 40 years.
Vietnam Dona Standard kindergarten was established.
India second industrial area Bargur was established.
The company reconstructed Feng Tay factory to expand R&D capabilities in Taiwan.
Automatic equipment assembling plant was established.

2017	Both annual output and sales volume were over 100 million pairs. First Factory of Fairway Enterprises Co., Ltd (India Branch) was established. Automated assembly lines were successfully launched at Fujian Lifeng, XieFeng and San Feng.
2018	The company started to produce Nike backpack and bags.
2019	The company started to promote production automation in Vietnam and first established automatic assembly line in Dona Pacific. PT Rich Valley Indonesia was established. Great Eastern Industries Ltd. was established. Vietnam Nam Ha Footwear Co., Ltd. was established.
2020	The group's 2020-2030 Science-based carbon reduction goal was confirmed by international institution WRI, and will disclose the group's annual carbon reduction strategy and condition through CDP. The company started to produce PELOTON indoor cycling shoes.
2021	Transformations in the organization and functions of the BOD Office. Redesigning of the organization and functions of the Holding Office. Begin producing outdoor sports shoes for COLUMBIA. Great South Private Ltd. is established in Singapore.
2022	India Tindivanam Footwear Private Ltd. is established in India. The production technique of physical foaming midsole with good resiliency is developed. IW starts purchasing 100% geothermal electricity and obtains the renewable energy certificate.

2.3 Merger and acquisition activities in the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

2.4 New investments in affiliated enterprises in the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report:

Acquired Date	Name of investing company	Name of invested company	Number of acquired shares	Transaction amount
2022/01/14	Feng Tay Enterprises Co., Ltd.	PT Rich Valley Indonesia	50,000	USD 3,533,569
2022/01/24	Lotus Footwear Enterprises Ltd.	Fairway Enterprises Co., Ltd.	3,000	USD 6,000,000
2022/02/22	Feng Tay Enterprises Co., Ltd.	PT Rich Valley Indonesia	110,000	USD 7,746,479
2022/04/06	Lotus Footwear Enterprises Ltd.	Cheyar SEZ Developers Private Ltd.	10,000,000	USD 13,280,212
2022/04/26	Dona Orient Holdings Ltd.	Vietnam Nam Ha Footwear Co., Ltd.	-	USD 6,000,000
2022/04/26	Lotus Footwear Enterprises Ltd.	Fairway Enterprises Company Ltd.	2,350	USD 4,700,000
2022/04/28	Dona Orient Holdings Ltd.	Vung Tau Orient Co., Ltd.	-	USD 1,500,000
2022/06/23	Feng Tay Enterprises Co., Ltd.	Great South Private Ltd.	500	SGD 500,000
2022/08/16	Feng Tay Enterprises Co., Ltd.	PT Rich Valley Indonesia	100,000	USD 6,993,007
2022/09/02	Feng Tay Enterprises Co., Ltd.	India Tindivanam Footwear Private Ltd.	33,000,000	USD 4,150,898
2022/09/27	Dona Orient Holdings Ltd.	Vietnam Nam Ha Footwear Co., Ltd.	-	USD 5,000,000
2022/10/06	Dona Orient Holdings Ltd.	Vung Tau Orient Co., Ltd.	-	USD 3,500,000
2022/11/16	Feng Tay Enterprises Co., Ltd.	India Tindivanam Footwear Private Ltd.	55,000,000	USD 6,771,075
2022/12/20	Dona Orient Holdings Ltd.	Vietnam Nam Ha Footwear Co., Ltd.	-	USD 5,000,000
2023/01/18	Feng Tay Enterprises Co., Ltd.	Great South Private Ltd.	400	SGD 400,000
2023/01/26	Lotus Footwear Enterprises Ltd.	Cheyar SEZ Developers Private Ltd.	8,000,000	USD 9,823,183
2023/02/23	Growth-Link Overseas Company Ltd.	PT Feng Tay Indonesia Enterprises	1	USD 696
2023/02/24	Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	99	USD 68,875
2023/03/09	Feng Tay Enterprises Co., Ltd.	PT Rich Valley Indonesia	80,000	USD 5,369,128
2023/03/28	Feng Tay Enterprises Co., Ltd.	India Tindivanam Footwear Private Ltd.	56,320,000	USD 6,865,873

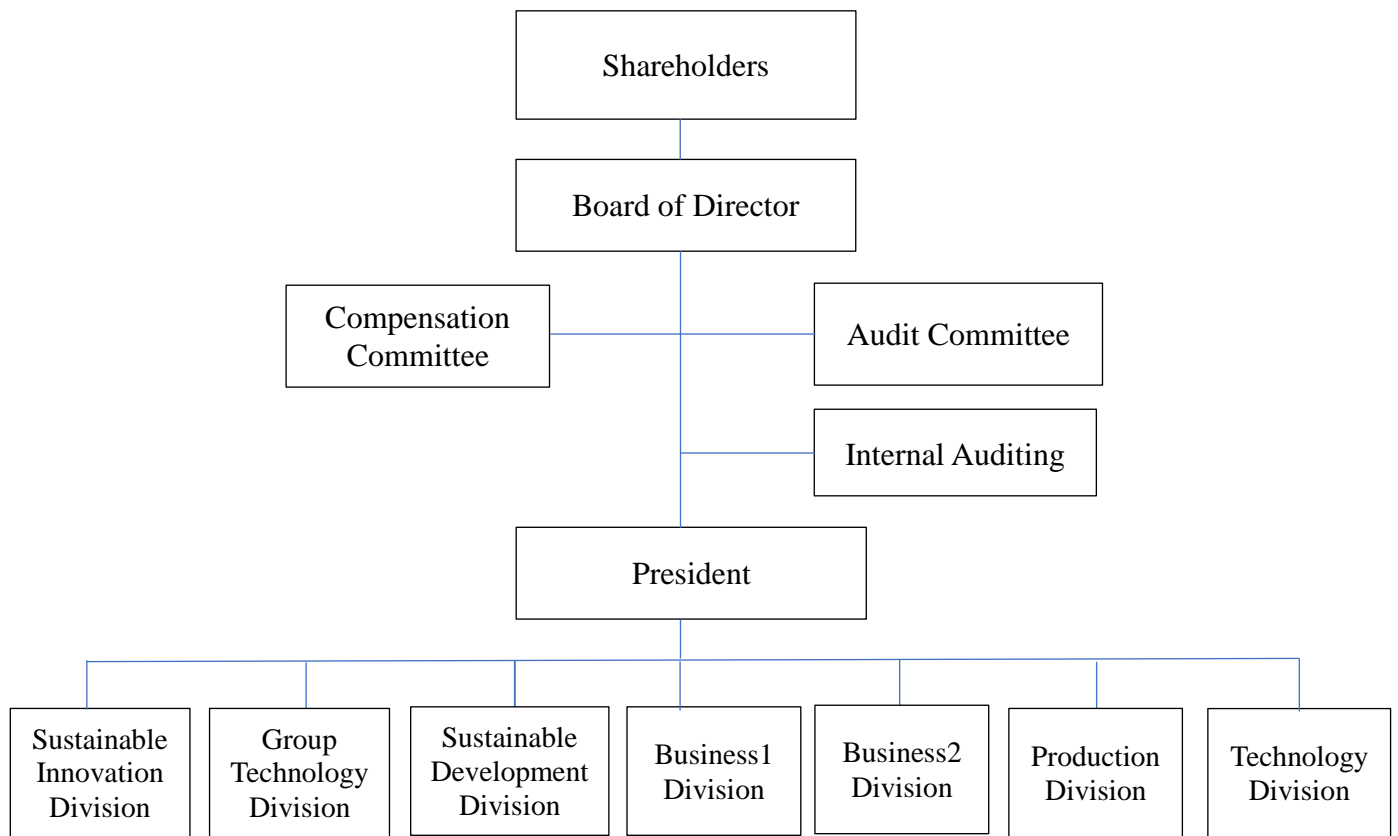
2.5 Corporate reorganization in the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

- 2.6 Instances in which a major quantity of shares belonging to directors or shareholders holding greater than 10 percent stake in the company is transferred or otherwise changes hands in the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: Please refer to page 35.
- 2.7 Any changes in managerial control in the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.
- 2.8 Material change in operating methods or type of business in the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.
- 2.9 Any matters which might materially affect shareholders' equity and impact on the company in the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

III. Corporate Governance

3.1 Organization

A. Organizational Chart



B. Business operations of major departments

Department	Main operations
President	Execute resolutions of the Board. Steer overall business goals and strategies. Finance, IT, Purchasing, Construction.
Internal Auditing	Carry out internal auditing. Evaluate the effectiveness of internal control system.
Sustainable Innovation Division	Research and development of technology and production process. New business exploration.
Group Technology Division	Development and manufacturing of molds and polymer injection.
Sustainable Development Division	Sustainable Manufacturing and Development, General Affairs, Preschools.
Business1 Division	Product Development, Technique Development, Production Capacity and Order Planning, Quality Assurance.
Business2 Division	Development and manufacturing of casual shoes, functional shoes, sports equipment, balls, backpacks and bags. Quality Assurance.
Production Division	Overseas Factory Management
Technology Division	Research and Development Center, Research and development of production process (Automation), Product Management.

3.2 Directors, Managers and Management Team

A. Directors

a. Information regarding directors

April 23, 2023

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date (First Elected)	shareholding when elected		Current shareholding		Spouse and minor children shareholding		Shareholding by Nominee Arrangement		Experience And Education	Other Position	Other managers or directors who are spouses or relatives within the second degree of kinship		
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation
Chairman	R.O.C.	Chien-Hung, Wang	M 51~55	2021/07/16	3	1994/05/30	24,728,948	2.80%	24,728,948	2.80%	—	0.00%	13,008,320	1.48%	-Bachelor of NTU -General Manager and President of the company -Director of Love Faith Hope Ltd.	Vice Chairman	Chien-Rong, Wang	Brother	
Vice Chairman	R.O.C.	Chien-Rong, Wang	M 46~50	2021/07/16	3	2003/06/09	29,528,156	3.35%	33,528,156	3.80%	250,479	0.03%	—	0.00%	-Master of NCU -General Manager of the company's second business division	-Director of the company's subsidiaries	Chairman	Chien-Hung, Wang	Brother
Director	R.O.C.	Chao-Chi, Chen	M 56~60	2021/07/16	3	2015/06/29	136,438	0.02%	216,349	0.02%	7,701	0.00%	—	0.00%	-Bachelor of NTHU -EVA heavy industry engineer -General manager of the company's first business division	-President of the company	None	None	-
Director	R.O.C.	Hui-Ling, Chen	F 56~60	2021/07/16	3	2000/05/22	57,044,655	6.47%	57,044,655	6.47%	—	0.00%	—	0.00%	-graduated from senior high. -Director of the company	None	Director	Shih-Jung, Chen	Sibling
Director	U.S.A.	Peter Dale Nickerson	M 61~65	2021/07/16	3	2008/05/26	5,350,000	0.61%	5,200,000	0.59%	—	0.00%	—	0.00%	-Bachelor of University of Oregon -General manager of Nike(China) -Director of Cascade Corp	- Director of the company's subsidiaries (Note1)	None	None	-
Director	R.O.C.	Shi-Chin, Tsai	M 66~70	2021/07/16	3	2012/06/14	—	0.00%	—	0.00%	188,300	0.02%	—	0.00%	-Master of NCCU -General manager of CPDC	(Note 2)	None	None	-

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date (First Elected)	shareholding when elected		Current shareholding		Spouse and minor children shareholding		Shareholding by Nominee Arrangement		Experience And Education	Other Position	Other managers or directors who are spouses or relatives within the second degree of kinship		
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation
Director	R.O.C.	Shih-Jung, Chen	M 56~60	2021/07/16	3	1997/06/02	34,590,888	3.92%	34,590,888	3.92%	59,312	0.01%	5,663,078	0.64%	-graduated from senior high. -The company's supervisor	None	Director	Hui-Ling, Chen	Sibling
Director	R.O.C.	Tsung-Ta, Lu	M 46~50	2021/07/16	3	2012/06/14	758,608	0.09%	758,608	0.09%	—	0.00%	—	0.00%	-Master in business management of UC Berkeley, accountant examine passed -Financial analyst of GS Group Inc.(Asia) -Manager of Taiwan Branch of Crimson Inv. Adv. (Cayman) Co., Ltd	-Director and Supervisor of the company's subsidiaries -Director of Shing Ho Investment Co., Ltd -Supervisor of Shan Yuan Co., Ltd	None	None	-
Director	R.O.C.	Yi-Hua, Chung	M 61~65	2021/07/16	3	2018/06/28	—	0.00%	—	0.00%	—	0.00%	—	0.00%	-Bachelor of NTHU -general manager of iDPBG business group of Hon Hai -general manager of KHL Venture capital Co., Ltd -general manager of TPK Holding Co., Ltd	(Note 3)	None	None	-
Independent Director	R.O.C.	How-Jen, Huang	M 71~75	2021/07/16	3	2015/06/29	—	0.00%	—	0.00%	—	0.00%	—	0.00%	-Bachelor of FCU -Director and supervisor of Formosa Taffeta	None	None	None	-

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date (First Elected)	shareholding when elected		Current shareholding		Spouse and minor children shareholding		Shareholding by Nominee Arrangement		Experience And Education	Other Position	Other managers or directors who are spouses or relatives within the second degree of kinship		
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation
Independent Director	R.O.C.	Yu-Sheng, Lu	M 61~65	2021/07/16	3	2006/05/29 (Note 4)	—	0.00%	—	0.00%	—	0.00%	—	0.00%	-Master of SCU -Director of FORMOSA CPA firm	-supervisor of Core Union Chemical Co., Ltd. - Director of FORMOSA CPA firm	None	None	-
Independent Director	R.O.C.	Chung-Yi, Lin	M 56~60	2021/07/16	3	2012/06/14 (Note 5)	—	0.00%	—	0.00%	—	0.00%	—	0.00%	-Master of America Georgetown University -Master of NTU -Lawyer of Chuan Yueh Attorney	- Chuan Yueh Attorney in charge, director of Chuan Yueh International Co., Ltd, director of Lamchi international Co., Ltd.	None	None	-
Independent Director	R.O.C.	Hsueh-Cheng, Li	M 56~60	2021/07/16	3	2018/06/28	—	0.00%	—	0.00%	—	0.00%	—	0.00%	-Bachelor of NCCU -NTU High level management course for executives. -deputy general manager of Deloitte accounting firm -general manager of Deloitte management consulting	None	None	None	-

Note 1: Other company's position of Peter Dale Nickerson: Director of United States Bakery, Inc., Washington Trust Bank, Oregon Community Foundation, E-BI, Inc. and Oregon Historical Society.

Note 2: Other company's position of Shih-Chin, Tsai: Director (legal director's representative) and General Manager of OUCC, Director of Far Eastern EG Co., Ltd (Yang Zhou), Director and General Manager of Tong Fu Investment Co., Ltd.

Note 3: Other company's position of Yi-Hua, Chung: Chairman of AcSiP Technology Corp; Director of Savitech Corp., Lorom Industrial Co., Ltd, Yu Ray Corp.; Independent Director of LuxNet Corp.

Note 4: You-Sheng, Lu was not in Director position in the duration from 2015/06/29 to 2018/06/28.

Note 5: Chung-Yi, Lin was not in Director position in the duration from 2015/06/29 to 2018/06/28.

Note 6: Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None.

b. Major Shareholders of Corporate Directors: Not Applicable.

c. Information on Directors in Professionalism and independence of Independent Directors:

Criteria		Professional Qualification and Experience	Independence	Number of other public companies where the person holds the title as independent director
Name				
Director	Chien-Hung, Wang	Mr. Wang joined Feng Tay in 1994. He served as Mold Tech Department manager, director, chief director, vice general manager, etc., and served as group president from 2001 to 2018, and he has accumulated more than 20 years of large-scale enterprise management experience. He is currently the chairman of the Company.	N/A	None
	Chien-Rong, Wang	Mr. Wang joined Feng Tay in 1999 and has held various positions and has been the general manager of the Second Business Division from 2004 to 2020, leading the business development of casual footwear and sports equipment footwear, and he has accumulated more than 20 years of large-scale enterprise management experience. He is currently the vice chairman of the Company and chairman of the company's Vietnam subsidiaries.	N/A	None
	Chao-Chi, Chen	Mr. Chen joined Feng Tay in 1993. He was in charge of the Department of Production, Techniques, Quality Control, SOTAP, etc. He had been promoted to the position of general manager of the First Business Division since 2001, and he was responsible for the footwear business of major customers, leading Feng Tay continuously to grow in the business of its major customers, and he has accumulated more than 20 years of large-scale enterprise management experience. Mr. Chen has served as president of the group since March 2018.	N/A	None
	Hui-Ling, Chen	Ms. Chen has joined the board of directors of Feng Tay since 2000 and has accumulated more than 20 years of management experience. She has monitored the management of Feng Tay for a long period.	N/A	None
	Peter Dale Nickerson	Mr. Nickerson had held several governance and management positions within the group's subsidiaries since 1998, and he has joined the board of directors of Feng Tay since 2008. He is an American director who understands Chinese and is familiar with European and American social values. He was once the general manager for Nike(China), and he has accumulated over 35 years of large-scale enterprise management experience. He formerly as a director of Cascade Corporation (NYSE:CASC), a company listed on the New York Stock Exchange, as well as numerous for-profit and non-profit enterprises. Mr. Nickerson is currently a director or chairman of numerous overseas subsidiaries of the Feng Tay Group.	N/A	None

	Shi-Chin, Tsai	Mr. Tsai has joined the board of directors of Feng Tay since 2012. He formerly served as general manager of China Petrochemical Development Corporation, and has many years of experience in large-scale enterprise management. He currently also serves as director (legal director's representative) and general manager of Oriental Union Chemical Corporation.	N/A	None
	Shih-Jung, Chen	Mr. Chen has joined the board of directors of Feng Tay as a supervisor since 1997 and has accumulated more than 20 years of experience. He is well-versed in the corporate development and risk management of Feng Tay and was elected as a director of the company since 2018. He had also been a supervisor of E&E Recycling Co., Ltd.	N/A	None
	Tsung-Ta, Lu	Mr. Lu has joined the board of directors of Feng Tay since 2012, served as a director of the Company from 2012 to 2015, and served as a supervisor of the Company during 2015 to 2018. Mr. Lu has professional background in investment, he previously served as financial analyst of Goldman Sachs Securities (Asia) and manager of the Taiwan Branch of the Crimson Investment Advisory (Cayman) Co., Ltd. He is also currently as a director or supervisor of Feng Tay's subsidiaries, a director of Shing Ho Venture Capital Co., Ltd. and a supervisor of Shan Yuan Co., Ltd.	N/A	None
	Yi-Hua, Chung	Mr. Chung has joined the board of directors of Feng Tay since 2018. He has many years of experience in large-scale enterprise management, he had worked for Taiwan-listed company Hon Hai Precision Industry Co., Ltd. ("Hon Hai") and served as the general manager of the iDPGB business group of Hon Hai from 2005 to 2013, responsible for the iPhone and iPod business. And He served as chief executive officer of F-TPK Holding Co., Ltd. from 2014 to 2017. Mr. Chung is also currently the chairman of AcSip Technology Corp. and a director of Savitech Co., and Lorom Industrial Co., Ltd., Yu Ray Corp., and an independent director of LuxNet Corp.	N/A	2
Independent Director	How-Jen, Huang	Mr. Huang has joined the board of directors of Feng Tay as an independent director since 2015. He worked for Formosa Taffeta Co., Ltd., a listed company in Taiwan, and held a number of positions, including department director, director, supervisor, and legal entity director's representative of many subsidiaries of Formosa Taffeta Co., Ltd, and he has accumulated many years of large-scale enterprise management experience.	Independent Note2	None
	Yu-Sheng, Lu	Mr. Lu had been a supervisor of Feng Tay Company from 2006 to 2015. Since 2018 he has elected as an independent director of the company. Mr. Lu has professional background in accounting, he has a master's degree in accounting from Soochow University and more than 20 years of experience in accounting firms. He is currently also the director of FORMOSA Certified Public Accountant and a supervisor of Core Union Chemical Co., Ltd.	Independent Note2	None

	Chung-Yi, Lin	Mr. Lin served as a director of the Company from 2012 to 2015. Since 2018, he has elected as an independent director of the company. Mr. Lin has professional background in legal, he holds a master of Laws degree from Georgetown University in the United States and more than 20 years of experience in law firms and is currently the head of Chuang Yue Attorneys at Law.	Independent Note2	None
	Hsueh-Cheng, Li	Mr. Li, has joined the board of directors of Feng Tay as an independent director since 2018. Prior to that, Mr. Li joined Arthur Andersen Certified Public Accountants in 1987 and became a partner of AA Taiwan in 1999 and a partner of Andersen Worldwide (AA is its member firm) in 2001. And he served as the general manager of Deloitte & Touche management consulting company from 2003 to 2015. Mr. Li has professional background in accounting and management consulting, and specializes in corporate strategy, performance management, enterprise process optimization and cost management systems, and corporate governance and corporate overall risk management.	Independent Note2	None

Note 1: All Directors are not in contravention of Article 30 of the Company Act.

Note 2: All independent directors correspond to the following independence criteria during the two years prior to being elected or during the term of position:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable to persons who concurrently serve as independent directors of the Company and independent directors set up according to the law or local laws in its parent company, its subsidiaries, other companies that are subordinated to the same parent company.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings or is assigned to be company director or supervisor according to Paragraph 1 or 2, Article 27 of the Company Law. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.)
- (6) Not a director, supervisor or employee of other companies who controls more than 50% of the percentage of company's directors or shares with voting right. (Not applicable to persons who concurrently serve as independent directors of the Company and independent directors set up according to the law or local laws in its parent company, its subsidiaries, other companies that are subordinated to the same parent company.)
- (7) Not a director, supervisor, employee of other companies or institution who is the person or spouse of the company's chairman, general manager or employee in the same position. (Not applicable to persons who concurrently serve as independent directors of the Company and independent directors set up according to the law or local laws in its parent company, its subsidiaries, other companies that are subordinated to the same parent company.)
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. (Not applicable in cases when the specified company or institution holds the amount of issued shares for 20% to 50% and persons who concurrently serve as independent directors of the Company and independent directors set up according to the law or local laws in its parent company, its subsidiaries, other companies that are subordinated to the same parent company.)
- (9) Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation of auditing or total remuneration amount less than NT\$ 500 thousand dollars in recent two years to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers of relevant laws of Securities and Exchange Act and Business Mergers and Acquisitions Act and member of public tender offer committee or mergers committee.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

d. Diversification and Independence of the Board of Directors

(1) Diversification of the Board of Directors

According to the company's Corporate Governance Best Practice Principles, the composition of board members is based on the demand of type and development of company's management to stipulate diversified guidelines for directors, including basic requirement, professional background, industry experience, and so on; such guideline equip the board with the operational judgement, accounting and financial analysis, operational management, crisis management, industry knowledge, international market view, leadership and capability to decide.

The specific operational goal:

Among the thirteen directors, the number of directors served by major shareholders shall be no more than four seats. One of the directors shall be held by the high-performance manager (the president of the group) recommended by the major shareholders. And at least one seat each from different professional backgrounds, such as legal, accounting, experience in managing large enterprises, investment, European or American person who understands Chinese (or is familiar with European and American social values); and pay attention to gender equality in the composition of the board of directors, and the goal of female directors is at least three seats.

Current status of the Board :

There are currently 13 members of the board of directors for the term of 2021 to 2024, of which one is the company's current outstanding manager, one has a legal professional background, three have accounting or investment professional background, and six have large-scale enterprise management experience, and one is American who understands Chinese and is familiar with European and American social values. In the professional part, the goal of director diversity has been achieved. The number of female directors is currently one seat, and the goal is to add one female director in the 2024 and 2027 sessions respectively to implement the policy of diversity on the board of directors.

(2) Independence of the Board of Directors

There are thirteen directors of the company, of which four are independent directors (higher than the three seats required by law), accounting for 31% of all directors, and none of the independent directors has served for more than three consecutive terms. The directors comply with the provisions of Article 26-3 of the Securities and Exchange Act, and more than half of the directors do not have a spouse or family relationship within the second degree, so that the board of directors is independent as a whole, and the directors can exercise their powers objectively, so as to improve the company's business development and corporate governance.

B. Information regarding General Managers and Deputy General Managers

April 23, 2023

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse and minor children shareholding		Shareholding by Nominee Arrangement		Experience and Education	Other Position	Managers who are Spouses or Within Two Degree of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Chao-Chi, Chen	M	2018/03/24	216,349	0.02%	7,701	0.00%	-	0.00%	-graduated from NTHU. -EVA heavy industry engineer. -the company's manager of manufacturing, technique, quality management and SOTAP unit, and general manager of first business division.	None	None	-	-
General Manager of Sustainable Innovation Division	R.O.C.	Chia-Chi, Hsu	M	2001/10/01	576	0.00%	-	0.00%	-	0.00%	-dept. of marine engineering, NTOU. -Nike (manager of technique and R&D), K-Swiss (country Mgr.), Dunlop (HK proxy). -the company's manager of shoe manufacturing, production and technique, and chief director of R&D .	None	None	-	-
General Manager of Group Technology Division	R.O.C.	Shi-Chung, Yeh	M	2021/07/01	243,933	0.03%	-	0.00%	-	0.00%	-dept. of industry management, OIT. -assistant manager of Chin-O shoes Corp.. -leader of the company's frontline, technical manager, director and chief director of shoe development and general manager of first business division .	Director of the company's subsidiaries	None	-	-
General Manager of Business1 Division	R.O.C.	Yin-Chin, Chu	F	2018/03/01	42,049	0.00%	-	0.00%	-	0.00%	-graduated from FJU -the company's manager, director, chief director of shoe development and deputy general manager of first business division.	None	None	-	-
General Manager of Business2 Division	R.O.C.	Ming-Xiong, Chang	M	2020/03/01	54,074	0.01%	262	0.00%	-	0.00%	-Master of dept. of business administration, NCU -the company's shoe development manager, director, chief director and deputy general manager of second business division.	None	None	-	-
Deputy General Manager of Sustainable Development Division	R.O.C.	Bo-Ya, Yo	M	2003/01/01	73,184	0.01%	25,657	0.00%	-	0.00%	-Master of dept. of industrial engineering of Arizona State University. -the company's business manager, quotation manager, director, chief director and deputy general manager of first business division and dept. of general management.	None	None	-	-
Deputy General Manager of Production Division	R.O.C.	Chung-Che, Tsai	M	2020/01/01	41,988	0.00%	8,541	0.00%	-	0.00%	-graduated from NTOU. -the company's manager, director and chief director of shoe development; chief director and regional general manager of production in China and India area.	Director of the company's subsidiaries	None	-	-

Note: Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None.

C. Compensation paid to directors, independent directors, general managers, and deputy general managers during the most recent fiscal year

a. Compensation paid to directors and independent directors

(unit: NT\$ thousand)

Title	Name	Compensation to Directors								The sum of A, B, C and D, and in proportion to Net Income		Relevant Remuneration Received by Directors Who are Also Employees								The sum of A, B, C, D, E, F and G, and in proportion to Net Income		Remuneration received from invested companies other than subsidiaries or the parent company				
		Compensation (A)		Pension(B)		Directors Remuneration(C)		Allowances (D)				Salaries, bonus and special subsidies(E) (Note 1)		Pension(F)		Employee Compensation(G) (Note 1)										
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statements					
Chairman	Chien-Hung Wang	12,000	12,000	—	—	11,160	—	—	—	172,520	172,520	—	—	—	—	—	—	—	—	218,642	240,125	None				
Vice Chairman	Chien-Rong Wang	12,000	12,000	—	—	11,160	—	—	—			—	—	—	—	—	—	—	—			—	—	—	—	None
Director	Chao-Chi Chen	—	—	—	—	11,160	—	—	—			16,149	16,149	108	108	29,865	—	29,865	—			—	—	—	—	None
Director	Hui-Ling Chen	—	—	—	—	11,160	—	—	—			—	—	—	—	—	—	—	—			—	—	—	—	None
Director	Peter Dale Nickerson	—	—	—	—	11,160	—	—	—			—	21,483	—	—	—	—	—	—			—	—	—	—	None
Director	Shi-Chin Tsai	—	—	—	—	11,160	—	—	—			—	—	—	—	—	—	—	—			—	—	—	—	None
Director	Shih-Jung Chen	—	—	—	—	11,160	—	—	—			—	—	—	—	—	—	—	—			—	—	—	—	None
Director	Tsung-Ta Lu	—	—	—	—	11,160	—	—	—			—	—	—	—	—	—	—	—			—	—	—	—	None
Director	Yi-Hua Chung	—	—	—	—	11,160	—	—	—			—	—	—	—	—	—	—	—			—	—	—	—	None
Independent Director	How-Jen Huang	800	800	—	—	11,160	—	—	—			—	—	—	—	—	—	—	—			—	—	—	—	None
Independent Director	Yu-Sheng Lu	960	960	—	—	11,160	—	—	—			—	—	—	—	—	—	—	—			—	—	—	—	None
Independent Director	Chung-Yi Lin	880	880	—	—	11,160	—	—	—			—	—	—	—	—	—	—	—			—	—	—	—	None
Independent Director	Hsueh-Cheng Li	800	800	—	—	11,160	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	None				

Note 1: Bonus includes number of the company's employee ownership stock trust.

Note 2: Beside the disclosure above, the remuneration drawn by the company's directors for all the companies in financial statements providing services in the most fiscal year (like being as consultant without employee position) : None.

Note 3 Policies, system, standards and structure of compensation payment for independent directors, illustration of responsibility, risks and engaged time to take on, and correlation of remuneration amount: Compensation for the company's directors is distributed by the Board of Directors authorized by Articles of Incorporation according to attendance and contribution to company operation from directors and standard compared with the same profession at home and abroad. The amount of directors' remuneration would be resolved by the Board of Directors according to Articles of Incorporation if the company obtains profit. Besides the remuneration paid to the directors, considering the responsibility, risks and engaged time of independent directors who also served as members of Audit Committee and Compensation Committee, another proper remuneration is also determined .

b. 1.Compensation paid to general manager and deputy general manager

(unit: NT\$ thousand)

Title	Name	Salaries(A)		Pension (B)		Bonus and Allowance(C) (Note 2)		Employee Remuneration (D)				The sum of A, B, C and D, and in proportion to Net Income		Remuneration received from Invested companies other than subsidiaries or the parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Chao-Chi Chen													
General Manager of Sustainable Innovation Division	Chia-Chi Hsu													
General Manager of Group Technology Division	Shi-Chung Yeh													
General Manager of Business1 Division	Ying-Chin Chu	26,838	26,838	549	549	38,161	38,161	62,060	—	62,060	—	127,608	127,608	None
General Manager of Business2 Division	Ming-Xiong Chang											1.41%	1.41%	
Deputy General Manager of Sustainable Development Division	Bo-Ya Yo													
Deputy General Manager of Production Division	Chung-Che Tsai													

Note 1: Bonus includes number of the company's employee ownership stock trust.

2. Range of Compensation

Range of Remuneration paid for each General Managers and Deputy General Managers	Name of General Managers and Deputy Managers	
	The Company	All companies in the consolidated financial statements
Less than NT\$1,000,000	—	—
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	—	—
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Chia-Chi Hsu, Ming-Xiong Chang, Bo-Ya Yo	Chia-Chi Hsu, Ming-Xiong Chang, Bo-Ya Yo
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Shi-Chung Yeh, Ying-Chin Chu, Chung-Che Tsai	Shi-Chung Yeh, Ying-Chin Chu, Chung-Che Tsai
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	Chao-Chi Chen	Chao-Chi Chen
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	—	—
NT\$100,000,000 or more	—	—
Total	7 persons	7 persons

3. Distribution of employees remuneration paid to the managers

(unit: NT\$ thousand)

	Title	Name	Stock	Cash	Total	Proportion to Net Income (Note) (%)
Manager	President	Chao-Chi Chen	—	62,060	62,060	0.68%
	General Manager of Sustainable Innovation Division	Chia-Chi Hsu				
	General Manager of Group Technology Division	Shi-Chung Yeh				
	General Manager of Business1 Division	Ying-Chin Chu				
	General Manager of Business2 Division	Ming-Xiong Chang				
	Deputy General Manager of Sustainable Development Division	Bo-Ya Yo				
	Deputy General Manager of Production Division	Chung-Che Tsai				

Note: Net income in 2022 parent company only financial report.

c. Analysis on the sum of remuneration paid to Directors, General Managers and Deputy General Managers of the Company in the last two years in proportion to net income in parent company only or individual financial statements. The policies, standards and portfolios for the payment of remuneration, procedures for determining remuneration, and the correlation with business performance and risks in the future are also illustrated below:

1. Analysis on the ratios of remuneration paid to Directors, General Managers and Deputy General Managers of the Company and the companies in the consolidated financial statements to net income in parent company only financial statements in the last two years:

Title	2021		2022	
	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements
Directors	2.72%	2.72%	1.90%	1.90%
Managers	2.29%	2.29%	1.41%	1.41%

2. Policies and standards of remuneration for directors and managers:

The company's policy of remuneration for directors is stipulated according to Articles of Incorporation. The director's remuneration is authorized by the board of directors according to the evaluation of the compensation committee and the usual level of the industry. The profit shall not be distributed higher than 1.8 percent for directors' remuneration if the company earns profit in the year. Yet, when there is accumulated loss, the company shall reserve the amount for covering the deficit first and then calculate distribution from balance. Profit is the net profit before tax before subtracting remuneration for employees and directors. The remuneration standard of directors is based on the company's profitability and the degree of participation and contribution value of directors to operations. For directors who participate in daily governance responsibilities, the remuneration evaluation standards also include the contributions of: the construction and improvement of the company's long-term operation and sustainable development, adhere to the core value of the company, plan the development of managers, etc. Independent directors will be paid another reasonable remuneration as serve as members of the Compensation Committee. Standard of remuneration paid for managers is defined according to personal competency, and actual contributions on operational results for long-term profits and competitiveness, fulfilling corporate vision and core values, planning and developing middle and senior executives, etc., and standard of payment in the market. The entire remuneration includes the fixed salary, year-end bonus, performance bonus and employee ownership stock trust.

3. Procedures for determining remuneration and the correlation with operating performance and risks in the future:

Stipulation of remuneration for the company's directors and managers is evaluated by Compensation Committee according to the policies and standards above and then suggested to the Board of Directors. In addition to linking functions and contributions, remuneration is mainly aimed at stimulating long-term competitiveness and sustainable development, so as to urge directors and managers to pay attention to core values and long-term goals,

and respond to future risks.

3.3 Implementation of Corporate Governance

A. Operations of Board of Directors

A total of 4 meetings (A) of the Board of Directors were held in 2022. The attendance of directors was as follows:

Title	Name	Actual attendance (B)	By proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Chien-Hung Wang	4	—	100%	None
Vice Chairman	Chien-Rong Wang	4	—	100%	None
Director	Chao-Chi Chen	4	—	100%	None
Director	Hui-Ling Chen	4	—	100%	None
Director	Peter Dale Nickerson	4	—	100%	None
Director	Shi-Chin Tsai	4	—	100%	None
Director	Shih-Jung Chen	4	—	100%	None
Director	Tsung-Ta Lu	4	—	100%	None
Director	Yi-Hua Chung	4	—	100%	None
Independent Director	How-Jen Huang	4	—	100%	None
Independent Director	Yu-Sheng Lu	4	—	100%	None
Independent Director	Chung-Yi Lin	4	—	100%	None
Independent Director	Hsueh-Cheng Li	4	—	100%	None

Other mentionable items:

1. If there are circumstances as follows, the date on which the meetings, sessions, contents of motion, all independent director's opinions and the company's responses should be specified:

- (1) Matters specified in Article 14-3 of the Securities and Exchange Act: Not Applicable. The company has established the Audit Committee. Please refer to the implementation of Audit Committee.
- (2) Resolutions other than the above-mentioned matters that independent directors expressed objections or reservations and have specified in written statements: None.

2. Considering the measure for withdrawal from conflict of interest, the names of directors, contents of proposals, reasons to avoid conflict interest, and participation for voting should be specified:

Date of BOD	Name of Director	contents of proposals	reasons to avoid conflict interest	participation for voting
2022.08.11	How-Jen Huang Yu-Sheng Lu Chung-Yi Lin Hsueh-Cheng Li	Reviewing the remuneration of compensation committee	As a member of compensation committee	Didn't participate in discussion and voting
2022.08.11	How-Jen Huang Yu-Sheng Lu Chung-Yi Lin Hsueh-Cheng Li	Reviewing the remuneration of independent directors concurrently serving as audit committee	As a member of audit committee	Didn't participate in discussion and voting

3. Information like the frequency and duration of evaluation, range and methods evaluation and aspects to evaluate for the Board of Directors' self (or colleagues') evaluation performance should be disclosed by TWSE/TPEX Listed Companies.

Frequency of evaluation	Duration of evaluation	Range of evaluation	Methods of evaluation	Aspects to evaluate
Once every year	January 1 st , 2022 to December 31 st , 2022	Entire Board of Directors	Self-evaluation by all directors	1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control.

	Individual member of the BOD	Self-evaluation by all directors	1. Alignment of the goals and missions of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control.
	Functional committees	Self-evaluation by independent directors	1. Participation in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the functional committee; 4. Makeup of the functional committee and election of its members and 5. Internal control.

The performance evaluation results of the Board of Directors and functional committees in 2022 were fine, and the evaluation results has been reported to the Board of Directors on March 14, 2023.

4. Implementation and Assessment of measures to enhance functionality of the Board (e.g. the foundation of Audit Committee, enhancement of information transparency, etc.)

In corporate governance, Feng Tay puts emphasis on investors' promises, complies with each legal regulation and improves a more transparent managerial supervision system.

- The company has established Audit Committee and Compensation Committee. Please refer to page 20 to 22 for implementation.
- The company has stipulated "Corporate Governance Practical Principle" and "Rules of Performance Evaluation for the Board of Directors and Functional Committee" in 2020 for relevant regulation of corporate governance.

B. Operation Information of Audit Committee

A total of 4 meetings (A) of Audit Committee were held in 2022. The attendance of independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Remarks
Independent Director (Convener)	Yu-Sheng Lu	4	—	100%	None
Independent Director	How-Jen Huang	4	—	100%	None
Independent Director	Chung-Yi Lin	4	—	100%	None
Independent Director	Hsueh-Cheng Li	4	—	100%	None

Other mentionable items:

1. If there are circumstances as follows, the date on which the meetings, sessions, contents of motion, all Audit Committee members' opinions and the company's responses should be specified:

(1) Matters that were referred to in Article 14-5 of the Securities and Exchange Act.

Date and session	Content of the motion	All independent directors' opinions and the company's responses
The 3 rd meeting of the 2 nd session March 17, 2022	Proposal of the company's 2021 financial report including consolidated financial statements	The proposals were adopted by all independent directors.
	Proposal of the result of 2021 self-evaluation of internal control system and "Statements of Internal Control System"	
	Proposal of appointing CPAs for 2022 financial report	
	Proposal of appointing the Company's chief internal audit officer.	
	Proposal of the company's extension project of the R&D center in Feng Tay Factory.	
The 4 th meeting of the 2 nd session May 5, 2022	Proposal of authorizing to handle the buyer's breach of contract to the real estate sale case of subsidiary Fujian Da Feng Holding Co., Ltd..	The proposals were adopted by all independent directors.
The 5 th meeting of the 2 nd session August 10, 2022	Construction project of the company's new development center (Building Z).	The proposals were adopted by all independent directors.

(2) Other than the above-mentioned matters, the matters which have not been adopted by the audit committee but resolved with consent of over two-thirds of all members of the board of directors: None

2. Considering the measure for withdrawal from conflict of interest, the names of directors, contents of proposals, reasons to avoid conflict interest, and participation for voting should be specified: None.
3. The communication between independent directors and chief internal auditor as well as the CPAs (aspects such as significant matters, methods, and outcomes of communication regarding the company's finance and business should be included).
 - The company calls the audit committee meeting regularly and invites accountants, chief internal auditor and relevant managers for attendance as required.
 - There is at least one regular meeting for independent directors and accountants; accountants will make discussion with independent directors on the company's financial status, finance and entire operation of overseas subsidiaries and status of internal audit, and well communicate major adjusting journal entry and impact on accounting by laws revision.
 - There is at least one regular meeting for independent directors and chief internal auditor for communication on implementation of the company's internal audit and internal control operation.
4. Important tasks and operation of audit committee of the year
 - (1) Important tasks of the year:
 - According to annual audit plan, communicate with chief internal auditor on the report of the audit result regularly.
 - Communicate the review or audit result of financial statements of each quarter with the company's CPAs regularly.
 - Review the financial reports.
 - Review the efficiency of internal control system.
 - Pre-review of the appointment, demission, remuneration and service of CPAs.
 - (2) Operation of 2022:
 - Proposals of audit committee meetings have all been reviewed and adopted by audit committee. No objection from independent directors.

C. Establishment, functions, and operations of Compensation Committee of the Company

1. Information regarding Compensation Committee members:

Position	Criteria		Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Compensation Committee Member
	Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience		
Independent director (Convener)	Chung-Yi Lin	Please refer to Page 12~13 for independent director's information	Independent	None
Independent director	How-Jen Huang		Independent	None
Independent director	Yu-Sheng Lu		Independent	None
Independent director	Hsueh-Cheng Li		Independent	None

2. Authority of Compensation Committee:

On a professional and objective status, evaluate the remuneration policy and system of the company's directors and managerial officers, and give recommendations to the board for reference.

3. Information about operation of Compensation Committee:

(1) There are 4 members in the Compensation Committee of the Company.

(2) Term of this session of compensation committee members: from August 12, 2021 to July 15, 2024. A total of 4 (A) Compensation Committee meetings were held in 2022. The attendance record of the Compensation Committee members was as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Chung-Yi Lin	4	—	100%	None
Member	How-Jen Huang	4	—	100%	None
Member	Yu-Sheng Lu	4	—	100%	None
Member	Hsueh-Cheng Li	4	—	100%	None

Other mentionable items:

1. The date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified if the board of directors declines to adopt or modifies a recommendation of the compensation committee (such as condition that remuneration adopted by the Board of directors higher than compensation committee's recommendation, the deviation and reason should be specified): None.
2. Resolutions of the compensation committee objected to by members or subject to a qualified opinion and recorded or

declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

3. The discussion and resolution of remuneration and the company's responses to members' opinion.

Date and session	Content of motion	Resolution	The company's responses to the opinion of remuneration committee
The 2 nd meeting of the 5 th session March 17, 2022	Allocation of remuneration for employees and the company's directors and supervisors in 2021.	The proposals were unanimously adopted by all committee members.	The proposal was unanimously adopted by all attendees at the Board of Directors meeting.
The 3 rd meeting of the 5 th session May 5, 2022	Compensation of the company's chairman, vice chairman, directors and managerial officers.	The proposals were unanimously adopted by all committee members.	The proposal was unanimously adopted by all attendees at the Board of Directors meeting.
The 4 th meeting of the 5 th session August 10, 2022	1. Proposal of reviewing the remuneration of independent directors concurrently serving as compensation committee 2. Proposal of reviewing the remuneration of independent directors concurrently serving as audit committee	The proposals were unanimously adopted by all committee members.	The proposal was unanimously adopted by all attendees at the Board of Directors meeting.
The 5 th meeting of the 5 th session November 9, 2022	Proposal of performance bonus in 2023.	The proposals were unanimously adopted by all committee members.	The proposal was unanimously adopted by all attendees at the Board of Directors meeting.

4. Functions of Compensation Committee:

The committee should be a conscientious manager, conducting the functions below and giving suggestions to the board of directors for discussion.

- (1) Review the organization of compensation committee regularly and make suggestions for revision.
- (2) Stipulate and review annual and long-term performance goals of the company's directors and managerial officers and the standard and structure of the policy of compensation regularly.
- (3) Evaluate the condition of achievement for performance goals of the company's directors and managerial officers regularly, and stipulate the compensation.

D. Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The company has established “Corporate Governance Best-Practice Principles” and disclosed on company website.	None
2. Shareholding structure and shareholders’ rights				
(1)Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The company has established spokesperson (and proxy spokesperson) for dealing with suggestion or dispute of shareholders. Shareholders can also give advices through “Stakeholder Section” on company website.	None
(2)Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The company masters shareholding information of each major shareholder, director and manager.	None
(3)Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The company has established relevant control management system in the corporate internal control system and “Operation for Supervision on Subsidiary”.	None
(4)Does the company establish internal rules against insiders trading with undisclosed information?	✓		The company revised the “Procedures for Handling Internal Significant Information” approved by the Board of Directors on August 11, 2022. It clearly stipulates that company insiders are prohibited from using unpublished information to buy and sell stock of the company, and they are not allowed to buy and sell stock of the company 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. It also has been added to the internal operating procedures to notify the insiders one week before the start of the closed period of the prohibition of trading. The company conducted the “Prevention of Internal Transaction and Latest Practice Development” education and training on August 11, 2022. Participants totaled 39 people included the company’s directors, managers, major managers of subsidiaries, corporate governance officer, accounting supervisor, internal auditors, financial and legal affairs officers...etc..	None
3. Composition and Responsibilities of the Board of Directors				
(1)Does the Board develop and implement a diversified policy and specific management goals for the composition of its members?	✓		According to the company’s Corporate Governance Best Practice Principles, the composition of board members is based on the demand of type and development of company’s management to stipulate diversified guidelines for directors, including basic requirement, professional background, industry experience, and so on; such guideline equip the board with the operational judgement, accounting and financial analysis, operational management, crisis management, industry knowledge, international market view, leadership and capability to decide. The specific operational goal: Among the thirteen directors, the number of directors served by major shareholders shall be no more than four seats. One of the directors shall be held by the high-performance manager (the president of the group) recommended by the major shareholders. And at least one seat each from different professional backgrounds, such as legal, accounting, experience in managing large enterprises, investment, European or American person who understands Chinese (or is familiar with European and American social values); and pay attention to gender equality in the composition of the board of directors, and the goal of female directors is at least three seats. Current status of the Board: There are currently 13 members of the board of directors for the term of 2021 to 2024, of which one is the company’s current outstanding manager, one has a legal professional background, three have an accounting or investment professional background, and six have large-scale enterprise management experience, and one is American who understands Chinese and is familiar with European and American social values. In the professional part, the goal of director diversity has been achieved. The number of female directors is currently one seat, and the goal is to add one female director in the 2024 and 2027 sessions respectively to implement the policy of diversity on the board of directors.	None
(2)Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	The company has established Compensation Committee and Audit Committee according to laws. Each department shall be in charge of the rest corporate governance operation. In the future, other functional committees will be set up based on actual operational needs assessment.	Same as abstract

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(3)Does the company establish a standard to measure the performance of the Board, and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		The company has stipulated "Rules of performance evaluation for the Board of Directors and Functional Committee" approved by the Board of Directors on August 12, 2020. There is at least one internal performance evaluation each year and the range includes the entire Board of Directors, individual director members and functional committee. The evaluation would be completed by the end of the first quarter of next year and reported to the Board for reference of directors' nomination.	None
(4)Does the company regularly evaluate the independence and competency of Certified Public Accountants (CPAs)?	✓		The Board of directors regularly evaluates the independence and competency of appointed CPAs each year, and evaluates with reference to audit quality indicators. The CPAs of the company and its subsidiaries in the enterprises are not in the position of the company's director, not paying salaries in the company and not being the company's shareholders. There is no other financial interest and business relation between the CPAs and the company except from the fee of financial statements audit and tax projects. The independence between the CPAs and the company complies with the relevant regulations.	None
4. Does the listed company appoint a unit or personnel to be responsible for affairs related to governance (including but not limited to providing information for Directors to perform their duties, handling affairs for Board of Directors Meeting and Shareholders' Meeting in accordance with lawful regulations, registering and altering the Company's information, making minutes for Board of Directors Meetings and Shareholders' Meetings, etc.)?	✓		The company's Board of Directors assigned the head of BOD Office, Ms. Feng-Wei Hsu, as chief corporate governance officer for dealing with relevant affairs including conducting relevant matters of the Board of directors, Audit Committee, Compensation Committee and Shareholders' meetings, and assistance of directors' election and training, and providing information for directors to perform their duties, and helping directors comply with laws.	None
5. Does the company establish a communication channel with its stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and build a designated section on its website for stakeholders, as well as handle all issues they care for in terms of corporate social responsibilities?	✓		The company has established stakeholders section on company website for properly responding major issues of corporate social responsibility concerned by stakeholders.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company has appointed The Capital Securities Corp. for proxy of each affair of shareholders' meeting of the company.	None
7. Information disclosure				
(1)Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The company has established company website (http://www.fengtay.com), providing business condition and regularly updating financial information, and discloses corporate governance and implementation of corporate social responsibility in detail.	None
(2)Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		<ol style="list-style-type: none"> English version website is established and updated relevant information by designated person. Spokesperson and proxy spokesperson are appointed for implementation of spokesperson system. Information of institutional investor conference report is put on investor section in company website, and is uploaded to public information section of Taiwan Stock Exchange for any inquiry. 	None
(3)Does the company complete and publicize the annual financial statement within 2 months after the fiscal year ends, then publicize and register the financial statements of the first, second, and third quarters as well as the operation report of each month?		✓	Starting from the annual financial report of 2022, the company announced and applied for annual financial report in advance within 75 days after the end of fiscal year, and announced and applied earlier than deadline for the financial reports of the first, second and third quarter and operating information of each month.	Same as abstract

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
8. Is there any other information to facilitate a better understanding of the company’s corporate governance practices (e.g. including but not limited to employee rights employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)	✓		<ol style="list-style-type: none"> 1. Employees rights: the company guarantees all the employees’ right of work and there are regulations specified in management rules for employees’ appointment, discipline, attendance, leave, salary, welfare, reward and punishment, retirement and workers’ compensation. 2. Employees care: the company regards employees as important partner for moving forward continuously and dedicates to cultivate a vision of “To foster employees who are committed to the value of work, supported by family and proud of the company”. The company will keep enhance the employees’ relationship in the future, expecting to deepen the understanding and identification on the company from employees and the family through a more practical care and direct communication. 3. Relations of Investors: the company puts much emphasis on interests of investors. We regularly legally disclose the information and also actively attend investment forums and institutional investor conference held by local and international brokers, and discloses the investment information on the company website. 4. Relations of Suppliers: the company cooperate closely with brand customers and main suppliers, and keep high attendance in product life cycle to bring the greatest corporate social responsibility. 5. Right of stakeholders: the company provides multiple ways and latest news for stakeholders. There is also “section of stakeholders” on the company website for communication and maintenance of legal interest. 6. Trainings for Directors: all the company’s directors have completed 6-hour courses in 2022. The accountants also regularly report the latest laws and issues related to finance, taxation and corporate governance to improve the Board of Directors’ professional knowledge. 7. Implementation of policies of risk management and standards for risk measure: Please refer to the annual report, Chapter Seven, “VI. Evaluation of Risk Management in the Most Recent Fiscal year”. 8. Implementation of client policies: the company keeps improving the procedure of research and development and production management, keeping a steady quality and proper price which obtained clients’ satisfaction and long-term trust. 9. Condition of directors’ liability insurance purchased by the company: the company purchased liability insurance for directors in 2022. The duration of insurance is July 1st, 2022 to July 1st 2023 and the amount is US\$ 5 million. 	None
9. Please offer illustrations improvement on the aspects pointed out by the evaluation of governance by Taiwan Stock Exchange TWSE and explanation for matters and measures as prioritized items to improve.	✓		The company ranks top 21~35% of listed company in the ninth (2022) corporate governance assessment, and the score is about 6.75 points higher than the previous year. The main improvement items include: stipulation of director diversity policy and specific management objectives, succession planning of board members and important management levels, stipulation of risk management policies, confirmation of the sustainability report by a third party and setting up a dedicated information security section, etc., continue to strengthen corporate governance and sustainable corporate development.	None

E. Fulfillment of Sustainable Development, the difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the relevant factors

Implementation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the sustainable development policies and the supervision of the board of directors?	✓		To supervise the conduction of corporate responsibility by each department more efficiently, Feng Tay established Department of Sustainable Development in January 2010 for stipulation and promotion of policies, system and relevant management of corporate social responsibility, and established managerial level “Chief of Sustainable Development” in January 2018 for conducting management of Feng Tay Group’s corporate responsibility affairs and reporting operational plan and result to the Board of Directors at least once every year. And is supervised and guided by the board of directors on relevant issues. The company achieves the objective of sustainability management by continuously promotes each management measure of Corporate Social Responsibility policies, supervision and improvement. From 2008, the company publishes Sustainability Development Report of Feng Tay every year and regularly reports and discloses performance of Feng Tay Group conducting corporate social responsibility.	None
2. Does the company follow the significance principle, conduce risk evaluation related to environmental, social, and corporate governance issues, and figure out relevant risk management policies or strategies?	✓		The company stipulated risk management policies which were approved by Board of Directors in 2022, clearly defined organizational functions and division of responsibilities, defined the scope of risk management and stipulated risk management processes based on the company’s operating environment. In order to effectively manage and control risk, various management measures are stipulated in accordance with the principle of materiality. Department of sustainable development regularly conducts identification of risks of environmental safety and health and stipulates measures for response each year. The system for independent internal audit is also established for regularly auditing each risk of business and corporate governance and reporting the implementation to the Board of Directors and Audit committee for	None

Implementation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			ensuring normal operation of risk management system. Please refer to the company’s “2022 Sustainability Report” Chapter Three, “2.3, Risk Management” for implementation.	
3. Environmental Issues				
(1)Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		The company established Management of Environmental Safety and Health (MESH), trying to use the best way of production, manufacturing procedure and management system to achieve the best ecological benefit. The company joined the Sustainable Apparel Coalition (SAC) in 2017, comprehensively measuring the shoes product environment and social effects by using the sustainable measure tool (Higg Index).	None
(2)Does the company devote itself in improving the efficiency of each resource and use the renewable ingredients to minimize the impact on the environment?	✓		1. The company corporates with suppliers, tries to lead into more environmentally friendly materials applying on production, and uses biodegradable and recyclable materials. The company also promotes suppliers to reduce package materials to lessen the impact on environment. 2. To use natural resources more efficiently, according to internal regulations “Outline of Energy Saving Management”, the company has devoted to saving water and improving the efficiency of using water for a long time. We also actively search other water using replacement, like establishment of system for collecting rainwater and system for use of recycled water. We expect to decrease dependence on running water gradually to reduce the impact on local environment. 3. The company actively promotes program of using clean energy for replacement of fuel which may cause greater environmental impact. In 2022, the group’s green electricity purchase volume reached 74.2 million kWh, and the proportion of renewable energy usage reached 12.7%. Please refer to the company’s “2022 Sustainability Report” Chapter Three “3.1, Green Industrial Chain” and Chapter Four “Environment Protection” for implementation.	None
(3)Does the company evaluate the present and future potential risks and chances at that climate change brought on the company and take measures accordingly?	✓		The company is dedicated to environmental protection and has stipulated measures through potential risks caused by climate change to reduce operational risks. Please refer to the company’s “2022 Sustainability Report” Chapter Two, “2.3, Management of Risks” and Chapter Four, “4.1, Improvement of Climate Tenacity” for implementation.	None
(4)Does the company record the mass of greenhouse gas emission, water consumption amount, and total weight of its waste over the past two years and formulate policies to reduce carbon emission, reduce greenhouse emission, conserve water, and manage other waste items?	✓		The company has promoted measure of energy saving and carbon reduction for a long time. We has stipulated medium and long-term reduction goals and plans of important environmental protection indicators, including: water consumption, wastewater treatment emissions, greenhouse gas emissions, energy consumption and solid waste, etc. And the greenhouse gas reduction targets for scope 1 and scope 2 in 2030 have been specifically set. And promotes the use of renewable energy like establishment of solar power and heating system and use of wind power for major base of shoes production continually. Please refer to the company’s “2022 Sustainability Report” Chapter Four “Environmental Protection” for implementation.	None
4. Social Issues				
(1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The company complies with local laws of global operation bases, referring to policies of human rights stipulated by each international covenant on human rights like International Labor Organization, and fully expresses responsibility of human respect and protection. 1. Employment Relations The company strictly complies with local labor laws to hire employees. We recruit employees through a fair and public way. There is no discrimination from gender, age, religion, races, party, disability, sexual orientation, status of pregnancy and marriage, and social background. We hire local employees for the first option and prohibit to hire foreign migrant labors and child labors under 18 years old. 2. Protection for Work Rights The company protects all the employees’ work rights, definitely complies with local laws and supports and respects international relevant regulations of labor rights. Meanwhile, we stipulate management regulations and conduct strictly for employees’ appointment, discipline, attendance, leave, salary, welfare, reward and punishment, retirement and workers’ compensation. Please refer to the company’s “2022 Sustainability Report” Chapter Five, “5.2 Enterprise Manpower Status” and “5.3 “Workers’ Treatment and Rights Protection” for implementation.	None
(2)Does the company establish and implement reasonable employee compensation policies (including the remuneration, leave policies, and other welfares) and offer incentives according to operational	✓		When hiring employees, the company takes the ability for standards of appointment and payment, same as afterwards assessment, promotion and reward and punishment. The company provides competitive and higher salary. The initial salary of all the companies under the enterprises is higher than local legal minimum wage. And at the end of each year, the year-end bonus is distributed according to the degree of profit to share the operating results with employees. Please refer to the company’s “2022 Sustainability Report” Chapter Five, “5.3 Protection of Workers’ Treatment and Rights” for	None

Implementation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
performance or outcome?			implementation.	
(3)Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		<p>Employees are the most important asset for the company. We devote to provide a safe and harmony working environment.</p> <ol style="list-style-type: none"> There are designated staffs for environmental safety and health in headquarters and factories of each area for daily operation of environmental safety and health, protection of labors’ interest and reduction of risks of operational environmental safety and health. In aspect of employee trainings, all the new-in employees have to take basic trainings of safety and health before starting to work. Before using special equipment or conducting specific tasks, employees have to attend a special certification course for safety and health. <p>Please refer to the company’s “2022 Sustainability Report” Chapter Five, “5.5 Relieved Workplace Environment” for implementation.</p>	None
(4)Does the company provide its employees with career development and training sessions?	✓		<p>The Company provides a precise plan of career development, completed professional trainings, rich salary payment and transparent assessment system. We help employees to reach the potentials on work and satisfy the need and goals of career development. Continuous talents cultivation in a planned way is one of management strategies that the company insists. The company plans a completed educational training system, and according to personal job and demand for career development making a blueprint of competency development for new-in employees to managerial level through on-job trainings, mentorship, work guidance, e-learning and job rotation.</p> <p>Please refer to the company’s “2022 Sustainability Report” Chapter Five, “5.4 Talents Cultivation and Career Development” for implementation.</p>	None
(5)Does the company follow relevant laws and international guidelines to establish any consumer or customer protection mechanisms and appealing procedures regarding customer health and safety of products and services, customer privacy, marketing and labeling etc.?	✓		<p>As a professional footwear manufacturing company, the company not only protects clients’ intellectual property rights but also helps brand customers conduct the social responsibility. To eliminate any possible risks that may harm the health of product users, the company cooperates closely with brand customers and materials suppliers. From development of materials to manufacture, package and shipment of products, we strictly check every segment, making the safety of products conform to international standards (like SGS international certification and RSL restricted substances list). We support the clients’ demand of product labeling, strictly observing in the process of production so as to meet the relevant laws of product exporting country.</p> <p>Please refer to the company’s “2022 Sustainability Report” Chapter One, “1.3 Product Quality and Technology” for implementation.</p>	None
(6)Does the company follow relevant laws and international guidelines to establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	✓		<p>The company has stipulated “Materials Management Principle” and requests suppliers to observe all the local relevant laws. New supplier need to pass SHAPE assessment (Safety, Health, Attitude of management, People, Environment). The company irregularly assigns staffs to conduct Vendor Quality Audit (VQA in abbreviation). VQA includes 11 items mainly about production operating environment, conservation and management of materials, on-job education and emergency response. Audit result will be included in business assessment system for reference of cooperation evaluation with suppliers in the future.</p> <p>Please refer to the company’s “2022 Sustainability Report” Chapter Three, “3.3 Management of Suppliers” for implementation.</p>	None
5. Does the company compile CSR report to reveal the non-financial information following the guidelines for internally-accepted report format? Is the above-mentioned report assured or certified by a third-party inspector?	✓		<p>The company’s “2022 Sustainability Report” is edited according to the GRI Standards published by Global Reporting Initiative (GRI in abbreviation). And entrusted KPMG Certified Public Accountants to conduct verification in accordance with the Bulletin No. 1 of the Standards of Assurance, and obtained the limited assurance report. The report is published in Chinese and English versions, and is public in the section of corporate social responsibility of company website (www.fentay.com).</p>	None
6. If the Company has established the ESG principles based on " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies ", please describe any discrepancy between the Principles and their implementation:	✓		<p>The company has stipulated “Corporate Social Responsibility Principles”. In the meanwhile of pursuing sustainability development and profit, the company also puts emphasis on interests of employees, society and other stakeholders, and takes into company’s management guideline and operating activities. The company achieves the objective of sustainable management by continuously improving and promoting each management measure of policies of corporate social responsibility, and supervision and improvement at any time.</p>	None
7. Other important information to facilitate better understanding of the company’s sustainable development practice:	✓		<p>The company has held the concept, “community care and society contribution”, by the founder Mr. Chou-Hsiung Wang since the foundation. The company actively manages the relationship with community and implements this concept in company headquarters and foundation established in China and each production base. Please refer to the company’s “2022 Sustainability Report” Chapter Six, “Social Solicitude” for the result of company’s performance in society’s activities in 2022.</p>	None

F. Fulfillment of Ethical Corporate Management Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	✓		The company has stipulated Ethical Corporate Management Best-Practice Principles and specified the good corporate governance that Feng Tay maintains in an ethical spirit. We insist transparent operation and put emphasis on shareholders’ equity. Please refer to “Values and Core Competence” and “Corporate Governance” on company website for promises, policies and guidelines of management policies.	None
(2) Does the company establish appropriate system to analyze risks of unethical conducts, periodically analyze and evaluate business activities with high potential for unethical conducts and establish prevent measures accordingly, or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The company insists integrity as the best principle and according it to stipulate management rules and principles. All employees should hold integrity, transparency and interest avoidance on duty. The company has established efficient accounting system and internal control system for operating activities of risk of unethical conduct, and evaluates and audits the risks by internal audit on each transaction cycle and item every year in order to ensure the efficiency of design and implementation of measure for risk prevention.	None
(3) Does the Company establish and implement the operational procedures, conduct guidelines, penalty for violation of rules, and complaint mechanism to prevent unethical behaviors and regularly review and amend the existing practice?	✓		1. The company’s “Principles for Employees’ Conducts” specified that the employees should avoid conflict of interest and the chance for private profit. The person would be asked to stop relevant conducts immediately when violating laws or ethical principles. 2. The company strictly requires purchasing staffs to comply with rules of anti-corruption. Please refer to the company’s “2022 Sustainability Report” Chapter Two, “2.2 Ethical Corporate Management” for details.	None
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		The company holds the spirit of fair trade and respect to trade with suppliers and specified in internal regulations that the credit and prohibition of unethical conducts should be evaluated before trading with suppliers. The suppliers shall be strictly rejected and reported to managers if there is any bribe gifting behaviors.	None
(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity, and periodically (at least once a year) report to the Board about its integral policy for management, the policy to prevent unethical conducts, and how the implementation is being supervised?	✓		The company has established the BOD office for supervision and audit of ethical management, and regularly audits condition of relevant operation and reports to the Board of Directors.	None
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		It is specified in the company’s Board meeting regulations that directors who has a stake in proposals put from the Board of Directors are not allowed to attend discussion and be as proxy for other directors for vote. “Principles for Employees’ Conducts” is also stipulated in internal working rules for employees’ conducts regulations.	None
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	✓		To ensure the implementation of ethical management, the company promotes overall computerization, and established efficient accounting system and internal control system. The financial reports are all audited or reviewed by CPAs to ensure the fairness. Internal auditors audit each department regularly according to annual audit plans for implementation of supervision system and control of risk management.	None
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		The company regularly puts ethical management education in new-in employees’ trainings and on-job education trainings, and also occasionally announces the concept of ethical management to all employees in the organization.	None
3. Operation of the integrity channel				
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		The management team deals with all the complaints and advices in procedures. Please refer to the company’s “2022 Sustainability Report” Chapter Two, “2.2 Ethical Corporate Management”.	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓		The management team deals with all the complaints and advices in procedures, and will give official response for precise person and report the result to litigant and related department, and observes personal information privacy prohibiting conduct revenge to colleagues.	None
(3) Does the company provide proper whistleblower protection?	✓		Same as above.	None
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	✓		The company has disclosed relevant policies on website, annual reports and corporate social responsibility report.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation:	✓		The company has stipulated Ethical Corporate Management Principles and maintains the good corporate governance in an ethical spirit. We insist transparent operation and put emphasis on promises and responsibility of employees, shareholders and clients. The Board of Directors hold professional independence principle, ensuring the company’s long-term management strategy and giving proper guidelines in process of resolution of management team, evaluating risks and appointing audit accountant, and also supervise the conducts of each task for sustainability development.	None
6. Other important information which helps to understand the implementation of the Company’s ethical management: (E.g. the Review and amendment of the Company’s Ethical Management Best Practice Principles)	✓		The company has stipulated “Principles for Employees’ Conducts” and “Principles for Ethical Conducts of Directors, Supervisors and Managers”. Please refer to the company’s “2022 Sustainability Report” for relevant implementation of ethical management.	None

G. Access to the company’s Governance Guidelines and relevant regulations:

The company has stipulated “Corporate Governance Operational Principle”. Relevant regulations like “Articles of Corporation”, “Procedures for Election of Directors”, “Regulations Governing the Acquisition and Disposal of Assets”, “Ethical Conduct Principle of Directors, Supervisors and Managers”, “Procedures for Handling Internal Significant Information”, “Ethical Management Principle”, “Corporate Social Responsibility Principle” and “Grievance and Suggestion System” can also be referred to the company website.

H. Other important information about the corporate governance of the Company:

1. Procedures for Handling Internal Significant Information

The company has stipulated “Procedures for Handling Internal Significant Information” to manage handling and disclosure of internal significant information and is accepted by the Board of Director that the procedure has been put in company internal internet bulletin area for employees to observe, preventing violation or internal transaction.

2. The company stipulated “Rules of Supervision Operation for Subsidiary” in order to push each subsidiary establish internal control system, internal audit system and self-evaluation.
3. The company stipulated “Ethical Conduct Principle of Directors, Supervisors and Managers” in order to prevent unethical conduct or any conduct that may hurt interest of the company and shareholders when directors, supervisors and managers conducting management activities for the company.
4. The internal person like new-elected directors and managers will be distributed brochure for directors and supervisors, announcement for directors and supervisors and relevant laws regulation of internal person equity (including the second of Article 22, Article 25, Article 157, Article 157-1, Article 171 and Article 178 of Stock Exchange Act) edited by Securities and Futures Bureau, FSC for internal person to observe relevant laws.

5. On-the-job training about the corporate governance of the Company (including directors and chief officers of accounting/finance/ internal audit and corporate governance):

Title	Name	Date of training	Organizer of the course	Title of the course	Training hours
Chairman	Chien Hung, Wang	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Vice Chairman	Chien Rong, Wang	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Director	Chao-Chi, Chen	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Director	Hui-Ling, Chen	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Director	Peter Dale Nickerson	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Director	Shi-Chin, Tsai	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Director	Shih-Jung, Chen	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/07/20	Taiwan Corporate Governance Association	Board and Functional Committee Performance Evaluation Seminar	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Director	Tsong-Ta, Lu	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/07/20	Taiwan Corporate Governance Association	Board and Functional Committee Performance Evaluation Seminar	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Director	Yi-Hua, Chung	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Independent Director	How-Jen, Huang	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Independent Director	Yu-Sheng, Lu	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/07/20	Taiwan Corporate Governance Association	Board and Functional Committee Performance Evaluation Seminar	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Independent Director	Chung-Yi, Lin	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Independent Director	Hsueh-Cheng, Li	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/07/20	Taiwan Corporate Governance Association	Board and Functional Committee Performance Evaluation Seminar	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
Chief Accounting officer	Li-Chin, Chen	2022/10/17 ~ 2022/10/18	Accounting Research and Development Foundation	Continuing training courses for accounting executives of issuers, securities firms and stock exchanges	12

Title	Name	Date of training	Organizer of the course	Title of the course	Training hours
Chief Internal audit officer	Pei-Ying Lee	2022/01/19	Securities and Futures Market Development Foundation	Pre-employment training seminar for first-time internal auditors in enterprises	18
Chief Corporate governance officer	Fang-Wei, Hsu	2022/03/18	Taiwan Corporate Governance Association	Important Laws Updated	3
		2022/07/20	Taiwan Corporate Governance Association	Board and Functional Committee Performance Evaluation Seminar	3
		2022/08/11	Taiwan Corporate Governance Association	Prevention of Internal Transaction and Latest Practice Development	3
		2022/12/09	Taiwan Corporate Governance Association	Build a Risk-Intelligent Organization – From Fraud Risk Prevention, Detection, Investigation to Crisis Management	3

I. Laws and rules observation

1. Laws observation

Feng Tay promotes the entrepreneurship of Integrity, Discipline, Win-Win, Diligence and Craftsmanship according to the corporate management concept, current law of each country, client demand and regulation and principle stipulation, which is obeyed from management team to employees in entry-level. The content of company regulation shows the responsibility of Board of Director and procedure of internal control operation, and also put strict conduct on matters such as labor environment, staff health and privacy policy in order to ensure the staffs' health and maintain a healthy company system. We pay close attention to any change of local and international legal strategy that may affect company's finance and operation and also actively respond the concerned matters by clients, requiring all employees to accept trainings of relevant regulations and standards. We observe the most strict rules if meeting conflict with the current regulations.

2. Codes of Ethical Conducts observation

Feng Tay observes the best principle of integrity and law-abiding. Every employee in the corporate has the significant responsibility of ethical value of company's reputation protection and laws observation. The company formulates management rules and codes of conduct according to which all personnel perform their duties with integrity, transparency and avoidance of conflicts of interest.

J. Punishment on the company and its employees for violations of laws or regulations of the Internal Control System, major breaches, and compensation measures in the previous year before the printed date of the Annual Report: None.

K. Implementation of internal control system

1. Statement of Internal Control

Public Company's Statement of Internal Control System

Both design and implementation are valid

Feng Tay Enterprises Co., Ltd.

Statement of Internal Control System

Date: March 14th, 2023

The Company had inspected the 2022 internal control system autonomously with the results illustrated as follows:

- (1) The Company is fully aware that the board of directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it is established accordingly. The purpose of establishing the internal control system is to reasonably ensure the fulfillment of operation effect and efficiency (including profit, performance, and protection of assets safety), financial report reliability, and compliance.
- (2) The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. The internal control system of the Company is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.
- (3) The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (referred to as "the Regulations" hereinafter). The criteria defined in "the Regulations" include five elements depending on the management control process: (1) environment control, (2) risk assessment, (3) control process, (4) information and communication, and (5) supervision. Each of the five elements is then divided into a sub-category. Please refer to "the Regulations" for details.
- (4) The Company has implemented the criteria of the internal control system referred to above to inspect the effectiveness of internal control system design and implementation.
- (5) The Company based on the inspection result referred to above has concluded that the internal control system (including the supervision and management over the subsidiaries) on December 31, 2022 is reasonably effective in achieving the objectives of operation effect and efficiency, financial report reliability, and compliance.
- (6) The statement of Internal Control System is the main content of the Company's annual report and published prospectus. Any falsification and concealment of the published content referred to above involves the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- (7) The Statement of Internal Control System was resolved in the board meeting on March 14th, 2023. The content of the statement has been accepted by 13 attending board directors without any objection.

Feng Tay Enterprises Co., Ltd.

Chairman : Chien Hung, Wang

General Manager : Chao-Chi, Chen

2. On condition that the Company designates a CPA to audit the internal control system, the CPA's audit report should be revealed: None.

L. Implementation of resolutions on the company's 2022 Shareholders' meetings

Important resolutions on shareholders' meetings	Implementation
Proposed Resolutions:	
1. Adoption of the company's 2021 consolidated financial statements (including parent company only financial statements) and business report	The adoption has been conducted according to resolution on shareholders' meeting.
2. Adoption of profit distribution in 2021	1. The cash dividend per share is NT\$ 4.1. Total amount NT\$ 3,614,892,506 has been distributed on August 2, 2022.
Matters for Discussion and Election:	
None	

M. Major resolutions on the Board of Directors' Meetings:

- 2022/03/18 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of the company's 2021 allocation of remuneration for employees and directors.
 - (2) Adoption of the company's 2021 financial statements including consolidated financial statements and business report.
 - (3) Adoption of the company's 2021 profit distribution. The cash dividend per share is NT\$ 4.1.
 - (4) Stipulation of relevant matters of the company's 2022 annual general shareholders' meeting.
 - (5) Approval of "Statements of Internal Control System" according to the company's 2020 self-evaluation result of internal control system.
 - (6) Adoption of appointing accountant Rou-Lan Kuo and Shu-Ling Lien from KPMG Taiwan as the company's CPAs for 2022 financial statements audit.
 - (7) Adoption of appointing Pei-Ying Lee as head of internal audit of the company, effective from April 1, 2022.
- 2022/05/06 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of the company's consolidated financial statements in the first quarter of 2022.
 - (2) Adoption of authorizing the chairman to set the ex-dividend date, dividend distribution date and relevant matters.
 - (3) Adoption of the sale of real estate in Yuanhong City by Fujian Da Feng Holding Co., Ltd.(DF), and terminated the subsequent non-performing transactions.
- 2022/08/11 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of the company's consolidated financial statements in the second quarter of 2022.
 - (2) Adoption of revision for content of the company's "Procedures for Handling Internal Significant Information".
- 2022/11/10 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of the company's consolidated financial statements in the third quarter of 2022.
 - (2) Adoption of the company's 2023 audit plan.
 - (3) Adoption of stipulation of the company's policies of risk management.
 - (4) Adoption of the company's 2023 business plan.
- 2023/03/14 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of the company's 2022 allocation of remuneration for employees and directors.
 - (2) Adoption of the company's 2022 financial statements including consolidated financial statements and business report.
 - (3) Adoption of the company's 2022 profit distribution. The cash dividend per share is NT\$ 7.7 and stock dividend per share is NT\$ 1.2.

- (4) Adoption of the amendment to the company’s “Articles of Incorporation”.
- (5) Stipulation of relevant matters of the company’s 2023 annual general shareholders’ meeting.
- (6) Approval of “Statements of Internal Control System” according to the company’s 2022 self-evaluation result of internal control system.
- (7) Adoption of appointing accountant Rou-Lan Kuo and Shu-Ling Lien from KPMG Taiwan as the company’s CPAs for 2023 financial statements audit.

N. If the directors have any objection on important resolutions of the Board’s meeting which have been documented or made into written statements in the last year and in the current year up to the printing date of annual report, the important content should be reported: None.

O. If any resignation or dismissal of the Company’s chairperson, general manager, chief officers of accounting, finance, internal audit, corporate governance, or research and development has occurred in the last year and in the current year up to the printing date of annual report, summary of such cases should be made:

Title	Name	Appointment date	Date of dismissal	Reason for resignation or dismissal
Chief officer of internal audit	Wei-You, Chen	2018/12/1	2022/3/31	personal career planning

P. Status of the company with person who is related to financial information transparency obtained relevant certificate specified by authority:

Title of certificate	Number of people	
	Office of the Board of Directors	Finance Department
CPA (R.O.C.)	1	2

3.4 Information on CPA professional fees

A. CPA professional fees:

NTD thousand

Title of CPA Agency	Name of CPA	Audit period	Audit fee	Non-Audit fee (Note)	Total	Remark
KPMG Taiwan	Rou-Lan Kuo	2022/01/01~ 2022/12/31	9,125	2,393	11,518	None
	Shu-Ling Lien					

Note: mainly for transfer pricing analysis and confirmation of sustainability report.

B. Condition that the company changes the CPA agency and the audit fee is lower than the previous year: None.

C. Condition that the audit fee decreases by 10 percent or more compared with the previous years: None.

D. Information on replacement of the CPA agency: None.

3.5. The Company’s chairman, general manager, or any managerial officer in charge of finance or accounting matters who has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliate enterprise of such accounting firm: None.

3.6. The transfer of shareholding and pledge of or change in equity interests during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

A. Change in shareholding of Directors, Managers and Major Shareholders

Title	Name	2022		In the current year up to the book closure date	
		Increase (reduction) in the number of shares in possession	Increase (reduction) in the number of pledged stocks.	Increase (reduction) in the number of shares in possession	Increase (reduction) in the number of pledged stocks.
Chairman	Chien-Hung Wang	—	—	—	—
Vice chairman	Chien-Rong Wang	4,000,000	—	—	—
Director, who is concurrently the president	Chao-Chi Chen	61,752	—	—	—
Director	Hui-Ling Chen	—	—	—	—
Director	Peter Dale Nickerson	—	—	—	—
Director	Shi-Chin Tsai	—	—	—	—
Director	Shih-Jung Chen	—	—	—	—
Director	Tsung-Ta Lu	—	—	—	—
Director	Yi-Hua Chung	—	—	—	—
Independent director	How-Jen Huang	—	—	—	—
Independent director	Chung-Yi Lin	—	—	—	—
Independent director	Yu-Sheng Lu	—	—	—	—
Independent director	Hsueh-Cheng Li	—	—	—	—
General manager of Sustainable Innovation Division	Chia-Chi Hsu	—	—	—	—
General manager of Group Technology Division	Shi-Chung Yeh	29,506	—	—	—
General manager of Business1 Division	Ying-Chin Chu	2,710	—	—	—
General manager of Business2 Division	Ming-Xiong Chang	(3,911)	—	—	—
Deputy general manager of Sustainable Development Division	Bo-Ya Yo	15,531	—	—	—
Deputy general manager of Production Division	Chung-Che Tsai	(9,330)	—	—	—
Major Shareholder	Chou-Hsiong Wang	(13,000,000)	—	—	—
Major Shareholder	Mei-Hui Wang Liu	—	—	—	—

B. Information of shareholding transfer

Name	Reason for transfer	Date of transfer	Transferee	Relations	shares	Price of transaction
Chou-Hsiong Wang	Donate	2022/6/13	Love Faith Hope Ltd.	Father and son with the company's representative	5,000,000	Not Applicable
Chou-Hsiong Wang	Donate	2022/6/13	Chien-Rong Wang	Father and son	4,000,000	Not Applicable
Chou-Hsiong Wang	Donate	2022/6/13	Wei-Zhe Lin	Grandfather and grandchild	4,000,000	Not Applicable

C. Information of equity pledge

There is no equity pledge of the company's directors and shareholders with a ratio of more than 10 percent.

D. Relations and Information about Top 10 Shareholders

(up to the book closure date April 23, 2023 of the list of shareholders)

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders		Remarks
	shares	%	shares	%	shares	%	Name	Relations	
Mei-Hui Wang Liu	95,423,056	10.82%	69,987,033	7.94%	—	—	Chou-Hsiong Wang Chien-Hung Wang Chien-Rong Wang Li-Chuan Wang	Spouse Mother and son Mother and son Mother and daughter	
Chou-Hsiong Wang	69,987,033	7.94%	95,423,056	10.82%	—	—	Mei-Hui Wang Liu Chien-Hung Wang Chien-Rong Wang Li-Chuan Wang	Spouse Father and son Father and son Father and daughter	
Hui-Ling Chen	57,044,655	6.47%	—	—	—	—	Shih-Jung Chen	Siblings	
Chen-Zu Chen	37,075,730	4.21%	—	—	—	—	Shih-Jung Chen Wei-Chiao Chen	Father and son Siblings	
Shih-Jung Chen	34,590,888	3.92%	59,312	0.01%	5,663,078	0.64%	Hui-Ling Chen Wei-Chiao Chen Chen-Zu Chen	Siblings Father and daughter Father and son	
Chien-Rong Wang	33,528,156	3.80%	250,479	0.03%	—	—	Chou-Hsiong Wang Mei-Hui Wang Liu Chien-Hung Wang Li-Chuan Wang	Father and son Mother and son Siblings Siblings	
Li-Chuan Wang	28,470,188	3.23%	—	—	—	—	Chiu-Hsiung Wang Mei-Hui Wang Liu Chien-Hung Wang Chien-Rong Wang	Father and daughter Mother and daughter Siblings Siblings	
Wei-Chiao Chen	26,822,542	3.04%	—	—	—	—	Shih-Jung Chen Chen-Zu Chen	Father and Daughter Siblings	
Chien-Hung Wang	24,728,948	2.80%	—	—	13,008,320	1.48%	Chou-Hsiong Wang Mei-Hui Wang Liu Chien-Rong Wang Li-Chuan Wang	Father and son Mother and son Siblings Siblings	

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders		Remarks
	shares	%	shares	%	shares	%	Name	Relations	
Feng Tay Cultural and Educational Foundation	24,231,408	2.75%	—	—	—	—	None	None	

3.7. The total number of shares of investment accounted for using equity method held by the company, its directors, managerial officers, and any companies controlled either directly or indirectly, and total ratio of shareholding:

(information date: March 31, 2023)

Investment for using equity method	The company's investment		Investment of the company, its directors, managerial officers, and any companies controlled either directly or indirectly		Total investment	
	shares	%	shares	%	shares	%
Shoe Majesty Co., Limited	6,120	20.40%	8,580	28.60%	14,700	49.00%

IV. Capital Overview

4.1 company's capital and shareholding

A. Source of Capital

(unit: NT\$ dollars/ share)

Year and Month	Issuing Price	Authorized Capital		Paid-in Capital		Remark		
		shares	Amount	shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
1993/07	10	62,876,250	628,762,500	62,876,250	628,762,500	Capital increase out of unappropriated earnings	—	(1993) Taiwan-Financial-Securities-No. 01634 on July 06, 1993
1994/06	10	74,193,975	741,929,750	74,193,975	741,939,750	Capital increase out of unappropriated earnings	—	(1994) Taiwan-Financial-Securities-No. 29776 on June 29, 1994
1995/05	10	120,000,000	1,200,000,000	103,871,565	1,038,715,650	Capital increase out of unappropriated earnings	—	(1995) Taiwan-Financial-Securities-No. 23561 on May 08, 1995
1996/05	10	120,000,000	1,200,000,000	117,374,868	1,173,748,680	Capital increase out of unappropriated earnings	—	(1996) Taiwan-Financial-Securities-No. 33459 on May 28, 1996
1997/06	10	200,000,000	2,000,000,000	158,456,071	1,584,560,710	Capital increase out of unappropriated earnings	—	(1997) Taiwan-Financial-Securities-No. 47685 on June 17, 1997
1998/06	10	270,000,000	2,700,000,000	218,669,377	2,186,693,770	Capital increase out of unappropriated earnings	—	(1998) Taiwan-Financial-Securities-No. 49506 on June 08, 1998
1999/06	10	283,000,000	2,830,000,000	273,336,721	2,733,367,210	Capital increase out of unappropriated earnings	—	(1999) Taiwan-Financial-Securities-No. 56343 on June 21, 1999
2000/06	10	410,000,000	4,100,000,000	317,070,596	3,170,705,960	Capital increase out of unappropriated earnings	—	(2000) Taiwan-Financial-Securities-No. 47985 on June 03, 2000
2001/06	10	410,000,000	4,100,000,000	348,777,655	3,487,776,550	Capital increase out of unappropriated earnings	—	(2001) Taiwan-Financial-Securities-No. 139165 on June 19, 2001
2002/07	10	410,000,000	4,100,000,000	383,655,420	3,836,554,200	Capital increase out of unappropriated earnings	—	No. Taiwan-Financial-Securities-I-910136129 on July 02, 2002
2004/06	10	415,000,000	4,150,000,000	414,347,853	4,143,478,530	Capital increase out of unappropriated earnings	—	No. Taiwan-Financial-Securities-I-0930127751 on June 23, 2004
2005/06	10	540,000,000	5,400,000,000	447,495,681	4,474,956,810	Capital increase out of unappropriated earnings	—	No. Financial-Supervisory-Securities-I-0940123670 on June 14, 2005
2006/06	10	540,000,000	5,400,000,000	478,820,378	4,788,203,780	Capital increase out of unappropriated earnings	—	No. Financial-Supervisory-Securities-I-0950123584 on June 12, 2006
2007/07	10	540,000,000	5,400,000,000	490,312,067	4,903,120,670	Capital increase out of capital reserve	—	No. Financial-Supervisory-Securities-I-09601164550 on July 17, 2007
2010/06	10	540,000,000	5,400,000,000	519,730,791	5,197,307,910	Capital increase out of unappropriated earnings	—	No. Financial-Supervisory-Securities-Issuance-0990033562 on June 29, 2010
2012/07	10	540,000,000	5,400,000,000	535,322,715	5,353,227,150	Capital increase out of unappropriated earnings	—	No. Financial-Supervisory-Securities-Issuance-1010029568 on July 04, 2012
2013/07	10	600,000,000	6,000,000,000	556,735,624	5,567,356,240	Capital increase out of unappropriated earnings	—	No. Financial-Supervisory-Securities-Issuance-1020025700 on July 02, 2013

Year and Month	Issuing Price	Authorized Capital		Paid-in Capital		Remark		
		shares	Amount	shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
2014/07	10	600,000,000	6,000,000,000	579,005,049	5,790,050,490	Capital increase out of unappropriated earnings	—	No. Financial-Supervisory-Securities-Issuance-1030026212 on July 16, 2014
2015/07	10	600,000,000	6,000,000,000	596,375,201	5,963,752,010	Capital increase out of unappropriated earnings	—	No. Financial-Supervisory-Securities-Issuance-1040028812 on July 29, 2015
2016/07	10	700,000,000	7,000,000,000	667,940,226	6,679,402,260	Capital increase out of unappropriated earnings	—	Application effective on July 06, 2016
2019/06	10	800,000,000	8,000,000,000	734,734,249	7,347,342,490	Capital increase out of unappropriated earnings	—	Application effective on June 28, 2019
2020/07	10	900,000,000	9,000,000,000	881,681,099	8,816,810,990	Capital increase out of unappropriated earnings	—	Application effective on July 29, 2020

(unit: share; up to the book closure date April 23, 2023 of the list of shareholders)

Types of shares	Authorized capital stock			
	Outstanding shares	Unissued shares	Total	Remarks
Inscribed common stock	881,681,099	18,318,901	900,000,000	Listed stock

B. Shareholder structure

(up to the book closure date April 23, 2023 of the list of shareholders)

Composition of Shareholders Amount	Government institutions	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
	Number of shareholders	5	63	82	12,221	682
Number of shares held	17,496,696	58,013,872	75,768,140	571,318,346	159,084,045	881,681,099
Shareholding ratio	1.98%	6.58%	8.59%	64.81%	18.04%	100%

C. List of Major Shareholders

(par value of \$10 per share; up to the book closure date April 23, 2023 of the list of shareholders)

Name of Major Shareholders	Shares	Shareholding	Shareholding ratio (%)
Mei-Hui Wang Liu		95,423,056	10.82%
Chou-Hsiung Wang		69,987,033	7.94%
Hui-Ling Chen		57,044,655	6.47%
Chen-Zu Chen		37,075,730	4.21%
Shih-Jung Chen		34,590,888	3.92%
Chien-Rong Wang		33,528,156	3.80%
Li-Chuan Wang		28,470,188	3.23%
Wei-Chiao Chen		26,822,542	3.04%
Chien-Hung Wang		24,728,948	2.80%
Feng Tay Cultural and Educational Foundation		24,231,408	2.75%

D. Distribution of Stock shares

(par value of \$10 per share; up to the book closure date April 23, 2023 of the list of shareholders)

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Shareholding ratio (%)
1 to 999	7,281	1,419,708	0.16%
1,000 to 5,000	4,135	8,208,960	0.93%
5,001 to 10,000	544	3,930,339	0.45%
10,001 to 15,000	215	2,668,406	0.30%
15,001 to 20,000	142	2,501,957	0.28%
20,001 to 30,000	130	3,236,733	0.37%
30,001 to 40,000	88	3,077,908	0.35%
40,001 to 50,000	62	2,798,156	0.32%
50,001 to 100,000	142	9,923,861	1.13%
100,001 to 200,000	114	15,868,216	1.80%
200,001 to 400,000	72	20,681,509	2.35%
400,001 to 600,000	23	11,177,979	1.27%
600,001 to 800,000	20	14,209,208	1.61%
800,001 to 1,000,000	8	6,901,256	0.78%
1,000,001 or more	77	775,076,903	87.91%
Total	13,053	881,681,099	100.00%

4.2 stock price, net value, earning and dividend information in the most recent two fiscal years

Item		Year	2021	2022	In the current year up to March 31, 2023
Market price per share	Highest		254.50	240.00	211.00
	Lowest		178.00	148.50	178.50
	Average		212.45	186.90	191.62
Net value per share	Before distribution		20.54	28.35	(Note 5)
	After distribution		16.44	18.44 (Note 4)	—
EPS	Weighted average number of shares		881,681,099	881,681,099	881,681,099
	EPS		5.15	10.30	(Note 5)
Dividends per share	Cash dividends		4.1	7.7 (Note 4)	—
	Stock dividends	Earnings	—	1.2 (Note 4)	—
		Capital surplus	—	—	—

Year		2021	2022	In the current year up to March 31, 2023
Item				
	Accumulated unpaid dividend	—	—	—
Return analysis	Price-earnings Ratio (Note 1)	41.25	18.15	(Note 5)
	Price-dividend Ratio (Note 2)	51.82	24.27 (Note 4)	—
	Cash dividend yield(Note 3)	1.93%	4.12% (Note 4)	—

Note 1: Price-earnings Ratio = Average Closing Price per Share in current year / Earnings per Share.

Note 2: Price-dividend Ratio = Average Closing Price per Share in current year / Cash Dividend per Share.

Note 3: Cash dividend Yield = Cash Dividend per Share/Average closing price per share in current year.

Note 4: Allocation of earnings is to be resolved by 2023 shareholders' meeting.

Note 5: The financial statements of 2023 first quarter is to be reviewed by accountant.

4.3 Corporate dividend policy and implementation status

A. Dividend policy

If there is net income in the company's final accounts, the loss from prior years should be covered first and then allocate the balance in the following order:

- 10% legal reserve according to Company Act, and increased or reversed special reserve according with the law.
- If there is a surplus, it shall set aside parts or all of the surplus for the distribution of dividends with the previous annual accumulation of undistributed surplus.

Given the fact that the Company's corporate life cycle is in a stable phase, it shall consider the capital budgeting and the future annual fund needs in response to the long term financial planning, stable growth, and the goal of sustainable operation. The board of directors shall propose a dividend distribution and submit to the shareholders' meeting for review and approval by a resolution. The dividend distribution shall account for more than 50% of the distributable surplus, of which the stock dividends shall not exceed 80%.

B. Allocation of dividend to be resolved by the Board of Directors

The distribution of cash dividend per share of NT\$ 7.7 and stock dividend per share of NT\$ 1.2 has been resolved by the Board of Directors.

C. Impact of shareholder regular meeting's resolution for distributing stock grants on the company's performance and the earnings per share:

Not applicable.

4.4 Compensation information of the employees and directors

A. The proportion or scope of compensation for the employees and directors in the Articles of Association:

When the company makes profit in the year, not less than 2 percent of the earnings should be allocated for compensation of employees, and not higher than 1.8 percent of the earnings should be allocated for compensation for directors. However, it shall allot a reserve to be used for making up the accumulated losses before calculating the appropriation. Profit is the net income before tax before subtracting compensation for employees and directors.

B. Accounting treatment when accrual allocated amount differs from the estimated amount of compensation for employees and directors of the year:

The company's 2022 estimated amount of compensation for employees and directors is calculated by 2022 net profit before tax before subtracting compensation for employees and directors multiplied by the proportion in the Articles of Association. The company would follow up and recognize as annual profit and losses of 2023 when actual allocated amount differs from the estimated amount.

C. The compensation adopted by the Board of Directors' meeting:

(unit: NT\$ dollars)

Distributable items	2022 recognized amount	Amount to be allocated by the Board of Directors	follow-ups for deviation
Compensation for directors	145,080,000	145,080,000	no deviation
Compensation for employees- in cash	270,000,000	270,000,000	no deviation
Compensation for employees- in stock	—	—	—

D. The actual condition of distributing compensation for employees and directors in the previous year:

The company's 2021 recognized employee's cash compensation was allocated for NT\$ 185,000,000, no compensation in stock; and NT\$ 98,280,000 was allocated for directors' cash compensation. There is no deviation between the actual allocation of compensation for employees and directors and the estimated figures in financial report.

4.5 Stock buy-back of the company: None.

4.6 Issuance of Corporate Bonds: None.

4.7 Issuance of Preferred Shares: None.

4.8 Issuance of Global Depository Receipts (GDR): None.

4.9 Issuance of employee stock warrants: None.

4.10 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

4.11 Financing plans and implementation

A. The plan of previous issuance or private securities including content of change in each time, sources and operation of capital, reasons for change, profit before/ after changing, and changed date of scheduled shareholders' meeting should be specified if previous issuance or private securities are to be finished or fund is finished in the last three years but profit of the plan hasn't revealed.

The company doesn't obtain capital by issuance or private securities in the last three years.

B. The reason, impact on shareholders' equity and plan for improvement should be specified if conduction or profit doesn't achieve the goals when comparing the implementation and estimated profit followed by each previous use of plans analyzed up to the last quarter before the date of publication of annual report.

The company doesn't obtain capital by issuance or private securities in the last three years.

V. Business Overview

5.1 Business Activities:

A. Company's Main Business Implementation

The company mainly operates athletic shoes production and also concurrently engages in development and operations of casual shoes, inline skates, ice skates, snowboard boots, cycling shoes, golf balls, soccer balls, backpacks and handbags, ice hockey helmets and sticks, footwear accessories, shoe molds and tooling.

B. Operating Revenue Breakdowns

Main business item	2021	2022
Manufacturing and Sales of shoes	97%	96%
Others	3%	4%
Total	100%	100%

C. Product Item of the Company

The company's products include athletic shoes, casual shoes, inline skates, ice skates, snowboard boots, cycling shoes, and items like golf balls, soccer balls, backpacks and handbags, ice hockey helmets and sticks etc..

D. New Products (or Service) Under Planning for Development: Development of new types of the products mentioned above.

E. Overview of Industry

a. Current condition and development

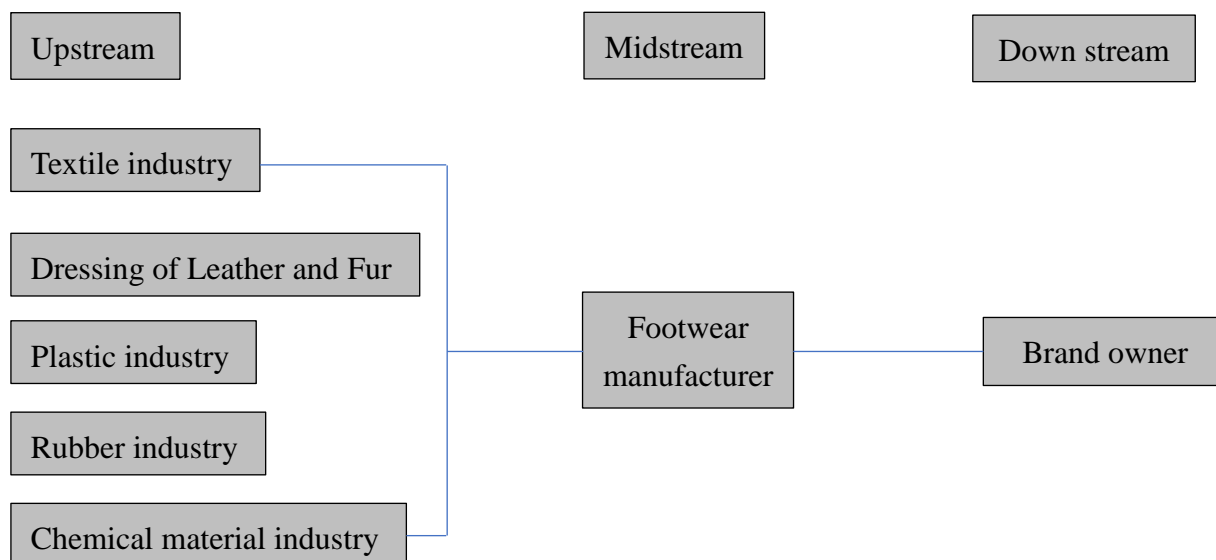
1.1 Production Overview

Manufacture of footwear is a labor-intensive industry. Although machine has been widely used in shoe production, there are still many procedures that can't be replaced by automatic equipment. Therefore, richness of labor force and labor costs are always the prerequisite of investing plant establishment for shoe factories. Considering the raw materials supply, land resource and risk spreading, footwear manufacturing currently put South Eastern countries as main production areas.

1.2 Consumption Overview

Consumption area of global shoe market concentrated in developed countries and areas such as America and Europe. While in recent years, Asia market starts rising, becoming one of the fastest growing area.

b. Connection among the Upper, Middle, and Down Stream of the industry



Footwear industry can be distinguished from upstream which mainly supplies raw materials such as textile, leather and chemical materials. Different part of shoe materials needs to be produce by different raw materials, like sneakers with rubber sponge sole, EVA sponge sole, upper in synthetic leather, fabric or leather. Midstream is footwear manufacturer responsible for shoes type development and shoes production. Downstream is brand owner giving orders via OEM, ODM or OBM to shoes factory and then sell for customers by retail trade or agency.

The company is midstream professional footwear manufacturer for over 50 years. We have better ability of development and technique, global production scale and a steady relationship with clients, establishing a good competitive advantage in industry supply chain.

F. Expenses on research and development

Year	Amount	Percentage in consolidated operating revenue
2020	NT\$ 2,529,048 thousand	3.67%
2021	NT\$ 2,477,067 thousand	3.52%
2022	NT\$ 2,928,870 thousand	3.05%

G. Successfully developed techniques or products

- The development and production of the basketball footwear model, leading the key technology of the unique Formula 23 new compound core with hollowed IP midsole carrier to level up the function of light weight and responsive feedback.
- The development and production of the lightest basketball footwear model ever. first 3D laser sculpture in synthetic leather wrapped with midsole, forefoot & heel equipped with Zoom Air cushioning system, carbon shank provides the arch support and outstanding rebound, give consumers lightweight and speedy sensation.
- The development and production of the golf footwear model, initiate visible Zoom Air new design on forefoot, provide 18 holes comfortable walking. Integrated injection plate without receptacle, offer excellent traction and release sole pressure at the same time.
- The development and production of the athlete training shoes, providing excellent abrasion and traction by adopting TPU yarn and high sidewall rubber to wrap up foot on upper. With application of Inner plate and React foam, it gives Athlete stability and cushion during training.
- The development and production of the midsole which is bio-friendly and environmentally friendly. By adding natural rubber to the EVA formula, the elasticity and cushioning performance are increased. In addition to providing consumers with wearing comfort, the road feeling feedback is clearer when running, and it is also environmentally friendly.

H. Long-term and short-term business development plan

1. Plans for short-term development

- (1) Speed up the integration and develop automatic equipment, decreasing the demand of technique staffs on production line.
- (2) Keep improving production management and technique of each area to improve production efficiency. And develop the ability of India factories to undertake mid-to-high-end products.
- (3) Improve ability of producing high-difficult shoe types and prepare for automation in Vietnam factories by lean production and technique advancement.
- (4) Keep engage in new production technique, new products and development of automation, enhancing the development of important core ability.

2. Plans for long-term development

- (1) Keep ahead the ability of research development and design.
- (2) Keep focusing on developing business of footwear and relevant products.

5.2 Market and Sales Overview

A. Market Analysis:

The Company mainly produces sports shoes, the products are consumer goods for people's livelihood, so the sales area is very wide, mainly including America, Europe, Asia and emerging markets, etc.

The main client of the company, NIKE, currently takes over one third in global sports shoes market, and the market share is much higher than other competitors. The company is NIKE's long strategic supplier, taking around one sixth in volume of shipment.

The market demand for sports shoes mainly grows with the increase of population and per capita income. In recent years, the rise of health awareness and the popularity of sports, consumers' demand for sports shoes has increased, and the sports shoes market is expected to maintain a growth trend.

B. Niche for competition and the advantage, disadvantage and the responding measure for future development:

a. Niche for competition and the advantage for future development

(1) Ahead technique ability

The company represents the pioneer of technique in our footwear manufacturing, which has already devoted to footwear production area for over 50 years. We have over one thousand product development project managers, professional engineers and sample production technicians, providing products with high quality and high technique ability. Also we keep improve the added value and sophistication of products in order to deepen the relationship with long-term cooperation clients.

(2) Advantage of multinational production

The company started to expand overseas production base from 1988, establishing plants in China, Indonesia, Vietnam and India successively. We use technique and cost advantage to provide sophisticated and price competitive products to clients, bringing operation advantage of satisfying clients' demands, spreading regional economic and political risks .

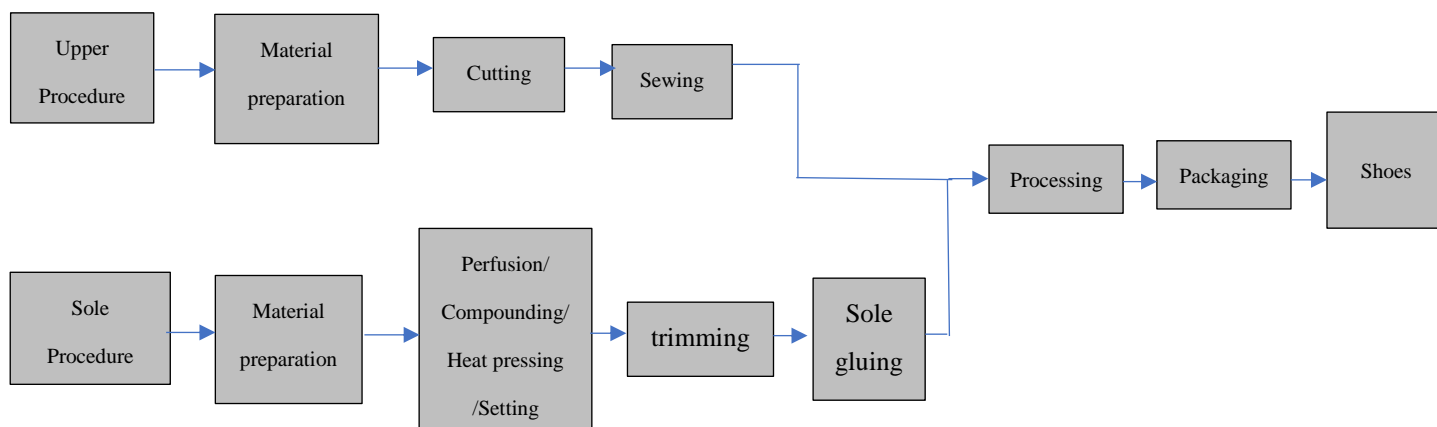
(3) Scope of economy and ability of production management

The company puts emphasis on scope and management of production and improvement of production ability. We take steady expansion strategy every year and improve our production management and ability by talent cultivation, procedure innovation and improvement of automation and molding technique. In 2022, production volume of the company's shoes achieved over 134 million pairs. Under the economic scale benefit and advantage of production management, the costs and quality of production are much competitive.

b. Disadvantage and the responding measure for future development

Recent years, disadvantage such as continuous raising in factory's labor wage in each area, potential labor shortage in partial area and gradual increase in concession costs, causes the raising of company operation costs. The company will keep focus on promoting production efficiency, promoting better procedure and improving the procedure, and continuously conduct R&D of automatic production in response.

5.3 Production process of the main products



5.4 Important application of the main products

The company's footwear products are suitable in sports like basketball, baseball, football and golf, or wearing in casual situation; we also produce equipment such as soccer balls, golf balls, ice hockey, backpacks and handbags used for sports or casual situation.

5.5 Supply of the major materials in the last fiscal year

Major Material	Main Source of Supply	Percentage % of Total Purchase Amount
Leather	China, Taiwan	23%
Chemical materials	USA, Taiwan	17%
Shoelace, eyelet and accessory	USA, Taiwan	17%
Textile	Taiwan, Korea	10%
Air bag and materials for soft sole	USA	9%
Materials	Taiwan, Korea	8%
Packing supplies	USA, Taiwan	7%
Semi-finished shoes and sponge	China, Vietnam	6%

5.6 Major suppliers and customers accounting for above 10% (inclusive) of purchases / sales in recent two years and its amount and percentage

A. Suppliers accounting for above 10% (inclusive) of purchases:

(unit: NT\$ thousand)

Item	2021				2022			
	Name	Amount	Ratio of Total Purchase	Relation with issuer	Name	Amount	Ratio of Total Purchase	Relation with issuer
1	Company A	5,882,432	18%	—	Company A	8,058,162	19%	—
2	Others	26,436,680	82%	—	Others	34,540,903	81%	—
	Total Purchase	32,319,112	100%	—	Total Purchase	42,599,065	100%	—

B. Customers accounting for above 10% (inclusive) of sales:

(unit: NT\$ thousand)

Item	2021				2022			
	Name	Amount	Ratio of Total Sales	Relation with issuer	Name	Amount	Ratio of Total Sales	Relation with issuer
1	Company A	61,199,404	87%	—	Company A	81,603,427	85%	—
2	Others	9,150,460	13%	—	Others	14,299,497	15%	—
	Total Sales	70,349,864	100%	—	Total Sales	95,902,924	100%	—

C. Production in the most recent two years:

(unit: million pairs/ NT\$ thousand)

Production Main products	Year	2021			2022		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Shoes		138	111	52,573,404	149	134	69,673,458
Other		—	—	1,849,242	—	—	2,915,058
Total		138	111	54,422,646	149	134	72,588,516

D. Sales value in the most recent two years:

(unit: million pairs/ NT\$ thousand)

Sales Main products	Year	2021				2022			
		Domestic sales		Export		Domestic sales		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Shoes		3	3,793,128	111	64,432,529	4	4,431,839	130	87,270,440
Other		—	30,556	—	2,093,651	—	32,882	—	4,167,763
Total		3	3,823,684	111	66,526,180	4	4,464,721	130	91,438,203

5.7 Employee information in recent two years and up to the date of publication of annual report

(Note)

Year		2021/12/31	2022/12/31	Up to at March 31, 2023
Number of Employees		136,763	144,043	136,253
Average Age		34.63	33.43	33.93
Average Year of Service		6.56	6.22	6.36
Degree Distribution Ratio(%)	Ph.D.	0.00%	0.00%	0.00%
	Masters	0.86%	0.76%	0.84%
	College	13.08%	11.69%	11.32%
	Senior High School	29.70%	25.60%	39.59%
	Under Senior High School	56.36%	61.94%	48.25%

Note: include the number of employees of the company and subsidiaries of consolidated financial statements.

5.8 Disbursements for environmental protection

Any loss suffered by the company due to environmental pollution and the estimated amount of potential loss at present and in the future and the reactive measures in the most recent year and up to the date of publication of annual report: No significance.

5.9 Labor relations

A. List all employee benefit measures, opportunities for professional development and training, pension system, and the situation of their implementation, and any negotiations between employer and employees and any measures to safeguard employees' interests:

a. Employees' welfare and its implementation:

- (1) The initial emolument of all companies in the enterprises is higher than the lowest wage by local laws.
- (2) The headquarters of the company distribute year-end bonus according to profit every year, sharing business result with employees; we also give each kind of bonus (like performance bonus and encouragement bonus) to reward substantial contribution by specific employees. Besides, to encourage employees' long-term engagement and continuous contribution, we give travel allowance to employees who worked for over eight years, and reward employees who worked over 25 years in our annual factory celebration.
- (3) The company implemented "Improvement Proposal system" in China, Indonesia, Vietnam and India area and distributed bonus to proposers whose proposals were adopted. Besides, we also established "reward of the best production improvement" to encourage employees to improve and innovate and create value for the company. Award recipients will be invited to company headquarters for annual factory celebration to receive awards.
- (4) All companies of the group comply with local laws, providing employees proper insurance and right for rest.
- (5) The company established employee kindergarten in Taiwan, China and Vietnam and nursery center in India.
- (6) There is employee welfare committee in company headquarters. The funds mainly used in employee new year cash gift, emergency help, activities for departments, travel allowance,

end-year celebration, on-job educational lectures and club activities allowance.
Please refer to the company’s “2022 Sustainability Report” Chapter Five, “5.3 Workers’ Treatment and Rights Protection” for implementation.

b. Professional development and training for employees

- (1) Feng Tay plans a completed educational system for employees to achieve the goals of management and professional talent cultivation and grow together with the company.
- (2) From new-in employees to management, the company provides proper professional courses based on the need of work knowledge in different department and period.
- (3) The company keeps cultivate internal lecturer and invites external lecturer regularly and provides subsidy to employees for external trainings.
- (4) The following is 2022 employees trainings in each region:

(unit: number of people, hour)

Region Item	Taiwan	China	Indonesia	Vietnam	India	Total
Total number of training people	16,594	193,212	809,814	314,161	644,561	1,978,342
Total training hours	58,949	422,915	695,151	2,042,323	1,500,926	4,720,265

Please refer to the company’s “2022 Sustainability Report” Chapter Five, “5.4 Talents Cultivation and Career Development, for implementation and result” for implementation.

c. Pension system and its implementation

Employee retirement application and payment standards of the company’s headquarters are followed by Labor Standards Act and labor pension regulations. Pension ratio in defined contribution plan (new pension version) is 6%; ratio in define benefit plan (old pension version) becomes 2%~15%.

The subsidiaries hold regulations for employee retirement, which calculates payment of employee retirement according to employees’ seniority and average wage.

d. Condition of measures to safeguard employees’ interests

(1) Employment relations

Feng Tay strictly complies with the labor laws in each area when hiring employees. We hire local employees first and migrant workers and child labors under 18 years old are prohibited to be hired.

(2) Right to work protection

Feng Tay protects the right to work of all employees, definitely following local laws.

(3) Strategy of non-discrimination

Feng Tay takes work ability as hiring and payment standards, which is the same as the afterward performance, promotion and award and punishment.

(4) Standards of initial emolument

Feng Tay provides high level, competitive salary in order to reward employees for creating performance and long-term contribution.

Please refer to the company’s “2022 Sustainability Report” Chapter Five, “5.3 Workers’ Treatment and Rights Protection” for implementation.

e. Work environment and safety

The Group provides a safe friendly work environment. There is Environmental Safety and Health Committee in company headquarters and each factory. The committee holds at least one meeting each month, reviewing work injury and prevention measures in factories and safety guide, and conducts environmental safety and health check in work places each quarter to improve the safety of work environment. The company’s work injury rate of 2022 decreased 22% from previous year, and carried out an employee environmental safety and health education and training with total 1,322 people. Total of training hours were 1,276 hours and completed 26 kinds of machines protection upgrades with total 5,795 machines. Please refer to the company’s “2022 Sustainability Report”

Chapter Five, “ 5.5 Relieved Workplace Environment” for implementation of working environment and safety.

- B. Any loss suffered by the company due to labor disputes and the estimated amount of potential loss at present and in the future and the reactive measures in the most recent year and up to the date of publication of annual report: No significance.

5.10 Cyber Security Management :

- A. The Company's Cyber security management framework, Cyber security policies, management plan and investments in resources for cyber security:

- a. Cyber security management framework:

The company established IT department for company management and improvement for information development, security policy and information system. The auditor would conduct information security audit regularly and check the condition of access rights and information security management system in order to ensure the normal operation of information system. And the company set up a dedicated unit for information security in 2022 to strengthen information security protection capabilities and reduce information security risks.

- b. Cyber security policy:

In the management of information security risk control, the company established information security management system, and stipulated information security regulations such as “computerized information processing control system”, “Regulations of system for electronic information access to official specific website” and “Rules of domain names, email address and MIS/PIS address management” to ensure the company’s information security by strictly controlling the confidentiality/integrity of information assets, Internet control, and prevent unauthorized data modification or system access, etc. .

- c. Cyber security management plan and investments in resources for cyber security:

(1)Internet Information Security Control: IT department supervises internet status, prevents unauthorized access, and checks and evaluates regularly possible security weakness of internet to take protection measure.

(2)Data access control: regularly update system passwords, access authority control, print output data control, information equipment access control, prohibit the use of USB storage devices, etc.

(3)All new-in employees need to take relevant basic trainings of email and information system first and then allowed to allocate the address in order to ensure the concept of information security enter into daily routine.

(4)Appointed professional institution conducted information security examination and maturity evaluation in 2020, and reported to the Board of Director.

(5)Set up a Chief Information Security Officer and a dedicated unit for information security in 2022.

- d. Implementation of information security management in 2022

(1)Join the Taiwan Computer Network Crisis Management and Coordination Center (TWCERT) and the Taiwan Information Security Executive Alliance. Receiving threat information non-regular and repairing the weaknesses of threats in time.

(2)Participated in the information security health consultation, which was information security protection strengthening service of the Industry Office for backbone enterprises. The rating of the overall information security capability was higher than the industry average.

(3)Set up an information security publicity area to publicize phishing email cases to employee.

(4)Trained 2 dedicated personnel, who obtained ISO27001 information security auditor certification, participated in external information security education training/seminars 8 times totally to enhance personnel information security functions.

(5)Information security meetings are held regularly to track and review audit improvements and implementation of information security projects.

(6)Track the core system of the group to perform weak scanning operations and repair medium and high risks to ensure the security of system.

(7)Track all computers of the Group are installed with anti-virus software and virus code updates to reduce the risk of attacks.

(8)Check the group computer software inventory non-regular to ensure the compliance and safety of software usage.

(9)Check the computer account permission settings non-regular to avoid the risk of improper use of permissions.

(10)Regular inspect the computerized information processing control system and the implementation of information security maintenance operations to prevent unauthorized access to data.

B. Losses Related to Cyber Security for the Most Recent Year and Up To the Publication Date of this Annual Report: None.

5.11 Important Contracts

Types of contract	Involved parties	Date of contract	Major content	Restrictions
Long-term trade contract	Feng Tay Nike Global Trading Pte. Ltd.& Nike Trading Co., B.V.	From February 2011	Develop and manufacturing regulations for Nike brand shoes	Follow the rules of contract
Long-term trade contract	Feng Tay Nike Global Trading B.V. Singapore Branch & Nike Trading Co., B.V.	From June 2016	Develop and manufacturing regulations for Nike brand shoes	Follow the rules of contract
loan contract	Feng Tay China Trust Bank	2022.06 ~ 2023.06	Amount: NT\$ 3,000,000,000 dollars. Duration: 1 year (Note 1)	Follow the rules of contract
loan contract	Feng Tay First Commercial Bank	2022.06 ~ 2023.06	Amount: NT\$ 1,500,000,000 dollars. Duration: 1 year	Follow the rules of contract
loan contract	Feng Tay Taipei Fubon Bank	2022.05 ~ 2023.05	Amount: NT\$ 2,000,000,000 dollars. Duration: 1 year (Note 2)	Follow the rules of contract
loan contract	Feng Tay E.Sun Bank	2022.04 ~ 2023.04	Amount: NT\$ 1,500,000,000 dollars. Duration: 1 year	Follow the rules of contract
loan contract	Feng Tay Hua Nan Bank	2022.06 ~ 2023.06	Amount: NT\$ 1,000,000,000 dollars. Duration: 1 year	Follow the rules of contract
loan contract	Cheyyar SEZ Developers Private Ltd. State Industries Promotion Corporation of Tamil Nadu Limited	From November 2014 (Note 3)	Amount: INR 500,000,000 dollars. (non-revolving) Duration: 7 years	Follow the rules of contract
		From July 2019 (Note 3)	Amount: INR 200,000,000 dollars. (non-revolving) Duration: 6 years	Follow the rules of contract
loan contract	Lotus Footwear Enterprises Ltd. China Trust Bank	2022.09 ~ 2024.09	Amount: US\$ 35,000,000 Duration: 2 years	Follow the rules of contract
loan contract	Lotus Footwear Enterprises Ltd. DBS bank	2022.09 ~ 2024.09	Amount: US\$ 45,000,000 Duration: 2 years	Follow the rules of contract

Note 1 : Including a 24-month amount of NT\$ 1,500,000,000 dollars.

Note 2 : Including a 36-month amount of NT\$ 1,000,000,000 dollars.

Note 3 : Date of contract per the date approved by government.

VI. Overview of the company's financial status

6.1 Condensed Balance Sheet and Statements of Comprehensive Income for the last 5 years

A. Consolidated condensed balance sheet—based on IFRS

(Units: NT\$ thousands)

Year Item		Financial Summary for the last five years				
		2018	2019	2020	2021	2022
Current Assets		17,263,704	19,800,280	21,807,707	24,446,242	25,180,909
Property, plant and equipment		14,413,394	17,681,337	17,773,887	18,059,715	20,704,257
Intangible assets		372,134	373,553	378,242	401,207	420,583
Other assets		2,141,775	3,410,732	3,828,369	4,018,025	5,004,618
Total assets		34,191,007	41,265,902	43,788,205	46,925,189	51,310,367
Current liabilities	Before distribution	10,220,422	14,817,063	16,172,413	16,784,303	13,498,835
	After distribution	14,695,622	17,756,000	19,434,633	20,399,196	(Note)
Non-current liabilities		5,975,202	7,715,698	8,260,700	10,272,323	10,937,605
Total liabilities	Before distribution	16,195,624	22,532,761	24,433,113	27,056,626	24,436,440
	After distribution	20,670,824	25,471,698	27,695,333	30,671,519	(Note)
Equity attributable to the parent company		15,999,035	16,613,095	17,340,065	18,110,071	24,993,354
Capital stock		6,679,402	7,347,342	8,816,811	8,816,811	8,816,811
Capital surplus		53,664	49,429	50,025	50,916	51,160
Retained earnings	Before distribution	9,897,936	10,463,726	10,555,336	11,801,801	17,178,912
	After distribution	5,422,736	7,524,789	7,293,116	8,186,908	(Note)
Other equities		(631,967)	(1,247,402)	(2,082,107)	(2,559,457)	(1,053,529)
Non-controlling interest		1,996,348	2,120,046	2,015,027	1,758,492	1,880,573
Total equity	Before distribution	17,995,383	18,733,141	19,355,092	19,868,563	26,873,927
	After distribution	13,520,183	15,794,204	16,092,872	16,253,670	(Note)

Note: The distribution of earnings is to be resolved by the shareholders' meeting.

B. Consolidated condensed statement of comprehensive income—based on IFRS

(Units: NT\$ thousands)

Year Item		Financial Summary for the last five years				
		2018	2019	2020	2021	2022
Operating revenue		64,497,644	73,930,081	68,959,738	70,349,864	95,902,924
Gross profit		15,769,726	18,012,200	16,464,024	15,899,323	23,285,983
Operating profit or loss		7,327,919	8,379,818	7,069,301	6,377,165	11,346,097
Non-operating revenue and expense		1,325,986	1,405,757	577,030	550,730	2,128,370
Net profit before tax		8,653,905	9,785,575	7,646,331	6,927,895	13,474,467
Net profit of continuing department		5,869,099	7,003,772	5,592,171	5,161,733	9,764,273
Net profit (loss)		5,869,099	7,003,772	5,592,171	5,161,733	9,764,273
Other comprehensive income (after tax)		392,583	(1,222,298)	(1,253,835)	(549,458)	1,473,167
Total comprehensive income		6,261,682	5,781,474	4,338,336	4,612,275	11,237,440
Net profit (loss) attributable to parent company		5,262,739	6,230,779	4,878,868	4,541,841	9,081,733
Net profit (loss) attributable to non-controlling interest		606,360	772,993	713,303	619,892	682,540
Total comprehensive income attributable to parent company		5,669,006	5,093,495	3,665,311	4,032,137	10,497,932
Total comprehensive income attributable to non-controlling interest		592,676	687,979	673,025	580,138	739,508
EPS		7.88	8.48	5.53	5.15	10.30

C. Condensed parent-company-only balance sheet—based on IFRS

(Units: NT\$ thousands)

Year Item		Financial Summary for the last five years				
		2018	2019	2020	2021	2022
Current Assets		2,654,540	3,546,484	10,945,681	14,198,560	14,400,200
Property, plant and equipment		2,289,644	2,618,635	2,804,624	3,033,385	3,067,882
Intangible assets		15,379	19,748	23,234	32,229	34,980
Other assets		19,034,515	21,358,191	20,035,808	18,557,216	22,915,253
Total assets		23,994,078	27,543,058	33,809,347	35,821,390	40,418,315
Current liabilities	Before distribution	4,734,777	6,819,450	12,407,947	12,453,882	10,247,983
	After distribution	9,209,977	9,758,387	15,670,167	16,068,775	Note
Non-current liabilities		3,260,266	4,110,513	4,061,335	5,257,437	5,176,978
Total liabilities	Before distribution	7,995,043	10,929,963	16,469,282	17,711,319	15,424,961
	After distribution	12,470,243	13,868,900	19,731,502	21,326,212	Note
Capital stock		6,679,402	7,347,342	8,816,811	8,816,811	8,816,811
Capital surplus		53,664	49,429	50,025	50,916	51,160
Retained earnings	Before distribution	9,897,936	10,463,726	10,555,336	11,801,801	17,178,912
	After distribution	5,422,736	7,524,789	7,293,116	8,186,908	Note
Other equities		(631,967)	(1,247,402)	(2,082,107)	(2,559,457)	(1,053,529)
Total equity	Before distribution	15,999,035	16,613,095	17,340,065	18,110,071	24,993,354
	After distribution	11,523,835	13,674,158	14,077,845	14,495,178	Note

Note: The distribution of earnings is to be resolved by the shareholders' meeting.

D. Condensed parent-company-only statement of comprehensive income—based on IFRS

(Units: NT\$ thousands)

Year Item		Financial Summary for the last five years				
		2018	2019	2020	2021	2022
Operating revenue		21,717,380	27,253,076	54,139,063	68,509,407	92,672,657
Gross profit		3,751,042	4,380,791	5,964,973	6,906,753	9,946,421
Operating profit or loss		696,649	893,889	2,056,324	2,865,832	4,869,461
Non-operating revenue and expense		6,081,011	6,730,643	3,701,508	2,317,107	6,169,079
Net profit before tax		6,777,660	7,624,532	5,757,832	5,182,939	11,038,540
Net profit of continuing department		5,262,739	6,230,779	4,878,868	4,541,841	9,081,733
Net profit (loss)		5,262,739	6,230,779	4,878,868	4,541,841	9,081,733
Other comprehensive income (after tax)		406,267	(1,137,284)	(1,213,557)	(509,704)	1,416,199
Total comprehensive income		5,669,006	5,093,495	3,665,311	4,032,137	10,497,932
EPS		7.88	8.48	5.53	5.15	10.30

6.2 Names of CPAs in the most recent 5 years and audit opinion

Year	CPA	Audit Opinion
2018	Ying-Ju Chen, Wan-Wan Lin	unqualified opinions
2019	Ying-Ju Chen, Wan-Wan Lin	unqualified opinions
2020	Ying-Ju Chen, Wan-Wan Lin	unqualified opinions
2021	Ying-Ju Chen, Rou-Lan Kuo	unqualified opinions
2022	Rou-Lan Kuo, Shu-Ling Lien	unqualified opinions

6.3 Financial analysis for the last 5 years

A. Consolidated Financial Analysis—based on IFRS

Item		Year	Financial Analysis for the last five years				
			2018	2019	2020	2021	2022
Financial structure %	Liabilities to total assets		47.37	54.60	55.80	57.66	47.62
	Long-term capital to property, plant and equipment		166.31	149.59	155.37	166.90	182.63
Solvency %	Current ratio		168.91	133.63	134.85	145.65	186.54
	Quick ratio		100.55	78.59	80.26	85.50	112.75
	Interest earned ratio(times)		13,146.90	7,214.77	6,155.24	4,712.75	8,024.27
Operating Performance	Receivables turnover (times)		11.47	11.59	9.82	8.80	11.04
	Average collection period		31.82	31.49	37.16	41.47	33.06
	Inventory turnover (times)		8.00	8.35	6.93	6.27	7.85
	Payables turnover (times)		14.04	13.61	10.71	11.74	18.38
	Average days in sales		45.62	43.71	52.66	58.21	46.49
	Property, plant and equipment turnover (times)		4.52	4.61	3.89	3.93	4.95
	Total assets turnover (times)		1.98	1.96	1.62	1.55	1.95
Profitability	ROA (%)		18.13	18.82	13.37	11.63	20.13
	ROE (%)		35.12	38.14	29.36	26.32	41.78
	Income before tax to paid-in capital (%)		129.56	133.19	86.72	78.58	152.83
	Profit margin (%)		9.10	9.47	8.11	7.34	10.18
	EPS (NT\$)		7.88	8.48	5.53	5.15	10.30
Cash flow	Cash flow ratio (%)		83.13	63.38	51.06	10.46	124.82
	Cash flow adequacy ratio (%)		105.55	99.27	96.29	77.51	107.52
	Cash reinvestment ratio (%)		21.39	17.90	17.60	(8.05)	34.84
Leverage	Operating leverage		4.24	4.33	5.04	5.58	4.24
	Financial leverage		1.01	1.02	1.02	1.02	1.01

Explanation of reasons for changes in each financial rate in the most recent two years.(no analysis is necessary when the ratio of change is under 20%)

- Each financial rate in 2022 consolidated financial statements soared than that in precious year, mainly due to the obvious growth of operating income and net income by the relief of the COVID-19, the growth of orders from client and factories resumed normal production.

Formula illustration:

1. Financial structure

- (1) Liabilities to total assets = Total liabilities/total assets
- (2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities)/ property, plant and equipment, net

2. Solvency

- (1) Current ratio = current assets/ current liabilities
- (2) Quick ratio = (current assets-inventory-prepayment)/current liabilities
- (3) Interest earned ratio = net income before tax and interest expenses /interest expenses in the current period

3. Operating performance

- (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance (gross) of average accounts receivable (including accounts receivable and notes receivable resulting from operation)
- (2) Average collection period = 365 /accounts receivable turnover
- (3) Inventory turnover = sale cost/average inventory
- (4) Payables (including accounts payable and notes payable resulting from operation) turnover = cost of sales / balance (gross) of average accounts payable (including accounts payable and notes payable resulting from operation)
- (5) Average days of sales = 365/inventory turnover
- (6) property, plant and equipment turnover = net sales/average property, plant and equipment, net
- (7) Total assets turnover rate = net sales/average total assets

4. Profitability

- (1) ROA = [net income after tax + interest expense*(1-tax rate)]/average total assets.
- (2) ROE = net income after tax/average total equity
- (3) Profit margin = net income /net sales
- (4) Earnings per Share = (net income attributable to parent company – dividends from preferred shares)/weighed average quantity of outstanding shares

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities/current liabilities
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years/ (capital expenditure + increase in inventory + cash dividends) in the most recent five years
- (3) Cash reinvestment ratio = (Net cash flow from operating activities-cash dividends) (gross of property, plant and equipment + long-term investment+ other non-current assets+ working capital)

6. Leverage:

- (1) Operating leverage = (Net operating revenue-variable operating costs and expenses)/operating income
- (2) Financial leverage=Operating income/ (operating income-interest expenses)

B. Financial Analysis(Parent Company Only) —based on IFRS

Item		Year	Financial Analysis for the last five years				
		2018	2019	2020	2021	2022	
Financial structure %	Liabilities to total assets	33.32	39.68	48.71	49.44	38.16	
	Long-term capital to property, plant and equipment	841.15	791.39	763.08	770.34	983.43	
Solvency %	Current ratio	56.06	52.01	88.22	114.01	140.52	
	Quick ratio	52.63	49.30	86.39	112.61	139.21	
	Interest earned ratio(times)	56,255.64	85,179.35	39,639.63	30,500.51	41,719.89	
Operating Performance	Receivables turnover (times)	10.51	10.24	8.35	6.18	7.65	
	Average collection period	34.73	35.64	43.69	59.06	47.73	
	Inventory turnover (times)	152.76	206.25	617.32	806.73	805.97	
	Payables turnover (times)	9.52	10.36	9.79	9.11	12.88	
	Average days in sales	2.38	1.76	0.59	0.45	0.45	
	Property, plant and equipment turnover (times)	9.73	11.10	19.97	23.47	30.38	
	Total assets turnover (times)	0.96	1.06	1.76	1.97	2.43	
Profitability	ROA (%)	23.30	24.20	15.94	13.09	23.87	
	ROE (%)	35.47	38.21	28.74	25.62	42.14	
	Income before tax to paid-in capital (%)	101.47	103.77	65.31	58.78	125.20	
	Profit margin (%)	24.23	22.86	9.01	6.63	9.80	
	EPS (NT\$)	7.88	8.48	5.53	5.15	10.30	
Cash flow	Cash flow ratio (%)	19.34	1.58	0.95	(19.62)	75.75	
	Cash flow adequacy ratio (%)	25.44	15.69	9.45	(5.94)	48.93	
	Cash reinvestment ratio (%)	(12.73)	(21.39)	(13.38)	(19.77)	12.78	
Leverage	Operating leverage	6.14	5.56	2.95	2.35	1.96	
	Financial leverage	1.02	1.01	1.01	1.01	1.00	
Explanation of reasons for changes in each financial rate in the most recent two years.(no analysis is necessary when the ratio of change is under 20%)							
<ul style="list-style-type: none"> Each financial rate in 2022 parent-company-only financial statements soared than that in precious year, mainly due to the obvious growth of operating income and net income by the relief of the COVID-19, the growth of orders from client and factories resumed normal production. 							

6.4 If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how the said difficulties will affect the company’s financial situation: None.

6.5 Audit Committee's Review Report

Audit Committee's Review Report

The Company's 2022 Final Financial Statements (including consolidated financial statements) is appointed to the accountants, Rou-Lan, Kuo and Shu-Ling, Lien of The CPA firm of KPMG to audit and raise the audit report. The financial report which is claimed to express the company's financial status, operation result and cash flows have been reviewed along with the Business Report and earnings allocation proposal, and are determined to be correct and accurate by the Audit Committee. According to the Company Act and regulations of the articles of association, we hereby submit this report.

2023 Annual Shareholders' Meeting

Feng Tay Enterprises Co., Ltd.

Chair of the Audit Committee: Yu-Sheng, Lu

March 14, 2023

VII. The review and analysis of the company's financial position and financial performance as well as assessment of risks

7.1 Financial Status

(Units: NT\$ thousands)

Year	2021	2022	Amount Variance	Ratio Variance (%)
Current Assets	24,446,242	25,180,909	734,667	3%
Long-term investment	719,726	1,051,389	331,663	46%
Property, plant and equipment	18,059,715	20,704,257	2,644,542	15%
Intangible assets	401,207	420,583	19,376	5%
Other assets	3,298,299	3,953,229	654,930	20%
Total assets	46,925,189	51,310,367	4,385,178	9%
Current liabilities	16,784,303	13,498,835	(3,285,468)	(20%)
Non-current liabilities	10,272,323	10,937,605	665,282	6%
Total liabilities	27,056,626	24,436,440	(2,620,186)	(10%)
Capital stock	8,816,811	8,816,811	-	0%
Capital surplus	50,916	51,160	244	0%
Retained earnings	11,801,801	17,178,912	5,377,111	46%
Other equities	(2,559,457)	(1,053,529)	1,505,928	(59%)
Total equity attributable to owners of parent	18,110,071	24,993,354	6,883,283	38%
Non-controlling interests	1,758,492	1,880,573	122,081	7%
Total equity	19,868,563	26,873,927	7,005,364	35%

(1) The data above is edited according to Feng Tay Enterprises Co., Ltd and its subsidiaries consolidated financial report.

(2) Explanation of significant changes (when the change is over 20 percent and the amount of change amounts to NT 50 million dollars):

- a. Long-term investment increased mainly because of the growth of profit in investments accounted for using equity method.
- b. Other assets increased mainly because of the increase in prepayment for construction, right-of-use and deferred tax asset.
- c. Current liabilities decreased mainly because of the significant reduction in short-term bank loan amounts around NT 5.86 billion.
- d. Retained earnings increased mainly because of the obvious growth of profit in 2022.
- e. Other equities (minus value) decreased mainly because of the currency depreciation of TWD against USD, result in the decrease of exchange differences on translation of foreign financial statements (minus value).

(3) Impact of significant changes: None.

(4) The company's responsive measures in the future: Not Applicable.

7.2 Financial Performance

(Units: NT\$ thousands)

Item	Year	2021	2022	Amount Variance	Ratio Variance (%)
Operating revenue		70,349,864	95,902,924	25,553,060	36%
Operating cost		54,450,541	72,616,941	18,166,400	33%
Gross profit		15,899,323	23,285,983	7,386,660	46%
Operating expenses		9,522,158	11,939,886	2,417,728	25%
Operating profit		6,377,165	11,346,097	4,968,932	78%
Non-operating revenue and expense		550,730	2,128,370	1,577,640	286%
Net profit before tax		6,927,895	13,474,467	6,546,572	94%
Income tax expense		1,766,162	3,710,194	1,944,032	110%
Net profit		5,161,733	9,764,273	4,599,071	89%
Net Income attributable to:					
Owners of the parent		4,541,841	9,081,733	4,536,431	100%
Non-controlling interests		619,892	682,540	62,648	10%

- (1) The data above is edited according to Feng Tay Enterprises Co., Ltd and its subsidiaries consolidated financial report.
- (2) Explanation of significant changes (when the change is over 20 percent and the amount of change amounts to NT 50 million dollars): Change of financial performance in 2022, mainly due to the obvious growth of operating revenue and net income by the relief of the COVID-19, the growth of orders from client and factories resumed normal production.
- (3) The expected number of sales and its accordance: The Group expands the production capacity of shoes by approximately 7% ~ 10% every year to meet customer order demands.
- (4) Possible impact on the financing business of the Company and plan of responsive matters from financial performance in the most recent two fiscal years: No significant impact.

7.3 Analysis of Cash Flow

A. Changes of cash flow in this year (2022)

(Units: NT\$ thousands)

Cash balance – beginning of the period	Cash flow of operating activities throughout the year	Amount of cash outflow throughout the year	Amount of surplus (shortage) of cash	Responsive measures with cash balance	
				Investment plan	Financing plan
3,820,459	16,849,065	15,593,429	5,076,095	—	—

1. Analysis of changes of cash flow in this year (2022):
 Cash inflow of operating activities is about NT\$ 16.85 billion: mainly from significant growth of operating revenue and profit in 2022.
 Cash outflow of investment activities is about NT\$ 4.87 billion: mainly used in capital expenditure.
 Cash outflow of fund raising activities is about NT\$ 10.93 billion: mainly from paying back bank loan of NT\$6.55 billion and using in cash dividend of shareholders of NT\$4.34 billion.
2. Responsive measures with cash balance and analysis of liquidity: No condition of shortage of cash.

B. Prediction on cash liquidity in the following year(2023):

The company maintains stable cash flow, prudently plans and controls various cash expenditures such as operating and capital expenditures.

7.4 Impact on finance and business by major capital expenditure items for the most recent fiscal year:

the capital expenditure of 2022 is all the investment the company required.

7.5 The company's investment policy for the most recent fiscal year, the main reasons for the profits or losses generated thereby, the plan for improving investment profitability, and investment plan for the coming year:

The company's investment strategy follows the management policy and development strategy which mainly focus in shoe manufacture, we expand new plants and production lines in response to the growth of order. The share of profit of associates accounted for using equity method of 2022 base on the consolidated financial statements is NT\$ 254 million dollars. The investment plan in the future will still go by our industry for long-term investment, and we will conduct carefully with changes of business environment to assure the company's operation for a long steady development.

7.6 Matters of Risk management evaluation for the most recent fiscal year

A. Organaization and operation of risk management:

Name of organization	Responsibility
Board of Directors	Board of Directors is the company's highest unit of risk management. It follows the laws and regulations, supervises the company's long-term operating policies, regular inspects of high-risk areas and scope, clearly understands the risks faced by operations, and ensures the effectiveness of risk management.
Audit Committee	One of the main purposes of the Audit Committee's operation is to supervise the management of the company's existing or potential risks, evaluate the effectiveness of the policies and procedures of the company's internal control system, and review the company's audit department, certified accountants, and management's regular report, including risk management and laws following.
Compensation Committee	In a professional and objective position, evaluate the company's remuneration policy and system of directors and managers, and make recommendations to the Board of Directors for reference in decision-making, and should not guide directors and managers to engage in behavior that exceed the company's risk appetite to pursuit remuneration.
Internal Audit	Plan an annual audit plan based on the risk assessment results and implemented, and submit the audit report and follow-up report to the Audit Committee. There is regular auditor in headquarters and each subsidiary to conduct audit on each operation.
President	1. Leading management team to report major risk matters to Board of Director. 2. Conduct cross-functional interaction and communication for risk management
General manager and deputy general manager of business division	1. Attend and supervise business management meeting of each division and conduct relevant activities of risk management like industry risk, operational risk and financial risk. 2. Reslove reponsive measure on possible risks.
Each department	1. Conduct operational level risk management activities. 2. Conduct operational level self-evaluation of internal control.
Law enforcement	Review legal documant such as each contract, official document and dispute and provide internal legal consultation to decrease law risk.

B. The effect on the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. The effect on the company's profits (losses):

Item	2022 (NT\$ thousands, %)
Net interest income(expense)	(105,171)
Net exchange gain(loss)	1,388,840
Operating income	95,902,924
Profit before tax	13,474,467
Percentage of net interest income(expense) in operating revenue	(0.11%)
Percentage of net interest income(expense) in profit before tax	(0.78%)
Percentage of net exchange gain(loss) in operating revenue	1.45%
Percentage of net exchange gain(loss) in profit before tax	10.31%

2. The sales of the Group is mainly denominated in US dollars, rapid changin exchange rate and costs of raw materials affect the short-term profit. Hence, the Group keeps monitoring the changes in market exchange rates and inflection timely to reduce the impact on profit.

C. The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transaction; the main reasons for the profits/ losses generated thereby; and response measures to be taken in the future:

The main business of the company is sneakers production. We don't do high-risk and highly leveraged investments and derivatives transaction. The company articles specified that it is not allowed to loan the company's capital to other parties and do endorsements and guarantees.

D. Research and development work to be carried out in the future, and further expenditures expected for research and development work:

The company keeps developing new type of shoes. There are over thousands of projects for shoes development per year. The company will keep improve product innovation in 2023, and enhance automation and molding technology to improve quality and efficiency. The estimated R&D expenditure is about 3% in operating revenue.

E. Effect on the Company's finance and business of important policies adopted and changes in the legal

environment at home and abroad, and measures to be taken in response:

The company concerns any international and domestic policy and law change that may affect company financial operations, and take timely countermeasures. There is no significant effect of law change on company's finance and business in 2022.

- F. Effect on the Company's financial operations of developments in science and technology (including cybersecurity risk) as well as industrial change, and the measures to be taken in response:

The company actively responds to and uses new technologies to promote the company's technological advancement, improvement and breakthrough, thereby enhancing the company's competitiveness.

The company has established a rigorous computer and network security management system to ensure information security and avoid impact or impact on the company's operations. In the recent year, there has been no major information security risk.

- G. Effect on the Company's crisis management of changes in the Company's corporate image, and the measure to be taken in response:

The Group continues to devote itself in corporate governance, employee rights, environmental protection and public welfare in order to maintain a good corporate image

- H. Expected benefits and possible risks associated with any merger and acquisitions: None.

- I. Expected benefits and possible risks associated with any plant expansion:

The Group will not only keep expand R&D investment in Taiwan but also expand new production lines in Vietnam, India and Indonesia area. Due to the growth of order for a long time, the company decided the plant expansion. The evaluation is all approved and resolved by Board of Director before we conduct abroad investment. The company concerned the benefit and possible risk, conducting carefully with the operational environment change.

- J. Risks associated with any consolidation of sales or purchasing operations:

The resource of the company's purchase is extensive. There is only one supplier takes over 10% in ratio of purchases and the percentage is not high so that there is no risk of intensive supply. Although over 80% of the sales come from the same client, the company stays in a long-term collaboration with the client, the orders grows steady in a long term, and average payments period also maintains stable, there is no risk exposure.

- K. The impact and risk brought by changes in directors, supervisors, or top-ten major shareholders possessing over 10 percent of outstanding stocks, transfer or change of a large number of shares: None.

- L. The impact and risk brought by changes in the Company's management right: None.

- M. Lawsuit events and non-contentious events should be specified the company's director, supervisor, general manager, actual owner, shareholders possessing over 10 percent of outstanding shares, and the affiliations involved in a lawsuit event, a non-contentious case, or an administrative lawsuit event which is convicted or still under the lineage. If the result may cause great impact on equity of shareholder or price of stock, the factual argument, value of target object, starting date of the lawsuit, involved parties, and treatment at present should be disclosed until the printing date of annual report:

For the year of 2011 to 2020, some of the company'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.

From 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.

- N. Other significant risks: None.

7.7 Other notable matters:

- A. A private placement of securities during the most recent year or during the current fiscal year up to the date of publication of the annual report: None.
- B. Possession or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- C. Other matters that require additional description: None.
- D. Any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders equity or the price of the company's securities which has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report shall be listed one by one: None.

VIII. Special Disclosure

8.1 Information related to the company's affiliates

A. Statement of Affiliates' Consolidated Business Report

Statement

In accordance with “Consolidated Business Report of Company’s Affiliates, Consolidated Financial Statements of Company’s Affiliates and Affiliates Report Editorial Standards”, the companies that should be included in consolidated financial statements of company’s affiliates in 2022 (from Jan 1st, 2022 to December 31, 2022) is the same with the company that should be edited in consolidated financial report of parent and subsidiaries according to International Financial Report Standard No. 10 approved by Financial Supervisory Commission. Related information that should be disclosed in consolidated financial report of company’s affiliates has all been disclosed in consolidated financial report of parent and subsidiaries. Hence, the consolidated financial report of company’s affiliates will not be specially prepared. Hereby statement.

Name of company: Feng Tay Enterprises Co., Ltd

Chairman: Chien-Hung Wang

Date: March 14th, 2023

B. General Information of the Company's Affiliates

(unit: US Dollars; Date of Information: December 31, 2022)

Name of company	Date of establishment	Place	Paid-in Capital	Main business or products
Growth-Link Overseas Co., Ltd.	1991/02/20	Bermuda	US\$ 27,513,036	Investment holding.
Great Eastern Industries Ltd.	2019/08/21	Hong Kong	US\$ 1,000,000	International trade services.
Great South Private Ltd.	2021/09/17	Singapore	SG\$ 800,000	Investment holding.
Fujian Da Feng Holdings Co., Ltd.	1993/09/08	Fujian, China	US\$ 27,000,000	Investment holding.
Fujian Wu Feng Department Store Co., Ltd.	1992/10/24	Fujian, China	US\$ 4,500,000	Wholesale and retail of general merchandise, and related services.
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	1988/10/27	Fujian, China	US\$ 15,000,000	Producing athletic shoes, semi-finished footwear, and footwear accessories.
Fujian Xiefeng Footwear Co., Ltd.	1989/06/02	Fujian, China	US\$ 15,000,000	Producing athletic shoes, semi-finished footwear, and footwear accessories.
Fujian San Feng Footwear Co., Ltd.	1992/01/27	Fujian, China	US\$ 15,000,000	Producing athletic shoes, semi-finished footwear, and footwear accessories.
Fujian Great Hope Footwear Co., Ltd.	1989/01/06	Fujian, China	US\$ 7,950,000	Production of athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.
Xie Feng Mold Co., Ltd. Putian, Fujian	1991/07/27	Fujian, China	US\$ 3,000,000	Manufacturing and repair of molds, cutting dies, shoe lasts, injections, and processing of metal parts.
Suzhou Yufeng Plastics Technology Co., Ltd.	2009/03/24	Jiangsu, China	US\$ 2,562,738	Manufacturing and processing of plastic products.
PT Feng Tay Indonesia Enterprises	1992/11/04	Indonesia	US\$ 27,000,000	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories.
PT Rich Valley Indonesia	2019/06/16	Indonesia	US\$ 31,062,158	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories.
Cheyar SEZ Developers Private Ltd.	2006/11/13	India	US\$ 103,968,351	Development in India's Industrial Park.
India Tindivanam Footwear Private Limited	2022/07/13	India	INR\$ 937,500,000	Manufacturing of athletic shoes, semi-finished footwear and footwear accessories.
Lotus Footwear Enterprises Ltd.	2006/09/05	B.V.I	US\$ 79,141,400	Investment holding business, and manufacturing and selling of athletic shoes.
East Wind Footwear Co., Ltd.	2010/06/25	B.V.I	US\$ 16,532,207	Investment holding and production of athletic shoes.
Fairway Enterprises Co., Ltd.	2014/11/26	B.V.I	US\$ 51,369,564	Investment holding and production of athletic shoes.
VX Holdings Ltd.	1997/01/16	B.V.I	US\$ 32,335,923	Investment holding.
Dona Victor Footwear Co., Ltd.	1994/08/13	Vietnam	US\$ 35,400,000	Producing of athletic shoes, semi-finished footwear, and footwear accessories.
Dona Pacific Holdings Ltd.	2000/02/11	B.V.I	US\$ 13,558,901	Investment holding and sale of athletic shoes.

Dona Pacific (Vietnam) Co., Ltd.	2000/06/16	Vietnam	US\$ 20,000,000	Producing athletic shoes, semi-finished footwear, and footwear accessories.
VX Mold Co., Ltd.	1999/04/22	B.V.I	US\$ 400,000	Investment holding.
Dona Victor Molds MFG Co., Ltd.	1999/11/08	Vietnam	US\$ 3,100,000	Manufacturing and repair of molds, cutting dies, and processing of metal parts.
Dona Orient Holdings Ltd.	2003/08/26	B.V.I	US\$111,593,053	Investment holding.
Vietnam Dona Orient Co., Ltd.	2003/10/13	Vietnam	US\$ 44,000,000	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories
Vietnam Dona Standard Footwear Co., Ltd.	2006/06/23	Vietnam	US\$ 75,700,000	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories.
Vung Tau Orient Co., Ltd.	2005/02/16	Vietnam	US\$ 28,000,000	Producing golf balls, soccer balls, backpack and bags.
Vietnam Nam Ha Footwear Co., Ltd.	2019/11/26	Vietnam	US\$ 43,000,000	Producing athletic shoes, semi-finished footwear, and footwear accessories.

C. Industry included by company's affiliates' business operation

The company mainly operates sneakers production and also concurrently engages in development and operations of casual shoes, inline skates, ice skates, snowboard boots, cycling shoes, golf balls, soccer balls, ice hockey helmets and clubs, shoe accessories, backpacks and bags, shoe molds and tooling.

D. Information of the same shareholders presumed as controlling and subordinate relationship: None.

E. Information of Each Affiliate's Directors, Supervisors and General Managers

(Date of Information: Dec. 31st, 2022)

Name of Company	Title	Name or representative	Shares in possession	
			Quantity (shares)	Shareholding ratio(%)
Growth-Link Overseas Co., Ltd.	Director	Feng Tay Enterprises Co., Ltd. Representative: Peter Dale Nickerson Chien-Hung Wang Chien-Rong Wang	6,000,000 -- -- --	100% -- -- --
	General Manager	Hung Chen	--	--
Great Eastern Industries Ltd.	Director	Feng Tay Enterprises Co., Ltd. Representative : Peter Dale Nickerson Chien-Rong Wang Bao-Ying Liang	1,000 -- -- --	100% -- -- --
	General Manager	Chia-Chieh Cheng	--	--
Great South Private Ltd.	Director	Feng Tay Enterprises Co., Ltd. Representative : Peter Dale Nickerson Chien-Rong Wang Wei-Chi Liu	800 -- -- --	100% -- -- --
	General Manager	Wei-Chi Liu	--	--
Fujian Da Feng Holdings Co., Ltd.	Director	Growth-Link Overseas Co., Ltd. Representative: Peter Dale Nickerson Chien-Rong Wang Chang-Hsing Chen Shi-Chung Yeh Bao-Ying Liang Yu-Wei Hu Yueh Liu	-- -- -- -- -- -- --	70% -- -- -- -- -- --
	General Manager	Ke-Wen Huang	--	--
Fujian Wu Feng Department Store Co., Ltd.	Director	Growth-Link Overseas Co., Ltd. Representative: Peter Dale Nickerson Chang-Hsing Chen Tsun-Tung Lin	-- -- -- --	50% -- -- --

Name of Company	Title	Name or representative	Shares in possession	
			Quantity (shares)	Shareholding ratio(%)
		Yueh Liu Hsi Chao	-- --	-- --
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Director	Fujian Da Feng Holdings Co., Ltd. Representative: Peter Dale Nickerson Chien-Rong Wang Chang-Hsing Chen Tung-Hsiao Huang Yueh Liu	-- -- -- -- --	100% -- -- -- --
	General Manager	Lin-Mei Shu	--	--
Fujian Xiefeng Footwear Co., Ltd.	Director	Fujian Da Feng Holdings Co., Ltd. Growth-Link Overseas Co.,Ltd. Representative: Peter Dale Nickerson Bao-Ying Liang Chang-Hsing Chen Tung-Hsiao Huang Yueh Liu	-- -- -- -- -- --	75% 25% -- -- -- --
	General Manager	Tung-Mei Li	--	--
Fujian San Feng Footwear Co., Ltd.	Director	Growth-Link Overseas Co.,Ltd. Fujian Da Feng Holdings Co., Ltd. Representative: Peter Dale Nickerson Chien-Rong Wang Chang-Hsing Chen Yueh Liu Yu-Wei Hu	-- -- -- -- -- --	40% 40% -- -- -- --
	General Manager	Hai-Yang Peng	--	--
Fujian Great Hope Footwear Co., Ltd.	Director	Growth Link Overseas Co.,Ltd. Fujian Lifeng Footwear Ind. Dev. Co., Ltd. Fujian Da Feng Holdings Co., Ltd. Xie Feng Mold Co., Ltd. Putian, Fujian Representative: Peter Dale Nickerson Chien-Rong Wang Chang-Hsing Chen Shi-Chung Yeh Yu-Wei Hu	-- -- -- -- -- -- -- --	55.67% 20.41% 13.92% 10% -- -- -- --
	General Manager	Hao-Feng Chang	--	--
Xie Feng Mold Co., Ltd. Putian, Fujian	Director	Growth-Link Overseas Co.,Ltd. Representative: Peter Dale Nickerson Bao-Ying Liang Chang-Hsing Chen Chen-Hai Chuan Yueh Liu	-- -- -- -- -- --	50.335% -- -- -- -- --
	General Manager	Deng-Feng Wang	--	--
Suzhou Yufeng Plastics Technology Co., Ltd.	Director	Fujian Lifeng Footwear Ind. Dev. Co., Ltd. Xie Feng Mold Co., Ltd. Putian, Fujian Fujian Great Hope Footwear Co., Ltd. Representative: Peter Dale Nickerson Chien-Rong Wang Yu-Wei Hu	-- -- -- -- -- --	45% 35% 20% -- -- --
	Supervisor	Chang-Hsing Chen	--	--
	General Manager	Jie-Yun Wang	--	--
PT Feng Tay Indonesia Enterprises	Director	Feng Tay Enterprises Co., Ltd. Representative: Peter Dale Nickerson Shi-Chung Yeh Bao-Ying Liang Hanny Warokka	53,900 -- -- -- --	99.81% -- -- -- --
	Supervisor	Tsung-Ta Lu	--	--
	General Manager	Erika Nirmala	--	--

Name of Company	Title	Name or representative	Shares in possession	
			Quantity (shares)	Shareholding ratio(%)
PT Rich Valley Indonesia	Director	Feng Tay Enterprises Co., Ltd.	439,990	99.99%
		Growth-Link Overseas Co., Ltd.	10	0.01%
Representative : Peter Dale Nickerson		--	--	
Hanny Warokka		--	--	
Bao-Ying Liang		--	--	
		Wei-Chi Liu	--	--
	Supervisor	Tsung-Ta Lu	--	--
Cheyyar SEZ Developers Private Ltd.	Director	Lotus Footwear Enterprises Ltd.	104,999,999	99.99% (Note)
		Representative : Peter Dale Nickerson	--	--
Bao-Ying Liang		--	--	
Wei-Chi Liu		--	--	
Sunil Taneja		--	--	
	General Manager	Arul Sambandam	--	--
India Tindivanam Footwear Private Limited	Director	Feng Tay Enterprises Co., Ltd.	88,000,000	93.87%
		Representative : Peter Dale Nickerson	--	--
Bao-Ying Liang		--	--	
Wei-Chi Liu		--	--	
Shi-Chung Yeh		--	--	
		Sunil Taneja	--	--
	General Manager	Deepalakshmy Janardhanan	--	--
Lotus Footwear Enterprises Ltd.	Director	Growth-Link Overseas Co., Ltd.	34,020	88.00%
		Representative : Peter Dale Nickerson	--	--
Chung-Che Tsai		--	--	
Bao-Ying Liang		--	--	
Wei-Chi Liu		--	--	
		Sunil Taneja	--	--
	General Manager	Wei-Chi Liu	--	--
East Wind Footwear Co., Ltd.	Director	Lotus Footwear Enterprises Ltd.	9,751	100%
		Representative : Peter Dale Nickerson	--	--
Chung-Che Tsai		--	--	
Bao-Ying Liang		--	--	
Wei-Chi Liu		--	--	
		Sunil Taneja	--	--
	General Manager	Wei-Chi Liu	--	--
Fairway Enterprises Co., Ltd.	Director	Lotus Footwear Enterprises Ltd.	29,501	100%
		Representative : Peter Dale Nickerson	--	--
Chung-Che Tsai		--	--	
Bao-Ying Liang		--	--	
Wei-Chi Liu		--	--	
		Sunil Taneja	--	--
	General Manager	Wei-Chi Liu	--	--
VX Holdings Ltd.	Director	Feng Tay Enterprises Co., Ltd.	38,280	47.259%
		Growth-Link Overseas Co., Ltd.	36,342	44.867%
Representative : Chien-Rong Wang		--	--	
Peter Dale Nickerson		--	--	
Hung Chen		--	--	
		Man-Hsiung Chen	--	--
	General Manager	Hung Chen	--	--
Dona Victor Footwear Co., Ltd.	Director	VX Holdings Ltd.	--	100%
		Representative : Chien-Rong Wang	--	--
Peter Dale Nickerson		--	--	
Hung Chen		--	--	
Man-Hsiung Chen		--	--	
	General Manager	Nguyen Thi My Linh	--	--
Dona Pacific Holdings Ltd.	Director	Growth-Link Overseas Co., Ltd.	23,000	92%
		Representative : Chien-Rong Wang	--	--
		Peter Dale Nickerson	--	--
	General Manager	Hung Chen	--	--

Name of Company	Title	Name or representative	Shares in possession	
			Quantity (shares)	Shareholding ratio(%)
Dona Pacific (Vietnam) Co., Ltd.	Director	Dona Pacific Holdings Ltd. Representative : Chien-Rong Wang Peter Dale Nickerson Tsun-Ta Lu Hung Chen	--	100%
	General Manager	Tra Lam Thao	--	--
VX Mold Co., Ltd.	Director	Growth-Link Overseas Co., Ltd. Representative : Chien-Rong Wang Peter Dale Nickerson	372,000	93%
	General Manager	Hung Chen	--	--
Dona Victor Molds MFG Co., Ltd	Director	VX Mold Co., Ltd. Representative : Chien-Rong Wang Peter Dale Nickerson Hung Chen	--	100%
	General Manager	Ngo Hoang Quan	--	--
Dona Orient Holdings Ltd.	Director	Feng Tay Enterprises Co., Ltd. Growth-Link Overseas Co., Ltd. Representative : Chien-Rong Wang Peter Dale Nickerson	44,753 64,483	40.97% 59.03%
	General Manager	Hung Chen	--	--
Vietnam Dona Orient Co., Ltd.	Director	Dona Orient Holdings Ltd. Representative : Chien-Rong Wang Peter Dale Nickerson Hung Chen	--	100%
	General Manager	Tran Vu Bich Hang	--	--
Vietnam Dona Standard Footwear Co., Ltd.	Director	Dona Orient Holdings Ltd. Representative : Chien-Rong Wang Peter Dale Nickerson Hung Chen	--	100%
	General Manager	Huynh Thi Phuong Loan	--	--
Vung Tau Orient Co., Ltd.	Director	Dona Orient Holdings Ltd. Representative : Chien-Rong Wang Peter Dale Nickerson Hung Chen	--	100%
	General Manager	Vu Thi Hoai Thanh	--	--
Vietnam Nam Ha Footwear Co., Ltd.	Director	Dona Orient Holdings Ltd. Representative : Chien-Rong Wang Peter Dale Nickerson Hung Chen	--	100%
	General Manager	Ngo Thanh San	--	--

Note: Total number of shares of Cheyyar SEZ Developers Private Ltd. is 105,000,000. There is one share possessed by Growth-Link Overseas Co., Ltd in order to comply with the rule at least two shareholders for Indian company accordingly.

F. Business Overview of Company's Affiliates

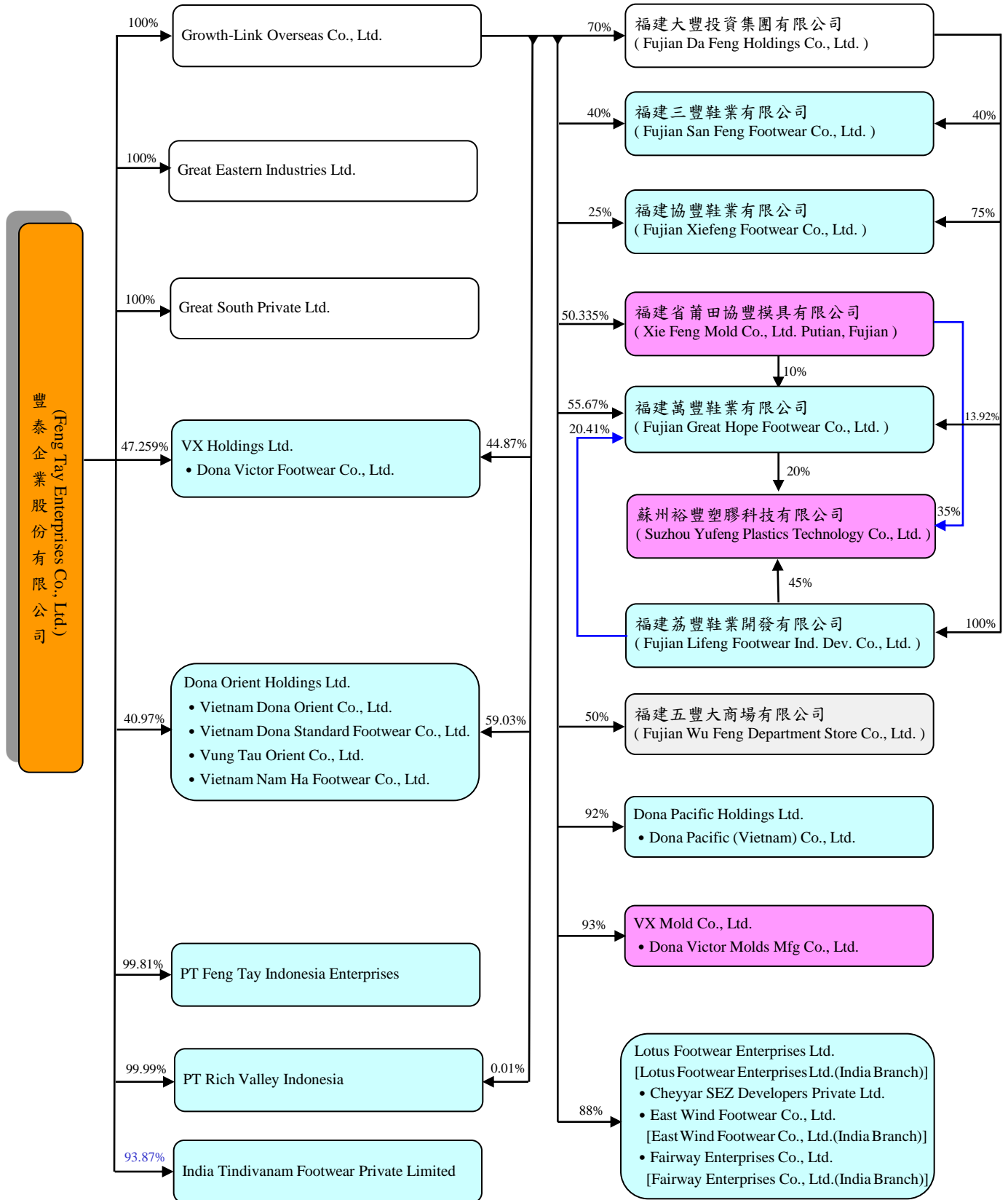
(unit: NT\$ thousands; Date of Information: January 1st, 2022~December 31, 2022)

Name of Company	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Net income (after tax)
Growth-Link Overseas Co., Ltd.	843,550	6,447,649	72,566	6,375,083	0	(127,301)	3,418,233
Great Eastern Industries Ltd.	30,660	77,130	38,266	38,863	114,961	4,436	5,963
Great South Private Ltd.	18,232	11,985	4,353	7,632	0	(13,878)	(9,833)
Fujian Da Feng Holdings Co., Ltd.	827,820	1,970,540	47,215	1,923,325	116,749	19,698	1,095,325
Fujian Wu Feng Department Store Co., Ltd.	137,970	50,453	1,201	49,252	28,652	(1,615)	1,238
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	459,900	1,888,731	1,130,260	758,471	4,933,214	580,535	536,604
Fujian Xiefeng Footwear Co., Ltd.	459,900	2,317,349	871,747	1,445,602	5,461,273	619,847	512,565
Fujian San Feng Footwear Co., Ltd.	459,900	1,433,185	651,100	782,085	4,446,527	474,789	335,762
Fujian Great Hope Footwear Co., Ltd.	243,747	975,555	420,153	555,402	1,577,072	187,476	175,239
Xie Feng Mold Co., Ltd. Putian, Fujian	91,980	660,617	160,078	500,539	1,003,737	316,295	279,357
Suzhou Yufeng Plastics Technology Co., Ltd.	78,574	529,070	178,609	350,460	1,027,236	221,783	118,877
PT Feng Tay Indonesia Enterprises	827,820	4,047,371	2,643,931	1,403,439	7,552,821	264,142	186,317
PT Rich Valley Indonesia	952,366	917,514	45,649	871,864	0	(2,254)	(12,457)
Cheyyar SEZ Developers Private Ltd.	3,187,670	2,913,274	508,024	2,405,249	332,871	10,980	(39,463)
Lotus Footwear Enterprises Ltd.	2,426,475	7,775,141	3,355,539	4,419,602	5,401,535	1,853	440,847
East Wind Footwear Co., Ltd.	506,877	2,017,743	1,158,892	858,852	4,969,414	377,500	230,332
Fairway Enterprises Co., Ltd.	1,574,991	3,565,991	1,692,870	1,873,121	5,574,105	186,107	307,450
VX Holdings Ltd.	991,419	2,105,558	236	2,105,322	0	(667)	460,653
Dona Victor Footwear Co., Ltd.	1,085,364	2,972,671	814,486	2,158,185	8,834,559	623,891	461,313
Dona Pacific Holdings Ltd.	415,716	1,344,547	226	1,344,321	0	(630)	559,183
Dona Pacific (Vietnam) Co., Ltd.	613,200	2,101,309	740,277	1,361,032	8,461,923	662,442	559,806
VX Mold Co., Ltd.	12,264	267,984	181	267,803	0	(621)	184,202
Dona Victor Molds MFG. Co., Ltd.	95,046	350,461	82,088	268,373	750,518	222,208	184,819
Dona Orient Holdings Ltd.	3,421,443	9,023,592	356	9,023,236	0	(798)	1,336,178
Vietnam Dona Orient Co., Ltd.	1,349,040	3,371,783	1,176,075	2,195,707	10,010,251	721,850	724,663
Vietnam Dona Standard Footwear Co., Ltd.	2,320,962	7,035,602	2,715,931	4,319,671	18,533,785	819,249	641,993
Vung Tau Orient Co., Ltd.	858,480	1,698,286	900,628	797,657	2,399,325	1,039	(13,344)
Vietnam Nam Ha Footwear Co., Ltd.	1,318,380	1,395,011	104,954	1,290,057	0	(12,210)	(17,788)

豐泰關係企業

Feng Tay Group

Information Date : 2022/12/31



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

Consolidated Financial Statements

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

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

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



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of The Group:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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



Description of the key auditor matter:

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

How the matter was addressed in our audit:

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



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

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

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

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



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

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

KPMG

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

Notes to Readers

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

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

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

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

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

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

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

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

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

See accompanying notes to consolidated financial statements.

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

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

	Equity attributable to owners of parent					Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements			
	Ordinary shares		Legal reserve	Special reserve	Unappropriated retained earnings				
Balance on January 1, 2021	\$ 8,816,811	50,025	4,676,373	1,247,402	4,631,561	(2,082,107)	17,340,065	2,015,027	19,355,092
Net profit	-	-	-	-	4,541,841	-	4,541,841	619,892	5,161,733
Other comprehensive loss	-	-	-	-	(33,156)	(476,548)	(509,704)	(39,754)	(549,458)
Total comprehensive income (loss)	-	-	-	-	4,508,685	(476,548)	4,032,137	580,138	4,612,275
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	450,002	-	(450,002)	-	-	-	-
Special reserve appropriated	-	-	-	834,705	(834,705)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,262,220)	-	(3,262,220)	-	(3,262,220)
Due to donated assets received	-	891	-	-	-	-	891	-	891
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	(802)	(802)	-	(802)
Changes in non-controlling interests	-	-	-	-	-	-	-	(836,673)	(836,673)
Balance on December 31, 2021	8,816,811	50,916	5,126,375	2,082,107	4,593,319	(2,559,457)	18,110,071	1,758,492	19,868,563
Net profit	-	-	-	-	9,081,733	-	9,081,733	682,540	9,764,273
Other comprehensive income (loss)	-	-	-	-	(89,729)	1,505,928	1,416,199	56,968	1,473,167
Total comprehensive income	-	-	-	-	8,992,004	1,505,928	10,497,932	739,508	11,237,440
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	450,868	-	(450,868)	-	-	-	-
Special reserve appropriated	-	-	-	477,350	(477,350)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,614,893)	-	(3,614,893)	-	(3,614,893)
Due to donated assets received	-	850	-	-	-	-	850	-	850
Changes in ownership interests in subsidiaries	-	(606)	-	-	-	-	(606)	22,329	21,723
Changes in non-controlling interests	-	-	-	-	-	-	-	(639,756)	(639,756)
Balance on December 31, 2022	\$ 8,816,811	51,160	5,577,243	2,559,457	9,042,212	(1,053,529)	24,993,354	1,880,573	26,873,927

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

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

(1) Company history

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

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

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

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

(Continued)

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

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

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

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

(4) Summary of significant accounting policies:

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

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

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

- (ii) Functional and presentation currency

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

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2022	December 31, 2021	
The Company	PT Feng Tay Indonesia Enterprises	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	99.81 %	99.81 %	PT Feng Tay Indonesia Enterprises was established in Indonesia in 1992, and has paid in capital of USD27,000,000.
The Company	Growth-Link Overseas Co., Ltd. (GLO)	Investment holding, selling of athletic shoes, and trading of footwear materials.	100.00 %	100.00 %	Growth-Link Overseas Co., Ltd. was established in Bermuda in 1991, and has paid in capital of USD27,513,036 (including share premium of USD27,453,036).
The Company & GLO	VX Holdings Limited (VXH)	Investment holding.	92.13 %	92.13 %	VX Holdings Limited was established in British Virgin Islands in 1997, and has paid in capital of USD32,335,923 (including share premium of USD32,254,923).
The Company & GLO	Dona Orient Holdings Limited (DOH)	Investment holding.	100.00 %	100.00 %	Dona Orient Holdings Limited was established in British Virgin Islands in 2003, and has paid in capital of USD111,593,053 (including share premium of USD111,483,817).
The Company & GLO	PT Rich Valley Indonesia	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	100.00 %	100.00 %	PT Rich Valley Indonesia was established in Indonesia in 2019, and has paid in capital of USD31,062,158.
The Company	Great Eastern Industries Limited	International trade services.	100.00 %	100.00 %	Great Eastern Industries Limited, was established in Hong Kong in 2019, and has paid in capital of USD1,000,000 (including share premium of USD999,000).

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2022	December 31, 2021	
The Company	Great South Private Limited	Investing holding.	100.00 %	100.00 %	Great South Private Limited was established in Singapore in 2021, and has paid in capital of SGD800,000.
The Company	India Tindivanam Footwear Private Limited	Manufactures athletic shoes, semi-finished footwear and footwear accessories.	93.87 %	- %	India Tindivanam Footwear Private Limited was established in India in 2022, and has paid in capital of INR937,500,000.
GLO	Fujian Da Feng Holdings Co., Ltd. (DF)	Investment holding.	70.00 %	70.00 %	Fujian Da Feng Holdings Co., Ltd. was established in Fujian Province, China in 1993, and has paid in capital of USD27,000,000.
DF	Fujian Lifeng Footwear Ind. Dev. Co., Ltd. (LF)	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Fujian Lifeng Footwear Ind. Dev. Co., Ltd. was established in Fujian Province, China in 1988, and has paid in capital of USD15,000,000.
GLO and DF	Fujian Xiefeng Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Fujian Xiefeng Footwear Co., Ltd. was established in Fujian Province, China in 1989, and has paid in capital of USD15,000,000.
GLO and DF	Fujian San Feng Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	80.00 %	80.00 %	Fujian San Feng Footwear Co., Ltd. was established in Fujian Province, China in 1992, and has paid in capital of USD15,000,000.
GLO, DF, LF and XM	Fujian Great Hope Footwear Co., Ltd.(GH)	Manufactures athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	100.00 %	100.00 %	Fujian Great Hope Footwear Co., Ltd. was established in Fujian Province, China in 1989, and has paid in capital of USD7,950,000.
GLO	Xie Feng Mold Co., Ltd. Putian, Fujian(XM)	Manufactures and repairs molds, cutting dies, shoe lasts, injections, and processing of metal parts.	50.34 %	50.34 %	Xie Feng Mold Co., Ltd. Putian, Fujian was established in Fujian Province, China in 1991, and has paid in capital of USD3,000,000.
LF, GH and XM	Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	100.00 %	100.00 %	Suzhou Yufeng Plastic Technology Co., Ltd., was established in Jiangsu Province, China in 2009, and has paid in capital of USD2,562,738.
GLO	Fujian Wu Feng Department Store Co., Ltd.	Wholesaler and retailer of general merchandise, and related services.	50.00 %	50.00 %	Fujian Wu Feng Department Store Co., Ltd. was established in Fujian Province, China in 1992, and has paid in capital of USD4,500,000.
GLO	Dona Pacific Holdings Limited (DPH)	Investment holding and sale of finished shoes.	92.00 %	92.00 %	Dona Pacific Holdings Ltd., was established in British Virgin Islands in 2000, and has paid in capital of USD13,558,901 (including share premium of USD13,533,901).
GLO	VX Mold Co., Ltd. (VXM)	Investment holding.	93.00 %	93.00 %	VX Mold Co., Ltd., was established in British Virgin Islands in 1999, and has paid in capital of USD400,000.
GLO	Lotus Footwear Enterprises Limited (LUH)	Investment holding business, and manufacturing and selling of finished shoes.	88.00 %	88.00 %	Lotus Footwear Enterprises Ltd., was established in British Virgin Islands in 2006, and has paid in capital of USD79,141,400 (including share premium of USD79,102,741).
VXH	Dona Victor Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Dona Victor Footwear Co., Ltd., was established in Vietnam in 1994, and has paid in capital of USD35,400,000.
DOH	Vietnam Dona Orient Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Vietnam Dona Orient Co., Ltd., was established in Vietnam in 2003, and has paid in capital of USD44,000,000.

(Continued)

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

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

Note: This subsidiary was dissolved in April 2022.

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

(d) Foreign Currency

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

(Continued)

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Impairment of financial assets

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

4) Derecognition of financial assets

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

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

(Continued)

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

(ii) Financial liabilities

1) Other financial liabilities

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

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Joint Arrangements

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

(Continued)

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

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

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

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

(j) Investment Property

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

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

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

(k) Property, plant, and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(Continued)

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

(iii) Depreciation

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

Land is not depreciated.

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

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

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

(iv) Reclassification to investment property

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

(l) Lease

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

(i) As a lessee

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

(m) Intangible assets

(i) Goodwill

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

(ii) Other Intangible assets

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

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

1) computer software: 1~5 years

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

(n) Impairment – non financial assets

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

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

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

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

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

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

(Continued)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(o) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

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

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

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

2) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

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

(iii) Short-term employee benefits

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

(q) Income taxes

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

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

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

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

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

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

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

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

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

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

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

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

(s) Operating segments

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

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

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

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

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

(a) Valuation of inventories

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

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

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

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

(b) Accounts receivable (including related parties)

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

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

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Allowance for credit loss provision
Current	\$ 7,952,293	0.00%	-
1 to 60 days past due	840,957	0.00%	-
61 days to 1 year past due	4,087	98.19%	4,013
More than 1 year past due	3,959	100.00%	3,959
	\$ 8,801,296		7,972
	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Allowance for credit loss provision
Current	\$ 7,283,255	0.00%	-
1 to 60 days past due	1,290,935	0.00%	-
61 days to 1 year past due	6,462	0.00%~50.00%	-
	\$ 8,580,652		-

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

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

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

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

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

The details of operating cost were as follows:

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

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

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

(d) Investments accounted for using equity method

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

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

(i) Joint ventures

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

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

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

(ii) Collateral

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

(e) Material non-controlling interest of subsidiaries

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

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

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

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

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

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

(f) Property, plant and equipment

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

Cost:	Land	Buildings	Machinery and equipment	Computer and communication equipment	Test equipment	Transportation equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Balance on January 1, 2022	\$ 1,585,956	13,272,490	19,511,422	439,680	113,563	441,603	526,556	88,908	839,820	36,819,998
Additions	-	96,847	327,220	31,916	7,183	24,749	38,487	5,878	3,593,447	4,125,727
Disposals	-	(55,984)	(750,169)	(27,026)	(6,762)	(17,701)	(10,434)	(2,429)	-	(870,505)
Reclassifications	-	643,259	1,526,986	31,446	2,858	78,026	27,020	8,027	(2,310,086)	7,536
Effect of changes in foreign exchange rates	41,171	811,632	1,739,845	27,132	-	37,623	42,180	3,111	46,123	2,748,817
Balance on December 31, 2022	\$ 1,627,127	14,768,244	22,355,304	503,148	116,842	564,300	623,809	103,495	2,169,304	42,831,573
Balance on January 1, 2021	\$ 1,596,826	12,966,118	18,104,311	402,740	105,054	316,652	523,656	83,541	1,099,299	35,198,197
Additions	-	23,484	208,900	44,122	6,790	22,761	14,299	8,232	2,808,235	3,136,823
Disposals	-	(23,872)	(610,249)	(13,485)	(2,337)	(13,166)	(26,557)	(3,888)	-	(693,554)
Reclassifications	-	610,478	2,260,981	13,320	4,056	123,552	28,573	1,854	(3,042,814)	-
Effect of changes in foreign exchange rates	(10,870)	(303,718)	(452,521)	(7,017)	-	(8,196)	(13,415)	(831)	(24,900)	(821,468)
Balance on December 31, 2021	\$ 1,585,956	13,272,490	19,511,422	439,680	113,563	441,603	526,556	88,908	839,820	36,819,998
Depreciation and impairment loss:										
Balance on January 1, 2022	\$ -	6,529,458	11,127,462	333,398	95,845	208,504	401,377	64,239	-	18,760,283
Depreciation	-	547,265	2,005,083	51,116	8,884	59,119	53,178	6,795	-	2,731,440
Impairment loss	-	-	7,265	61	-	30	1	-	-	7,357
Disposals	-	(49,338)	(624,130)	(25,601)	(6,438)	(15,968)	(9,961)	(2,075)	-	(733,511)
Reclassifications	-	-	-	12	-	(12)	-	7,536	-	7,536
Effect of changes in foreign exchange rates	-	398,073	883,046	20,902	-	17,462	32,529	2,199	-	1,354,211
Balance on December 31, 2022	\$ -	7,425,458	13,398,726	379,888	98,291	269,135	477,124	78,694	-	22,127,316
Balance on January 1, 2021	\$ -	6,168,537	10,234,841	299,195	90,445	182,901	387,310	61,081	-	17,424,310
Depreciation	-	504,468	1,758,360	51,964	7,633	41,573	49,444	7,073	-	2,420,515
Impairment loss	-	258	15,936	54	-	38	1	-	-	16,287
Disposals	-	(17,664)	(503,576)	(12,694)	(2,233)	(12,002)	(25,660)	(3,324)	-	(577,153)
Effect of changes in foreign exchange rates	-	(126,141)	(378,099)	(5,121)	-	(4,006)	(9,718)	(591)	-	(523,676)
Balance on December 31, 2021	\$ -	6,529,458	11,127,462	333,398	95,845	208,504	401,377	64,239	-	18,760,283

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

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

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

(g) Right-of-use assets

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

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

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

(h) Investment property

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

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

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

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

Investment property includes commercial property held for value appreciation.

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

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

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

(i) Intangible assets

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

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

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

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

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

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

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

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(j) Short-term borrowings

The short-term borrowings were summarized as follows:

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

(k) Long-term borrowings

The details were as follows:

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

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

(l) Lease liabilities

The Group lease liabilities were as follows:

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

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

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

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

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

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

(i) Real estate leases

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

(ii) Other leases

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

(m) Employee benefits

(i) Defined benefit plans

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

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

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

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

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

1) Composition of plan assets

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

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

2) Movements in present value of the defined benefit obligations

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

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

3) Movements of defined benefit plan assets

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

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

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

4) Expenses recognized in profit or loss

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

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

5) Actuarial assumptions

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

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

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

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

6) Sensitivity analysis

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

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

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

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

(ii) Defined contribution plans

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

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

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

(n) Income taxes

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

(i) Income tax expense

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

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

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

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

	For the years ended December 31	
	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ 66,493	2,947
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	\$ (7,051)	1,717

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

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

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2022	December 31, 2021
Deductible Temporary Differences	\$ -	-
Tax losses	-	72,285
	\$ -	72,285

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

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

2) Recognized deferred tax assets and liabilities

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

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

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

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

(iii) Assessment of tax

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

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

(iv) Business income tax administrative remedies

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

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

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

(o) Capital and other equity

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

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

The details of capital surplus were as follows:

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

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

(ii) Retained earnings

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

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

1) Legal reserve

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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2) Special reserve

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

3) Earnings distribution

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

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

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

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

(iii) Other equity interest after tax

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

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

(iv) Non-controlling interests (NCIs)

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

(p) Earnings per share

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

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

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

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(q) Revenue from contracts with customer

(i) Disaggregation of revenue

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

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

(ii) Contract balances

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

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

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

(r) Compensation to employees and directors

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

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

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

(s) Non-operating income and expenses

(i) Interest income

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

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

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

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

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

(iii) Other gains and losses

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

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

(iv) Financial costs

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

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

(t) Financial instruments

(i) Credit risks

1) Credit risk exposure

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

2) The concentration of credit risk

On December 31, 2022 and 2021, 71% and 80% of the Group's total receivables were concentrated within a single overseas customer.

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

(ii) Liquidity risk

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

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

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

(iii) Currency risks

1) Exposure to currency risks

		December 31, 2022		
		<u>Foreign currency (In thousands)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	317,778	USD : TWD	30.660
		31,066	USD : CNY	6.9646
		104	USD : VND	23,570
VND		387,275,775	VND : USD	0.00004
INR		2,686,296	INR : USD	0.0121
IDR		36,631,536	IDR : USD	0.0001
<u>Non-monetary items</u>				
USD		34,292	USD : TWD	30.660
				1,051,389

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

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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. An appreciation or depreciation of 5% of the TWD against the USD, VND, INR and IDR for the years ended December 31, 2022 and 2021, would have increased or decreased the net profit before tax by \$248,499 thousand and \$305,179 thousand, respectively. Performed based on the same basis, the analysis of both periods assumed that all other variables remained constant.

3) Foreign exchange gain and loss on monetary items

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

(iv) Interest rate analysis

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

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

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

(v) Fair value information

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value

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

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

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

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

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

- (u) Financial risk management

- (i) Overview

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

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

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

- (ii) Risk management framework

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

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

(iii) Credit risk

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

1) Trade and other receivables

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

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

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

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

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

2) Investment

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

3) Guarantees

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

(iv) Liquidity risk

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

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

(v) Market risk

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

1) Currency risk

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

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

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

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

2) Interest rate risk

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

3) Other market price risks

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

(v) Capital management

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

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

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

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

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

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

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

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

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

(7) Related-party transactions:

(a) Name of related parties and relationship

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

Name of related party	Relationship with the Group
Shoe Majesty Co., Ltd.	A joint venture under the Group's joint arrangement
Shoe Majesty Trading Co., Ltd. (Note)	"
Vietnam Shoe Majesty Co., Ltd.	"
Hong Kong Shoe Majesty Trading Co., Ltd.	"

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

(b) Significant transactions with related parties

(i) Operating income

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

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

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

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

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

(iii) Other expense

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

(iv) Receivables due from Related Parties

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

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

(c) Key management personnel transactions

Key management personnel compensation comprised:

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

(8) Pledged assets:

The book values of pledged assets were as follows:

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(9) Commitments and contingencies:

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

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Others:

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

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

- (b) Impact of COVID-19

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(13) Other disclosures

(a) Information on significant transactions

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

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

(In Thousands of New Taiwan Dollar)

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

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

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

Note 3 : Unissued shares of the Vietnamese entities.

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

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

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- v. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock :

(In Thousands of New Taiwan Dollar)

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

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

(In Thousands of New Taiwan Dollar)

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

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

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

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

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

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

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

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

(In Thousands of New Taiwan Dollar)

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

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

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

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

ix. Trading in derivative instruments : None

x. Business relationships and significant intercompany transactions :

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

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No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	1	Accounts receivable due from related parties	121,019	30days	0.2359%
"	"	"	"	Accounts payable to related parties	432,869	20days	0.8436%
"	"	Dona Pacific(Vietnam) Co., Ltd.	4	Sales revenue	1,601,915	Note 3	1.6703%
"	"	"	"	Cost of sales	7,940,645	Note 3	8.2799%
"	"	"	"	Accounts receivable due from related parties	72,970	30days	0.1422%
"	"	"	"	Accounts payable to related parties	360,248	15days	0.7021%
"	"	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	3,498,811	Note 3	3.6483%
"	"	"	"	Technical service income	166,057	-	0.1732%
"	"	"	"	Cost of sales	7,098,729	Note 3	7.4020%
"	"	"	"	Accounts receivable due from related parties	595,843	75days	1.1613%
"	"	"	"	Accounts payable to related parties	513,885	30days	1.0015%
"	"	Dona Victor Footwear Co., Ltd.	"	Sales revenue	1,642,881	Note 3	1.7131%
"	"	"	"	Cost of sales	8,856,316	Note 3	9.2347%
"	"	"	"	Accounts receivable due from related parties	81,136	30days	0.1581%
"	"	"	"	Accounts payable to related parties	643,475	30days	1.2541%
"	"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sales revenue	2,630,608	Note 3	2.7430%
"	"	"	"	Cost of sales	5,294,283	Note 3	5.5205%
"	"	"	"	Accounts receivable due from related parties	546,999	60/90days	1.0661%
"	"	"	"	Accounts payable to related parties	540,475	30days	1.0533%
"	"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sales revenue	831,640	Note 3	0.8672%
"	"	"	"	Cost of sales	3,460,263	Note 3	3.6081%
"	"	"	"	Accounts receivable due from related parties	35,550	15days	0.0693%
"	"	"	"	Accounts payable to related parties	176,663	15days	0.3443%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	598,160	Note 3	0.6237%
"	"	"	"	Cost of sales	3,000,510	Note 3	3.1287%
"	"	"	"	Accounts receivable due from related parties	23,844	15days	0.0465%
"	"	"	"	Accounts payable to related parties	161,426	15days	0.3146%

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No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	Fujian Xiefeng Footwear Co., Ltd.	4	Sales revenue	1,252,867	Note 3	1.3064%
"	"	"	"	Cost of sales	3,534,989	Note 3	3.6860%
"	"	"	"	Accounts receivable due from related parties	46,724	15days	0.0911%
"	"	"	"	Accounts payable to related parties	242,733	15days	0.4731%
"	"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	Sales revenue	116,391	Note 3	0.1214%
"	"	"	"	Cost of sales	140,927	Note 3	0.1469%
"	"	"	"	Accounts receivable due from related parties	6,700	15days	0.0131%
"	"	"	"	Accounts payable to related parties	6,616	30days	0.0129%
"	"	Fujian Great Hope Footwear Co., Ltd.	"	Sales revenue	192,126	Note 3	0.2003%
"	"	"	"	Cost of sales	1,564,059	Note 3	1.6309%
"	"	"	"	Accounts receivable due from related parties	15,183	15days	0.0296%
"	"	"	"	Accounts payable to related parties	164,987	60days	0.3215%
"	"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sales revenue	4,004,349	Note 3	4.1754%
"	"	"	"	Cost of sales	17,938,568	Note 3	18.7049%
"	"	"	"	Accounts receivable due from related parties	967,118	90days	1.8848%
"	"	"	"	Accounts payable to related parties	720,863	10days	1.4049%
"	"	Vung Tau Orient Co., Ltd.	"	Sales revenue	983,389	Note 3	1.0254%
"	"	"	"	Cost of sales	2,404,097	Note 3	2.5068%
"	"	"	"	Accounts receivable due from related parties	310,967	90days	0.6061%
"	"	"	"	Accounts payable to related parties	133,685	10days	0.2605%
"	"	East Wind Footwear Co., Ltd.(India Branch)	"	Sales revenue	2,212,181	Note 3	2.3067%
"	"	"	"	Cost of sales	4,981,368	Note 3	5.1942%
"	"	"	"	Accounts receivable due from related parties	406,790	60/90days	0.7928%
"	"	"	"	Accounts payable to related parties	229,659	10/30days	0.4476%
"	"	Fairway Enterprises Co., Ltd. (India Branch)	"	Sales revenue	3,157,716	Note 3	3.2926%
"	"	"	"	Cost of sales	5,578,839	Note 3	5.8172%
"	"	"	"	Accounts receivable due from related parties	487,374	45/90days	0.9499%

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

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

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
4	Dona Victor Footwear Co., Ltd.	Dona Pacific (Vietnam) Co., Ltd.	8	Cost of sales	192,403	Note 3	0.2006%
"	"	"	"	Accounts payable to related parties	15,420	60days	0.0301%
"	"	Vietnam Dona Standard Footwear Company Ltd.	"	Cost of sales	298,838	Note 3	0.3116%
"	"	"	"	Accounts payable to related parties	18,178	60days	0.0354%
5	Dona Pacific (Vietnam) Co., Ltd.	Vietnam Dona Orient Co., Ltd.	8	Sales revenue	235,138	Note 3	0.2452%
"	"	"	"	Accounts receivable due from related parties	19,834	60days	0.0387%
"	"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sales revenue	113,122	Note 3	0.1180%
"	"	"	"	Accounts receivable due from related parties	9,019	60days	0.0176%
6	Vietnam Dona Orient Co., Ltd.	Vietnam Dona Standard Footwear Company Ltd.	8	Cost of sales	160,653	Note 3	0.1675%
"	"	"	"	Accounts payable to related parties	5,475	60days	0.0107%
7	Dona Victor Molds Mfg Co., Ltd.	Dona Victor Footwear Co., Ltd.	8	Sales revenue	142,718	Note 3	0.1488%
"	"	"	"	Accounts receivable due from related parties	10,070	30days	0.0196%
"	"	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	139,144	Note 3	0.1451%
"	"	"	"	Accounts receivable due from related parties	7,643	30days	0.0149%
"	"	Vietnam Dona Standard Footwear Company Ltd.	"	Sales revenue	380,776	Note 3	0.3970%
"	"	"	"	Accounts receivable due from related parties	38,400	30days	0.0748%

Note 1 : The numbers filled in as follows :

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

Note 2 : Transactions labeled as follows:

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

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

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

(b) Information on investment

The following is the information on investment for the nine months ended December 31, 2022 (excluding information on investment in Mainland China) :

(In Thousands of New Taiwan Dollar)

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

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

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

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

Note 3 : The investees of Feng Tay Enterprises Co., Ltd. are presented based on the financial statements as of December 31, 2022 audited by certified public accountants, except that some of the investees were presented based on the unaudited financial statements as of December 31, 2022.

Note 4 : Unissued shares of the Vietnamese entities.

Note 5 : Included in the consolidated financial statements.

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

(c) Information on investment in mainland China

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

(In Thousands of New Taiwan Dollar)

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

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

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

ii. Upper limit on investment in Mainland China

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

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

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

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

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

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

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

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

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

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

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

iii Significant transactions :

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

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

(d) Major shareholders

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

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

(14) Segment information

(a) General information

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

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

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

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

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

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

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

(b) Product and service information

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

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

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

(c) Geographic information

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

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

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

(d) Major customers

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

Appendix 2. Parent Company Only Financial Report

Stock Code: 9910

FENG TAY ENTERPRISES CO., LTD.

PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

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

Address: No. 52 Kegong 8th Rd., Douliou City, Yunlin County 640111, Taiwan
Telephone: (05)537-9100

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



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Feng Tay Enterprises Co., Ltd.:

Opinion

We have audited the financial statements of Feng Tay Enterprises Co., Ltd. (“the Company”), which comprised the statement of financial position as of December 31, 2022 and 2021, and the statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The key audit matters, in relation to the financial statements for the year ended December 31, 2022, are outlined as follows:

1. Revenue recognition

Please refer to Note (4)(o) of the parent-company-only financial statements for details of the accounting policies on revenue recognition. Please refer to Note (6)(p) of the parent-company-only financial statements for details of type of operating revenue.



Description of the key auditor matter:

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

How the matter was addressed in our audit:

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

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

Notes to Readers

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

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

(English Translation of Parent-company-only Financial Statements and Report Originally Issued in Chinese)
FENG TAY ENTERPRISES CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note (6)(a))	\$ 1,110,253	3	567,441	2	2100	Short-term borrowings (Note (6)(i))	\$ -	-	4,425,980	13
1170	Accounts receivable (Notes (6)(b) and (6)(p))	8,146,459	20	7,766,544	22	2150	Notes payable	456,256	1	480,411	1
1180	Accounts receivable due from related parties, net (Notes (6)(b), (6)(p) and (7))	3,792,962	9	4,532,765	13	2170	Accounts payable	1,388,321	3	1,490,292	4
1200	Other receivables (Note (7))	543,033	2	73,207	-	2180	Accounts payable to related parties (Note (7))	4,948,014	13	4,093,110	12
130X	Inventories (Note (6)(c))	110,990	-	94,426	-	2130	Current contract liabilities (Note (6)(p))	-	-	331	-
1476	Other current financial assets (Note (6)(m))	497,387	1	1,042,793	3	2200	Other payables (Note (7))	1,785,217	4	1,103,074	3
1479	Other current assets, others	199,116	1	121,384	-	2230	Current tax liabilities	1,654,662	4	855,449	2
	Total current assets	<u>14,400,200</u>	<u>36</u>	<u>14,198,560</u>	<u>40</u>	2280	Current lease liabilities (Note (6)(k))	670	-	1,542	-
						2300	Other current liabilities	14,843	-	3,693	-
							Total current liabilities	<u>10,247,983</u>	<u>25</u>	<u>12,453,882</u>	<u>35</u>
Non-current assets:						Non-Current liabilities:					
1550	Investments accounted for using equity method (Note (6)(d))	22,552,463	55	18,219,627	51	2540	Long-term borrowings (Note (6)(j))	852,000	2	1,500,000	4
1600	Property, plant and equipment (Notes (6)(e) and (7))	3,067,882	8	3,033,385	8	2570	Deferred tax liabilities (Note (6)(m))	3,378,045	9	2,894,741	8
1755	Right-of-use assets (Note (6)(f))	33,080	-	37,438	-	2580	Non-current lease liabilities (Note (6)(k))	31,042	-	34,209	-
1760	Investment Property, net (Note (6)(g))	6,858	-	6,858	-	2640	Non current net defined benefit liability (Note (6)(l))	915,891	2	828,487	2
1780	Intangible assets (Note (6)(h))	34,980	-	32,229	-		Total non-current liabilities	<u>5,176,978</u>	<u>13</u>	<u>5,257,437</u>	<u>14</u>
1840	Deferred tax assets (Note (6)(m))	308,227	1	284,119	1		Total liabilities	<u>15,424,961</u>	<u>38</u>	<u>17,711,319</u>	<u>49</u>
1980	Other non-current financial assets (Note (8))	1,558	-	1,538	-	Equity (Note (6)(n)):					
1900	Other non-current assets	13,067	-	7,636	-	3100	Total capital stock	8,816,811	22	8,816,811	25
	Total non-current assets	<u>26,018,115</u>	<u>64</u>	<u>21,622,830</u>	<u>60</u>	3200	Capital surplus	51,160	-	50,916	-
							Retained earnings:				
						3310	Legal reserve	5,577,243	14	5,126,375	14
						3320	Special reserve	2,559,457	6	2,082,107	6
						3350	Unappropriated retained earnings	9,042,212	22	4,593,319	13
							Other equity interest:				
						3410	Exchange differences on translation of foreign financial statements	(1,053,529)	(2)	(2,559,457)	(7)
							Total equity	<u>24,993,354</u>	<u>62</u>	<u>18,110,071</u>	<u>51</u>
							Total liabilities and equity	<u>\$ 40,418,315</u>	<u>100</u>	<u>35,821,390</u>	<u>100</u>
	Total assets	<u>\$ 40,418,315</u>	<u>100</u>	<u>35,821,390</u>	<u>100</u>						

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)
FENG TAY ENTERPRISES CO., LTD.

Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Total operating revenue (Notes (6)(p) and (7))	\$ 92,672,657	100	68,509,407	100
5000	Operating costs (Notes (6)(c) and (7))	<u>(82,779,696)</u>	<u>(89)</u>	<u>(61,549,753)</u>	<u>(90)</u>
5900	Gross profit from operations	9,892,961	11	6,959,654	10
5910	Less: Unrealized profit from sales	506,180	1	559,640	1
5920	Add: Realized profit from sales	<u>559,640</u>	<u>1</u>	<u>506,739</u>	<u>1</u>
		<u>9,946,421</u>	<u>11</u>	<u>6,906,753</u>	<u>10</u>
	Operating expenses:				
6100	Less: Selling and administration expenses	2,385,941	3	1,744,686	3
6300	Less: Research and development expenses	2,683,047	3	2,296,235	3
6450	Less: Expected credit loss	<u>7,972</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total operating expenses	<u>5,076,960</u>	<u>6</u>	<u>4,040,921</u>	<u>6</u>
	Operating income	<u>4,869,461</u>	<u>5</u>	<u>2,865,832</u>	<u>4</u>
	Non-operating income and expenses:				
7100	Interest income (Note (6)(r))	9,094	-	3,284	-
7010	Other income (Note (6)(r))	360,141	-	363,214	1
7020	Other gains and losses, net (Notes (6)(r) and (7))	1,373,120	1	40,193	-
7050	Finance costs (Note (6)(r))	<u>(23,554)</u>	<u>-</u>	<u>(16,874)</u>	<u>-</u>
7070	Share of profit of associates and joint ventures accounted for using equity method, net (Note (6)(d))	<u>4,450,278</u>	<u>5</u>	<u>1,927,290</u>	<u>3</u>
	Total non-operating income and expenses	<u>6,169,079</u>	<u>6</u>	<u>2,317,107</u>	<u>4</u>
7900	Profit from continuing operations before tax	11,038,540	11	5,182,939	8
7950	Income tax expenses (Note (6)(m))	<u>(1,956,807)</u>	<u>(2)</u>	<u>(641,098)</u>	<u>(1)</u>
	Net profit	<u>9,081,733</u>	<u>9</u>	<u>4,541,841</u>	<u>7</u>
	Other comprehensive income:				
8310	Item that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plan	(164,348)	-	(77,550)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may not be reclassified to profit or loss	41,749	-	28,884	-
8349	Income tax related to components of other comprehensive income that may not be reclassified to profit or loss	<u>32,870</u>	<u>-</u>	<u>15,510</u>	<u>-</u>
	Item that will not be reclassified subsequently to profit or loss	<u>(89,729)</u>	<u>-</u>	<u>(33,156)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	1,981,808	2	(516,843)	(1)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	<u>(468,829)</u>	<u>(1)</u>	<u>38,578</u>	<u>-</u>
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>(7,051)</u>	<u>-</u>	<u>1,717</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss	<u>1,505,928</u>	<u>1</u>	<u>(476,548)</u>	<u>(1)</u>
	Other comprehensive income	<u>1,416,199</u>	<u>1</u>	<u>(509,704)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 10,497,932</u>	<u>10</u>	<u>4,032,137</u>	<u>6</u>
9750	Basic earnings per share (Note (6)(o))				
	Basic earnings per share (dollars)	<u>\$ 10.30</u>		<u>5.15</u>	

The accompanying notes are an integral part of the financial statements

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)
FENG TAY ENTERPRISES CO., LTD.

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

	Share capital		Retained earnings			Total other equity interest	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	
Balance on January 1, 2021	\$ 8,816,811	50,025	4,676,373	1,247,402	4,631,561	(2,082,107)	17,340,065
Net profit	-	-	-	-	4,541,841	-	4,541,841
Other comprehensive income	-	-	-	-	(33,156)	(476,548)	(509,704)
Total comprehensive income	-	-	-	-	4,508,685	(476,548)	4,032,137
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	450,002	-	(450,002)	-	-
Special reserve appropriated	-	-	-	834,705	(834,705)	-	-
Cash dividends of ordinary share	-	-	-	-	(3,262,220)	-	(3,262,220)
Other changes in capital surplus:							
Due to donated assets received	-	891	-	-	-	-	891
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	(802)	(802)
Balance on December 31, 2021	8,816,811	50,916	5,126,375	2,082,107	4,593,319	(2,559,457)	18,110,071
Net profit	-	-	-	-	9,081,733	-	9,081,733
Other comprehensive income	-	-	-	-	(89,729)	1,505,928	1,416,199
Total comprehensive income	-	-	-	-	8,992,004	1,505,928	10,497,932
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)
Other changes in capital surplus:							
Due to donated assets received	-	850	-	-	-	-	850
Changes in ownership interests in subsidiaries	-	(606)	-	-	-	-	(606)
Balance on December 31, 2022	\$ <u>8,816,811</u>	<u>51,160</u>	<u>5,577,243</u>	<u>2,559,457</u>	<u>9,042,212</u>	<u>(1,053,529)</u>	<u>24,993,354</u>

The accompanying notes are an integral part of the financial statements

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)
FENG TAY ENTERPRISES CO., LTD.

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 11,038,540	5,182,939
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	201,554	199,941
Amortization expenses	23,671	22,879
Expected credit loss	7,972	-
Interest expenses	23,554	16,874
Interest income	(9,094)	(3,284)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(4,450,278)	(1,927,290)
(Gain) loss on disposal of property, plant and equipment	(4,559)	2,448
Other items	(53,460)	52,091
Total adjustments to reconcile profit (loss)	(4,260,640)	(1,636,341)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in accounts receivable	(387,887)	(1,387,189)
Decrease (increase) in accounts receivable due from related parties	739,803	(1,040,535)
Decrease (increase) in other receivables	(468,465)	194,059
Decrease (increase) in inventories	(16,564)	(36,262)
Decrease (increase) in other current assets	(96,423)	90,344
Decrease (increase) in other current financial assets	545,406	(925,093)
Total changes in operating assets	315,870	(3,104,676)
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	(331)	331
Increase (decrease) in notes payable	(24,155)	(331,967)
Increase (decrease) in accounts payable	(101,971)	(883,664)
Increase (decrease) in accounts payable to related parties	854,904	(173,264)
Increase (decrease) in other payable	679,428	(117,922)
Increase (decrease) in other current liabilities	12,000	(8,248)
Increase (decrease) in net defined benefit liability	(76,944)	(130,560)
Total changes in operating liabilities	1,342,931	(1,645,294)
Total changes in operating assets and liabilities	1,658,801	(4,749,970)
Total adjustments	(2,601,839)	(6,386,311)
Cash inflow (outflow) generated from operations	8,436,701	(1,203,372)
Interest received	7,733	1,357
Interest paid	(27,663)	(16,003)
Income taxes paid	(653,888)	(1,225,726)
Net cash flows from (used in) operating activities	7,762,883	(2,443,744)
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(861,103)	(163,976)
Acquisition of property, plant and equipment	(273,013)	(413,691)
Proceeds from disposal of property, plant and equipment	47,206	8,199
Acquisition of intangible assets	(26,422)	(31,874)
Decrease (increase) in other non-current financial assets	(20)	185
Decrease in other non-current assets	66	122
Dividends received	2,586,127	3,053,694
Net cash flows from (used in) investing activities	1,472,841	2,452,659
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(4,425,980)	1,907,980
Proceeds from long-term borrowings	852,000	1,500,000
Repayments of long-term debt	(1,500,000)	-
Payment of lease liabilities	(4,039)	(4,346)
Cash dividends paid	(3,614,893)	(3,262,220)
Net cash flows from (used in) financing activities	(8,692,912)	141,414
Net increase in cash and cash equivalents	542,812	150,329
Cash and cash equivalents at beginning of period	567,441	417,112
Cash and cash equivalents at end of period	\$ 1,110,253	567,441

The accompanying notes are an integral part of the financial statements

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)
FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

For the Years Ended December 31, 2022 and 2021

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

(1) Company history

Feng Tay Enterprises Co., Ltd. (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.

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

The financial statements were authorized for issue by the Board of Directors on March 14, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

The Company 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 financial statements:

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

(4) Summary of significant accounting policies:

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

- (a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (b) Basis of preparation

- (i) Basis of measurement

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

- (ii) Functional and presentation currency

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(c) Foreign Currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

- (e) Cash and cash equivalents

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

- (f) Financial instruments

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

- (i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Impairment of financial assets

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

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

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

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

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FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

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

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

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

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

4) Derecognition of financial assets

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

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

(ii) Financial liabilities

1) Other financial liabilities

Financial liabilities are not held-for-trading and are not designated as those measured at fair value through profit or loss (including length period loans, payables, and other payables), the original recognition is based on the fair value plus the directly attributable payment easy cost measurement; subsequent effective interest method is used to measure the cost after amortization. Interest not capitalized as the cost of assets expenses are recognized in profit and loss and listed under non-operating income and expenses.

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(g) Inventories

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

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

(h) Investment in subsidiaries

The Company uses the equity method to evaluate an investee which is under control when preparing the financial statements. Under the equity method, the profit or loss and other comprehensive income shall be attributed to the owner of the parent on the basis of proportion of existing ownership interests. The Company's equity in the financial statement shall be equal to the share attributed to the parent in the financial statement.

Changes in the Company's ownership interests in subsidiaries do not result in loss of control of subsidiaries are equity transactions with owners.

(i) Joint arrangements

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

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(j) Investment Property

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

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

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

(k) Property, plant, and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

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

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

(iv) Reclassification to investment property

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

(l) Lease

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

(i) As a lessee

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

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

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

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FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

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

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

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

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

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

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

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(m) Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

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

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

1) computer software: 3~5 years

The estimated useful lives and amortization method were reviewed at the end of the reporting period, and the change was accounted for as a change in accounting estimates.

(n) Impairment – non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

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

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(o) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

Revenue is recognized when the control of a product has been transferred to the customer. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

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

2) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

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

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

(iii) Short-term employee benefits

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

(q) Income taxes

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

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

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

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

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

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

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(s) Operating segments

The Company has provided the operating segments disclosure in the consolidated financial statements.

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

The preparation of the parent-company-only financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

The Company has no accounting policies that involve significant judgments and information that has a significant impact on its financial report.

Regarding the uncertainties of assumptions and estimates, there were no significant risks that may result in major adjustments in the following year.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash	\$ 405	405
Demand deposit and check deposit	28,229	5,796
Foreign exchange deposits	<u>1,081,619</u>	<u>561,240</u>
Cash and cash equivalents listed in the cash flow statement	<u>\$ 1,110,253</u>	<u>567,441</u>

Please refer to Note (6)(s) for the interest analysis and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Accounts receivable (including related parties)

	December 31, 2022	December 31, 2021
Accounts receivable due from non-related parties measured at amortized cost	\$ 8,154,431	7,766,544
Accounts receivable due from related parties-measured at amortized cost	3,792,962	4,532,765
Less: allowance for credit loss	<u>(7,972)</u>	<u>-</u>
	<u>\$ 11,939,421</u>	<u>12,299,309</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Allowance for credit loss provision
Current	\$ 11,172,873	0%	-
1 to 60 days past due	766,474	0%	-
61 days to 1 year past due	4,087	98.19%	4,013
More than 1 year past due	3,959	100%	3,959
	\$ 11,947,393		7,972
	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Allowance for credit loss provision
Current	\$ 11,001,912	0%	-
1 to 60 days past due	1,290,935	0%	-
61 days to 1 year past due	6,462	0%	-
	\$ 12,299,309		-

For 2022 and 2021, the Company recognized allowances of \$7,972 thousand and \$0, respectively, for doubtful debts arising from accounts receivable.

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

(c) Inventories

	December 31, 2022	December 31, 2021
Raw materials	\$ 24,516	31,551
Work in process	53,568	26,049
Finished goods	1,507	763
Merchandise inventory	27,979	34,708
Inventory in transit	3,420	1,355
	\$ 110,990	94,426

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

The details of the costs of sales were as follows:

	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 82,693,564	61,465,648
Technical service costs	85,951	84,129
Inventory scrap loss	345	34
(Gains) losses on obsolescence and inventory valuation	(134)	91
Net gains on inventories	(3)	(6)
Revenue from sale of scraps	<u>(27)</u>	<u>(143)</u>
Total	<u>\$ 82,779,696</u>	<u>61,549,753</u>

Inventory written down to lower than net realizable value had led to recognition of inventory loss, however, the original factors led to the loss disappeared due to disposal of inventory, resulting in gains on price recovery of inventory. These changes were recognized as reduction of operating cost. In addition, write-downs of inventories were due to the sluggish, obsolete, or unusable inventory, wherein the amount of the net realizable value of the inventory which were lower than the cost was recognized as operating costs.

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

(d) Investment using the equity method

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries	\$ 22,128,080	17,934,166
Joint ventures	<u>424,383</u>	<u>285,461</u>
	<u>\$ 22,552,463</u>	<u>18,219,627</u>

(i) Subsidiaries

Please refer to the consolidated financial report for the year ended December 31, 2022.

(ii) Joint ventures

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

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FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

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

	December 31, 2022	December 31, 2021
The aggregate carrying amount of joint ventures that were not individually material	\$ 424,383	285,461

The Company's share of the net income of associates was as follows:

	2022	2021
Attributable to the Company:		
Profit from continuing operations	\$ 105,921	7,906
Other comprehensive income (loss)	35,313	(8,748)
Comprehensive income (loss)	\$ 141,234	(842)

(iii) Collateral

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

(e) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Computer and communication equipment	Testing equipment	Vehicles equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost or identified cost:										
Balance on January 1, 2022	\$ 1,210,526	1,971,214	1,024,050	126,034	113,563	31,450	53,303	60,523	355,496	4,946,159
Additions	-	56,364	53,540	10,985	7,183	5,198	381	5,326	135,301	274,278
Reclassification	-	359,581	34,163	3,720	2,858	-	-	7,943	(400,729)	7,536
Disposals	-	(9,591)	(98,356)	(5,565)	(6,762)	(1,791)	(1,328)	(372)	-	(123,765)
Balance on December 31, 2022	\$ 1,210,526	2,377,568	1,013,397	135,174	116,842	34,857	52,356	73,420	90,068	5,104,208
Balance on January 1, 2021	\$ 1,210,526	1,934,196	948,437	120,424	105,054	30,811	67,479	56,374	134,639	4,607,940
Additions	-	12,276	71,941	11,807	6,790	789	467	2,946	327,653	434,669
Reclassification	-	25,361	74,130	-	4,056	-	1,395	1,854	(106,796)	-
Disposals	-	(619)	(70,458)	(6,197)	(2,337)	(150)	(16,038)	(651)	-	(96,450)
Balance on December 31, 2021	\$ 1,210,526	1,971,214	1,024,050	126,034	113,563	31,450	53,303	60,523	355,496	4,946,159
Depreciation and impairment losses:										
Balance on January 1, 2022	\$ -	888,488	710,224	104,605	95,845	22,765	46,268	44,579	-	1,912,774
Depreciation for the year	-	75,996	88,904	13,402	8,884	2,684	2,070	5,194	-	197,134
Disposals	-	(8,747)	(57,111)	(5,539)	(6,438)	(1,614)	(1,308)	(361)	-	(81,118)
Reclassification	-	-	-	-	-	-	-	7,536	-	7,536
Balance on December 31, 2022	\$ -	955,737	742,017	112,468	98,291	23,835	47,030	56,948	-	2,036,326
Balance on January 1, 2021	\$ -	819,853	677,285	96,645	90,445	20,107	59,268	39,713	-	1,803,316
Depreciation for the year	-	69,202	93,437	14,110	7,633	2,783	2,603	5,493	-	195,261
Disposals	-	(567)	(60,498)	(6,150)	(2,233)	(125)	(15,603)	(627)	-	(85,803)
Balance on December 31, 2021	\$ -	888,488	710,224	104,605	95,845	22,765	46,268	44,579	-	1,912,774

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

Book value:	Land	Buildings	Machinery and equipment	Computer and communication equipment	Testing equipment	Vehicles equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Balance on December 31, 2022	\$ 1,210,526	1,421,831	271,380	22,706	18,551	11,022	5,326	16,472	90,068	3,067,882
Balance on January 1, 2021	\$ 1,210,526	1,114,343	271,152	23,779	14,609	10,704	8,211	16,661	134,639	2,804,624
Balance on December 31, 2021	\$ 1,210,526	1,082,726	313,826	21,429	17,718	8,685	7,035	15,944	355,496	3,033,385

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

As of December 31, 2022 and 2021, the property, plant and equipment of the Company were not pledged as collateral for borrowings.

(f) Right-of-use assets

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

	Land	Other	Total
Cost of right-of-use assets :			
Balance on January 1, 2022	\$ 46,570	9,691	56,261
Others	-	62	62
Reclassification	-	(7,536)	(7,536)
Balance on December 31, 2022	<u>\$ 46,570</u>	<u>2,217</u>	<u>48,787</u>
Balance on January 1, 2021	\$ 46,570	9,932	56,502
Disposal	-	(241)	(241)
Balance on December 31, 2021	<u>\$ 46,570</u>	<u>9,691</u>	<u>56,261</u>
Depreciation and impairment losses of right-of-use assets:			
Balance on January 1, 2022	\$ 10,176	8,647	18,823
Depreciation for the year	3,385	1,035	4,420
Reclassification	-	(7,536)	(7,536)
Balance on December 31, 2022	<u>\$ 13,561</u>	<u>2,146</u>	<u>15,707</u>
Balance on January 1, 2021	\$ 6,791	7,593	14,384
Depreciation for the year	3,385	1,295	4,680
Disposal	-	(241)	(241)
Balance on December 31, 2021	<u>\$ 10,176</u>	<u>8,647</u>	<u>18,823</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

	Land	Other	Total
Book value:			
Balance on December 31, 2022	\$ <u>33,009</u>	<u>71</u>	<u>33,080</u>
Balance on January 1, 2021	\$ <u>39,779</u>	<u>2,339</u>	<u>42,118</u>
Balance on December 31, 2021	\$ <u>36,394</u>	<u>1,044</u>	<u>37,438</u>

(g) Investment property

	Owned assets
	Land
Book value:	
Balance on December 31, 2022	\$ <u>6,858</u>
Balance on January 1, 2021	\$ <u>6,858</u>
Balance on December 31, 2021	\$ <u>6,858</u>
Fair value:	
Balance on December 31, 2022	\$ <u>39,684</u>
Balance on December 31, 2021	\$ <u>39,684</u>

Investment property was evaluated based on available public information and the area acquired on the transaction date, taking into consideration the condition and functions of the underlying asset, as well as the economy.

As of December 31, 2022 and 2021, the investment property of the Company was not pledged as collateral for long term borrowings.

(h) Intangible assets

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

	Computer software
Cost:	
Balance on January 1, 2022	\$ 60,599
Additions	26,422
Disposals	<u>(26,715)</u>
Balance on December 31, 2022	\$ <u>60,306</u>
Balance on January 1, 2021	\$ 42,314
Additions	31,874
Disposals	<u>(13,589)</u>
Balance on December 31, 2021	\$ <u>60,599</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

	Computer software
Accumulated amortization and impairment losses	
Balance on January 1, 2022	\$ 28,370
Amortization for the year	23,671
Disposals	<u>(26,715)</u>
Balance on December 31, 2022	<u><u>\$ 25,326</u></u>
Balance on January 1, 2021	\$ 19,080
Amortization for the year	22,879
Disposals	<u>(13,589)</u>
Balance on December 31, 2021	<u><u>\$ 28,370</u></u>
Carrying value:	
Balance on December 31, 2022	<u><u>\$ 34,980</u></u>
Balance on January 1, 2021	<u><u>\$ 23,234</u></u>
Balance on December 31, 2021	<u><u>\$ 32,229</u></u>

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

	2022	2021
Cost of sales	\$ 2,150	1,997
Operating expenses	<u>21,521</u>	<u>20,882</u>
Total	<u><u>\$ 23,671</u></u>	<u><u>22,879</u></u>

As of December 31, 2022 and 2021, the intangible assets of the Company were not pledged as collateral for borrowings.

(i) Short-term borrowings

The details of the short-term loans of the Company were as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	<u>\$ -</u>	<u>4,425,980</u>
Range of interest rates	<u>-</u>	<u>0.55%~0.59%</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(j) Long-term borrowings

The details of the long-term loans of the Company were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Unsecured bank loans	\$ <u>852,000</u>	<u>1,500,000</u>
Range of interest rates	<u>1.48%</u>	<u>0.68%</u>

(k) Lease liabilities

The carrying amounts of the Company's lease liabilities were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current	\$ <u>670</u>	<u>1,542</u>
Non-current	\$ <u>31,042</u>	<u>34,209</u>

For maturity analysis, please refer to Note (6)(s) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest expense on lease liability	\$ <u>271</u>	<u>305</u>

The amounts recognized in the cash flow statement were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>4,310</u>	<u>4,651</u>

(i) Lease of land

The Company leased land for parking space with a lease term of 14 years. Some of the leases included an option to renew the lease term for the same duration at the end of the contractual period.

(ii) Other leases

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(l) Employee benefits

(i) Defined the benefit plan

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Present value of the defined benefit obligations	\$ 2,831,214	2,661,382
Fair value of plan assets	<u>(1,915,323)</u>	<u>(1,832,895)</u>
Net defined benefit liabilities	<u>\$ 915,891</u>	<u>828,487</u>

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

1) Composition of plan assets

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

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

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2022 and 2021 were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Defined benefit obligation on January 1	\$ 2,661,382	2,628,186
Current service cost and interest cost	34,795	39,384
Remeasurement loss (gain):		
– Actuarial loss (gain) arising from experience	27,443	46,658
– Actuarial loss (gain) arising from demographic assumptions	-	50,275
– Actuarial loss (gain) arising from financial assumptions	277,054	-
The effects of business combinations	<u>(169,460)</u>	<u>(103,121)</u>
Defined benefit obligations on December 31	<u>\$ 2,831,214</u>	<u>2,661,382</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

3) Movements of defined benefit plan assets

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

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

4) Expenses recognized in profit or loss

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

	For the years ended December 31	
	2022	2021
Current service cost	\$ 18,498	23,217
Net interest of net liabilities for defined benefit obligations	4,685	5,007
	\$ 23,183	28,224
Operating costs	\$ 3,824	5,005
Selling and administration expenses	6,814	7,786
Research and development expenses	12,545	15,433
	\$ 23,183	28,224

5) Actuarial assumptions

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

	December 31, 2022	December 31, 2021
Discount rate	1.500 %	0.625 %
Future salary increases rate	5.000 %	2.800 %

The contribution to be made by the Company to the defined benefit plans within one year after the reporting date is \$20,692 thousand.

The weighted-average lifetime of the defined benefits plans is 9.68 years.

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

6) Sensitivity analysis

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

	Influences of defined benefit obligations	
	0.25% increase	0.25% decrease
December 31, 2022		
Discount rate	(59,597)	61,500
Future salary increasing rate	58,133	(56,680)
December 31, 2021		
Discount rate	(58,297)	60,242
Future salary increasing rate	57,664	(56,091)

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

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

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$118,534 thousand and \$113,710 thousand for the years ended December 31, 2022 and 2021, respectively.

(m) Income taxes

(i) Income tax expenses

The income tax expenses of the Company were as follows:

	For the years ended December 31	
	2022	2021
Current income tax expense		
Current period	\$ 1,527,122	920,025
Adjustment for prior years	(55,330)	(50,721)
	1,471,792	869,304
Deferred income tax expense		
Origination and reversal of temporary differences	485,015	(228,206)
Income tax expense	\$ 1,956,807	641,098

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

The amounts of income tax recognized in other comprehensive income for 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ 32,870	15,510
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign financial statements	\$ (7,051)	1,717

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

	2022	2021
Profit before income tax	\$ 11,038,540	5,182,939
Income tax using the Company's domestic tax rate	\$ 2,207,708	1,036,587
Others income tax adjustments	1,008	1,234
Tax credit for foreign income	(121,579)	(163,730)
Investment tax credit	(75,000)	(30,000)
Tax concessions	-	(152,272)
Changes in provision in prior periods	(55,330)	(50,721)
Income tax expenses	\$ 1,956,807	641,098

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

The changes in deferred income tax assets and liabilities during 2022 and 2021 were as follows:

	Gains on foreign investment	Others	Total
Deferred tax liabilities:			
Balance on January 1, 2022	\$ 2,795,081	99,660	2,894,741
Debit (credit) on income statement	372,831	103,422	476,253
Debit (credit) on other comprehensive income	-	7,051	7,051
Balance on December 31, 2022	\$ 3,167,912	210,133	3,378,045
Balance on January 1, 2021	\$ 3,020,362	121,229	3,141,591
Debit (credit) on income statement	(225,281)	(19,852)	(245,133)
Debit (credit) on other comprehensive income	-	(1,717)	(1,717)
Balance on December 31, 2021	\$ 2,795,081	99,660	2,894,741

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

	Defined Benefit Plans	Other	Total
Deferred tax assets:			
Balance on January 1, 2022	\$ 165,698	118,421	284,119
(Debit) credit on income statement	(15,389)	6,627	(8,762)
(Debit) Credit on other comprehensive profit and loss	<u>32,870</u>	<u>-</u>	<u>32,870</u>
Balance on December 31, 2022	<u><u>\$ 183,179</u></u>	<u><u>125,048</u></u>	<u><u>308,227</u></u>
Balance on January 1, 2021	\$ 176,300	109,236	285,536
(Debit) credit on income statement	(26,112)	9,185	(16,927)
(Debit) Credit on other comprehensive profit and loss	<u>15,510</u>	<u>-</u>	<u>15,510</u>
Balance on December 31, 2021	<u><u>\$ 165,698</u></u>	<u><u>118,421</u></u>	<u><u>284,119</u></u>

(iii) Assessment of tax

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

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

(n) Capital and other equity

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

(i) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021 were as follows:

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

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FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

(ii) Retain earnings

The Company's Articles of Incorporation stipulated that 10% of annual net earnings, after deducting accumulated deficit, shall be set aside as legal reserve, and a special reserve shall be appropriated or reversed 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 for 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 amount and the net reduction of other equity. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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Notes to the Financial Statements

3) Earnings distribution

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

	For the years ended December 31			
	2021		2020	
	Amount (dollar)	Total	Amount (dollar)	Total
Dividends distributed to ordinary shareholders:				
Cash	\$ 4.10	3,614,893	3.70	3,262,220

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

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

(iii) Other equity interests after tax

	Exchange differences on translation of foreign financial statement
Balance on January 1, 2022	\$ (2,559,457)
Exchange differences on translation of foreign financial statement	1,974,757
Exchange differences on associates accounted for using equity method	(468,829)
Balance on December 31, 2022	\$ (1,053,529)
Balance on January 1, 2021	\$ (2,082,107)
Exchange differences on translation of foreign financial statement	(515,126)
Exchange differences on associates accounted for using equity method	38,578
Loss on disposal of subsidiaries reclassified to profit or loss	(802)
Balance on December 31, 2021	\$ (2,559,457)

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(o) Earnings per share

The calculation of the Company's basic earnings per share of for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ <u>9,081,733</u>	<u>4,541,841</u>
Weighted-average number of ordinary shares outstanding	<u>881,681</u>	<u>881,681</u>
Basic earnings per share	\$ <u>10.30</u>	<u>5.15</u>

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

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>For the years ended December 31, 2022</u>		
	<u>Segments of footwear manufacturing and sales</u>	<u>Other segments</u>	<u>Total</u>
Primary geographical markets			
Singapore	\$ 69,509,782	1,910,128	71,419,910
America	5,597,847	1,134,320	6,732,167
Vietnam	3,752,690	4,892	3,757,582
Switzerland	2,131,976	219,799	2,351,775
Mainland China	2,032,902	12,934	2,045,836
Mexico	1,890,543	37,284	1,927,827
India	713,791	27,351	741,142
Italy	589,666	-	589,666
Other countries	<u>2,038,587</u>	<u>1,068,165</u>	<u>3,106,752</u>
	<u>\$ 88,257,784</u>	<u>4,414,873</u>	<u>92,672,657</u>
Major product/service lines:			
Manufacturing and sale of footwear	\$ 88,257,784	-	88,257,784
Others	<u>-</u>	<u>4,414,873</u>	<u>4,414,873</u>
	<u>\$ 88,257,784</u>	<u>4,414,873</u>	<u>92,672,657</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

	For the years ended December 31, 2021		
	Segments of footwear manufacturing and sales	Other segments	Total
Primary geographical markets			
Singapore	\$ 51,664,237	1,307,643	52,971,880
America	3,542,921	512,213	4,055,134
Vietnam	2,239,368	92,805	2,332,173
Switzerland	2,064,814	2,958	2,067,772
Mainland China	2,040,121	12,457	2,052,578
Mexico	1,769,750	23,963	1,793,713
India	699,073	-	699,073
Italy	571,413	10,508	581,921
Other countries	1,350,645	604,518	1,955,163
	\$ 65,942,342	2,567,065	68,509,407
Major product/service lines:			
Manufacturing and sale of footwear	\$ 65,942,342	-	65,942,342
Others	-	2,567,065	2,567,065
	\$ 65,942,342	2,567,065	68,509,407
(ii) Contract balances			
	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (including related parties)	\$ 11,947,393	12,299,309	9,871,585
Less: allowance for credit loss	(7,972)	-	-
Total	\$ 11,939,421	12,299,309	9,871,585
Contract liabilities	\$ -	331	-

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(q) Compensation to employees and directors

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

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

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

(r) Non-operating income and expenses

(i) Interest income

The details of the Company's interest income for 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Interest income from bank deposits	\$ 9,094	3,284

(ii) Other income

The details of the Company's other income for 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Rent income	\$ 3,419	3,818
Others	356,722	359,396
	\$ 360,141	363,214

(iii) Other gains and losses

The details of the Company's other gains and losses for 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Gains (Losses) on disposal of property, plant and equipment	\$ 4,559	(2,448)
Foreign exchange gains, net	1,368,676	42,523
Others	(115)	118
	\$ 1,373,120	40,193

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(iv) Financial costs

The details of the Company's financial cost for 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Interest expenses	\$ 23,554	16,874

(s) Financial instruments

(i) Categories of financial instruments

Financial Assets

	December 31, 2022	December 31, 2021
Loans and receivables:		
Cash and cash equivalents	\$ 1,110,253	567,441
Accounts receivable	11,939,421	12,299,309
Other receivables	502,281	27,153
Other financial assets	498,945	1,044,331
Total	\$ 14,050,900	13,938,234

Financial Liabilities

	December 31, 2022	December 31, 2021
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$ -	4,425,980
Long-term borrowings	852,000	1,500,000
Notes payable	456,256	480,411
Accounts payable	6,336,335	5,583,402
Other payables	1,785,217	1,103,074
Lease liabilities	31,712	35,751
Total	\$ 9,461,520	13,128,618

(ii) Credit risks

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

2) The concentration of credit risk

The Company's outstanding accounts receivable mainly came from foreign customer subsidiaries. For the years ended December 31, 2022 and 2021, one of the Company's customers accounted for 50% and 53%, respectively, of the Company's net revenue. There was no other significant concentration of credit risk.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Notes payable	\$ 456,256	456,256	456,256	-	-	-	-
Accounts payable	6,336,335	6,336,335	6,336,335	-	-	-	-
Other payables	1,785,217	1,785,217	1,785,217	-	-	-	-
Unsecured bank loans	852,000	870,897	6,391	6,357	858,149	-	-
Lease liabilities	31,712	33,074	25	890	3,561	10,684	17,914
	<u>\$ 9,461,520</u>	<u>9,481,779</u>	<u>8,584,224</u>	<u>7,247</u>	<u>861,710</u>	<u>10,684</u>	<u>17,914</u>
December 31, 2021							
Non-derivative financial liabilities							
Notes payable	\$ 480,411	480,411	480,411	-	-	-	-
Accounts payable	5,583,402	5,583,402	5,583,402	-	-	-	-
Other payables	1,103,074	1,103,074	1,103,074	-	-	-	-
Unsecured bank loans	5,925,980	5,946,978	4,435,045	5,142	1,506,791	-	-
Lease liabilities	35,751	37,384	637	1,176	3,412	10,684	21,475
	<u>\$ 13,128,618</u>	<u>13,151,249</u>	<u>11,602,569</u>	<u>6,318</u>	<u>1,510,203</u>	<u>10,684</u>	<u>21,475</u>

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

(iv) Currency risks

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (In thousands)	Exchange rate	TWD	Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 457,450	30.660	14,025,420	503,152	27.630	13,902,087
<u>Non-monetary items</u>						
USD	735,566	30.660	22,552,463	659,415	27.630	18,219,627
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	189,038	30.760	5,814,803	185,999	27.730	5,157,750

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

2) Sensitivity analysis

The Company'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, and accounts payables denominated in foreign currency. An appreciation (depreciation) of 5% of the TWD against the USD for the years ended December 31, 2022 and 2021, would have decreased or increased net profit before tax by \$410,531 thousand and \$437,217 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

The exchange rates of the Company's foreign exchange gains and losses on monetary items (including realized and unrealized), converted into functional currency, were as follows:

	2022		2021	
	Exchange gains and losses	Average exchange rate	Exchange gains and losses	Average exchange rate
TWD	\$ 1,368,676	-	42,523	-

(v) Interest rate analysis

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

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

If the interest rate had increased or decreased by 50 basis points, with all other variable factors remaining constant, the Company's net profit after tax would have increased or decreased by \$4,327 thousand, \$2,245 thousand for the years ended December 31, 2022 and 2021, respectively. This was mainly due to the Company's deposits and borrowings at variable rates.

(vi) Fair value information

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(t) Financial risk management

(i) Overview

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

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

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

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, with internal auditors continuously reviewing the compliance with policies, and regularly reporting the results to the Board of Directors.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's activities. The Company, 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in securities.

1) Trade and other receivables

Exposure to credit risk of the Company is mainly affected by the condition of each customer. However, the management also considers the demographics of the Company'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 Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer, and these limits are reviewed periodically. Customers that fail to meet the Company's benchmark credit rating may transact with the Company only on a prepayment basis.

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

In monitoring the credit risk of the customers, the Company 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 Company's accounts receivable and other receivables were mainly due from subsidiaries of the Group. Customers rated as high risk are classified as restricted customers and monitored, and those customers may transact with the Company only on a prepayment basis in the future.

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

3) Guarantees

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

(iv) Liquidity risk

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

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash outflows on account and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the total amount of unused credit facilities as of December 31, 2022 and 2021 amounted to \$8,148,000 thousand and \$2,574,020 thousand, respectively.

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Company. The currencies used in these transactions are denominated in TWD and USD.

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 Company, primarily TWD. 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 Company 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 Company's risk exposure on 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 Company did not enter into any commodity contracts for purposes other than to meeting the Company's expected usage and sales requirements; such contracts are not settled on a net basis.

(u) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to its shareholders, to maintain the interest of 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 Company 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 CO., LTD.
Notes to the Financial Statements

The debt to capital ratios on the reporting dates were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	\$ 15,424,961	17,711,319
Less: cash and cash equivalents	(1,110,253)	(567,441)
Net debt	14,314,708	17,143,878
Total equity	24,993,354	18,110,071
Total capital	<u><u>\$ 39,308,062</u></u>	<u><u>35,253,949</u></u>
Debt-to-capital ratio on December 31	<u><u>36.42 %</u></u>	<u><u>48.63 %</u></u>

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

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

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Acquisition	Foreign exchange movement	
Long-term borrowings	\$ 1,500,000	(648,000)	-	-	852,000
Short-term borrowings	4,425,980	(4,425,980)	-	-	-
Lease liabilities	35,751	(4,039)	-	-	31,712
Total liabilities from financing activities	<u><u>\$ 5,961,731</u></u>	<u><u>(5,078,019)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>883,712</u></u>

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Acquisition	Foreign exchange movement	
Long-term borrowings	\$ -	1,500,000	-	-	1,500,000
Short-term borrowings	2,518,000	1,907,980	-	-	4,425,980
Lease liabilities	40,105	(4,346)	(8)	-	35,751
Total liabilities from financing activities	<u><u>\$ 2,558,105</u></u>	<u><u>3,403,634</u></u>	<u><u>(8)</u></u>	<u><u>-</u></u>	<u><u>5,961,731</u></u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(7) Related-party transactions:

(a) Name of related parties and relationship

The followings are entities and subsidiaries that had transactions with the Company during the periods covered in the financial statements:

<u>Name of related party</u>	<u>Relationship with the Company</u>
PT Feng Tay Indonesia Enterprises	Subsidiary
Growth Link Overseas Co., Ltd.	"
Great Eastern Industries Ltd.	"
PT Rich Valley Indonesia	"
Great South Private Ltd.	"
India Tindivanam Footwear Private Limited	"
VX Holdings Ltd.	Indirect subsidiary
Dona Orient Holdings Ltd.	"
Fujian Da Feng Holdings Co., Ltd.	"
Fujian Lifeng Footwear Industrial Co., Ltd.	"
Fujian Xiefeng Footwear Co., Ltd.	"
Fujian San Feng Footwear Co., Ltd.	"
Fujian Great Hope Footwear Co., Ltd.	"
Xie Feng Mold Co., Ltd. Putian, Fujian	"
Suzhou Yufeng Plastics Technology Co., Ltd.	"
Fujian Wu Feng Department Store Co., Ltd.	"
Dona Pacific Holdings Ltd.	"
VX Mold Co., Ltd.	"
Lotus Footwear Enterprises Ltd.	"
Lotus Footwear Enterprises Ltd. (India Branch)	"
Dona Victor Footwear Co., Ltd.	"
Vietnam Dona Orient Co., Ltd.	"
Vietnam Dona Standard Footwear Co., Ltd.	"
Vung Tau Orient Co., Ltd.	"
Hold Gold Trading Co., Ltd.	" This Company was liquidated in April 2022.
Vietnam Nam Ha Footwear Co., Ltd.	Indirect subsidiary
Dona Pacific (Vietnam) Co., Ltd.	"
Dona Victor Molds MFG Co., Ltd.	"
Cheyyar SEZ Developers Private Ltd.	"

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
East Wind Footwear Co., Ltd.	Indirect subsidiary
East Wind Footwear Co., Ltd. (India Branch)	"
Fairway Enterprises Co., Ltd.	"
Fairway Enterprises Co., Ltd. (India Branch)	"
Shoe Majesty Co., Ltd.	A joint venture under the Company's joint arrangement
Shoe Majesty Trading Co., Ltd.	" This Company was liquidated in December 2021.
Vietnam Shoe Majesty Co., Ltd.	A joint venture under the Company's joint arrangement
Hong Kong Shoe Majesty Trading Co., Ltd.	"

(b) Significant transactions with related parties

(i) Operating revenue

1) Sales revenue

The Company sold raw materials and equipment for producing footwear and sports kit to related parties, and the significant sales amounts were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries		
Vietnam Dona Orient Co., Ltd.	\$ 1,127,216	1,107,988
Fujian Xiefeng Footwear Co., Ltd.	491,203	534,658
Suzhou Yufeng Plastics Technology Co., Ltd.	477,945	453,784
Vietnam Dona Standard Footwear Co., Ltd.	409,355	672,481
Other subsidiaries	<u>1,887,894</u>	<u>1,916,210</u>
	<u>\$ 4,393,613</u>	<u>4,685,121</u>

When the Company prepared its individual financial report, the sales revenue generated from the sales of raw materials to the subsidiaries and the operating costs of the goods purchased from the subsidiaries were reversed due to repeated purchases and sales. The amounts eliminated during 2022 and 2021 were \$20,687,744 thousand and \$16,899,995 thousand, respectively.

The trading terms above were between O/A 15 days to O/A 90 days. The selling prices were determined through negotiations and there were no other comparable transactions with non-related parties.

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

2) Technical service income

The Company provided technical support for producing footwear and sports kits along with management services for the following related parties, and collected technical service fees from them.

	For the years ended December 31	
	2022	2021
Subsidiaries		
Vietnam Dona Orient Co., Ltd.	\$ 166,057	123,889
Fujian Xiefeng Footwear Co., Ltd.	97,641	101,855
Fujian Lifeng Footwear Industrial Co., Ltd.	85,321	68,038
Fujian San Feng Footwear Co., Ltd.	81,371	55,992
Xie Feng Mold Co., Ltd. Putian, Fujian	73,295	65,509
Vietnam Dona Standard Footwear Co., Ltd.	69,122	44,886
Growth-Link Overseas Co., Ltd.	-	9,018
Hold Gold Trading Co., Ltd.	-	6,019
Other subsidiaries	101,750	86,435
	\$ 674,557	561,641

(ii) Purchases

The Company's purchases from related parties included finished shoes, sporting goods, and a small amount of raw materials. The respective amounts were as follows:

	For the years ended December 31	
	2022	2021
Subsidiaries		
Vietnam Dona Standard Footwear Co., Ltd.	\$ 14,343,574	8,445,864
Dona Victor Footwear Co., Ltd.	7,328,666	5,200,579
Dona Pacific (Vietnam) Co., Ltd.	6,533,698	4,567,466
PT Feng Tay Indonesia Enterprises	5,792,744	4,844,391
Other subsidiaries	24,852,242	18,108,755
	\$ 58,850,924	41,167,055

When the Company prepared its individual financial report, the sales revenue generated from the sales of raw materials to the subsidiaries and the operating costs of the goods purchased from the subsidiaries were reversed due to repeated purchases and sales. The amounts eliminated during 2022 and 2021 were \$20,687,744 thousand and \$16,899,995 thousand, respectively.

The payment terms for purchases listed above ranged from FCR 15 days to FCR 90 days. The purchase price was determined through negotiations, and there were no other comparable non related party transactions.

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(iii) Other transactions

During 2022 and 2021, the Company paid service fee to its subsidiaries for investment and management consulting services, amounting to \$147,669 thousand and \$106,704 thousand.

During 2022 and 2021, the Company paid service fee to its subsidiaries for international trade consulting services, amounting to \$56,407 thousand and \$51,428 thousand.

(iv) Receivables due from related parties

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

<u>Account item</u>	<u>Category of related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Subsidiaries		
	Vietnam Dona Standard Footwear Co., Ltd.	\$ 967,118	723,042
	Vietnam Dona Orient Co., Ltd.	595,843	755,648
	Lotus Footwear Enterprises Ltd. (IndiaBranch)	546,999	635,357
	Fairway Enterprises Co., Ltd. (IndiaBranch)	487,374	806,101
	East Wind Footwear Co., Ltd. (IndiaBranch)	406,790	658,097
	Other Subsidiaries	788,838	954,520
Other receivables	Subsidiaries		
	Fairway Enterprises Co., Ltd.(IndiaBranch)	208,785	10
	Lotus Footwear Enterprises Ltd. (India Branch)	193,691	53
	East Wind Footwear Co., Ltd.(IndiaBranch)	73,725	4
	Other Subsidiaries	<u>328</u>	<u>273</u>
		\$ 4,269,491	4,533,105

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(v) Payables to related parties

The payables due to related parties were as follows:

<u>Account item</u>	<u>Category of related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Subsidiaries		
	Vietnam Dona Standard Footwear Co., Ltd.	\$ 720,863	620,707
	Dona Victor Footwear Co., Ltd.	643,475	473,109
	Fairway Enterprises Co., Ltd. (India Branch)	608,632	471,481
	Lotus Footwear Enterprises Ltd. (India Branch)	540,475	440,296
	Vietnam Dona Orient Co., Ltd.	513,885	307,927
	PT Feng Tay Indonesia Enterprises	432,869	466,714
	Other subsidiaries	1,487,815	1,312,876
Other payables	Subsidiaries	<u>35,094</u>	<u>12,979</u>
		<u>\$ 4,983,108</u>	<u>4,106,089</u>

(vi) Investments accounted for using equity method

On June 13, 2019, the Board of Directors resolved to establish a subsidiary, PT Rich Valley Indonesia (hereafter referred to as “RV”). The Company invested \$221,479 thousand, divided into 99,990 shares that represented a shareholding of 99.99%. On August 12, 2021, the Board of Directors resolved to increase cash capital for RV in stages according to its actual capital requirements. The capital increased by \$157,871 thousand and \$519,704 thousand by 2021 and 2022, respectively. The total number of shares held by the Company increased to 439,990 shares, representing a shareholding of 99.99%.

On August 12, 2021, the Board of Directors resolved to establish a subsidiary, Great South Private Ltd., with an investment of \$6,105 thousand in 2021 and a capital increase of \$10,740 thousand in 2022, totaling \$16,845 thousand that represented 800 shares and a shareholding of 100%.

On November 12, 2021, the Board of Directors resolved to establish a subsidiary, India Tindivanam Footwear Private Limited. During 2022, the Company invested \$330,659 thousand that represented 88,000,000 shares and a shareholding of 93.87%.

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(vii) Property transactions

1) Disposal of property, plant, and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	For the years ended December 31			
	2022		2021	
	Disposal price	Gain on disposal	Disposal price	Gain on disposal
Related party category				
Subsidiaries	\$ <u>46,104</u>	<u>8,425</u>	<u>7,426</u>	<u>1,054</u>

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	2021
Short-term employee benefits	\$ 340,474	231,236
Post-employment benefits	657	660
	<u>\$ 341,131</u>	<u>231,896</u>

(8) Pledged assets:

The book values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Other non-current financial assets	Customs deposit and lease deposit	\$ <u>1,558</u>	<u>1,538</u>

(9) Commitments and contingencies:

- (a) As of December 31, 2022 and 2021, the Company had issued promissory notes for short-term and long-term borrowings of \$6,500,000 thousand and \$6,000,000 thousand, respectively.
- (b) As of December 31, 2022 and 2021, the Company had payables in respect of important construction contracts, amounting to \$104,977 thousand and \$84,499 thousand, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(12) Others:

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

By item	By function	For the year ended December 31, 2022			For the year ended December 31, 2021		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		567,776	3,293,421	3,861,197	514,419	2,499,554	3,013,973
Labor and health insurance		42,826	205,041	247,867	45,220	199,149	244,369
Pension		17,365	124,352	141,717	19,477	122,457	141,934
Director compensation		-	157,385	157,385	-	108,576	108,576
Other employee benefits		15,889	72,016	87,905	13,625	58,171	71,796
Depreciation		54,524	147,030	201,554	62,532	137,409	199,941
Amortization		2,150	21,521	23,671	1,997	20,882	22,879

Additional information on the number of employees and employee benefit expenses for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Number of employees	<u><u>2,604</u></u>	<u><u>2,640</u></u>
Number of directors who were not employees	<u><u>12</u></u>	<u><u>12</u></u>
Average employee benefit	<u><u>\$ 1,674</u></u>	<u><u>1,321</u></u>
Average salary and wage	<u><u>\$ 1,490</u></u>	<u><u>1,147</u></u>
Average adjustment of employee salary and wage	<u><u>29.90 %</u></u>	<u><u>(5.28)%</u></u>
Supervisor compensation	<u><u>\$ -</u></u>	<u><u>-</u></u>

The Company's compensation policy (for directors, executives, and employees) is as follows:

- (a) Pursuant to the Articles of Incorporation of the Company, director compensation shall be authorized by the Board of Directors according to the Compensation Committee's evaluation and the general pay level in the industry. If there is profit during the year, a minimum of 2% shall be allocated as employee compensation and a maximum of 1.8% as director compensation. Profit is defined as net profit before deducting tax and the compensation to employees and directors.
- (b) Compensation to executive officers, including monthly salary, year end bonus, and performance bonus, is either stipulated by the Company's "Staff Salary Standards", "Regulations Governing Year end Bonus", and "Regulations Governing Performance Bonus", or determined with reference to the general pay level in the industry, subsequent to which the amount shall be evaluated by the Compensation Committee, and finally be proposed to the Board of Directors.
- (c) Employee compensation is distributed in accordance with the Company's "Staff Salary Standards", "Performance and Salary Appraisal Standards", and the incentive plan for various bonuses.

(Continued)

FENG TAY ENTERPRISES CO., LTD
Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The followings is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company :

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

(In Thousands of New Taiwan Dollar)

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

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

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

Note 3 : Unissued shares of the Vietnamese entities.

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

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

- v. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock :

(In Thousands of New Taiwan Dollar)

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

FENG TAY ENTERPRISES CO., LTD
Notes to the Financial Statements

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

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	Sale	1,851,304	2%	30 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	121,019	1%	-
"	"	"	Purchase	7,496,032	9%	20 days	"	-	(432,869)	(6%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	Sale	1,601,915	2%	30 days	"	-	72,970	1%	-
"	"	"	Purchase	7,940,645	10%	15 days	"	-	(360,248)	(5%)	-
"	Vietnam Dona Orient Co., Ltd.	"	Sale	3,498,811	4%	75 days	"	-	595,843	5%	-
"	"	"	Purchase	7,098,729	9%	30 days	"	-	(513,885)	(8%)	-
"	Dona Victor Footwear Co., Ltd.	"	Sale	1,642,881	2%	30 days	"	-	81,136	1%	-
"	"	"	Purchase	8,856,316	11%	30 days	"	-	(643,475)	(9%)	-
"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sale	2,630,608	3%	60/90 days	"	-	546,999	5%	-
"	"	"	Purchase	5,294,283	6%	30 days	"	-	(540,475)	(8%)	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sale	831,640	1%	15 days	"	-	35,550	-	-
"	"	"	Purchase	3,460,263	4%	15 days	"	-	(176,663)	(3%)	-
"	Fujian San Feng Footwear Co., Ltd.	"	Sale	598,160	1%	15 days	"	-	23,844	-	-
"	"	"	Purchase	3,000,510	4%	15 days	"	-	(161,426)	(2%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	"	Sale	1,252,867	1%	15 days	"	-	46,724	-	-
"	"	"	Purchase	3,534,989	4%	15days	"	-	(242,733)	(4%)	-
"	Fujian Great Hope Footwear Co., Ltd.	"	Sale	192,126	-	15 days	"	-	15,183	-	-
"	"	"	Purchase	1,564,059	2%	60 days	"	-	(164,987)	(2%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sale	4,004,349	4%	90 days	"	-	967,118	8%	-
"	"	"	Purchase	17,938,568	22%	10 days	"	-	(720,863)	(11%)	-
"	Vung Tau Orient Co., Ltd.	"	Sale	983,389	1%	90 days	"	-	310,967	3%	-
"	"	"	Purchase	2,404,097	3%	10 days	"	-	(133,685)	(2%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	Sale	116,391	-	15 days	"	-	6,700	-	-
"	"	"	Purchase	140,927	-	30 days	"	-	(6,616)	-	-
"	East Wind Footwear Co., Ltd.(India Branch)	"	Sale	2,212,181	2%	60/90 days	"	-	406,790	3%	-
"	"	"	Purchase	4,981,368	6%	10/30 days	"	-	(229,659)	(3%)	-
"	Fairway Enterprises Co., Ltd. (India Branch)	"	Sale	3,157,716	3%	45/90 days	"	-	487,374	4%	-

FENG TAY ENTERPRISES CO., LTD
Notes to the 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.	Fairway Enterprises Co., Ltd. (India Branch)	Parent and subsidiary	Purchase	5,578,839	7%	30 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	(608,632)	(9%)	-
"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sale	477,945	1%	15 days	"	-	63,178	1%	-
"	"	"	Purchase	240,199	-	30 days	"	-	(9,320)	-	-
Growth-Link Overseas Co., Ltd.	Lotus Footwear Enterprises Ltd.(India Branch)	Parent and subsidiary	Purchase	142,599	40%	Payment after Delivery	"	-	-	-	-
"	East Wind Footwear Co., Ltd.(India Branch)	"	"	184,640	52%	"	"	-	-	-	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	7,496,032	100%	20 days	"	-	432,869	99%	-
"	"	"	Purchase	1,851,304	34%	30 days	"	-	(121,019)	(33%)	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	3,460,263	71%	15 days	"	-	176,663	87%	-
"	"	"	Purchase	831,640	32%	15 days	"	-	(35,550)	(19%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	Associate	"	239,920	9%	10-15 days	"	-	(14,909)	(8%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	"	183,367	7%	10-15 days	"	-	(12,151)	(7%)	-
Fujian Xiefeng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	3,534,989	64%	15 days	"	-	242,733	62%	-
"	"	"	Purchase	1,252,867	50%	15 days	"	-	(46,724)	(27%)	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Associate	Sale	239,920	4%	10-15 days	"	-	14,909	4%	-
"	Fujian San Feng Footwear Co., Ltd.	"	"	169,786	3%	15-20 days	"	-	9,207	2%	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	Purchase	141,471	6%	10-15 days	"	-	(5,300)	(3%)	-
Fujian San Feng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	3,000,510	69%	15 days	"	-	161,426	61%	-
"	"	"	Purchase	598,160	29%	15 days	"	-	(23,844)	(17%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	Associate	"	169,786	8%	15-20 days	"	-	(9,207)	(7%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	"	204,854	10%	10-15 days	"	-	(8,219)	(6%)	-
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,564,059	100%	60 days	"	-	164,987	96%	-
"	"	"	Purchase	192,126	21%	15 days	"	-	(15,183)	(14%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	Associate	"	202,353	22%	10-60 days	"	-	(35,734)	(33%)	-
Xie Feng Mold Co., Ltd. Putian, Fujian	Fujian Xiefeng Footwear Co., Ltd.	Associate	Sale	141,471	14%	10-15 days	"	-	5,300	7%	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	"	183,367	18%	10-15 days	"	-	12,151	16%	-

FENG TAY ENTERPRISES CO., LTD
Notes to the 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 Great Hope Footwear Co., Ltd.	Associate	Sale	202,353	20%	10-60 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	35,734	47%	-
"	Fujian San Feng Footwear Co., Ltd.	"	"	204,854	20%	10-15 days	"	-	8,219	11%	-
"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	"	122,107	12%	15-20 days	"	-	8,704	11%	-
"	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	"	140,927	14%	30 days	"	-	6,616	9%	-
"	"	"	Purchase	116,391	46%	15 days	"	-	(6,700)	(40%)	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Sale	240,199	23%	30 days	"	-	9,320	15%	-
"	"	"	Purchase	477,945	75%	15 days	"	-	(63,178)	(87%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	Associate	"	122,107	19%	15-20 days	"	-	(8,704)	(12%)	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Associate	Sale	6,690,710	100%	Payment after Delivery	"	-	806,653	99%	-
"	Vietnam Dona Standard Footwear Co.,Ltd.	"	Purchase	125,462	3%	45 days	"	-	(21,146)	(6%)	-
Hong Kong Shoe Majesty Trading Co., Ltd.	Vietnam Shoe Majesty Co., Ltd.	Associate	Purchase	6,690,710	100%	Payment after Delivery	"	-	(806,653)	(96%)	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Sale	8,856,316	100%	30 days	"	-	643,475	100%	-
"	"	"	Purchase	1,642,881	71%	30 days	"	-	(81,136)	(22%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	Associate	"	192,403	8%	60 days	"	-	(15,420)	(4%)	-
"	Dona Victor Molds Mfg Co.,Ltd.	"	"	142,718	6%	30 days	"	-	(10,070)	(3%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	298,838	13%	60 days	"	-	(18,178)	(5%)	-
Dona Pacific (Vietnam) Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Sale	7,940,645	94%	15 days	"	-	360,248	89%	-
"	"	"	Purchase	1,601,915	75%	30 days	"	-	(72,970)	(23%)	-
"	Vietnam Dona Orient Co., Ltd.	Associate	Sale	235,138	3%	60 days	"	-	19,834	5%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	113,122	1%	60 days	"	-	9,019	2%	-
"	Dona Victor Footwear Co.,Ltd.	"	"	192,403	2%	60 days	"	-	15,420	4%	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Sale	7,098,729	72%	30 days	"	-	513,885	61%	-
"	"	"	Purchase	3,498,811	76%	75 days	"	-	(595,843)	(75%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	Associate	"	160,653	3%	60 days	"	-	(5,475)	(1%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	"	235,138	5%	60 days	"	-	(19,834)	(3%)	-

FENG TAY ENTERPRISES CO., LTD
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Vietnam Dona Orient Co., Ltd.	Dona Victor Molds Mfg Co., Ltd.	Associate	Purchase	139,144	3%	30 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	(7,643)	(1%)	-
Dona Victor Molds Mfg Co., Ltd.	Dona Victor Footwear Co., Ltd.	Associate	Sale	142,718	19%	30 days	"	-	10,070	14%	-
"	Vietnam Dona Orient Co., Ltd.	"	"	139,144	19%	30 days	"	-	7,643	11%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	380,776	51%	30 days	"	-	38,400	54%	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	2,404,097	99%	10 days	"	-	133,685	98%	-
"	"	"	Purchase	983,389	89%	90 days	"	-	(310,967)	(66%)	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	17,938,568	96%	10 days	"	-	720,863	91%	-
"	"	"	Purchase	4,004,349	72%	90 days	"	-	(967,118)	(63%)	-
"	Dona Victor Footwear Co., Ltd.	Associate	Sale	298,838	2%	60 days	"	-	18,178	2%	-
"	Vietnam Dona Orient Co., Ltd.	"	"	160,653	1%	60 days	"	-	5,475	1%	-
"	Vietnam Shoe Majesty Co., Ltd.	"	"	125,462	1%	45 days	"	-	21,146	3%	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	Purchase	113,122	2%	60 days	"	-	(9,019)	(1%)	-
"	Dona Victor Molds Mfg Co., Ltd.	"	"	380,776	7%	30 days	"	-	(38,400)	(2%)	-
East Wind Footwear Co., Ltd. (India Branch)	Growth-Link Overseas Co., Ltd.	Sub-subsidiary and investor	Sale	184,640	4%	Payment after Delivery	"	-	-	-	-
"	Feng Tay Enterprises Co., Ltd.	"	"	4,981,368	96%	10/30 days	"	-	229,659	100%	-
"	"	"	Purchase	2,212,181	96%	60/90 days	"	-	(406,790)	(91%)	-
Lotus Footwear Enterprises Ltd. (India Branch)	Growth-Link Overseas Co., Ltd.	Subsidiary and parent	Sale	142,599	3%	Payment after Delivery	"	-	-	-	-
"	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	"	5,294,283	95%	30 days	"	-	540,475	97%	-
"	"	"	Purchase	2,630,608	100%	60/90 days	"	-	(546,999)	(94%)	-
Fairway Enterprises Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	5,578,839	99%	30 days	"	-	608,632	100%	-
"	"	"	Purchase	3,157,716	99%	45/90 days	"	-	(487,374)	(91%)	-

Note1 : Reconciliated in the preparation of the consolidated report.

Note2 : The above-mentioned transactions between related parties included repeated sales and purchases.

FENG TAY ENTERPRISES CO., LTD
Notes to the Financial Statements

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

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	121,019	9.84	-	-	121,019	-
"	Vietnam Dona Orient Co., Ltd.	"	595,843	5.42	-	-	336,964	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	967,118	4.82	-	-	393,273	-
"	Vung Tau Orient Co., Ltd.	"	310,967	4.50	65,518	-	44,255	-
"	Lotus Footwear Enterprises Ltd. (India Branch)	"	546,999	4.45	-	-	239,036	-
"	"	"	193,691	Note 2	-	-	-	-
"	East Wind Footwear Co., Ltd. (India Branch)	"	406,790	4.15	-	-	153,324	-
"	"	"	73,725	Note 2	-	-	-	-
"	Fairway Enterprises Co., Ltd. (India Branch)	"	487,374	4.88	-	-	194,315	-
"	"	"	208,785	Note 2	-	-	-	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	432,869	16.29	-	-	432,807	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	176,663	19.05	-	-	176,663	-
Fujian Xiefeng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	242,733	18.23	-	-	242,733	-
Fujian San Feng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	161,426	17.91	-	-	161,426	-
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	164,987	9.76	-	-	120,893	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Associate	806,653	10.17	-	-	74,729	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	643,475	15.61	-	-	643,475	-
Dona Pacific (Vietnam) Co., Ltd	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	360,248	20.83	-	-	360,248	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	513,885	17.09	-	-	513,865	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	133,685	20.16	-	-	133,643	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	720,863	26.16	-	-	713,585	-
East Wind Footwear Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	229,659	23.47	-	-	229,422	-
Lotus Footwear Enterprises Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	540,475	10.59	-	-	540,475	-
Fairway Enterprises Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	608,632	10.13	-	-	608,632	-

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

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

FENG TAY ENTERPRISES CO., LTD
Notes to the Financial Statements

ix. Trading in derivative instruments : None

(b) Information on investment

The following is the information on investment for the year 2022 (excluding information on investment in Mainland China) :

(In Thousands of New Taiwan Dollar)

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

FENG TAY ENTERPRISES CO., LTD
Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
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%	94	(12,457)	-	Investee under the equity method (Note 5)
"	Cheyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	-	-	1	0.01%	-	(39,463)	-	"
VX Holdings Ltd.	Dona Victor Footwear Co., Ltd.	Vietnam	Producing of athletic shoes, semi-finished footwear, and footwear accessories	1,011,296	1,011,296	Note4	100.00%	2,104,610	461,313	461,313	Subsidiary (Note 5)
Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Hong Kong	International trade services	6,132	6,132	200	100.00%	168,031	80,310	80,310	Subsidiary
"	Vietnam Shoe Majesty Co., Ltd.	Vietnam	Manufacturing footwear products	1,134,420	1,134,420	Note4	100.00%	1,965,742	440,160	440,160	"
Dona Orient Holdings Ltd.	Vietnam Dona Orient Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,349,040	1,349,040	Note4	100.00%	2,172,280	724,663	724,663	Subsidiary (Note 5)
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	2,320,962	2,320,962	"	100.00%	4,294,363	641,993	641,993	"
"	Hold Gold Trading Co., Ltd.	British Virgin Islands	Selling of finished shoes, golf balls, backpack, bags and soccer ball	-	3,066	-	-	-	(59)	(59)	"
"	Vung Tau Orient Co., Ltd.	Vietnam	Producing golf balls, soccer balls, and backpack, bags	712,024	558,724	Note4	100.00%	792,104	(13,344)	(13,344)	"
"	Vietnam Nam Ha Footwear Co., Ltd.	"	Producing athletic shoes, semi-finished footwear, and footwear accessories	1,318,380	827,820	"	100.00%	1,288,773	(17,788)	(17,788)	"
VX Mold Co., Ltd.	Dona Victor Molds Mfg. Co., Ltd.	Vietnam	Manufacturing and repair of molds, cutting dies, and processing of metal parts	95,046	95,046	Note4	100.00%	266,872	184,819	184,819	Subsidiary (Note 5)
Dona Pacific Holdings Ltd.	Dona Pacific (Vietnam) Co., Ltd.	Vietnam	Producing athletic shoes, semi-finished footwear, and footwear accessories	613,200	613,200	Note4	100.00%	1,341,766	559,806	559,806	Subsidiary (Note 5)
Lotus Footwear Enterprises Ltd.	Cheyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	3,187,670	2,780,498	104,999,999	99.99%	2,387,753	(39,463)	(39,463)	Subsidiary (Note 5)
"	East Wind Footwear Co., Ltd.	British Virgin Islands	Investment holding and production of athletic shoes	506,877	506,877	9,751	100.00%	858,852	230,332	230,332	"
"	Fairway Enterprises Co., Ltd.	"	Investment holding and production of athletic shoes	1,574,991	1,480,939	29,501	100.00%	1,873,121	307,450	307,450	"

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

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

FENG TAY ENTERPRISES CO., LTD
Notes to the Financial Statements

Note 3 : The investees of Feng Tay Enterprises Co., Ltd. are presented based on the financial statements as of December 31, 2022, audited by certified public accountants, except that some of the investees were presented based on the unaudited financial statements as of December 31, 2022.

Note 4 : Unissued shares of the Vietnamese entities.

Note 5 : Included in the consolidated financial statements.

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

(c) Information on investment in mainland China

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

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022 (Note 7)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022 (Note 7)	Net income (losses) of the investee (Note 8)	Percentage of ownership	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.	137,970	Note 1	168,003	-	-	168,003	1,238	50.00%	619	24,338	100,886
Xie Feng Mold Co., Ltd. Putian, Fujian	Manufacturing and repair of molds, cutting dies, shoe lasts, injections, and processing of metal parts.	91,980	"	147,268	-	-	147,268	279,357	50.34%	140,615	202,558	1,070,943
Fujian Xiefeng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	459,900	"	173,911	-	-	173,911	512,565	77.50%	397,238	584,508	975,584
Fujian San Feng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	459,900	"	278,262	-	-	278,262	335,762	68.00%	228,318	213,248	993,604
Fujian Da Feng Holdings Co., Ltd.	Investment holding.	827,820	"	923,213	-	-	923,213	1,095,325	70.00%	766,728	1,999,868	5,843,781
Fujian Great Hope Footwear Co., Ltd.	Production of athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	243,747	"	410,369	-	-	410,369	175,239	84.73%	148,488	424,170	542,066
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	459,900	Note 2	-	-	-	-	536,604	70.00%	375,623	424,997	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	78,574	"	-	-	-	-	118,877	66.07%	78,536	231,489	-

ii. Upper limit on investment in Mainland China

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

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

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

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

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

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

FENG TAY ENTERPRISES CO., LTD
Notes to the Financial Statements

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

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

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

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

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

iii Significant transactions :

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

(d) Major shareholders

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

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

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2022.

Feng Tay Enterprises Co., Ltd.

Chairman : Chien-Hung Wang