

Stock Code : 9910

# **Feng Tay Enterprises Co., Ltd.**

## **Handbook for the 2024 Annual General Meeting of Shareholders**

**Notice to readers**

*This English version handbook 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.*

**Meeting Date : May 31<sup>st</sup>, 2024**

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**Feng Tay Enterprises Co., Ltd.**  
**2024 Annual General Shareholders' Meeting Agenda**

Date & Time : May 31, 2024 ( Friday ) at 10 a.m.

Location : No. 52, Kegong 8<sup>th</sup> Road, Douliou City, Yunlin County

Meeting Type : Physical shareholders meeting

I. Chairman Call the Meeting to Order

II. Chairman Remarks

III. Report Items

(1) 2023 Business Report

(2) Audit Committee's Review Report on the 2023 Financial Statements

(3) Report on the 2023 Distribution of Remuneration to Employees and  
Directors

(4) Report on the 2023 Compensation of Directors

IV. Ratification

(1) Ratification of the 2023 Financial Statement and Business Report

(2) Ratification of the 2023 Profit Distribution Plan

V. Election Matters

(1) Directors Re-Election of the Company

VI. Other Matters

(1) Release the Restriction on Directors of the Company from Participation  
in Competitive Business

VII. Extraordinary Motion

VIII. Adjournment

## **Report Items**

Report No. 1 : 2023 Business Report

Explanation : Please refer to Attachment 1 (page 4~5) for the 2023 Business Report.

Report No. 2 : Audit Committee's Review Report on the 2023 Financial Statements

Explanation : Please refer to Attachment 2 (page 6) for the Audit Committee's Review Report.

Report No. 3 : Report on the 2023 Distribution of Remuneration to Employees and Directors

Explanation :

- (1) Employees' Remuneration of amount NT\$140,000,000 for year 2023, the ratio is more than 2% of net income before tax that before deduction of remuneration of employees and directors, will be paid in cash.(In addition, The Company had paid Employees' Year End Bonus of amount NT\$467,437,086.)
- (2) Directors' Remuneration of amount NT\$91,000,000 for year 2023, the ratio is not more than 1.8% of net income before tax that before deduction of remuneration of employees and directors, will be paid in cash.

Report No. 4 : Report on the 2023 Compensation of Directors

Explanation :

- (1) The company's director's compensation policy is stipulated in the company's articles of association. The director's compensation is authorized to be paid by the board of directors according to the evaluation of the compensation committee and the usual level of the industry. If there is profit at the end of each fiscal year, no more than 1.8% shall be allocated as the director's remuneration.
- (2) Please refer to Attachment 3 (page 7) for the breakdown of each director's compensation.

## **Ratification Items**

1. ( Proposed by the Board of Directors )

Proposal : Ratification of the 2023 Financial Statement and Business Report

Explanation :

The Audit Committee of the Company has reviewed the 2023 Business Report, Consolidated Financial Statements (including Parent Company Only Financial Statements) The Financial Statements were audited by independent certified public accountants, Ms. Kuo, Rou-Lan and Ms. Lien, Shu-Ling, of KPMG. Please refer to the Attachment 1 (page 4~5) and Attachment 4 to 5 (page 8 ~ 22).

Resolution :

2. ( Proposed by the Board of Directors )

Proposal : Ratification of the 2023 Profit Distribution Plan

Explanation :

- (1) The Audit Committee of the Company has reviewed the 2023 Profit Distribution Statement which approved by the Board of Directors on March 14th 2024. Please refer to the Attachment 6 (page 23).
- (2) For the year 2023, the Company proposed to distribute dividends in the amount NT\$4,246,176,174 to the shareholders according to their share ownership at NT\$4.3 per share, rounded down to the nearest New Taiwan Dollar. Dividends distributed under NT\$1 shall be recognized as "Other Income" of the Company.
- (3) Upon approval by the Annual General Meeting of Shareholders, the Chairman of the Board is authorized to set the record date, payment date, and other relevant issues.

Resolution :

## **Election Matters**

1. (Proposed by the Board of Directors)

Proposal : Directors Re-Election of the Company. Please put forth for the election.

Explanation :

- (1) According to Article 14 and 14-1 of the Articles of Incorporation, a total of 13 directors (including 4 independent directors) shall be elected from the nomination list at this Annual General Meeting of Shareholders, the tenure of office will be 3 years from May 31<sup>st</sup>, 2024 to May 30<sup>th</sup>, 2027.
- (2) Please refer to Attachment 7 (page 24~26) for the list of director candidates (including independent directors) and relevant information.

Voting Results :

## **Other Matters**

1. (Proposed by the Board of Directors)

Proposal : Release the Restriction on Directors of the Company from Participation in Competitive Business. Please proceed to discuss.

Explanation :

- (1) According to Article 209 of the Company Act, a director, who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.
- (2) Proposal for release the restriction on newly elected directors from participation in competitive business. Please refer to Attachment 8 (page 27~28) for the director candidates (including independent directors) concurrently hold positions in other companies.

Resolution :

## **Extraordinary Motion**

## **Adjournment**

## Feng Tay Enterprises Co., Ltd. 2023 Business Report

### Operation Result

The company's consolidated sales in 2023 was NT\$ 85,767 million, a decrease of 11% compared to 2022; the sales volume of shoes was 112 million pairs, a decrease of 16% compared to 2022. Consolidated operating income was NT\$ 6,584 million, a decrease of 42% compared to 2022; consolidated net income was NT\$ 5,446 million, a decrease of 44% compared to 2022; Net income attributable to shareholders of the parent was NT\$ 4,975 million, a decrease of 45% compared to 2022; earnings per share was NT\$ 5.04. The sales and profit in 2023 lower than that in 2022, mainly because the unstable political and economic situation around the globe impacted the sales of brand owner and lead to the decline of clients' order.

### Research and development

The company is devoted to research and development of new production technique, new products and automation...etc., to enhance technical capabilities, reduce production costs, comply with environmental protection trends, and increase long-term competitiveness. The total amount for research and development expense in 2023 was NT\$ 2,678 million, accounts for 3.1% of consolidated sales. The main research and development results of 2023 were as follows:

- Developed and produced the first shoe model that doesn't require glue in the manufacturing process. A snapping technology was designed and used for securing the upper to the full-length air bag. When the shoes are to be disposed of, all components can be disassembled separately to achieve the goal of 100% recyclability.
- Developed and produced the innovative design of fully surrounding cabling structure in shoe inner layer to strengthen the upper coverage and support. The outer layer is made of soft leather to provide better comfort, and is equipped with forefoot and heel Zoom Air cushioning systems, providing consumers with the experience of high resilience while jumping.
- Researched and developed the single-sided gluing technology for outdoor shoes that can reduce the usage of solvent-based primer and cement during production. The technology can reduce 50% of volatile organic compounds (VOC) and odor compared to the original process, Besides, it can even shorten the process, and also reduces the energy consumption, cutting 20% of carbon emissions.
- Leading-in metal 3D printing technology to replace the traditional casting process, and it also combine with digital texture application to shorten the molding time and reduce the polluting waste generated by the casting and chemical etching processes.
- New generation Auto Assembly Line 4.0 has been developed and put into mass production. The yield area is reduced by 25% compared with the previous generation. It is equipped with the function for production quality self-inspection and enhance the diversity of models adoption.

### Production Overview

The company's production of shoes in 2023 was 112 million pairs, which decreased 16% than in 2022. Of all, the China area was decreased by 16%, the Vietnam area was decreased by 17%, the Indonesia area was decreased by 28%, and the India area was decreased by 10%. In 2024, except for comprehensively improving production management and manufacturing capabilities of factories, the main business strategies for each region states separately as follows: (the production volume and percentage of each area)

China area (11 million shoes, 10%): Through the Increase of the automatic assembly line, improvement of the proportion for automation and the production efficiency, China area is dedicated to become the benchmark for factory lean production management.

Vietnam area (53 million shoes, 47%): Through the Improvement of production efficiency and enhancement of the production capability to manufacture difficult shoe models, Vietnam area is

dedicated to establish basic capabilities for automated production. In addition, the new factory in Nam Ha industrial zone has been put into operation in the fourth quarter of 2023.

Indonesia area (14 million shoes, 12%): Indonesia area is dedicated to emphasize on the production of children's shoes, and improve production and technical capabilities.

India area (34 million shoes, 31%): India area is dedicated to develop the ability to produce mid-to-high-end products, stabilize growth momentum; the new factory in Tindivanam industrial zone has been put into operation in the fourth quarter of 2023.

## **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. Furthermore, the company continuously increase the usage of renewable energy in factories from India and China, and installed more solar power generation equipment in Taiwan headquarter and factories from 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 2023. Please refer to the company's website "Corporate Social Responsibility Section" (website: <https://www.fengtay.com>).

## **Prospects**

Although the current situation of the international economic situation is still unclear, the management team will continuously enhance competitiveness in response to future challenges by technology innovation, manufacturing process improvement, automation, lean management, talents cultivation and environment protection for sustainability development and better operation performance.

## **Audit Committee's Review Report**

The Company's 2023 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.

2024 Annual Shareholders' Meeting

Feng Tay Enterprises Co., Ltd.

Chair of the Audit Committee: Yu-Sheng, Lu

March 14, 2024



## (Attachment 3)

## 2023 Compensation of Directors

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 Remuneration(G)							
		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	9,000	9,000	—	—	7,000	7,000	—	—	115,480 2.32%	115,480 2.32%	—	—	—	—	—	—	—	—	142,788 2.87%	163,299 3.28%	None	
Vice Chairman	Chien-Rong Wang	9,000	9,000	—	—	7,000	7,000	—	—			—	—	—	—	—	—	—	—			—	None
Director	Chao-Chi Chen	—	—	—	—	7,000	7,000	—	—			6,700	6,700	108	108	20,500	—	20,500	—			None	
Director	Hui-Ling Chen	—	—	—	—	7,000	7,000	—	—			—	—	—	—	—	—	—	—			None	
Director	Peter Dale Nickerson	—	—	—	—	7,000	7,000	—	—			—	20,511	—	—	—	—	—	—			None	
Director	Shi-Chin Tsai	—	—	—	—	7,000	7,000	—	—			—	—	—	—	—	—	—	—			None	
Director	Shih-Jung Chen	—	—	—	—	7,000	7,000	—	—			—	—	—	—	—	—	—	—			None	
Director	Tsung-Ta Lu	—	—	—	—	7,000	7,000	—	—			—	—	—	—	—	—	—	—			None	
Director	Yi-Hua Chung	—	—	—	—	7,000	7,000	—	—			—	—	—	—	—	—	—	—			None	
Independent Director	How-Jen Huang	1,440	1,440	—	—	7,000	7,000	—	—			—	—	—	—	—	—	—	—			None	
Independent Director	Yu-Sheng Lu	1,920	1,920	—	—	7,000	7,000	—	—			—	—	—	—	—	—	—	—			None	
Independent Director	Chung-Yi Lin	1,680	1,680	—	—	7,000	7,000	—	—			—	—	—	—	—	—	—	—			None	
Independent Director	Hsueh-Cheng Li	1,440	1,440	—	—	7,000	7,000	—	—			—	—	—	—	—	—	—	—			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 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 Remuneration Committee, another proper remuneration is also determined .



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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 comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2023 and 2022, 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 Kuo, Rou-Lan and Lien, Shu-Ling.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2024

#### **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, 2023 and 2022**

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

		December 31, 2023		December 31, 2022 (Restatement)		January 1, 2022 (Restatement)				December 31, 2023		December 31, 2022 (Restatement)		January 1, 2022 (Restatement)	
Assets		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (Notes (6)(a) and (n))	\$ 3,858,842	8	5,573,482	11	4,863,252	10	2100	Short-term borrowings (Note (6)(j))	\$ 2,250,109	5	435,372	1	6,300,675	13
1170	Accounts receivable (Notes (6)(b) and (q))	8,138,765	16	8,772,178	17	8,567,534	18	2130	Current contract liabilities (Note (6)(q))	999	-	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	4,256,055	9	3,941,237	8	3,960,166	9
1200	Other receivables (Note (7))	772,084	2	442,193	1	631,589	2	2200	Other payables	5,250,463	10	6,442,332	12	4,672,025	10
1220	Current tax assets	309,550	-	187,379	-	178,851	-	2230	Current tax liabilities	1,725,252	3	2,593,834	5	1,761,214	4
130X	Inventories (Note (6)(c))	8,578,013	17	9,104,194	18	9,374,817	20	2280	Current lease liabilities (Note (6)(l))	31,952	-	34,934	-	33,158	-
1476	Other current financial assets (Note (8))	1,362	-	1,364	-	2,192	-	2320	Long-term liabilities, current portion (Note (6)(k))	57,679	-	14,481	-	37,186	-
1479	Other current assets, others	947,131	2	1,078,973	2	814,889	2	2399	Other current liabilities, others	44,024	-	36,328	-	19,476	-
Total current assets		22,605,747	45	25,180,909	49	24,446,242	52	Total current liabilities		13,616,533	27	13,498,835	26	16,784,303	36
Non-current assets:								Non-Current liabilities:							
1550	Investments accounted for using equity method (Note (6)(d))	1,080,014	2	1,051,389	2	719,726	2	2540	Long-term borrowings (Note (6)(k))	3,451,540	7	2,511,012	5	2,853,288	6
1600	Property, plant and equipment (Note (6)(f))	21,952,247	43	20,704,257	40	18,059,715	38	2570	Deferred tax liabilities (Note (6)(n))	3,560,853	7	3,827,503	8	3,276,537	7
1755	Right-of-use assets (Note (6)(g))	1,683,217	3	1,764,171	4	1,650,198	3	2580	Non-current lease liabilities (Note (6)(l))	515,667	1	549,238	1	534,191	1
1760	Investment property, net (Note (6)(h))	70,149	-	68,679	-	64,004	-	2640	Non-current net defined benefit liability (Note (6)(m))	4,226,913	9	3,839,586	8	3,356,409	7
1780	Intangible assets (Note (6)(i))	423,698	1	420,583	1	401,207	1	2670	Other non-current liabilities	220,586	-	210,266	-	251,898	1
1840	Deferred tax assets (Note (6)(n))	1,800,863	4	1,409,418	3	1,232,747	3	Total non-current liabilities		11,975,559	24	10,937,605	22	10,272,323	22
1980	Other non-current financial assets (Note (8))	102,622	-	84,422	-	71,532	-	Total liabilities		25,592,092	51	24,436,440	48	27,056,626	58
1990	Other non-current assets	928,366	2	626,539	1	279,818	1	Equity attributable to owners of parent (Note (6)(o)):							
Total non-current assets		28,041,176	55	26,129,458	51	22,478,947	48	3110	Total capital stock	9,874,828	19	8,816,811	17	8,816,811	18
								3200	Capital surplus	53,750	-	51,160	-	50,916	-
									Retained earnings:						
								3310	Legal reserve	6,476,443	13	5,577,243	11	5,126,375	11
								3320	Special reserve	1,053,529	2	2,559,457	5	2,082,107	4
								3350	Unappropriated retained earnings	6,829,001	13	9,042,212	18	4,593,319	10
									Other equity interest:						
								3410	Exchange differences on translation of foreign financial statements	(1,127,303)	(2)	(1,053,529)	(2)	(2,559,457)	(5)
								Total equity attributable to owners of parent:		23,160,248	45	24,993,354	49	18,110,071	38
								36XX	Non-controlling interests	1,894,583	4	1,880,573	3	1,758,492	4
									Total equity	25,054,831	49	26,873,927	52	19,868,563	42
Total assets		\$ 50,646,923	100	51,310,367	100	46,925,189	100	Total liabilities and equity		\$ 50,646,923	100	51,310,367	100	46,925,189	100

(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, 2023 and 2022**

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

		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenues (Notes (6)(q) and (7))</b>	\$ 85,767,264	100	95,902,924	100
5000	<b>Operating costs (Note (6)(c))</b>	(67,991,313)	(79)	(72,616,941)	(76)
	<b>Gross profit from operations</b>	<u>17,775,951</u>	<u>21</u>	<u>23,285,983</u>	<u>24</u>
	<b>Operating expenses:</b>				
6100	Selling and administrative expenses	(8,514,539)	(10)	(9,002,483)	(9)
6300	Research and development expenses	(2,677,760)	(3)	(2,929,431)	(3)
6450	Expected credit loss	-	-	(7,972)	-
	<b>Total operating expenses</b>	<u>(11,192,299)</u>	<u>(13)</u>	<u>(11,939,886)</u>	<u>(12)</u>
	<b>Net operating income</b>	<u>6,583,652</u>	<u>8</u>	<u>11,346,097</u>	<u>12</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note (6)(s))	122,398	-	61,871	-
7010	Other income (Note (6)(s))	404,944	-	657,888	1
7020	Other gains and losses, net (Note (6)(s))	144,954	-	1,321,235	1
7050	Financial costs (Note (6)(s))	(252,120)	-	(167,042)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Note (6)(d))	77,251	-	254,418	-
	<b>Total non-operating income and expenses</b>	<u>497,427</u>	<u>-</u>	<u>2,128,370</u>	<u>2</u>
	<b>Profit from continuing operations before tax</b>	<u>7,081,079</u>	<u>8</u>	<u>13,474,467</u>	<u>14</u>
7950	<b>Income tax expenses (Note (6)(n))</b>	<u>(1,635,142)</u>	<u>(2)</u>	<u>(3,710,194)</u>	<u>(4)</u>
	<b>Net profit</b>	<u>5,445,937</u>	<u>6</u>	<u>9,764,273</u>	<u>10</u>
	<b>Other comprehensive income:</b>				
8310	<b>Item that will not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	30,932	-	(160,034)	-
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(2,378)	-	134	-
8349	Income tax related to components of other comprehensive income that will may not be reclassified to profit	10,923	-	66,493	-
	<b>Item that will not be reclassified subsequently to profit or loss</b>	<u>39,477</u>	<u>-</u>	<u>(93,407)</u>	<u>-</u>
8360	<b>Item that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(87,760)	-	1,573,625	2
8399	Income tax related to components of other comprehensive income (loss) that will may be reclassified to profit or loss	135	-	(7,051)	-
	<b>Item that may be reclassified subsequently to profit or loss</b>	<u>(87,625)</u>	<u>-</u>	<u>1,566,574</u>	<u>2</u>
	<b>Other comprehensive income (loss)</b>	<u>(48,148)</u>	<u>-</u>	<u>1,473,167</u>	<u>2</u>
8500	<b>Total comprehensive income</b>	<u>\$ 5,397,789</u>	<u>6</u>	<u>11,237,440</u>	<u>12</u>
	<b>Net profit, attributable to:</b>				
8610	Net profit, attributable to owners of parent	\$ 4,974,908	5	9,081,733	9
8620	Net profit, attributable to non-controlling interests	471,029	1	682,540	1
		<u>\$ 5,445,937</u>	<u>6</u>	<u>9,764,273</u>	<u>10</u>
	<b>Comprehensive income attributable to:</b>				
8710	Comprehensive income, attributable to owners of parent	\$ 4,953,248	5	10,497,932	11
8720	Comprehensive income, attributable to non-controlling interests	444,541	1	739,508	1
		<u>\$ 5,397,789</u>	<u>6</u>	<u>11,237,440</u>	<u>12</u>
	<b>Earnings per share (Note (6)(p))</b>				
9750	<b>Basic earnings per share (dollars)</b>	<u>\$ 5.04</u>		<u>9.20</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, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Total other equity interest			
	Share capital		Retained earnings			Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
Balance on January 1, 2022	\$ 8,816,811	50,916	5,126,375	2,082,107	4,593,319	(2,559,457)	18,110,071	1,758,492	19,868,563
Net profit	-	-	-	-	9,081,733	-	9,081,733	682,540	9,764,273
Other comprehensive income	-	-	-	-	(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
Net profit	-	-	-	-	4,974,908	-	4,974,908	471,029	5,445,937
Other comprehensive income	-	-	-	-	52,114	(73,774)	(21,660)	(26,488)	(48,148)
Total comprehensive income	-	-	-	-	5,027,022	(73,774)	4,953,248	444,541	5,397,789
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	899,200	-	(899,200)	-	-	-	-
Reversal of special reserve	-	-	-	(1,505,928)	1,505,928	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(6,788,944)	-	(6,788,944)	-	(6,788,944)
Stock dividends of ordinary share	1,058,017	-	-	-	(1,058,017)	-	-	-	-
Due to donated assets received	-	920	-	-	-	-	920	-	920
Difference between consideration and carrying amount of subsidiaries acquired or disposed									
	-	183	-	-	-	-	183	-	183
Changes in ownership interests in subsidiaries	-	1,487	-	-	-	-	1,487	46,888	48,375
Changes in non-controlling interests	-	-	-	-	-	-	-	(477,419)	(477,419)
Balance on December 31, 2023	\$ 9,874,828	53,750	6,476,443	1,053,529	6,829,001	(1,127,303)	23,160,248	1,894,583	25,054,831



(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, 2023 and 2022**

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

	2023	2022 (Restatement)
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 7,081,079	13,474,467
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	2,926,037	2,810,984
Amortization expense	54,203	51,653
Expected credit loss	-	7,972
Interest expense	252,120	167,042
Interest income	(122,398)	(61,871)
Share of profit of associates and joint ventures accounted for using equity method	(77,251)	(254,418)
Loss on disposal of property, plant and equipment	37,737	17,279
Profit from lease modification	(1,226)	-
Impairment losses	5,931	7,357
<b>Total adjustments to reconcile profit</b>	<b>3,075,153</b>	<b>2,745,998</b>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Decrease (increase) in accounts receivable	628,363	(180,927)
Decrease (increase) in other receivables	(346,264)	246,526
Decrease (increase) in inventories	508,141	1,120,738
Decrease (increase) in other current assets	149,227	103,736
Decrease (increase) in other current financial assets	(20)	840
<b>Total changes in operating assets</b>	<b>939,447</b>	<b>1,290,913</b>
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	691	(457)
Increase (decrease) in notes and accounts payable	352,273	(189,494)
Increase (decrease) in other payable	(1,072,051)	1,441,324
Increase (decrease) in other current liabilities	9,381	8,826
Increase (decrease) in net defined benefit liability	452,683	83,128
Increase (decrease) in other non-current liabilities	10,710	(65,961)
<b>Total changes in operating liabilities</b>	<b>(246,313)</b>	<b>1,277,366</b>
<b>Total changes in operating assets and liabilities</b>	<b>693,134</b>	<b>2,568,279</b>
<b>Total adjustments</b>	<b>3,768,287</b>	<b>5,314,277</b>
Cash inflow generated from operations	10,849,366	18,788,744
Interest received	128,237	57,260
Interest paid	(247,343)	(165,602)
Income taxes paid	(3,430,212)	(2,376,743)
<b>Net cash flows from operating activities</b>	<b>7,300,048</b>	<b>16,303,659</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(4,141,094)	(4,454,173)
Proceeds from disposal of property, plant and equipment	93,406	119,709
Acquisition of intangible assets	(57,045)	(68,397)
Proceeds from disposal of intangible assets	-	2,544
Acquisition of right-of-use assets	-	(76,638)
Increase in other non-current financial assets	(19,145)	(7,824)
Increase in other non-current assets	(261,730)	(391,100)
Dividends received	44,761	5,725
<b>Net cash flows used in investing activities</b>	<b>(4,340,847)</b>	<b>(4,870,154)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	2,187,985	(6,026,783)
Proceeds from long-term borrowings	1,706,189	1,671,274
Repayments of long-term borrowings	(1,088,189)	(2,192,239)
Payment of lease liabilities	(35,040)	(41,433)
Cash dividends paid	(6,788,944)	(3,614,893)
Change in non-controlling interests	(477,953)	(727,696)
<b>Net cash flows used in financing activities</b>	<b>(4,495,952)</b>	<b>(10,931,770)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(177,889)</b>	<b>208,495</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(1,714,640)</b>	<b>710,230</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,573,482</b>	<b>4,863,252</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 3,858,842</b>	<b>5,573,482</b>

See accompanying notes to consolidated financial statements.



安侯建業聯合會計師事務所  
KPMG

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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, 2023 and 2022, and the statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2023, 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 Kuo, Rou-Lan and Lien, Shu-Ling.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2024

#### **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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022 (Restatement)		January 1, 2022 (Restatement)				December 31, 2023		December 31, 2022 (Restatement)		January 1, 2022 (Restatement)	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:		Current liabilities:													
1100	Cash and cash equivalents (Notes (6)(a) and (m))	\$ 581,197	2	1,607,640	4	1,610,234	5	2100	Short-term borrowings (Note (6)(i))	\$ 1,660,000	4	-	-	4,425,980	13
1170	Accounts receivable (Notes (6)(b) and (6)(p))	7,520,784	19	8,146,459	20	7,766,544	22	2150	Notes payable	482,988	1	456,256	1	480,411	1
1180	Accounts receivable due from related parties, net (Notes (6)(b), (6)(p) and (7))	3,790,422	10	3,792,962	9	4,532,765	13	2170	Accounts payable	1,358,191	3	1,388,321	3	1,490,292	4
1200	Other receivables (Note (7))	106,097	-	543,033	2	73,207	-	2180	Accounts payable to related parties (Note (7))	4,864,161	12	4,948,014	13	4,093,110	12
1220	Total current tax assets (Note (6)(m))	18,026	-	-	-	-	-	2130	Current contract liabilities (Note (6)(p))	-	-	-	-	331	-
130X	Inventories (Note (6)(c))	193,891	-	110,990	-	94,426	-	2200	Other payables (Note (7))	1,017,373	3	1,785,217	4	1,103,074	3
1476	Other current financial assets (Note (8))	20	-	-	-	-	-	2230	Current tax liabilities	1,509,426	4	1,654,662	4	855,449	2
1479	Other current assets, others	173,392	-	199,116	1	121,384	-	2280	Current lease liabilities (Note (6)(k))	-	-	670	-	1,542	-
Total current assets		12,383,829	31	14,400,200	36	14,198,560	40	2300	Other current liabilities	15,989	-	14,843	-	3,693	-
Non-current assets:		Total current liabilities													
1550	Investments accounted for using equity method (Note (6)(d))	23,407,876	59	22,552,463	55	18,219,627	51	Non-Current liabilities:		10,908,128	27	10,247,983	25	12,453,882	35
1600	Property, plant and equipment (Notes (6)(e) and (7))	3,078,412	8	3,067,882	8	3,033,385	8	2540	Long-term borrowings (Note (6)(j))	1,470,000	4	852,000	2	1,500,000	4
1755	Right-of-use assets (Note (6)(f))	-	-	33,080	-	37,438	-	2570	Deferred tax liabilities (Note (6)(m))	3,041,010	8	3,378,045	9	2,894,741	8
1760	Investment Property, net (Note (6)(g))	6,858	-	6,858	-	6,858	-	2580	Non-current lease liabilities (Note (6)(k))	-	-	31,042	-	34,209	-
1780	Intangible assets (Note (6)(h))	38,927	-	34,980	-	32,229	-	2640	Non current net defined benefit liability (Note (6)(l))	843,335	2	915,891	2	828,487	2
1840	Deferred tax assets (Note (6)(m))	297,450	1	308,227	1	284,119	1	Total non-current liabilities		5,354,345	14	5,176,978	13	5,257,437	14
1980	Other non-current financial assets (Note (8))	1,039	-	1,558	-	1,538	-	Total liabilities		16,262,473	41	15,424,961	38	17,711,319	49
1900	Other non-current assets	208,330	1	13,067	-	7,636	-	Equity (Note (6)(n)):							
Total non-current assets		27,038,892	69	26,018,115	64	21,622,830	60	3100	Total capital stock	9,874,828	25	8,816,811	22	8,816,811	25
		3200													
		Retained earnings:													
		3310													
		Legal reserve													
		3320													
		Special reserve													
		3350													
		Unappropriated retained earnings													
		Other equity interest:													
		3410													
		Exchange differences on translation of foreign financial statements													
		Total equity													
Total assets		\$ 39,422,721	100	40,418,315	100	35,821,390	100	Total liabilities and equity		\$ 39,422,721	100	40,418,315	100	35,821,390	100

(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, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	<b>Total operating revenue (Notes (6)(p) and (7))</b>	\$ 83,209,526	100	92,672,657	100
5000	<b>Operating costs (Notes (6)(c) and (7))</b>	(75,334,485)	(91)	(82,779,696)	(89)
5900	<b>Gross profit from operations</b>	7,875,041	9	9,892,961	11
5910	Less: Unrealized profit from sales	467,230	1	506,180	1
5920	Add: Realized profit from sales	506,180	1	559,640	1
		7,913,991	9	9,946,421	11
	<b>Operating expenses:</b>				
6100	Less: Selling and administration expenses	1,689,998	2	2,385,941	3
6300	Less: Research and development expenses	2,445,666	3	2,683,047	3
6450	Less: Expected credit loss	-	-	7,972	-
	<b>Total operating expenses</b>	4,135,664	5	5,076,960	6
	<b>Operating income</b>	3,778,327	4	4,869,461	5
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note (6)(r))	26,663	-	9,094	-
7010	Other income (Note (6)(r))	287,332	-	360,141	-
7020	Other gains and losses, net (Notes (6)(r) and (7))	312,969	-	1,373,120	1
7050	Finance costs (Note (6)(r))	(27,489)	-	(23,554)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net (Note (6)(d))	1,761,506	2	4,450,278	5
	<b>Total non-operating income and expenses</b>	2,360,981	2	6,169,079	6
7900	<b>Profit from continuing operations before tax</b>	6,139,308	6	11,038,540	11
7950	<b>Income tax expenses (Note (6)(m))</b>	(1,164,400)	(1)	(1,956,807)	(2)
	<b>Net profit</b>	4,974,908	5	9,081,733	9
	<b>Other comprehensive income (loss):</b>				
8310	<b>Item that will not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of defined benefit plan	80,986	-	(164,348)	-
8330	Share of other comprehensive income (loss) 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	(12,675)	-	41,749	-
8349	Income tax related to components of other comprehensive income (loss) that may not be reclassified to profit or loss	(16,197)	-	32,870	-
	<b>Item that will not be reclassified subsequently to profit or loss</b>	52,114	-	(89,729)	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(20,068)	-	1,981,808	2
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(53,841)	-	(468,829)	(1)
8399	Income tax related to components of other comprehensive income (loss) that may be reclassified to profit or loss	135	-	(7,051)	-
	<b>Items that may be reclassified subsequently to profit or loss</b>	(73,774)	-	1,505,928	1
	<b>Other comprehensive income (loss)</b>	(21,660)	-	1,416,199	1
8500	<b>Total comprehensive income</b>	\$ 4,953,248	5	10,497,932	10
	<b>Basic earnings per share (Note (6)(o))</b>				
9750	<b>Basic earnings per share (dollars)</b>	\$ 5.04		9.20	

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, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Total other equity interest	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
<b>Balance on January 1, 2022</b>	\$ 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)
<b>Balance on December 31, 2022</b>	8,816,811	51,160	5,577,243	2,559,457	9,042,212	(1,053,529)	24,993,354
Net profit	-	-	-	-	4,974,908	-	4,974,908
Other comprehensive income	-	-	-	-	52,114	(73,774)	(21,660)
Total comprehensive income	-	-	-	-	5,027,022	(73,774)	4,953,248
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	899,200	-	(899,200)	-	-
Reversal of special reserve	-	-	-	(1,505,928)	1,505,928	-	-
Cash dividends of ordinary share	-	-	-	-	(6,788,944)	-	(6,788,944)
Stock dividends of ordinary share	1,058,017	-	-	-	(1,058,017)	-	-
Other changes in capital surplus:							
Due to donated assets received	-	920	-	-	-	-	920
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	183	-	-	-	-	183
Changes in ownership interests in subsidiaries	-	1,487	-	-	-	-	1,487
<b>Balance on December 31, 2023</b>	<u>\$ 9,874,828</u>	<u>53,750</u>	<u>6,476,443</u>	<u>1,053,529</u>	<u>6,829,001</u>	<u>(1,127,303)</u>	<u>23,160,248</u>



(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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022 (Restatement)
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 6,139,308	11,038,540
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	216,015	201,554
Amortization expenses	24,492	23,671
Expected credit loss	-	7,972
Interest expenses	27,489	23,554
Interest income	(26,663)	(9,094)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(1,761,506)	(4,450,278)
Loss (gain) on disposal of property, plant and equipment	10,094	(4,559)
Profit from lease modification	(1,226)	-
Other items	(38,950)	(53,460)
<b>Total adjustments to reconcile profit (loss)</b>	<b>(1,550,255)</b>	<b>(4,260,640)</b>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Decrease (increase) in accounts receivable	625,675	(387,887)
Decrease (increase) in accounts receivable due from related parties	2,540	739,803
Decrease (increase) in other receivables	433,282	(468,465)
Decrease (increase) in inventories	(82,901)	(16,564)
Decrease (increase) in other current assets	21,344	(96,423)
Decrease (increase) in other current financial assets	(20)	-
<b>Total changes in operating assets</b>	<b>999,920</b>	<b>(229,536)</b>
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	-	(331)
Increase (decrease) in notes payable	26,732	(24,155)
Increase (decrease) in accounts payable	(30,130)	(101,971)
Increase (decrease) in accounts payable to related parties	(83,853)	854,904
Increase (decrease) in other payable	(751,446)	679,428
Increase (decrease) in other current liabilities	2,066	12,000
Increase (decrease) in net defined benefit liability	8,430	(76,944)
<b>Total changes in operating liabilities</b>	<b>(828,201)</b>	<b>1,342,931</b>
<b>Total changes in operating assets and liabilities</b>	<b>171,719</b>	<b>1,113,395</b>
<b>Total adjustments</b>	<b>(1,378,536)</b>	<b>(3,147,245)</b>
Cash inflow generated from operations	4,760,772	7,891,295
Interest received	30,317	7,733
Interest paid	(28,061)	(27,663)
Income taxes paid	(1,665,602)	(653,888)
<b>Net cash flows from operating activities</b>	<b>3,097,426</b>	<b>7,217,477</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(906,798)	(861,103)
Acquisition of property, plant and equipment	(273,104)	(273,013)
Proceeds from disposal of property, plant and equipment	15,946	47,206
Acquisition of intangible assets	(28,439)	(26,422)
Decrease (increase) in other non-current financial assets	519	(20)
Decrease (increase) in other non-current assets	(189,934)	66
Dividends received	1,766,927	2,586,127
<b>Net cash flows from investing activities</b>	<b>385,117</b>	<b>1,472,841</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	1,660,000	(4,425,980)
Proceeds from long-term borrowings	1,470,000	852,000
Repayments of long-term debt	(852,000)	(1,500,000)
Payment of lease liabilities	1,958	(4,039)
Cash dividends paid	(6,788,944)	(3,614,893)
<b>Net cash flows used in financing activities</b>	<b>(4,508,986)</b>	<b>(8,692,912)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,026,443)</b>	<b>(2,594)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,607,640</b>	<b>1,610,234</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 581,197</b>	<b>1,607,640</b>

The accompanying notes are an integral part of the financial statements



(Attachment 6)

**Feng Tay Enterprises Co., Ltd.**  
**Earnings Distribution Table**  
**Year 2023**

Unit : NT\$

Beginning unappropriated retained earnings	\$	1,801,977,794
Add : Adjustment of retained earnings (Note 1)		<u>52,114,856</u>
Unappropriated retained earnings after adjustment		1,854,092,650
Net profit of 2023	\$	<u>4,974,907,898</u>
Earnings available for distribution of year 2023		6,829,000,548
Less : Legal reserve (10%)		-502,702,275
Less : Special reserve (Note 2)		<u>-73,773,974</u>
Earnings available for distribution	\$	<u><u>6,252,524,299</u></u>
Less : Dividend to shareholders		
Cash Dividend at NT\$ 4.3 / (per share) X 987,482,831 shares		<u>4,246,176,174</u>
Unappropriated retained earnings	\$	<u><u>2,006,348,125</u></u>

Note 1 : Actuarial gain of consolidated individual companies of total amount \$52,114,856.

Note 2 : Contribute special reserve for exchange loss on translation of foreign financial statements in accordance with law.

(Attachment 7)

**Feng Tay Enterprises Co., Ltd.**  
**The List of Director Candidates (Including Independent Directors)**  
**(Nominated by shareholders held more than 1% shares)**

Title	Name	Education	Experience	Current Position	Whether he / she has served as independent director for three consecutive terms
Director	Chien-Hung, Wang	Bachelor of NTU	General Manager and President of the Company	Chairman of the Company and Director of Its' Subsidiaries Chairman of Love Faith Hope Ltd.	Not Applicable
Director	Chien-Rong, Wang	Master of NCU	General Manager of the Company's Second Business Division	Vice Chairman of the Company and Director of Its' Subsidiaries	Not Applicable
Director	Chao-Chi, Chen	Bachelor of NTHU	EVA heavy industry engineer General Manager of the Company's First Business Division	Director and President of the Company	Not Applicable
Director	Peter Dale Nickerson	Bachelor of University of Oregon	Director of Cascade Corp General Manager of Nike(China)	Director of the Company and Its' Subsidiaries Director of United States Bakery, Inc. Director of Washington Trust Bank Director of Oregon Community Foundation Director of E-BI, Inc. Director of Oregon Historical Society	Not Applicable
Director	Shih-Jung, Chen	Graduated from Senior High	Supervisor of the Company	Director of the Company	Not Applicable
Director	Tsung-Ta, Lu	Master in Business	Financial Analyst of GS Group Inc.	Supervisor of the Company and Its'	Not Applicable

Title	Name	Education	Experience	Current Position	Whether he / she has served as independent director for three consecutive terms
		Management of UC Berkeley	(Asia) Manager of Taiwan Branch of the Crimson Investment Advisory (Cayman) Co., Ltd.	Subsidiaries Supervisor of Shan Yuan Co., Ltd. Director of Shing Ho Investment Co., Ltd. Supervisor of Xincheng Venture Capital Co., Ltd. Supervisor of Dunyuan Construction Co., Ltd.	
Director	Yi-Hua, Chung	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.	Chairman of AcSiP Technology Corp. Director of Trans-sun materials technology Co., Ltd. Director of Yurui Co., Ltd. Independent Director of LuxNet	Not Applicable
Director	Zhen-Zu, Chen	Master of Illinois University	Director of the Company' Subsidiaries	Director of the Company' Subsidiaries	Not Applicable
Director	Wan-Wan, Lin	Master of Accounting, University of Illinois at Urbana-Champaign, USA	Certified Public Accountant of KPMG	Director of the Company' Subsidiaries Independent Director of GigaMedia Limited	Not Applicable
Director	Li-Chuan, Wang	Master of Business Administration of America Claremont University	Financial manager of the Company	None	Not Applicable
Independent Director	Chung-Yi, Lin	Master of America Georgetown University Master of NTU	Lawyer of Chuan Yueh Attorney	Independent Director of the Company Chuan Yueh Attorney in Charge Director of Chuan Yueh	No

Title	Name	Education	Experience	Current Position	Whether he / she has served as independent director for three consecutive terms
				International Co., Ltd. Director of Lamchi International Co., Ltd.	
Independent Director	Yu-Sheng, Lu	Master of SCU	Director of FORMOSA CPA Firm	Independent Director of the Company Supervisor of Core Union Chemical Co., Ltd. Director of FORMOSA CPA Firm	No
Independent Director	Hsueh-Cheng, Li	Bachelor of NCCU High Level Management Course for NTU Business Managerial Person	Deputy General Manager of Deloitte Accounting Firm General Manager of Deloitte Management Consulting	Independent Director of the Company	No
Independent Director	Cui-Hui, Xiao	Master of Accounting, SCU.	Certified Public Accountant of EY	None	No
Independent Director	How-Jen, Huang	Bachelor of FCU	Director and Supervisor of Formosa Taffeta	Independent Director of the Company	Yes (Reasons for shareholder nomination: Mr. Huang has many years of experience in large enterprises and provides professional advice to the board of directors from an independent and objective standpoint.

(Attachment 8)

**Feng Tay Enterprises Co., Ltd.**

**Director Candidates (Including Independent Directors)**

**Concurrently Hold Positions in Other Companies**

Title	Name	Concurrently Hold Positions in Other Companies
Director	Chien-Hung, Wang	Chairman of Love Faith Hope Ltd.
Director	Chien-Rong, Wang	Director of Fujian Da Feng Holdings Company Limited Director of Fujian San Feng Footwear Company Limited Director of Great Hope Footwear Company Limited Director of Suzhou Yufeng Plastics Technology Co., Ltd. Director of Fujian Lifeng Footwear Industrial Development Company Limited Chairman of VX Holdings Limited Chairman of Dona Victor Footwear Co., Ltd. Chairman of Dona Pacific Holdings Ltd. Chairman of Dona Pacific(Vietnam) Co., Ltd. Chairman of VX Mold Co., Ltd. Chairman of Dona Victor Molds Mfg Co., Ltd. Director of Shoe Majesty Co., Ltd. Director of Vietnam Shoe Majesty Co., Ltd.
Director	Peter Dale Nickerson	Chairman of Fujian Da Feng Holdings Company Limited Chairman of Fujian San Feng Footwear Company Limited Chairman of Fujian Xiefeng Footwear Company Limited Chairman of Fujian Putian Xie Feng Mold Company Limited Chairman of Great Hope Footwear Company Limited Chairman of Suzhou Yufeng Plastics Technology Co., Ltd. Chairman of Fujian Lifeng Footwear Ind. Dev. Co., Ltd. Director of Fujian Wu Feng Department Store Co., Ltd. Director of VX Holdings Limited Director of Dona Victor Footwear Co., Ltd. Director of Dona Pacific Holdings Ltd. Director of Dona Pacific(Vietnam) Co., Ltd. Director of VX Mold Co., Ltd. Director of Dona Victor Molds Mfg Co., Ltd. Chairman of Lotus Footwear Enterprises Limited Chairman of Cheyyar SEZ Developers Private Limited Chairman of East Wind Footwear Company Limited

		Chairman of Fairway Enterprises Company Limited Chairman of India Tindivanam Footwear Private Limited Director of Shoe Majesty Co., Ltd. Director of Vietnam Shoe Majesty Co., Ltd. Director of United States Bakery, Inc. Director of Washington Trust Bank Director of Oregon Community Foundation Director of E-BI, Inc. Director of Oregon Historical Society
Director	Tsung-Ta, Lu	Director of Dona Victor Footwear Co., Ltd. Director of Dona Pacific(Vietnam) Co., Ltd. Director of Dona Victor Molds Mfg Co., Ltd. Director of Shing Ho Investment Co., Ltd.
Director	Yi-Hua, Chung	Chairman of AcSiP Technology Corp. Director of Trans-sun materials technology Co., Ltd. Director of Yurui Co., Ltd. Independent Director of LuxNet
Director	Zhen-Zu, Chen	Director of VX Holdings Limited Director of Dona Victor Footwear Co., Ltd. Director of Dona Pacific(Vietnam) Co., Ltd. Director of Dona Victor Molds Mfg Co., Ltd.
Director	Wan-Wan, Lin	Director of Dona Victor Footwear Co., Ltd. Director of Dona Pacific(Vietnam) Co., Ltd. Director of Dona Victor Molds Mfg Co., Ltd. Independent Director of GigaMedia Limited
Independent Director	Chung-Yi, Lin	Director of Chuan Yueh International Co., Ltd. Director of Lamchi International Co., Ltd.

(Appendix 1)

## **Articles of Incorporation of Feng Tay Enterprises Co., Ltd.**

### **Chapter 1 General Provisions**

- Article 1: The name of the Company is 豐泰企業股份有限公司 and FENG TAY ENTERPRISES CO., LTD. in the English language.
- Article 2: The businesses operated by the company are as follows:
1. CK01010 Footwear Manufacturing.
  2. CB01010 Mechanical Equipment Manufacturing.
  3. CQ01010 Mold and Die Manufacturing.
  4. I501010 Product Designing.
  5. F401010 International Trade.
  6. I103010 Enterprise Management Consultancy.
  7. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1: The Company's fund shall not be used for lending funds to others nor for guarantee.
- Article 2-2: The total amount of the Company's reinvestments may exceed forty percent of the paid-up capital.
- Article 3: The Company is located in Yunlin County. It may set up branches, offices, or contact offices in other locations if necessary for business operation. The establishment, revocation, or modification of the branches shall be implemented by the resolution of the board of directors.

Article 4: (Deleted)

### **Chapter 2 Capital Stock**

- Article 5: The total capital stock of the Company shall be in the amount of twelve billion New Taiwan Dollars, divided into twelve hundred million shares, at ten New Taiwan Dollars each.
- They are registered common stocks. The board of directors are authorized to issue in installments, and may be exempted from printing any share certificate for the shares issued.
- Article 6: The shareholders shall report their real names and address to the Company, and fill out a specimen chop card and submit to the company for record. The specimen chop will serve as certification for any receipt of dividends and bonuses or exercise the shareholders' rights. The Company shall go through the provisions of the regulations promulgated by the Competent Authority.
- Article 7: When a shareholder processes the transfer of stock certificates, he or she shall submit the complete transfer application with the signatures or chops of the transferor and transferee to the Company. The original shareholders shall claim the rights of the shares before the transfer is completed. For those who request a name change due to inheritance, the heirs shall submit legal certification documents for the transfer. Registration for transfer of shares shall be suspended for a period of sixty days before the convening date of a regular shareholders meeting, thirty days before the convening date of a special shareholders meeting, or within five days before the date on which dividends, bonus, or other benefits are scheduled to be paid by the Company.

### **Chapter 3 Shareholders' Meeting**

- Article 8: There are two kinds of shareholders' meeting:
1. Regular meeting: convene once a year within six months after the end of a fiscal year.

2. Special meeting: convene whenever necessary according to the laws and regulations.

Article 8-1: The company's shareholders meeting may be held by video conference or other methods announced by the competent authority.

Article 9: If for any reason a shareholder may not attend the shareholders' meeting, he or she may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization with signature or seal. For regulations on the use of proxy form, please refer to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" issued by the authority.

Article 10: The meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

The meeting shall be conducted in accordance with the Company's Rules of Procedure for Shareholders Meetings.

Article 11: Unless otherwise provided for in the Company Act, a meeting of shareholders shall proceed only if attended by shareholders representing more than one-half of the total outstanding capital stock of the Company. Resolutions of a shareholders meeting shall be made at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting.

Article 12: Unless otherwise stated by the law, each shareholder is entitled to one vote for each share held. However, those shares held by the Company itself in accordance with the laws are without voting right.

Article 13: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed by public announcement. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results. The minutes shall be retained for the duration of the existence of this Company. The attendance book by the shareholders present and the proxy form by the proxy shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

#### **Chapter 4 Directors, Audit Committee, and Managements**

Article 14: The Company shall appoint nine to thirteen directors. The election of the directors adopts a candidates nomination system selected by the board of directors with the term of three years and shall be eligible for re-election.

The percentage of shareholdings of all the directors selected by the provisions of the competent authority in charge of securities affairs.

The relations between the Company and its directors shall be governed by the provisions of the Civil Code pertaining to the mandate.

The number of appointed directors earlier mentioned shall have no less than three independent directors and the same shall not be less than one fifth of the total number of directors of the Company. Other regulations regarding independent directors shall pursuant to the relevant laws and regulations.

Article 14-1: The Company sets up the Audit Committee in lieu of a supervisor. The audit



committee shall be composed of the entire number of independent directors and responsible for the provisions regarding supervisors in the Company Act, Securities and Exchange Act, and other laws and regulations.

Article 14-2: (Deleted)

Article 15: The directors shall constitute the board of directors and conduct the business for the company in accordance with the laws and regulations and the resolutions of the shareholders meeting. In accordance with the provisions of the Company Act, the board of directors shall elect a chairman of the board among the directors to externally represent the Company, and may also elect in the same manner a vice chairman of the board.

Article 16: The board of the directors meeting shall be convened once a quarter. The meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

Article 17: Except as otherwise stated in the Company Act, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors to open the meeting. The minutes of a board of directors meeting shall bear the signature or seal of the chair and keep in the Company record.

If a director is unable to attend a board of directors meeting in person, he or she shall appoint another director to attend the meeting in his or her place and give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting. A proxy may accept a proxy from one person only.

A board of directors meeting may be proceeded via tele- or video-conference. The directors who attend the meeting via tele- or video-conference are deemed to have attended in person.

Article 18: The calling a board of directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.

A board of directors meeting notice may be sent in writing, e-mail, or fax.

Article 19: (Deleted)

Article 20: The board of directors of the Company is authorized to handle directors remuneration based on the evaluation of the remuneration committee and the typical pay levels adopted by peer companies.

Article 21: The Company has several managerial personnel who follow the order of the chairman to conduct the business of the Company. Their rights and obligations are defined in the employment contract.

Article 22: The appointment and discharge of the general manager and deputy general manager require a resolution approved by a majority of the directors present at the meeting that shall be attended by a majority of all directors.

## **Chapter 5 Financial Accounting**

Article 23: The Company's fiscal year starts from January 1st to December 31st. After the final counts, the Company shall submit the following to its shareholders for their ratification.

(i) the annual business report

(ii) the financial statements

(iii) the appropriation of profit and remedy in the event of loss proposal.

Article 23-1: If there is profit at the end of each fiscal year, the proportion of the employees'

compensation shall not be less than 2% , and the proportion of the directors' compensation shall not be higher than 1.8%. However, it shall allot a reserve to be used for making up the accumulated losses before calculating the appropriation. The compensation distribution mentioned above shall be approved by resolution adopted by the board of directors and be reported at the shareholders meeting. The profit mentioned in the first paragraph refers to the profit before tax before deducting the employees' compensation and the directors' compensation.

Article 24: If there is a net income in the final accounts of the Company, shall distribute the balance in the following order after covering its losses:

1. Set aside ten percent of such profits as a legal reserve, and a special surplus reserve shall be increased or rotated in accordance with the law.
2. If there is a surplus still, 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%.

#### **Chapter 6 Supplementary Provisions**

Article 25: The organizational rules and operational regulations shall be determined by the resolution of the board of directors.

Article 26: In regard to all matters not provided for in these Articles of Incorporation, the Company Act shall govern.

Article 27: These Articles of Incorporation are agreed to by the founder and signed on Jul 15, 1971. First amendment was on Aug 3, 1973...the 41st amendment was on Jun 17, 2020. The 42nd amendment was on Jun 21, 2023 and implemented after amendment.

**Feng Tay Enterprises Co., Ltd.**

**Rules of Procedure for Shareholders Meetings**

[ Adopted by the shareholders meeting on April 07, 1980 ]

[ Amended by the shareholders meeting on May 18, 1998 ]

[ Amended by the shareholders meeting on Jun 17, 2002 ]

[ Amended by the shareholders meeting on Jun 14, 2012 ]

[ Amended by the shareholders meeting on Jun 13, 2014 ]

[ Amended by the shareholders meeting on Jun 28, 2018 ]

Article 1: To establish a strong governance system and sound supervisory capabilities for this Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2: The rules of procedures for this Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 2-1: (Deleted)

Article 2-2: (Deleted)

Article 3: Unless otherwise provided by law or regulation, this Company's shareholders meetings shall be convened by the board of directors.

This Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the company, or any matter under the Company Act, Article 185, paragraph 1, Securities and Exchange Act, Article 26-1, and Article

43-6 shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Article 4: For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company, before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company, before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 4-1: (Deleted)

Article 5: When the Company holds a shareholder meeting, it shall adopt the exercise of voting rights by correspondence or electronic means. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

Article 6: A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Article 7: The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 8: The Company shall specify in its shareholders meeting notices the time during which

shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors (including independent directors), pre-printed ballots shall also be furnished.

Article 9: If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairperson; if the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may invite its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 10: The Company shall make audio and video recording during the shareholders meeting. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 11: For the attendance at shareholders meetings, the attending shareholders (or proxies) shall hand in the sign-in card. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the

quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. The effectiveness and enforcement of the tentative resolution shall be adopted in accordance with the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 12: If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, a person shall be elected as a new chair by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. After the meeting adjourned, the shareholders shall not appoint another chair to continue the meeting at the original or new location.

Article 13: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

A juristic person may only appoint one representative to attend a shareholders meeting, and only one representative so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond, or handle expediently by the situation.

Article 14: When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 15: With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 16: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the law.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, the shareholders shall vote for each proposal. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article (Deleted)

16-1:

Article (Deleted)

16-2:

Article 17: The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company

Act, the ballots shall be retained until the conclusion of the litigation.

Article 18: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results. The minutes shall be retained for the duration of the existence of this Corporation.

Article 19: When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

Article 20: The attending shareholders shall be obligated to follow the rules of the meeting, resolutions, and maintain orders at the meeting place.

The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor" (or security personnel).

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 21: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.



## **Feng Tay Enterprises Co., Ltd.**

### **Procedures for Election of Directors**

[ Adopted by the shareholders meeting on April 07, 1990 ]

[ Amended by the shareholders meeting on Apr 10, 1995 ]

[ Amended by the shareholders meeting on Jun 17, 2002 ]

[ Amended by the shareholders meeting on Jun 14, 2012 ]

[ Amended by the shareholders meeting on Jun 13, 2014 ]

[ Amended by the shareholders meeting on Jun 28, 2018 ]

[ Amended by the shareholders meeting on Jul 16, 2021 ]

Article 1: Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 2: The election of directors shall be conducted in the shareholders meeting. The shareholders shall select from the roster of director candidates in accordance with the candidates nomination system. The cumulative voting method shall be used for election of the directors of the Company. Each share will have voting rights in numbers equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

The election of the independent and non-independent director shall be done together and the voting rights are separately calculated.

Article 2-1: (Delete)

Article 3: The number of directors will be as specified in the Company's articles of incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 4: Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. Vote monitoring personnel shall be a shareholder.

Article 5: The ballot shall be prepared by the Company with attendance card numbers. The number of voting rights associated with each ballot shall be specified on the ballots.

Article 6: A voter must enter the candidate's name or account name and shareholder account number or GUI number in the "candidate" column of the ballot. When the candidate is a juristic-person shareholder, the name of the juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the juristic-person shareholder and the name of its representative may be entered. The candidate's name or account name, account number, GUI number may be stamped.

Article 7: A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by a person with the right to convene.

2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. Other words, patterns, or marks are entered in addition to the candidate's name or account name.
5. Two or more candidates are specified in one ballot.
6. The candidate whose name is entered in the ballot does not conform to the director candidate list.

Article 8: (Delete)

Article 9: The ballot boxes shall be prepared by the Company and publicly checked by the vote monitoring personnel before voting commences.

Article 10: The voting rights shall be calculated on site immediately after the end of the poll and be announced by the chair or a designated master of ceremonies on the site.

Article 11: (Delete)

Article 12: (Delete)

Article 13: (Delete)

Article 14: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

(Appendix 4)

### Shareholdings of All Directors

As at April 2<sup>nd</sup>, 2024, the date of termination of stocks transfer, the status for individual and all directors registered shares in shareholders roster :

The statutory minimum shareholding requirement for all Directors : 31,599,451 shares

Position	Name	Shares Held	Percentage
Chairman	Chien-Hung, Wang	27,696,421	2.80%
Vice Chairman	Chien-Rong, Wang	41,135,534	4.17%
Director	Chao-Chi, Chen	307,600	0.03%
Director	Hui-Ling, Chen	63,890,013	6.47%
Director	Peter Dale Nickerson	5,824,000	0.59%
Director	Hsi-Chin, Tsai	0	0%
Director	Shih-Jung, Chen	38,741,794	3.92%
Director	Tsung-Ta, Lu	849,640	0.09%
Director	Yi-Hua, Chung	0	0%
Independent Director	How-Jen, Huang	0	0%
Independent Director	Yu-Sheng, Lu	0	0%
Independent Director	Chung-Yi, Lin	0	0%
Independent Director	Hsueh-Cheng, Li	0	0%
Shareholdings of all Directors (excluding Independent Directors)		178,445,002	18.07%

Note : The Company has issued 987,482,831 shares as at April 2<sup>nd</sup>, 2024.