

Feng Tay Enterprises Co., Ltd.

2024 Annual Report

Notice to readers

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

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

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Taiwan

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Feng Tay Factory

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Tel.: 886-5-5514141

Phondy Factory

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Tel.: 886-5-5573308

Logistics Center

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

Bermuda

Growth-Link Overseas Company Limited

Maxwell Roberts Building, 5th Floor, 1 Church Street, Hamilton HM11,
Pembroke, Bermuda.
Tel : 852-28383382

British Virgin Islands

Lotus Footwear Enterprises Limited / East Wind Footwear Company Limited / Fairway Enterprises Company Limited / VX Holdings Limited / Dona Pacific Holdings Limited / VX Mold Company Limited / Dona Orient Holdings Limited

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Tel. : 852-28383382

Singapore

Great South Private Limited

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Tel : 65-62338530

China

Great Eastern Industries Limited

2101-03&2105-09, 21F, Hua Mao Trade Square II, No. 338, King's Road, North Point, Hong Kong.
Tel.: 852-28383382

Fujian Da Feng Holdings Company Limited

Building No. 19, No. 399 Cheng Meng St., Cheng Meng Village, Tsan Shan Dist., Fuzhou City, Fujian Province.
Tel.: 86-591-83497668

Fujian Wu Feng Department Store Co., Ltd.

3F of Building No. 19, No. 399 Cheng Meng St., Cheng Meng Village, Tsan Shan Dist., Fuzhou City, Fujian Province.
Tel.: 86-591-87672558

Fujian Lifeng Footwear Industrial Development Company Limited

No. 888, Chin Shi N St., Wu tan Village, Han Jian Dist., Pu Tien City, Fujian Province.
Tel.: 86-594-39919998

Fujian Xiefeng Footwear Company Limited

No. 888 Hanxi Avenue, W Tien Wei Village, Li Cheng Dist., Pu Tien City, Fujian Province.
Tel.: 86-594-2894210

Fujian San Feng Footwear Company Limited

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Tel.: 86-591-83497688

Fujian Great Hope Footwear Company Limited

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Fujian Putian Xie Feng Mold Company Limited

No. 88 Dingdun New Street, Beida Village, W Tien Wei Village, Li Cheng Dist., Pu Tien City, Fujian Province.
Tel.: 86-594-2866888

Suzhou Yufeng Plastics Technology Co., Ltd.

No. 288, Ching Dao E Rd., Tai Tsan Economy development area, Tai Tsan City, Jiangsu Province.
Tel.: 86-512-53589898

Indonesia

PT Feng Tay Indonesia Enterprises

Jl. Raya Banjaran Km 14,6, Desa Bojongmanggu, Kecamatan Pameungpeuk, Kabupaten Bandung, Indonesia
Tel. : 62-22-5940688

PT Rich Valley Indonesia

Jl. Cicalengka Majalaya, Mandalasari, Cikancung, Bandung Regency, West Java, Indonesia
Tel : 62-22-5940688

India

Cheyar SEZ Developers Private Limited

Plot No.3A, SIPCOT Industrial Park, Mangal Village, Mathur Post, Vembakkam Taluk, Tiruvannamalai District, Pin – 631701, Tamil Nadu, India
Tel. : 91-418-2676100

Lotus Footwear Enterprises Limited (India Branch)

Plot No. 3B(Unit 1) & Plot No. 3C(Unit 2), SIPCOT Industrial Park, Mangal Village, Mathur Post, Vembakkam Taluk, Tiruvannamalai District, Pin – 631701, Tamil Nadu, India
Tel. : 91-418-2676200

East Wind Footwear Company Limited (India Branch)

Plot No.3D(Unit 1) & 3E (Unit 2), SIPCOT Industrial Park, Mangal Village, Mathur Post, Vembakkam Taluk, Tiruvannamalai District, Pin – 631701, Tamil Nadu, India
Tel. : 91-418-2306300

Fairway Enterprises Company Limited (India Branch)

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Tel. : 91-434-1257100

India Tindivanam Footwear Private Limited

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Tel. : 91-414-723-2600

Vietnam

Dona Victor Footwear Co., Ltd.

Song May Industrial Zone, Bac Son Ward, Trang Bom District, Dong Nai Province, Vietnam
Tel. : 84-251-3869872

Dona Pacific (Vietnam) Co., Ltd.

Song May Industrial Zone, Bac Son Ward, Trang Bom District, Dong Nai Province, Vietnam
Tel. : 84-251-3967171~2

Dona Victor Molds Mfg Co., Ltd.

Song May Industrial Zone, Bac Son Ward, Trang Bom District, Dong Nai Province, Vietnam.
Tel. : 84-251-3869817~9

Vietnam Dona Orient Co., Ltd.

Song May Industrial Zone, Bac Son Ward, Trang Bom District, Dong Nai Province, Vietnam
Tel. : 84-251-3968790~4

Vietnam Dona Standard Footwear Co., Ltd.

Xuan Loc IZ., Xuan Tam ward, Xuan Loc District, Dong Nai Province, Vietnam
Tel. : 84-251-3743800

Vung Tau Orient Co., Ltd.

11 Road, Dong Xuyen industrial Zone, Rach Dua Ward, Vung Tau City, Ba Ria-Vung Tau Province, Vietnam.
Tel. : 84-254-3614598~600

Vietnam Nam Ha Footwear Company Limited

Nam Ha Cluster, Dong Ha Ward, Duc Linh District, Binh Thuan Province, Vietnam.
Tel : 84-252-3535858

Spokesperson

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

Tel.: 886-5-5379100
Email: stella.hsu@fengtay.com

Acting Spokesperson

Name and Title: Chung-Hung, Lee (Chief Director of Finance)

Tel.: 886-5-5379106
Email: hugo.lee@fengtay.com

Share-transferring institution

Name: The Capital Group Co., Ltd.

Address: B2, No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City, Taiwan
Tel.: 886-2-27023999
Website: <http://agency.capital.com.tw>

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

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

Firm: KPMG Taiwan

Address: 68F, No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City, Taiwan
Tel.: 886-2-81016666
Website: <http://www.kpmg.com.tw>

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

Company website: www.fengtay.com

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I. Letter to Shareholders

Dear Shareholders, the following is Feng Tay Group's operating status in 2024 and report for future development:

Operation Result

In 2024, the Company's consolidated revenue reached NT\$87.487 billion, representing a 2% increase compared to 2023. Total footwear sales volume was 117 million pairs, a 5% increase from 2023. Consolidated operating profit amounted to NT\$7,391 million, up 12% year over year; consolidated net profit was NT\$6,266 million, an increase of 15% compared to 2023. Net profit attributable to owners of parent was NT\$5,870 million, up 18% year over year, with earnings per share (EPS) of NT\$5.94 for the full year.

The profit growth outpaced revenue growth mainly due to improved production efficiency at the factories and the depreciation of the New Taiwan Dollar against the U.S. Dollar.

Research and development

The Company is devoted to research and development of new production technologies, new products, and automation to enhance technical capabilities, reduce production costs, align with environmental trends, and strengthen long-term competitiveness. In 2024, total R&D expenses amounted to NT\$2,961 million, representing an 11% increase compared to 2023 and accounting for 3.4% of consolidated revenue in 2024. Key R&D achievements in 2024 include:

- Developed and produced the first basketball shoe featuring a Radial Knit 3D knitted upper, paired with Zote Foam cushioning and a forefoot airbag combined with a horseshoe-shaped air unit. This created a breathable upper with no reinforcements, resulting in a lightweight shoe with excellent rebound performance. It was also the first model in the customer's basketball shoe line to pass VO₂ (oxygen consumption) testing, proven to reduce athlete fatigue, and selected as the signature shoe for the basketball competition at the 2024 Paris Olympics.
- Developed and produced the Group's first shoe fully made with a Bio Mass Balance EVA formulation. The production plant in India has obtained ISCC (International Sustainability and Carbon Certification). The shoe integrates a midsole fabric tearing technique to provide full-foot softness and further enhance consumer comfort.
- Developed and produced a full carbon fiber shell snow boot for off-road use, offering lightweight structure and high rigidity. The woven inner sleeve provides superior comfort and foot wrap; a interchangeable gaiter structure allows users to switch gaiter accessories based on their needs; and the boot uses water-repellent mesh that balances breathability and waterproof functionality.
- Developed and produced lightweight, high-rebound running shoes, successfully incorporating the 40C Infuse formula, reducing shoe weight by 18% for an even lighter feel. Combined with outstanding cushioning, this meets consumers' dual needs for lightweight comfort and high rebound.
- Innovated co-molding technology, integrating injected outsoles and physically foamed midsoles into a single structure, eliminating the need for primers, adhesives, ovens, and bonding processes. This innovation reduces labor, material usage, energy consumption, and carbon emissions.

Production Overview

The company's production of shoes in 2024 was 117 million pairs, which increased 4% than in 2023. Of all, the China area was increased by 3%, the Vietnam area was increased by 1%, the Indonesia area was increased by 11%, and the India area was increased by 7%. In 2025, 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 in 2024)

- China area (11 million shoes, 10%): By adding automated processing lines, improve the proportion of production automation and efficiency, and strive to as a benchmark for lean production management among athletic footwear factories.
- Vietnam area (54 million shoes, 46%): Enhancing production efficiency and the capability to manufacture complex shoe models, and establish foundational capacity for automated production.

- Indonesia area (15 million shoes, 13%): Indonesia area is dedicated to emphasize on the production of children's shoes, and improve production and technical capabilities.
- India area (37 million shoes, 31%): India area is dedicated to develop the ability to produce mid-to-high-end products, stabilize growth momentum.

Corporate Social Responsibility

The Company continuously cares about employee development, environmental protection, and contributes to the community, in pursuit of sustainable development for the enterprise, community, and environment. In addition to efforts in energy and water conservation, the use of eco-friendly materials, and waste reduction, the Company is also actively addressing global climate change by setting its 2030 carbon reduction targets using the Science-Based Targets initiative (SBTi) methodology—a 46.2% reduction in total carbon emissions compared to 2019—and has joined the Carbon Disclosure Project (CDP).

Since 2022, the Company has achieved 100% geothermal-powered electricity supply for its operations in Indonesia and continues to expand the use of renewable energy in its factories in India and China. In 2024, the Group procured 117.3 million kWh of green electricity, while self-generated solar power reached 2.55 million kWh. Green electricity accounted for 21.38% of the Group's total energy consumption, a 4.55% increase compared to 16.83% in 2023.

Vietnam is the region with the highest greenhouse gas emissions within the Group. With local regulations on green energy and renewable power gradually relaxing in 2024, the Company has begun discussions with multiple green energy suppliers for renewable energy procurement plans. This will further increase the Group's use of renewable energy and help reduce carbon emissions.

Additionally, through foundations established in Taiwan and China, as well as partnerships developed by regional factories with local communities, the Company actively fulfills its corporate social responsibility. Efforts include caring for underprivileged groups, providing scholarships and educational support for students in need and rural areas, supporting local healthcare development, improving basic living infrastructure, and organizing various sports, arts, and science competitions.

More details have been disclosed in the company's sustainability report in 2024. Please refer to the company's website "Corporate Social Responsibility Section" (website: <https://www.fengtay.com>).

Prospects

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.

II. Corporate Governance

i. Directors, Managers and Management Team

A. Directors

a. Information regarding directors

March 30, 2025

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date (First Elected)	shareholding when elected		Current shareholding		Spouse and minor children shareholding		Shareholding by Nominee Arrangement		Experience And Education	Other Position	Other managers or directors who are spouses or relatives within the second degree of kinship		
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation
Chairman	R.O.C.	Chien-Hung, Wang	M 51~55	2024/05/31	3	1994/05/30	27,696,421	2.80%	27,696,421	2.80%	—	0.00%	28,945,318	2.93%	-Bachelor of NTU -General Manager and President of the company	-Director of the company's subsidiaries -Chairman of Love Faith Hope Ltd.	Vice Chairman	Chien-Rong, Wang	Brother
Vice Chairman	R.O.C.	Chien-Rong, Wang	M 51~55	2024/05/31	3	2003/06/09	41,135,534	4.17%	41,135,534	4.17%	280,536	0.03%	24,000,000	2.43%	-Master of NCU -General Manager of the company's business 2 division	-Director of the company's subsidiaries	Chairman	Chien-Hung, Wang	Brother
Director	R.O.C.	Chao-Chi, Chen	M 61~65	2024/05/31	3	2015/06/29	307,600	0.03%	362,575	0.04%	8,625	0.00%	—	0.00%	-Bachelor of NTHU -EVA heavy industry engineer -General manager of the company's business 1 division	-President of the company	None	None	-
Director	U.S.A.	Peter Dale Nickerson	M 66~70	2024/05/31	3	2008/05/26	5,824,000	0.59%	5,824,000	0.59%	—	0.00%	—	0.00%	-Bachelor of University of Oregon -General manager of Nike(China) -Director of Cascade Corp	- Director of the company's subsidiaries -(Note1)	None	None	-
Director	R.O.C.	Shih-Jung, Chen	M 61~65	2024/05/31	3	1997/06/02	38,741,794	3.92%	38,741,794	3.92%	66,429	0.01%	6,342,647	0.64%	-graduated from senior high. -The company's supervisor	None	Director	Chen-Tsu, Chen	Father-Son

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date (First Elected)	shareholding when elected		Current shareholding		Spouse and minor children shareholding		Shareholding by Nominee Arrangement		Experience And Education	Other Position	Other managers or directors who are spouses or relatives within the second degree of kinship		
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation
Director	R.O.C.	Chen-Tsu, Chen	M 31~35	2024/05/31	3	2024/05/31	42,684,817	4.32%	48,930,280	4.96%	—	0.00%	—	0.00%	-Master of Illinois University - Director of the Company' Subsidiaries	Director of the company's subsidiaries	Director	Shih-Jung, Chen	Father-Son
Director	R.O.C.	Tsung-Ta, Lu	M 46~50	2024/05/31	3	2012/06/14	849,640	0.09%	849,640	0.09%	—	0.00%	—	0.00%	-Master in business management of UC Berkeley, accountant examine passed -Financial analyst of GS Group Inc.(Asia) -Manager of Taiwan Branch of Crimson Inv. Adv. (Cayman) Co., Ltd	- Director of the company's subsidiaries -(Note 2)	None	None	-
Director	R.O.C.	Wan-Wan, Lin	F 61~65	2024/05/31	3	2024/05/31	1,000	0.00%	17,000	0.00%	3,000	0.00%	—	0.00%	- Master of Accounting, University of Illinois at Urbana-Champaign, USA - Certified Public Accountant of KPMG	- Director of the company's subsidiaries - Independent Director of Giga Media Limited and uPI Semiconductor Corp.	None	None	-

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date (First Elected)	shareholding when elected		Current shareholding		Spouse and minor children shareholding		Shareholding by Nominee Arrangement		Experience And Education	Other Position	Other managers or directors who are spouses or relatives within the second degree of kinship		
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation
Director	R.O.C.	Yi-Hua, Chung	M 61~65	2024/05/31	3	2018/06/28	—	0.00%	—	0.00%	—	0.00%	—	0.00%	-Bachelor of NTHU -general manager of iDPBG business group of Hon Hai -general manager of KHL Venture capital Co., Ltd -general manager of TPK Holding Co., Ltd	(Note 3)	None	None	-
Independent Director	R.O.C.	Tsui-Hui, Hsiao	F 61~65	2024/05/31	3	2024/05/31	—	0.00%	—	0.00%	—	0.00%	—	0.00%	- Master of Accounting, SCU. - Certified Public Accountant of EY	None	None	None	-
Independent Director	R.O.C.	Yu-Sheng, Lu	M 61~65	2024/05/31	3	2006/05/29 (Note 4)	—	0.00%	—	0.00%	—	0.00%	—	0.00%	-Master of SCU -Director of FORMOSA CPA firm	-supervisor of Core Union Chemical Co., Ltd. - Director of FORMOSA CPA firm	None	None	-
Independent Director	R.O.C.	Chung-Yi, Lin	M 56~60	2024/05/31	3	2012/06/14 (Note 4)	—	0.00%	—	0.00%	—	0.00%	—	0.00%	-Master of America Georgetown University -Master of NTU -Lawyer of Chuan Yueh Attorney	- Chuan Yueh Attorney in charge, director of Chuan Yueh International Co., Ltd, director of Lamchi international Co., Ltd.	None	None	-

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date (First Elected)	shareholding when elected		Current shareholding		Spouse and minor children shareholding		Shareholding by Nominee Arrangement		Experience And Education	Other Position	Other managers or directors who are spouses or relatives within the second degree of kinship		
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation
Independent Director	R.O.C.	Hsueh-Cheng, Li	M 61~65	2024/05/31	3	2018/06/28	—	0.00%	—	0.00%	—	0.00%	—	0.00%	-Bachelor of NCCU -NTU High level management course for executives. -deputy general manager of Deloitte accounting firm -general manager of Deloitte management consulting	None	None	None	-

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

Note 2: Other company's position of Tsung-Ta, Lu: Director of Shing Ho Investment Co., Ltd, Supervisor of Shan Yuan Co., Ltd, Xin Cheng venture capital Co., Ltd, Dun Yuan construction Co. Ltd.

Note 3: Other company's position of Yi-Hua, Chung: Chairman of AcSiP Technology Corp; Director of Trans-sun materials technology Co. Ltd.

Note 4: You-Sheng, Lu and Chung-Yi, Lin were not in Director position in the duration from 2015/06/29 to 2018/06/28.

Note 5: Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None.

b. Major Shareholders of Corporate Directors: Not Applicable.

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

Criteria Name		Professional Qualification and Experience	Independence	Number of other public companies where the person holds the title as independent director
Director	Chien-Hung, Wang	Mr. Wang joined Feng Tay in 1994. He served as Mold Tech Department manager, director, chief director, vice general manager, etc., and served as group president from 2001 to 2018, and he has accumulated more than 20 years of large-scale enterprise management experience. He is currently the chairman of the Company.	N/A	None
	Chien-Rong, Wang	Mr. Wang joined Feng Tay in 1999 and has held various positions and has been the general manager of the Business 2 Division from 2004 to 2020, leading the business development of casual footwear and sports equipment footwear, and he has accumulated more than 20 years of large-scale enterprise management experience. He is currently the vice chairman of the Company and chairman of the company's Vietnam subsidiaries.	N/A	None
	Chao-Chi, Chen	Mr. Chen joined Feng Tay in 1993. He was in charge of the Department of Production, Techniques, Quality Control, SOTAP, etc. He had been promoted to the position of general manager of the Business 1 Division since 2001, and he was responsible for the footwear business of major customers, leading Feng Tay continuously to grow in the business of its major customers, and he has accumulated more than 20 years of large-scale enterprise management experience. Mr. Chen has served as president of the group since March 2018.	N/A	None
	Peter Dale Nickerson	Mr. Nickerson had held several governance and management positions within the group's subsidiaries since 1998, and he has joined the board of directors of Feng Tay since 2008. He is an American director who understands Chinese and is familiar with European and American social values. He was once the general manager for Nike(China), and he has accumulated over 35 years of large-scale enterprise management experience. He formerly as a director of Cascade Corporation (NYSE:CASC), a company listed on the New York Stock Exchange, as well as numerous for-profit and non-profit enterprises. Mr. Nickerson is currently a director or chairman of numerous overseas subsidiaries of the Feng Tay Group.	N/A	None
	Shih-Jung, Chen	Mr. Chen has joined the board of directors of Feng Tay as a supervisor since 1997 and has accumulated more than 20 years of experience. He is well-versed in the corporate development and risk management of Feng Tay and was elected as a director of the company since 2018. He had also been a supervisor of E&E Recycling Co., Ltd.	N/A	None
	Chen-Tsu, Chen	Mr. Chen has joined the board of directors of Feng Tay since 2024. Mr. Chen holds a master's degree from the University of Illinois and is currently a director of several subsidiaries of the Feng Tay Group.	N/A	None
	Tsung-Ta, Lu	Mr. Lu has joined the board of directors of Feng Tay since 2012, served as a director of the Company from 2012 to 2015, and served as a supervisor of the Company during	N/A	None

		2015 to 2018. Mr. Lu has professional background in investment, he previously served as financial analyst of Goldman Sachs Securities (Asia) and manager of the Taiwan Branch of the Crimson Investment Advisory (Cayman) Co., Ltd. He is also currently as a director of Feng Tay's subsidiaries, a director of Shing Ho Venture Capital Co., Ltd. and a supervisor of Shan Yuan Co., Ltd, Xin Cheng venture capital Co., Ltd, and Dun Yuan construction Co. Ltd.		
	Wan-Wan, Lin	Ms. Lin has joined the board of directors of Feng Tay since 2024. Ms. Lin holds a master's degree in accounting from the University of Illinois at Urbana-Champaign. She has accounting professional background and has more than 20 years of experience in KPMG accounting firm. She is currently also a director of several subsidiaries of the Feng Tay Group and an independent director of Giga Media Corp. and uPI Semiconductor Corp.	N/A	One
	Yi-Hua, Chung	Mr. Chung has joined the board of directors of Feng Tay since 2018. He has many years of experience in large-scale enterprise management, he had worked for Taiwan-listed company Hon Hai Precision Industry Co., Ltd. ("Hon Hai") and served as the general manager of the iDPGB business group of Hon Hai from 2005 to 2013, responsible for the iPhone and iPod business. And He served as chief executive officer of F-TPK Holding Co., Ltd. from 2014 to 2017. Mr. Chung is also currently the chairman of AcSip Technology Corp. and a director of Trans-sun materials technology Co., Ltd..	N/A	None
Independent Director	Tsui-Hui, Hsiao	Ms. Hsiao has joined the board of directors of Feng Tay as an independent director since 2024. Ms. Hsiao has professional background in accounting, she holds a master's degree in accounting from Soochow University. She has over 20 years of experience in Ernst & Young accounting firm. °	Independent Note2	None
	Yu-Sheng, Lu	Mr. Lu had been a supervisor of Feng Tay Company from 2006 to 2015. Since 2018 he has elected as an independent director of the company. Mr. Lu has professional background in accounting, he has a master's degree in accounting from Soochow University and more than 20 years of experience in accounting firms. He is currently also the director of FORMOSA Certified Public Accountant and a supervisor of Core Union Chemical Co., Ltd.	Independent Note2	None
	Chung-Yi, Lin	Mr. Lin served as a director of the Company from 2012 to 2015. Since 2018, he has elected as an independent director of the company. Mr. Lin has professional background in legal, he holds a master of Laws degree from Georgetown University in the United States and more than 20 years of experience in law firms and is currently the head of Chuang Yue Attorneys at Law.	Independent Note2	None
	Hsueh-Cheng, Li	Mr. Li, has joined the board of directors of Feng Tay as an independent director since 2018. Prior to that, Mr. Li joined Arthur Andersen Certified Public Accountants in 1987 and became a partner of AA Taiwan in 1999 and a partner of Andersen Worldwide (AA is its member firm) in 2001. And he served as the general manager of Deloitte & Touche management consulting company from 2003 to 2015. Mr. Li has professional background in accounting and	Independent Note2	None

		management consulting, and specializes in corporate strategy, performance management, enterprise process optimization and cost management systems, and corporate governance and corporate overall risk management.		
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Note 1: All Directors are not in contravention of Article 30 of the Company Act.

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

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

d. Diversification and Independence of the Board of Directors

(1) Diversification of the Board of Directors

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

The specific operational goal:

Among the thirteen directors, the number of directors served by major shareholders shall be no more than four seats. One of the directors shall be held by the high-performance manager (the president of the group) recommended by the major shareholders. And at least one seat each from different professional backgrounds,

such as legal, accounting, experience in managing large enterprises, investment, European or American person who understands Chinese (or is familiar with European and American social values); and pay attention to gender equality in the composition of the board of directors, and the goal of female directors is at least three seats.

Current status of the Board :

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

(2) Independence of the Board of Directors

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

B. Information regarding General Managers and Deputy General Managers

March 30, 2025

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse and minor children shareholding		Shareholding by Nominee Arrangement		Experience and Education	Other Position	Managers who are Spouses or Within Two Degree of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Chao-Chi, Chen	M	2018/03/24	362,575	0.04%	8,625	0.00%	—	0.00%	-graduated from NTHU. -EVA heavy industry engineer. -the company's manager of manufacturing, technique, quality management and SOTAP unit, and general manager of business 1 division.	None	None	-	-
General Manager of Group Technology Division	R.O.C.	Shi-Chung, Yeh	M	2021/07/01	320,703	0.03%	—	0.00%	—	0.00%	-dept. of industry management, OIT. -assistant manager of Chin-O shoes Corp.. -leader of the company's frontline, technical manager, director and chief director of shoe development and general manager of business 1 division.	Director of the company's subsidiaries	None	-	-
General Manager of Group Business Division	R.O.C.	Yin-Chin, Chu	F	2025/03/01	53,579	0.01%	—	0.00%	—	0.00%	-graduated from FJU -the company's manager, director, chief director of shoe development and deputy general manager of business 1 division.	None	None	-	-
General Manager of Business2 Division	R.O.C.	Ming-Xiong, Chang	M	2020/03/01	102,773	0.01%	293	0.00%	—	0.00%	-Master of dept. of business administration, NCU -the company's shoe development manager, director, chief director and deputy general manager of business 2 division.	None	None	-	-
Deputy General Manager of Sustainable Development Division	R.O.C.	Bo-Ya, Yo	M	2003/01/01	104,468	0.01%	28,735	0.00%	—	0.00%	-Master of dept. of industrial engineering of Arizona State University. -the company's business manager, quotation manager, director, chief director and deputy general manager of business 1 division and dept. of general management.	None	None	-	-
Deputy General Manager of Group Production 1 Division	R.O.C.	Chung-Che, Tsai	M	2020/01/01	112,043	0.01%	9,565	0.00%	—	0.00%	-graduated from NTOU. -the company's manager, director and chief director of shoe development; chief director and regional general manager of production in China and India area.	Director of the company's subsidiaries	None	-	-

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

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

a. Compensation paid to directors and independent directors

(unit: NT\$ thousand)

Title	Name	Compensation to Directors								The sum of A, B, C and D, and in proportion to Net Income		Relevant Remuneration Received by Directors Who are Also Employees								The sum of A, B, C, D, E, F and G, and in proportion to Net Income		Remuneration received from invested companies other than subsidiaries or the parent company
		Compensation (A)		Pension(B)		Directors Remuneration(C)		Allowances (D)				Salaries, bonus and special subsidies(E) (Note 1)		Pension(F)		Employee Compensation(G) (Note 1)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Chien-Hung Wang	10,000	10,000	—	—	8,100	8,100	—	—	18,100 0.31%	18,100 0.31%	—	—	—	—	—	—	—	—	18,100 0.31%	18,100 0.31%	None
Vice Chairman	Chien-Rong Wang	10,000	10,000	—	—	8,100	8,100	—	—	18,100 0.31%	18,100 0.31%	—	—	—	—	—	—	—	—	18,100 0.31%	18,100 0.31%	None
Director	Chao-Chi Chen	—	—	—	—	8,100	8,100	—	—	8,100 0.14%	8,100 0.14%	11,643	11,643	108	108	23,477	—	23,477	—	43,328 0.74%	43,328 0.74%	None
Director	Hui-Ling Chen (Note 4)	—	—	—	—	3,375	3,375	—	—	3,375 0.06%	3,375 0.06%	—	—	—	—	—	—	—	—	3,375 0.06%	3,375 0.06%	None
Director	Peter Dale Nickerson	—	—	—	—	8,100	8,100	—	—	8,100 0.14%	8,100 0.14%	—	22,159	—	—	—	—	—	—	8,100 0.14%	30,260 0.52%	None
Director	Shi-Chin Tsai (Note 4)	—	—	—	—	3,375	3,375	—	—	3,375 0.06%	3,375 0.06%	—	—	—	—	—	—	—	—	3,375 0.06%	3,375 0.06%	None
Director	Shih-Jung Chen	—	—	—	—	8,100	8,100	—	—	8,100 0.14%	8,100 0.14%	—	—	—	—	—	—	—	—	8,100 0.14%	8,100 0.14%	None
Director	Tsung-Ta Lu	240	240	—	—	8,100	8,100	—	—	8,340 0.14%	8,340 0.14%	—	—	—	—	—	—	—	—	8,340 0.14%	8,340 0.14%	None
Director	Yi-Hua Chung	—	—	—	—	8,100	8,100	—	—	8,100 0.14%	8,100 0.14%	—	—	—	—	—	—	—	—	8,100 0.14%	8,100 0.14%	None
Director	Wan-Wan Lin (Note 5)	240	240	—	—	4,725	4,725	—	—	4,965 0.08%	4,965 0.08%	—	—	—	—	—	—	—	—	4,965 0.08%	4,965 0.08%	None
Director	Chen-Tsu Chen (Note 5)	—	—	—	—	4,725	4,725	—	—	4,725 0.08%	4,725 0.08%	—	—	—	—	—	—	—	—	4,725 0.08%	4,725 0.08%	None
Independent Director	How-Jen Huang (Note 4)	600	600	—	—	3,375	3,375	—	—	3,975 0.07%	3,975 0.07%	—	—	—	—	—	—	—	—	3,975 0.07%	3,975 0.07%	None
Independent Director	Yu-Sheng Lu	1,560	1,560	—	—	8,100	8,100	—	—	9,660 0.16%	9,660 0.16%	—	—	—	—	—	—	—	—	9,660 0.16%	9,660 0.16%	None
Independent Director	Chung-Yi Lin	1,460	1,460	—	—	8,100	8,100	—	—	9,560 0.16%	9,560 0.16%	—	—	—	—	—	—	—	—	9,560 0.16%	9,560 0.16%	None
Independent Director	Hsueh-Cheng Li	1,460	1,460	—	—	8,100	8,100	—	—	9,560 0.16%	9,560 0.16%	—	—	—	—	—	—	—	—	9,560 0.16%	9,560 0.16%	None
Independent Director	Tsui-Hui Hsiao (Note 5)	1,040	1,040	—	—	4,725	4,725	—	—	5,765 0.10%	5,765 0.10%	—	—	—	—	—	—	—	—	5,765 0.10%	5,765 0.10%	None

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

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

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

Note 4 : Term expired on 2024/5/31.

Note 5 : New-appointed on 2024/5/31.

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

(unit: NT\$ thousand)

Title	Name	Salaries(A)		Pension (B)		Bonus and Allowance(C) (Note 2)		Employee Remuneration (D)				The sum of A, B, C and D, and in proportion to Net Income		Remuneration received from Invested companies other than subsidiaries or the parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements				
								Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statements	
President	Chao-Chi Chen	23,184	23,184	434	434	19,492	19,492	51,502	—	51,502	—	94.613 1.61%	94.613 1.61%	None
General Manager of Sustainable Innovation Division (Note1)	Chia-Chi Hsu													
General Manager of Group Technology Division	Shi-Chung Yeh													
General Manager of Group Business Division	Ying-Chin Chu													
General Manager of Business 2 Division	Ming-Xiong Chang													
Deputy General Manager of Sustainable Development Division	Bo-Ya Yo													
Deputy General Manager of Group Production 1 Division	Chung-Che Tsai													

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

2. Range of Compensation

Range of Remuneration paid for each General Managers and Deputy General Managers	Name of General Managers and Deputy Managers	
	The Company	All companies in the consolidated financial statements
Less than NT\$1,000,000	—	—
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	—	—
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Ming-Xiong Chang, Bo-Ya Yo	Ming-Xiong Chang, Bo-Ya Yo
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Ying-Chin Chu, Chung-Che Tsai	Ying-Chin Chu, Chung-Che Tsai
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Shi-Chung Yeh	Shi-Chung Yeh
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	Chao-Chi Chen	Chao-Chi Chen
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	—	—
NT\$100,000,000 or more	—	—
Total	6 persons	6 persons

3. Distribution of employees remuneration paid to the managers

(unit: NT\$ thousand)

	Title	Name	Stock	Cash	Total	Proportion to Net Income (Note 1) (%)
Manager	President	Chao-Chi Chen	—	51,502	51,502	0.88%
	General Manager of Group Technology Division	Shi-Chung Yeh				
	General Manager of Group Business Division	Ying-Chin Chu				
	General Manager of Business 2 Division	Ming-Xiong Chang				
	Deputy General Manager of Sustainable Development Division	Bo-Ya Yo				
	Deputy General Manager of Group Production 1 Division	Chung-Che Tsai				

Note 1: Net income in 2024 parent company only financial report.

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

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

Title	The company				All companies in the consolidated financial statements			
	Remuneration		Proportion to Net Income (Note) (%)		Remuneration		Proportion to Net Income (Note) (%)	
	2023	2024	2023	2024	2023	2024	2023	2024
Directors	115,480	131,900	2.32%	2.25%	115,480	131,900	2.32%	2.25%
Managers	82,572	94,613	1.66%	1.61%	82,572	94,613	1.66%	1.61%

Note: Net income in parent company only financial report.

The ratio of compensation for Board Directors and Managers to net profit after tax was slightly lower in 2024 compared to 2023. This is primarily because the company's net profit after tax increased by 18% in 2024 compared to 2023, while the compensation for Board Directors and Managers only increased by 14%.

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

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

trust.

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

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

ii. Implementation of Corporate Governance

A. Operations of Board of Directors

A total of 6 meetings (A) of the Board of Directors were held in 2024. The attendance of directors was as follows:

Title	Name	Actual attendance (B)	By proxy	Actual attendance rate (%)(B/A)	Remarks
Chairman	Chien-Hung Wang	6	—	100%	None
Vice Chairman	Chien-Rong Wang	6	—	100%	None
Director	Chao-Chi Chen	6	—	100%	None
Director	Hui-Ling Chen	3	—	100%	Term-expired on 2024/5/31
Director	Peter Dale Nickerson	6	—	100%	None
Director	Shi-Chin Tsai	3	—	100%	Term-expired on 2024/5/31
Director	Shih-Jung Chen	6	—	100%	None
Director	Tsung-Ta Lu	6	—	100%	None
Director	Yi-Hua Chung	6	—	100%	None
Director	Chen-Tsu Chen	3	—	100%	New-appointed on 2024/5/31
Director	Wan-Wan Lin	3	—	100%	New-appointed on 2024/5/31
Independent Director	How-Jen Huang	3	—	100%	None
Independent Director	Tsui-Hui Hsiao	3	—	100%	New-appointed on 2024/5/31
Independent Director	Yu-Sheng Lu	6	—	100%	None
Independent Director	Chung-Yi Lin	6	—	100%	None
Independent Director	Hsueh-Cheng Li	6	—	100%	None

Other mentionable items:

- If there are circumstances as follows, the date on which the meetings, sessions, contents of motion, all independent director's opinions and the company's responses should be specified:
 - Matters specified in Article 14-3 of the Securities and Exchange Act: Not Applicable. The company has established the Audit Committee. Please refer to the implementation of Audit Committee.
 - Resolutions other than the above-mentioned matters that independent directors expressed objections or reservations and have specified in written statements: None.
- Considering the measure for withdrawal from conflict of interest, the names of directors, contents of proposals, reasons to avoid conflict interest, and participation for voting should be specified:

Date of BOD	Name of Director	contents of proposals	reasons to avoid conflict interest	participation for voting
2024.03.14	Entire Directors	Remuneration of the company's directors, chairman, vice chairman, general manager and deputy general managers	Avoidance of personal benefits related to remuneration	Didn't participate in discussion and voting in batches
2024.8.13	Tsui-Hui Hsiao	Appointment of	Avoidance of	Didn't participate in

		Yu-Sheng Lu Chung-Yi Lin Hsueh-Cheng Li	members of Compensation Committee	personal benefits related to remuneration	discussion and voting
2024.8.13		Chien-Rong Wang Peter Dale Nickerson Tsung-Ta Lu Wan-Wan Lin	Appointment of directors of subsidiaries in Vietnam	Avoidance of personal benefits related to remuneration	Didn't participate in discussion and voting
2024.8.13		Peter Dale Nickerson	Appointment of directors, supervisors and representatives of subsidiaries in China	Avoidance of personal benefits related to remuneration	Didn't participate in discussion and voting
2024.11.12		Chien-Hung Wang Chien-Rong Wang Peter Dale Nickerson	Appointment of directors and representatives of subsidiaries	Avoidance of personal benefits related to remuneration	Didn't participate in discussion and voting
2024.11.12		Tsung-Ta Lu Wan-Wan Lin	Remuneration of the Company's directors(non- executive directors) who also serve as directors of subsidiaries.	Avoidance of personal benefits related to remuneration	Didn't participate in discussion and voting

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

Frequency of evaluation	Duration of evaluation	Range of evaluation	Methods of evaluation	Aspects to evaluate
Once every year	January 1 st , 2024 to December 31 st , 2024	Entire Board of Directors	Self-evaluation by all directors	1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control. 6. Participation in Sustainable Development(ESG)
		Individual member of the BOD	Self-evaluation by all directors	1. Alignment of the goals and missions of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control.
		Audit Committees	Self-evaluation by audit committees	1. Participation in the operation of the company; 2. Awareness of the duties of the audit committee; 3. Improvement of quality of decisions made by the audit committee; 4. Makeup of the audit committee and election of its members and 5. Internal control.
		Compensation Committee	Self-evaluation by compensation committees	1. Participation in the operation of the company; 2. Awareness of the duties of the compensation committee; 3. Improvement of quality of decisions made by the compensation committee; 4. Makeup of the compensation committee and election of its members and

The performance evaluation results of the Board of Directors, Audit committees and Compensation Committee in 2024 were fine, and the evaluation results have been reported to the Board of Directors on March 7, 2025.

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

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

- The company has established Audit Committee and Compensation Committee. Please refer to page 17 to 20 for implementation.
- The company has stipulated "Corporate Governance Practical Principle" and "Rules of Performance Evaluation for the Board of Directors and Functional Committee" for relevant regulation of corporate governance.

B. Operation Information of Audit Committee

A total of 4 meetings (A) of Audit Committee were held in 2024. The attendance of independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Remarks
Independent Director	Yu-Sheng Lu	4	—	100%	None
Independent Director	Tsui-Hui Hsiao	2	—	100%	New-appointed on 2024/5/31
Independent Director	How-Jen Huang	2	—	100%	Term-expired on 2024/5/31
Independent Director	Chung-Yi Lin	4	—	100%	None
Independent Director	Hsueh-Cheng Li	4	—	100%	None

Other mentionable items:

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

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

Date and session	Content of the motion	All independent directors' opinions and the company's responses
The 11 th meeting of the 2 nd session March 13, 2024	Proposal of the company's 2023 financial report including consolidated financial statements	The proposals were adopted by all independent directors.
	Proposal of the result of 2023 self-evaluation of internal control system and "Statements of Internal Control System"	
	Proposal of appointing CPAs for 2024 financial report	
	Appointment of financial officer and accounting officer	
	Approval of Capital Increase by INR 1.9 billion (approximately USD 22.5 million) of subsidiary - India Tindivanam Footwear Private Limited	
	Approval of Capital Increase by USD 8 million of subsidiary - Vung Tau Orient Co., Ltd.	
The 1 st meeting of the 3 rd session August 12, 2024	Approval of Capital Increase by USD 23 million of subsidiary - Vietnam Nam Ha Footwear Company Limited	The proposals were adopted by all independent directors.
	Revision of the Company' internal control Systems (including management regulations and detailed procedures) °	

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

2. Considering the measure for withdrawal from conflict of interest, the names of directors, contents of proposals, reasons to avoid conflict interest, and participation for voting should be specified: None.

3. The communication between independent directors and chief internal auditor as well as the CPAs (aspects such as significant matters, methods, and outcomes of communication regarding the company's finance and business should be included).

■ The communication between independent directors and chief internal auditor:

Date	nature	Communication Topic	Communication Result
2024/3/13	Audit Committee Meeting	- Internal Control System Statement of 2023. - Internal Audit Execution Report of 2023/11~2024/2.	- Independent directors had no objections and submitted the resolution to the Board of Directors. - Discussion and communication regarding questions raised by independent directors
2024/5/9	Audit Committee Meeting	Internal Audit Execution Report of 2024/3~2024/4.	Discussion and communication regarding questions raised by independent directors
2024/8/12	Audit Committee Meeting	Internal Audit Execution Report of 2024/5~2024/7.	Discussion and communication regarding questions raised by independent directors
2024/11/11	Audit Committee Meeting	- Proposal of 2025 Audit Plan. - Internal Audit Execution Report of 2024/8~2024/10.	Independent directors had no objections and submitted the

			resolution to the Board of Directors. Discussion and communication regarding questions raised by independent directors
2024/8/1	Independent Meeting	Audit workflows and audit execution results in Taiwan, China, and Vietnam.	Discussion and communication regarding questions raised by independent directors
2024/10/7	Independent Meeting	Group audit workflows and audit execution results.	Discussion and communication regarding questions raised by independent directors
2024/10/9	Independent Meeting	The past of the Group' audit system and blueprint for the future	Discussion and communication regarding questions raised by independent directors
2024/10/25	Independent Meeting	Audit workflows and audit execution results of Vietnam area.	Discussion and communication regarding questions raised by independent directors
2024/11/20	Independent Meeting	Audit workflows and audit execution results of China area.	Discussion and communication regarding questions raised by independent directors
2024/11/22	Independent Meeting	Audit workflows and audit execution results of India area.	Discussion and communication regarding questions raised by independent directors

■ The communication between independent directors and CPAs:

Date	nature	Communication Topic	Communication Result
2024/3/13	Audit Committee Meeting	- Report on communication between the auditing accountant and the governance unit - The financial statements for the year 2023 (including parent company only and consolidated)	- Discussion and communication regarding questions raised by independent directors - Independent directors had no objections and submitted the resolution to the Board of Directors.
2024/5/9	Audit Committee Meeting	- Report on communication between the auditing accountant and the governance unit - The consolidated financial statements for the first quarter of 2024	- Discussion and communication regarding questions raised by independent directors - Independent directors had no objections and submitted the resolution to the Board of Directors.
2024/8/12	Audit Committee Meeting	The consolidated financial statements for the second quarter of 2024	Independent directors had no objections and submitted the resolution to the Board of Directors.
2024/11/11	Audit Committee Meeting	The consolidated financial statements for the third quarter of 2024	Independent directors had no objections and submitted the resolution to the Board of Directors.
2024/2/2	Communication Meeting	Communication and discussion of the audit results of the 2023 financial statements in the China region.	Discussion and communication regarding questions raised by independent directors
2024/2/7	Communication Meeting	Communication and discussion of the audit results of the 2023 financial statements in the Indonesia region.	Discussion and communication regarding questions raised by independent directors
2024/2/16	Communication Meeting	Communication and discussion of the audit results of the 2023 financial statements in the India region.	Discussion and communication regarding questions raised by independent directors
2024/2/19	Communication Meeting	Communication and discussion of the audit results of the 2023 financial statements in the Vietnam region.	Discussion and communication regarding questions raised by independent directors
2024/8/8	Communication Meeting	- Report on communication between the auditing accountant and the governance unit. - Communication and discussion of the review results of the consolidated financial statements for the second quarter of 2024.	Discussion and communication regarding questions raised by independent directors
2024/11/7	Communication Meeting	- Report on communication between the auditing accountant and the governance unit. - Communication and discussion of the review results and annual audit planning (including the scope of audit, audit methods, and key audit matters) for the third quarter of 2024	Discussion and communication regarding questions raised by independent directors

2024/12/27	Separate Communication Meeting	Discussion of follow-up items from the communication of the review results of the consolidated financial statements for the third quarter of 2024	Discussion and communication regarding questions raised by independent directors
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4. Important tasks and operation of audit committee of the year

(1) Important tasks of the year:

- According to annual audit plan, communicate with chief internal auditor on the report of the audit result regularly.
- Communicate the review or audit result of financial statements of each quarter with the company's CPAs regularly.
- Review the financial reports.
- Review the efficiency of internal control system.
- Pre-review of the appointment, demission, remuneration and service of CPAs.

(2) Operation of 2024:

- Proposals of audit committee meetings have all been reviewed and adopted by audit committee. No objection from independent directors.

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

1. Information regarding Compensation Committee members:

Position	Criteria Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Compensation Committee Member
Independent director (Convener)	Hsueh-Cheng Li	Please refer to Page 8~9 for independent director's information	Independent	None
Independent director	Yu-Sheng Lu		Independent	None
Independent director	Chung-Yi Lin		Independent	None
Independent director	Tsui-Hui Hsiao		Independent	None

2. Authority of Compensation Committee:

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

3. Information about operation of Compensation Committee:

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

(2) Term of this session of compensation committee members: from August 13, 2024 to May 31, 2027. A total of 3 (A) Compensation Committee meetings were held in 2024. The attendance record of the Compensation Committee members was as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance Rate (%) (B/A)	Remarks
Independent director	Chung-Yi Lin	3	—	100%	None
Independent director	Hsueh-Cheng Li	3	—	100%	None
Independent director	Yu-Sheng Lu	3	—	100%	None
Independent director	Tsui-Hui Hsiao	1	—	100%	New-appointed on 2024/5/31
Independent director	How-Jen Huang	2	—	100%	Term-expired on 2024/5/31

Other mentionable items:

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

Date and session	Content of motion	Resolution	The company's responses to the opinion of remuneration committee
The 9 th meeting of the 5 th session March 13, 2024	Allocation of remuneration for employees and the company's directors and supervisors in 2023	The proposals were unanimously adopted by all committee members.	The proposal was unanimously adopted by all attendees at the Board of Directors meeting.
	The salaries and compensation of the Company's Chairman, Vice Chairman, Board Directors, and Managers.		
	Approval of compensation for Board Directors (non-executive directors) who also serve as directors of subsidiaries.		
	Approval of compensation for the members of the Compensation Committee.		
	Approval of compensation for Independent Directors who also serve as Audit Committee members.		
	Establishment of the company's "Regulations for Appointment, Removal, Compensation, and Benefits of Managers."		
The 1 st meeting of the 6 th session November 11, 2024	Proposal of performance bonus in 2025	The proposals were unanimously adopted by all committee members.	The proposal was unanimously adopted by all attendees at the Board of Directors meeting.
	Approval of compensation for the Company's directors (non-executive directors) who also serve as directors of subsidiaries.		

4. Functions of Compensation Committee:

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

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

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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The company has established “Corporate Governance Best-Practice Principles” and disclosed on company website.	None
2. Shareholding structure and shareholders’ rights				
(1)Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The company has established spokesperson (and proxy spokesperson) for dealing with suggestion or dispute of shareholders. Shareholders can also give advices through “Stakeholder Section” on company website.	None
(2)Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The company masters shareholding information of each major shareholder, director and manager.	None
(3)Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The company has established relevant control management system in the corporate internal control system and “Operation for Supervision on Subsidiary”.	None
(4)Does the company establish internal rules against insiders trading with undisclosed information?	✓		The company revised the “Procedures for Handling Internal Significant Information” approved by the Board of Directors on August 11, 2022. It clearly stipulates that company insiders are prohibited from using unpublished information to buy and sell stock of the company, and they are not allowed to buy and sell stock of the company 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. It also has been added to the internal operating procedures to notify the insiders one week before the start of the closed period of the prohibition of trading, the financial reports for each quarter of 2024 have been executed in accordance with this operating procedure.	None
3. Composition and Responsibilities of the Board of Directors				
(1)Does the Board develop and implement a diversified policy and specific management goals for the composition of its members?	✓		According to the company’s Corporate Governance Best Practice Principles, the composition of board members is based on the demand of type and development of company’s management to stipulate diversified guidelines for directors, including basic requirement, professional background, industry experience, and so on; such guideline equip the board with the operational judgement, accounting and financial analysis, operational management, crisis management, industry knowledge, international market view, leadership and capability to decide. The specific operational goal: Among the thirteen directors, the number of directors served by major shareholders shall be no more than four seats. One of the directors shall be held by the high-performance manager (the president of the group) recommended by the major shareholders. And at least one seat each from different professional backgrounds, such as legal, accounting, experience in managing large enterprises, investment, European or American person who understands Chinese (or is familiar with European and American social values); and pay attention to gender equality in the composition of the board of directors, and the goal of female directors is at least three seats. There are currently 13 members of the board of directors for the term of 2024 to 2027, of which one is the company’s current outstanding manager, one has a legal professional background, five have an accounting or investment professional background, and four have large-scale enterprise management experience, and one is American who understands Chinese and is familiar with European and American social values. In the professional part, the goal of director diversity has been achieved. The number of female directors increased from one seat to two in 2024, with a goal of adding another female director in 2027 session to implement the policy of diversity on the board of directors.	None
(2)Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	The company has established Compensation Committee and Audit Committee according to laws. Each department shall be in charge of the rest corporate governance operation. In the future, other functional committees will be set up based on actual operational needs assessment.	Same as abstract
(3)Does the company establish a standard to measure the performance of the Board, and implement it annually, and are performance evaluation results	✓		The company has stipulated “Rules of performance evaluation for the Board of Directors and Functional Committee” approved by the Board of Directors on August 12, 2020. There is at least one internal performance evaluation each year and the range includes the entire Board of Directors, individual director members, Audit Committee and Compensation Committee. The evaluation would be completed by the end of the first quarter of next year	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?			and reported to the Board for reference of directors’ nomination. Furthermore, the Board of Directors approved an amendment on August 13, 2024, introducing an external evaluation mechanism. This mechanism requires at least one external evaluation by an independent professional organization or external expert team every three years, conducted through questionnaires, on-site visits, or other appropriate methods to assess the Board's effectiveness. The evaluation results should include improvement recommendations and future improvement plans or actions, reported to the Board of Directors. In 2024, the Company commissioned three expert professors from the Taiwan Corporate Governance Association to conduct the external evaluation. This organization and the executing experts have no business dealings with our company and possess independence. The evaluation results were submitted to the Board of Directors on November 12, 2024 and disclosed on the Company’s website.	
(4)Does the company regularly evaluate the independence and competency of Certified Public Accountants (CPAs)?	✓		The Board of directors regularly evaluates the independence and competency of appointed CPAs each year, and evaluates with reference to Audit Quality Indicators (AQIs). The results of the most recent evaluation were reviewed and approved by the Board on March 7, 2025, confirming that the external auditors meet the suitability and independence evaluation standards and have received a written statement of independence from the external auditors. Please refer to Note 1 for details on the evaluation items for the external auditors’ independence and suitability.	None
4. Does the listed company appoint a unit or personnel to be responsible for affairs related to governance (including but not limited to providing information for Directors to perform their duties, handling affairs for Board of Directors Meeting and Shareholders’ Meeting in accordance with lawful regulations, registering and altering the Company’s information, making minutes for Board of Directors Meetings and Shareholders’ Meetings, etc.)?	✓		The company’s Board of Directors assigned the head of BOD Office, Ms. Feng-Wei Hsu, as chief corporate governance officer for dealing with relevant affairs including conducting relevant matters of the Board of directors, Audit Committee, Compensation Committee and Shareholders’ meetings, and assistance of directors’ election and training, and providing information for directors to perform their duties, and helping directors comply with laws.	None
5. Does the company establish a communication channel with its stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and build a designated section on its website for stakeholders, as well as handle all issues they care for in terms of corporate social responsibilities?	✓		The company has established stakeholders section on company website for properly responding major issues of corporate social responsibility concerned by stakeholders.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company has appointed The Capital Securities Corp. for proxy of each affair of shareholders’ meeting of the company.	None
7. Information disclosure				
(1)Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The company has established company website (https://www.fengtay.com), providing business condition and regularly updating financial information, and discloses corporate governance and implementation of corporate social responsibility in detail.	None
(2)Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		1. English version website is established and updated relevant information by designated person. 2. Spokesperson and proxy spokesperson are appointed for implementation of spokesperson system. 3. Information of institutional investor conference report is put on investor section in company website, and is uploaded to public information section of Taiwan Stock Exchange for any inquiry.	None
(3)Does the company complete and publicize the annual financial statement within 2 months after the fiscal year ends, then publicize and register the financial statements of the first, second, and third quarters as well as the operation report of each month?		✓	Starting from the annual financial report of 2022, the company announced and applied for annual financial report in advance within 75 days after the end of fiscal year, and announced and applied earlier than deadline for the financial reports of the first, second and third quarter and operating information of each month.	Same as abstract

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
8. Is there any other information to facilitate a better understanding of the company’s corporate governance practices (e.g. including but not limited to employee rights employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)	✓		1. Employees rights: the company guarantees all the employees’ right of work and there are regulations specified in management rules for employees’ appointment, discipline, attendance, leave, salary, welfare, reward and punishment, retirement and workers’ compensation. 2. Employees care: the company regards employees as important partner for moving forward continuously and dedicates to cultivate a vision of “To foster employees who are committed to the value of work, supported by family and proud of the company”. The company will keep enhance the employees’ relationship in the future, expecting to deepen the understanding and identification on the company from employees and the family through a more practical care and direct communication. 3. Relations of Investors: the company puts much emphasis on interests of investors. We regularly legally disclose the information and also actively attend investment forums and institutional investor conference held by local and international brokers, and discloses the investment information on the company website. 4. Relations of Suppliers: the company cooperate closely with brand customers and main suppliers, and keep high attendance in product life cycle to bring the greatest corporate social responsibility. 5. Right of stakeholders: the company provides multiple ways and latest news for stakeholders. There is also “section of stakeholders” on the company website for communication and maintenance of legal interest. 6. Trainings for Directors: all the company’s directors have completed 6-hour courses in 2024. The accountants also regularly report the latest laws and issues related to finance, taxation and corporate governance to improve the Board of Directors’ professional knowledge. 7. Implementation of policies of risk management and standards for risk measure: Please refer to the annual report, Chapter Five, “VI. Evaluation of Risk Management in the Most Recent Fiscal year”. 8. Implementation of client policies: the company keeps improving the procedure of research and development and production management, keeping a steady quality and proper price which obtained clients’ satisfaction and long-term trust. 9. Condition of directors’ liability insurance purchased by the company: the company purchased liability insurance for directors in 2024. The duration of insurance is July 1st, 2024 to July 1st 2025 and the amount is US\$ 5 million.	None
9. Please offer illustrations improvement on the aspects pointed out by the evaluation of governance by Taiwan Stock Exchange TWSE and explanation for matters and measures as prioritized items to improve.	✓		The company ranks top 6~20% of listed company in the tenth (2023) corporate governance assessment. The main improvement items in 2024 included: conducting an external performance evaluation of the Board of directors, annually reporting on the implementation of ethical business practices to the Board of directors, revising the guidelines for transactions with related parties, and establishing a whistleblowing system for illegal or unethical behavior by both internal and external personnel, to continuously strengthen corporate governance and sustainable development.	None

Note 1 : Evaluation for the Independence and Competency of CPAs

● Independence Evaluation Items	Evaluation Results	Complies with Independence/Fitness
1.Does the accountant have any direct or significant indirect financial interests with the company?	N	Y
2.Does the accountant have any financing or guarantee transactions with the company or its directors?	N	Y
3.Does the accountant have any close business relationship with the company?	N	Y
4.Does the accountant have any potential employment relationship with the company?	N	Y
5.Do the accountant and members of the audit service team currently or within the past two years hold positions at the company, such as directors, managers, or positions with significant influence on the audit work?	N	Y
6.Important items of non-audit services provided by the accountant that may directly affect the audit case.	N	Y
7.Does the accountant mediate the issuance of shares or other securities by the company?	N	Y
8.Does the accountant serve as the company's legal representative or coordinate disputes between the company and a third party?	N	Y
9.Do the accountant and members of the audit service team have kinship with directors, managers, or personnel with significant influence on the audit case of the company?	N	Y
10.Do the accountant and members of the audit service team hold shares issued by the company?	N	Y
11.Does the accountant have any contingent professional fee related to the audit case?	N	Y
12.Has a "Statement of Independence" been obtained from the entrusted accountant and the audit team?	Y	Y
● Competency Evaluation Items		
1.Does the accountant possess the qualifications of a certified public accountant and is eligible to perform accounting audit services?	Y	Y
2.Has the accountant not been disciplined by the supervisory authority or the association of certified public accountants, or received any sanctions as stipulated in Article 37, Paragraph 3 of the Securities Trading Act?	Y	Y
3.Does the accountant possess relevant industry knowledge pertaining to this company?	Y	Y
4.Does the accountant perform financial statement audits in accordance with generally accepted auditing standards	Y	Y

and the rules for certified public accountants' audit and certification of financial statements?			
5.Does the accountant utilize their position as a certified public accountant to engage in unfair competition in business?		Y	Y
6.Audit Quality Indicator (AQI) assessment:		Y	Y
6-1. Professionalism	Does the audit experience of the accountant and senior audit personnel, compared to the industry average, possess sufficient experience to perform the audit work?	Y	Y
	Does the education and training of the accountant and senior audit personnel, compared to the industry average, have received sufficient training to continuously acquire professional knowledge and skills?	Y	Y
	Does the turnover rate of professional personnel (other than audit personnel) in the accounting firm, compared to the industry average, maintain sufficient senior human resources?	Y	Y
	Does the accounting firm possess sufficient professional personnel (other than audit personnel), compared to the industry average, to support the audit team?	Y	Y
6-2. Quality Control	Is the workload of the accountant, compared to the industry average, not excessive?	Y	Y
	Is the involvement of audit team members in each audit stage appropriate, compared to the industry average?	Y	Y
	Is the number of hours the EQCR (Engagement Quality Control Review) accountant spends reviewing audit cases sufficient compared to the industry average?	Y	Y
	Does the accounting firm possess sufficient quality control personnel, compared to the industry average, to support the audit team?	Y	Y
6-3. Independence	Does the proportion of non-audit service fees received from the company by the accounting firm not affect independence?	Y	Y
	Does the cumulative number of audit years for the company by the accounting firm not affect independence?	Y	Y
6-4. Supervision	Are the quality control and audit case execution of the accounting firm in accordance with relevant laws and regulations and standards?	Y	Y
6-5. Innovation Capability	Has the accounting firm adopted or planned plans or investments related to enhancing audit quality to demonstrate its commitment to improving audit quality?	Y	Y

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

Implementation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the sustainable development policies and the supervision of the board of directors?	✓		To supervise the conduction of corporate responsibility by each department more efficiently, Feng Tay established Department of Sustainable Development in January 2010 for stipulation and promotion of policies, system and relevant management of corporate social responsibility, and worked with the general affairs and human resources departments to implement corporate social responsibility business and promote work plans on environment protection, occupational safety and health, labor relations, social care and stakeholder communication every year. And established managerial level “Chief of Sustainable Development” in January 2018 for conducting management of Feng Tay Group’s corporate responsibility affairs and reporting operational plan and result to the Board of Directors at least once every year. And is supervised and guided by the board of directors on relevant issues. In 2024, the ESG implementation results of the year were reported to the board of directors on May 9, and the progress of greenhouse gas inventory and verification schedule implementation were reported to the board of directors in each quarter. The company achieves the objective of sustainability management by continuously promotes each management measure of Corporate Social Responsibility policies, supervision and improvement. From 2008, the company publishes Sustainability Development Report of Feng Tay every year and regularly reports and discloses performance of Feng Tay Group conducting corporate social responsibility.	None
2. Does the company follow the significance principle, conduce risk evaluation related to environmental, social, and corporate governance issues, and figure out relevant risk management policies or strategies?	✓		The company stipulated risk management policies which were approved by Board of Directors in 2022, clearly defined organizational functions and division of responsibilities, defined the scope of risk management and stipulated risk management processes based on the company’s operating environment. In order to effectively manage and control risk, various management measures are stipulated in accordance with the principle of materiality. Department of sustainable development regularly conducts identification of risks of environmental safety and health and stipulates measures for response each year. The risk assessment scope covers the group headquarters and regional subsidiaries (excluding holding and other related companies). The system for independent internal audit is also established for regularly auditing each risk of business and corporate governance and reporting the implementation to the Board of Directors and Audit committee for ensuring normal operation of risk management system. The company follows GRI standards, SASB standards and international policy trends to construct a process for the identification and operational impact assessment of major themes, including collection of sustainable issues, discussion with stakeholders,	None

Implementation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			assessment of impact levels, and testing of the identified major themes based on the assessment report. The suitability of the threshold standards is finally determined by Deputy General Manager of Sustainable Development Division to determine the major themes, and the impact of each major theme and the company’s corresponding policies, commitments management actions, indicators and goals are disclosed in the Sustainability Report. The company’s 2024 major theme assessment results include environmental aspects: waste management, climate change risk and greenhouse gas management; social aspects include: occupational safety and health, labor/management relations; governance aspects include: product quality and technology, operational performance, information security and data protection, regulatory compliance, integrity management, total nine material topics. In response to the above major issues, relevant countermeasures and implementation plans have been formulated, including adopting SBTi scientific carbon reduction targets, joining the CDP organization, actively promoting the reduction of greenhouse gas emissions, energy conservation, water conservation and waste reduction, etc., and integrating sustainable strategies with important decisions in the operating process, while pursuing profits, we also pay attention to the rights of employees, society and other stakeholders. Please refer to the company’s “2024 Sustainability Report”.	
3. Environmental Issues				
(1)Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		The company established Management of Environmental Safety and Health (MESH), trying to use the best way of production, manufacturing procedure and management system to achieve the best ecological benefit. The company joined the Sustainable Apparel Coalition (SAC) in 2017, comprehensively measuring the shoes product environment and social effects by using the sustainable measure tool (Higg Index). The company’s Taiwan headquarters and subsidiaries in China and Vietnam have completed a greenhouse gas inventory in 2024 and have been inspected by a third-party verification company to comply with the ISO 14064-1 standard.	None
(2)Does the company devote itself in improving the efficiency of each resource and use the renewable ingredients to minimize the impact on the environment?	✓		1. The company corporates with suppliers, tries to lead into more environmentally friendly materials applying on production, and uses biodegradable and recyclable materials. The company also promotes suppliers to reduce package materials to lessen the impact on environment. 2. To use natural resources more efficiently, according to internal regulations “Outline of Energy Saving Management”, the company has devoted to saving water and improving the efficiency of using water for a long time. We also actively search other water using replacement, like establishment of system for collecting rainwater and system for use of recycled water. We expect to decrease dependence on running water gradually to reduce the impact on local environment. 3. The company actively promotes program of using clean energy for replacement of fuel which may cause greater environmental impact. In 2024, the entire group’s green electricity procurement reached 117.3 million kWh, with solar power generation reaching 2.55 million kWh. The proportion of renewable energy usage increased to 21.4%. Please refer to the company’s “2024 Sustainability Report” Chapter Three “Sustainable Value Chain” and Chapter Four “Green Operations Management” for implementation.	None
(3)Does the company evaluate the present and future potential risks and chances at that climate change brought on the company and take measures accordingly?	✓		The company is dedicated to environmental protection and has stipulated measures through potential risks caused by climate change. Refer to Task Force on Climate-Related Financial Disclosures (TCFD) to identify potential climate change risks and opportunities, and formulate relevant response strategies and measures to reduce operational risks. According to the 2024 annual assessment results, the main risk categories include: policies, laws and regulations, technology, market, goodwill, immediate risk (such as heavy rains, typhoons and other natural disasters), long-term risk (such as extreme weather, sea level rise, etc.), mainly opportunity categories are: resource efficiency, products and services, and resilience. In response to above potential risks and opportunities of climate change, the company actively promotes various energy-saving and carbon-reducing measures, while increasing the proportion of renewable energy use, and also strives for waste reduction and recycling; actively implements green procurement and investing in environmentally friendly processes and collaborating with brand clients to promote the adoption of international sustainability and carbon verification (International Sustainability and Carbon Certification) systems, to strengthen corporate resilience. The detailed description of the potential risks and opportunities of climate change has been disclosed in the company’s “2024 Sustainability Report” Chapter Two, “2.3, Management of	None

Implementation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																													
	Yes	No	Summary																																														
			Risks” and Chapter Four, “4.2, Enhancing Climate Resilience” for implementation.																																														
(4)Does the company record the mass of greenhouse gas emission, water consumption amount, and total weight of its waste over the past two years and formulate policies to reduce carbon emission, reduce greenhouse emission, conserve water, and manage other waste items?	✓		1.The greenhouse gas emissions, water consumption and total weight of waste of the Company and its regional subsidiaries in the past two years are as follows: <table><tr><td></td><td>2023</td><td>2024</td></tr><tr><td colspan="3">(1) Greenhouse gas emissions : (units: ton CO2e)</td></tr><tr><td>Scope 1</td><td>14,082</td><td>19,400</td></tr><tr><td>Scope 2</td><td>204,820</td><td>279,997</td></tr><tr><td>Total</td><td>218,902</td><td>299,397</td></tr><tr><td>Intensity (Note)</td><td>0.099</td><td>0.145</td></tr><tr><td colspan="3">(2) Water consumption : (units: million liter)</td></tr><tr><td>Fresh water</td><td>2,012.5</td><td>1,847.3</td></tr><tr><td>Other water</td><td>2.2</td><td>2.7</td></tr><tr><td>Total</td><td>2,014.7</td><td>1,850.0</td></tr><tr><td colspan="3">(3)Waste : (units: ton)</td></tr><tr><td>Hazardous waste</td><td>5,813</td><td>5,689</td></tr><tr><td>Non-hazardous waste</td><td>34,818</td><td>34,551</td></tr><tr><td>Total</td><td>40,631</td><td>40,239</td></tr><tr><td>Recycling rate</td><td>67.9%</td><td>63.7%</td></tr></table> Note: Intensity is calculated based on tons of CO2e / US\$1,000 output value Amount above, the greenhouse gas inventory of the Company’s Taiwan headquarters (covering 2023~2024) and of the subsidiaries in China and Vietnam (covering 2024) has been verified by a third-party verification company. 2.The company has promoted measure of energy saving and carbon reduction for a long time. For the main footwear production facilities, medium and long-term reduction targets and plans for important environmental protection indicators have been formulated, including compared to the 2022 baseline year, achieving the following by 2027: an 8% increase wastewater recycling rate, a 10% reduction in wastewater discharge, a 10% increase in the use of renewable energy, a 10% increase in the use of environmentally friendly refrigerants, a 40% reduction in ozone-depleting substances, and a reduction in landfill waste and non-energy renewable incineration processing rates to 2.5%. The greenhouse gas reduction target for Scope1 and Scope 2 in 2030 has been set to be 46.2% lower than the 2019 base year. The company also actively promotes the use of renewable energy, such as setting up solar power generation and heating systems, using wind power, etc. the company also committed to reducing the waste and wastewater generated by the manufacturing process and operations, reducing external environmental costs, and becoming a high-quality green shoemaking enterprise. Detailed description of the implementation of various environmental indicators in 2024 has been disclosed in the company’s “2024 Sustainability Report” Chapter Four “Green Operations Management”.		2023	2024	(1) Greenhouse gas emissions : (units: ton CO2e)			Scope 1	14,082	19,400	Scope 2	204,820	279,997	Total	218,902	299,397	Intensity (Note)	0.099	0.145	(2) Water consumption : (units: million liter)			Fresh water	2,012.5	1,847.3	Other water	2.2	2.7	Total	2,014.7	1,850.0	(3)Waste : (units: ton)			Hazardous waste	5,813	5,689	Non-hazardous waste	34,818	34,551	Total	40,631	40,239	Recycling rate	67.9%	63.7%	None
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4. Social Issues																																																	
(1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The company complies with local laws of global operation bases, referring to policies of human rights stipulated by each international covenant on human rights like International Labor Organization, and fully expresses responsibility of human respect and protection. 1. Employment Relations The company strictly complies with local labor laws to hire employees. We recruit employees through a fair and public way. There is no discrimination from gender, age, religion, races, party, disability, sexual orientation, status of pregnancy and marriage, and social background. We hire local employees for the first option and prohibit to hire foreign migrant labors and child labors under 18 years old. 2. Protection for Work Rights The company protects all the employees’ work rights, definitely complies with local laws and supports and respects international relevant regulations of labor rights. Meanwhile, we stipulate management regulations and conduct strictly for employees’ appointment, discipline, attendance, leave, salary, welfare, reward and punishment, retirement and workers’ compensation. Please refer to the company’s “2024 Sustainability Report” Chapter Five, “5.2 Human Rights Protection” and “5.3 Workers’ Treatment and Rights Protection” for implementation.	None																																													
(2)Does the company establish and implement reasonable employee compensation policies (including the remuneration, leave policies, and other welfares) and offer incentives according to operational performance or outcome?	✓		When hiring employees, the company takes the ability for standards of appointment and payment, same as afterwards assessment, promotion and reward and punishment. The company provides competitive and higher salary. The initial salary of all the companies under the enterprises is higher than local legal minimum wage, and attaches great importance to the correlation and rationality of the company’s operating performance and employee remuneration, and issue year-end bonuses at end of each year based on the level of profit. If there is a profit In the year as stipulated in the company’s articles	None																																													

Implementation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			of association, no less than 2% should be allocated as employee remuneration, sharing operational results with employees. The company also provides employees with a comprehensive welfare system, including various bonuses, allowances and subsidies, vacation systems, social insurance, life-related measures, and different benefits and activities planned in accordance with local cultures to create a happy workplace environment. The company also attaches great importance to workplace diversity and gender equality, and provides equal employment opportunities to job seekers of different genders and ages. At the end of 2024, the proportion of female employees was 61.6%, and the proportion of female top-level managers also reaches 41.6%. Please refer to the company’s “2024 Sustainability Report” Chapter Five, “5.3 Protection of Workers’ Treatment and Rights” for implementation.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		Employees are the most important asset for the company. We devote to provide a safe and harmony working environment. - There are designated staffs for environmental safety and health in headquarters and factories of each area for daily operation of environmental safety and health, protection of labors’ interest and reduction of risks of operational environmental safety and health. - In aspect of employee trainings, all the new-in employees have to take basic trainings of safety and health before starting to work. Before using special equipment or conducting specific tasks, employees have to attend a special certification course for safety and health, including education and training on hazardous machines, hazards and prevention of noise and dust, etc. Occupational safety and health education and training are also carried out regularly. In 2024, the total training hours for group employees were 865,396 hours. - Continuously pass the third-party Social Labor Convergence Program verification every year. - Establish a safety culture and pursue zero workplace injuries. In 2024, the number of work-related injuries in the Group was 72. It has implemented a protection upgrade and improvement project for high-risk machines and completed safety protection upgrades for 1,541 machines in total of 15 types of high-risk machines, effectively reducing operational risk. - Attach great importance to the prevention of fire accidents and strengthen special weekly inspections of high-risk wind boxes, heating equipment conveyor belts and electrical equipment to reduce the occurrence of fires. There was no major accidents or casualties in 2024. Please refer to the company’s “2024 Sustainability Report” Chapter Five, “5.5 Safe and Peaceful Workplace Environment” for implementation.	None
(4) Does the company provide its employees with career development and training sessions?	✓		The Company provides a precise plan of career development, completed professional trainings, rich salary payment and transparent assessment system. We help employees to reach the potentials on work and satisfy the need and goals of career development. Continuous talents cultivation in a planned way is one of management strategies that the company insists. The company plans a completed educational training system, and according to personal job and demand for career development making a blueprint of competency development for new-in employees to managerial level through on-job trainings, mentorship, work guidance, e-learning and job rotation. In 2024, the total training hours of the entire group were 4,060,945 hours, the total number of participants was 2,413,549, and the average training hours per person were 31.1 hours. Please refer to the company’s “2024 Sustainability Report” Chapter Five, “5.4 Talents Cultivation and Career Development” for implementation.	None
(5) Does the company follow relevant laws and international guidelines to establish any consumer or customer protection mechanisms and appealing procedures regarding customer health and safety of products and services, customer privacy, marketing and labeling etc.?	✓		As a professional footwear manufacturing company, the company not only protects clients’ intellectual property rights but also helps brand customers conduct the social responsibility. To eliminate any possible risks that may harm the health of product users, the company cooperates closely with brand customers and materials suppliers. From development of materials to manufacture, package and shipment of products, we strictly check every segment, making the safety of products conform to international standards (like SGS international certification and RSL restricted substances list). We support the clients’ demand of product labeling, strictly observing in the process of production so as to meet the relevant laws of product exporting country. In addition, the company has established customer feedback mechanisms, including surveys of customer satisfaction, customer complaint incidents and ratio of selling return statistics. Relevant customer complaints must be notified to the top manager of the business unit as soon as possible, and the handling process will be reported to top-level management and customers regularly until improvements are completed. Please refer to the company’s “2024 Sustainability Report” Chapter Three, “3.3 Product Quality and Safety” and “3.4 Customer Relationship Management” for implementation.	None
(6) Does the company follow relevant laws and international guidelines to establish any consumer protection mechanisms and appealing procedures regarding research	✓		The company has stipulated “Materials Management Principle” and requests suppliers to observe all the local relevant laws. New supplier need to pass SHAPE assessment (Safety, Health, Attitude of management, People, Environment). The company irregularly assigns staffs to conduct Vendor Quality Audit (VQA in abbreviation). VQA includes 11 items mainly about production operating environment, conservation and	None

Implementation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
development, purchasing, producing, operating and service?			management of materials, on-job education and emergency response. Audit result will be included in business assessment system for reference of cooperation evaluation with suppliers in the future. There are 51 new suppliers in 2024 and all of these vendors passed the environmental standard screening . Please refer to the company’s “2024 Sustainability Report” Chapter Three, “3.5 Supplier Management” for implementation.	
5. Does the company compile CSR report to reveal the non-financial information following the guidelines for internally-accepted report format? Is the above-mentioned report assured or certified by a third-party inspector?	✓		The company’s “2024 Sustainability Report” is edited according to the GRI Standards published by Global Reporting Initiative (GRI in abbreviation). And entrusted KPMG Certified Public Accountants to conduct verification in accordance with the Bulletin No. 1 of the Standards of Assurance, and obtained the limited assurance report. The report is published in Chinese and English versions, and is public in the section of corporate social responsibility of company website (www.fentay.com).	None
6.If the Company has established the ESG principles based on " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies ", please describe any discrepancy between the Principles and their implementation:				
The company has stipulated “Corporate Social Responsibility Principles”. In the meanwhile of pursuing sustainability development and profit, the company also puts emphasis on interests of employees, society and other stakeholders, and takes into company’s management guideline and operating activities. The company achieves the objective of sustainable management by continuously improving and promoting each management measure of policies of corporate social responsibility, and supervision and improvement at any time.				
7.Other important information to facilitate better understanding of the company’s sustainable development practice:				
The company has held the concept, “community care and society contribution”, by the founder Mr. Chou-Hsiong Wang since the foundation. The company actively manages the relationship with community and implements this concept in company headquarters and foundation established in China and each production base. The Group invested a total of approximately US\$3.91 million in 2024 to sponsor local community welfare activities in each operating region and support various medical, public healths, sports, cultural and education undertakings. And also maintain good cooperative relationships with government departments, non-profit organizations and residents in local communities, and work together to promote common growth and sustainable development between enterprises and communities. Please refer to the company’s “2023 Sustainability Report” Chapter Six, “Social Solicitude” for the result of company’s performance in society’s activities in 2024.				

E-1. Climate-related information by TWSE/TPEX Listed Companies

I. Implementation of Climate-related information

Item	Implementation
1. Describe the Board of Directors and management’s oversight and governance of climate risks and opportunities.	The company has integrated climate change risks into the scope of the Board of Directors oversight, with the Sustainable Development officer responsible for convening the Sustainable Development Department. Each year, based on various risks, assess and confirm the potential impact of each risk issue on the organization’s internal and external operations, including the identification and evaluation of climate change risks and responses to climate impacts. The Sustainable Development officer will regularly report the results of their efforts to the Board of directors, and the progress of greenhouse gas inventory and verification schedules will be submitted to the Board for monitoring on a quarterly basis.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the Company (short, medium, and long terms).	In 2024, the company identified six main risk of climate and three opportunity according to the TCFD framework. The implement of the potential impact to operating, strategy and financial as outlined in “Table 1”. The detailed description has been disclosed in the company’s “2024 Sustainability Report Chapter Four, “4.2, Enhancing Climate Resilience”.
3. Describe the financial impact of extreme weather events and transformative actions.	Please refer to item 2(same as “Table 1”).
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	Referring to the framework of the Task Force on Climate-related Financial Disclosures (TCFD), the company identifies potential climate change risks and opportunities through the four core elements of "governance", "strategy", "risk management", and "metrics and targets", and grasps the impact and influence of climate change on the Company’s operations. In addition, the Company sets up relevant response strategies and measures in advance to prevent climate change risks and damages. The Group has established standardized processes requiring each business unit to regularly identify, evaluate the potential financial impacts of climate change, and incorporate them into the risk management framework. Furthermore, through interaction with the Board of Directors, the Company ensures consistency between climate change risk management and the Group’s overall risk management system.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts used should be described.	The company recognizes the importance of improving climate resilience and is committed to achieving the highest ecological benefits through the establishment of a Sustainable Management and Development system with the best production methods, manufacturing processes and management system. Scenario analysis has not yet been used for assessment, and financial impact assessments will be gradually planned in the future to effectively grasp climate change risks.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	In response to the impact of global climate change and the greenhouse effect on the environment, the company has formulated a “Sustainable Management Guidelines” and an “Energy and Water Efficiency Management Guidelines”...etc. to promote various energy-saving and carbon-reducing measures; while also increasing the proportion of renewable energy use; and promote waste reduction and recycling; actively implement green procurement and purchase products with energy-saving and environmental protection labels. The goal is to achieve the Group’s carbon emissions reduction of 46.2% in 2030 compared with 2019 base year.

Item	Implementation															
7. If internal carbon pricing is used as a planning tool, the bases for setting the price should be stated.	The Company has yet to adopt an internal carbon pricing mechanism.															
8. If climate-related targets have been set, the activities covered, the scopes of GHG emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits of RECs to be offset should be specified.	The company adopted in the Science Based Targets (SBT) method in 2020, specifically set the targets for Scope 1 and Scope 2 absolute carbon emissions: in 2030, the absolute carbon emission should be reduced by 46.2% compared with the base year (2019), and joined the Carbon Disclosure Project (CDP), completed the annual carbon reduction assessment, receiving a Disclosure rating of D for the years 2019–2023 and a rating of C for Awareness in 2024. The absolute carbon emissions of the Group in 2024 totaled 299,397 metric tons of CO2e, representing an 11.2% increase compared to the baseline year (2019: 269,341 metric tons CO2e). This increase is primarily due to the inclusion of additional Scope 1 items and an adjustment to the carbon emission factor for Scope 2 purchased electricity, in accordance with the requirements of ISO 14064-1:2018. In 2024, the Group's total renewable energy consumption reached 119,854 million watt-hours, with a renewable energy usage rate of 21.4%, an increase of 4.5% compared to 2023. Specifically, the China region purchased 17,984 million watt-hours of green electricity and obtained green power certificates and transaction certificates.															
9. Greenhouse Gas Inventory, Assurance Situation, Reducing Target, Strategies and Action plans: (1)Greenhouse Gas Inventory and Assurance Situation in recent two years (1-1)Information of Greenhouse Gas Inventory : Greenhouse Gas emissions by the company and subsidies in other regions was as follows: <table><tr><td>unit: ton CO2e</td><td>2023</td><td>2024</td></tr><tr><td>Scope 1</td><td>14,082</td><td>19,400</td></tr><tr><td>Scope 2</td><td>204,820</td><td>279,997</td></tr><tr><td>Total</td><td>218,902</td><td>299,397</td></tr><tr><td>Intensity(Note)</td><td>0.099</td><td>0.145</td></tr></table> Note: 1.Scope 1: primary energy (e.g., diesel, fuel oil, and liquefied petroleum gas), company vehicles, refrigerant emissions (HFCs) and others. 2. Scope 2: purchased electricity. 3. Intensity: calculated by metric tons CO2e/thousand US dollars of output value. 4. The standard of Greenhouse Gas Inventory: ISO14064-1 : 2018 . (1-2)Greenhouse Gas Assurance Situation a.The greenhouse gas emissions in Taiwan factories of the company in 2023 have been assured by a third-party verification company, DNV GL Business Assurance Co., Ltd. to comply and issued certification statement with the various standards of ISO 14064-1. b.The greenhouse gas emissions of the Company's Taiwan headquarters and subsidiaries in China and Vietnam in 2024 have been verified by the third-party verification agency, Taiwan Inspection Technology Co., Ltd. and issued a certification statement that complies with all standards of ISO14064-1. (2) Greenhouse Gas Reducing Target, Strategies and Action plans: The company set the goal to reduce absolute carbon emissions in 2030 by 46.2% compared with in 2019, and formulated the “Energy and Water Efficiency Management Guidelines” as the basic policy of greenhouse gas emissions. In accordance with shoes factories in various regions, formulated the long-term reduction targets and plans, promoted energy-saving and carbon reduction measures comprehensively. Besides increasing the efficiency of energy resource usage, and increasing the usage of re-new energy actively, progressively installed solar panels and heating system, etc. The proportion of renewable energy usage in 2024 reached 21.4%, increasing 4.5% compare with the previous year.		unit: ton CO2e	2023	2024	Scope 1	14,082	19,400	Scope 2	204,820	279,997	Total	218,902	299,397	Intensity(Note)	0.099	0.145
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Table 1 : Identification of Climate Change-Related Risks and Opportunities and Response Measures for 2024

Types	Category	Impact Period	Impact on Company Strategy, Operations, and Potential Financials	Response Measures and Potential Financial Impact
Transition risks	Policies, laws and regulations	Long Term	1.In response to Taiwan's Greenhouse Gas Reduction and Management Regulations, operational site energy efficiency must be improved, and the installation capacity of renewable energy sources and the purchase of green power certificates must be increased, resulting in additional costs. 2.Potential carbon taxes and carbon trading systems may impact operational costs, as well as the increased cost of procuring regulatory-compliant raw materials and parts. 3.According to the Taiwan's government announcement of a carbon fee collection mechanism, the company's headquarters, after a greenhouse gas inventory, has emissions below 25,000 tons, posing no short-term risk. However, it is necessary to monitor subsequent policy developments. 4.The imposition of the EU Carbon Border Adjustment Mechanism (CBAM) will not affect the group between 2024 and 2027, as the company's product lines are not within the first scope of the levy. However, it is necessary to monitor future developments.	1. Formulate an Energy Conservation Management Plan to implement energy conservation and carbon reduction measures and targets. Greenhouse gas emission intensity (greenhouse gas emissions per pair of shoes) increased by 32.6% year-over-year in 2024. 2. Actively increase the proportion of renewable energy use. Measures include installing solar panels on factory buildings and purchasing green electricity to reduce carbon emissions from non-renewable energy sources. The proportion of renewable energy use reached 21.4% in 2024, an increase of 4.5% over the previous year. The group purchased approximately USD 7.02 million in green electricity in 2024. 3. Comply with international conventions such as the Kyoto Protocol, the United Nations Framework Convention on Climate Change, and the Paris Agreement. 4. In accordance with Taiwan's regulations, conduct a greenhouse gas inventory at the Taiwan site, with verification and consulting expenses totaling approximately NT\$860,000 in 2024.
	Technology	Mid to Long Term	1. In response to regulatory and advocacy restrictions, low-carbon technologies must be developed to reduce carbon emissions, leading to increased capital investment. 2. The cost of research and development of new and alternative technologies and operational processes.	Based on a product life cycle assessment, actively develop renewable materials and low-carbon processes. The Group used 608 environmentally friendly materials in 2024, an increase of 14% over the previous year.
	Market	Mid Term	Increased sustainability awareness may lead customers to purchase lower-carbon products or services, impacting revenue.	Continuously meet market demand for low-carbon products, actively cooperate with customers, develop low-carbon processes, and enhance corporate

Types	Category	Impact Period	Impact on Company Strategy, Operations, and Potential Financials	Response Measures and Potential Financial Impact
				competitiveness. Most shoe models have adopted environmentally friendly processes, see Environmental Processes and Materials in the 2024 Sustainability Report.
	Goodwill	Mid to Long Term	1.Environmental performance may affect the Company's image. 2.Cooperating with suppliers with high carbon emissions may affect customers' trust in the Company	In response to the global trend of carbon reduction and greenhouse gas emission reduction, The Company collaborates with brand customers to introduce the International Sustainability and Carbon Certification (ISCC) system, uses certified (recycled) raw materials from environmentally friendly suppliers, provides traceability for raw materials and the entire supply chain, and fulfills the company's responsibility for environmental sustainability by making sustainability declarations for products. Approximately NT\$150,000 in annual certification fees are required at the Taiwan headquarters. A total of 14 factories are involved, with each certification costing approximately US\$3,800–5,500 (slightly different depending on the country).
Physical risks	Immediate Risks (e.g., heavy rain, typhoons, hurricanes, floods)	Short-Term	1. Climate factors may lead to decreased production and reduced revenue (e.g., disruptions to the supply chain due to transportation issues, or production shutdowns due to facility damage). 2.Employees may be unable to report to work, impacting productivity, leading to reduced revenue and increased safety & health costs. 3. Investigations confirmed that although operations in the China and India factories were affected by typhoons in 2024, no significant financial losses occurred due to adequate preparation.	1. Establish emergency response systems for floods and droughts. 2. Increase the foundation height of newly constructed factories in Indonesia and India, and install floodwalls and waterproof gates in low-lying areas. 3. Strive to improve the recycling and reuse rate of water resources in drought-prone areas.
	Long-Term Risks (e.g., extreme climate, rising average temperatures, rising sea levels)	Mid to Long Term	1. Buildings located in low-lying areas may be flooded due to heavy rain or typhoons, resulting in increased maintenance and repair costs. 2. Changes in rainfall patterns may lead to an increased frequency of floods and droughts, impacting water supply management.	

Opportunity Category	Impact Period	Impact on Company Strategy, Operations, and Potential Financials	Response Measures and Potential Financial Impact
Resource efficiency	Short-Term	Improving resource utilization efficiency can reduce long-term operational costs and achieve carbon reduction goals.	1.Actively implement energy-saving and carbon reduction initiatives and continuously update energy-efficient equipment. 2. Reduce water costs and improve the reuse rate of reclaimed water and rainwater collection, with a water resource reuse rate of approximately 58% for the Group headquarters plant in 2024. 3. Continue to promote the replacement of high-energy equipment. In 2024, four air compressors were replaced and energy-efficient equipment was purchased at the Group headquarters, with a purchase cost of NT\$1.07 million. According to the application of the Ministry of Economic Affairs' Subsidy Program for Power and Public Equipment, this project received a subsidy of NT\$630,000.
Products and services	Mid to Long Term	Improving product processes and developing environmentally friendly materials, to enhance the Company's competitiveness, sales and profits, and customer satisfaction through new and alternative technologies, and achieve carbon reduction goals as well.	1. The Group used 608 types of environmentally friendly materials in 2024, an increase of 14% compared to the previous year. This includes 515 upper materials and 93 accessory materials. 2. Among them, ISCC certified EVA Formula materials are about US\$1.5 per kilogram higher than raw materials, and the same certified rubber materials are about US\$0.65 per kilogram higher than raw materials.
Resilience	Mid to Long Term	Integrate climate change risks and mitigation measures to enhance the Company's adaptability.	The Sustainable Development Department regularly identifies climate change-related risks and opportunities with each business unit and formulates climate change risk management strategies to strengthen corporate resilience and reduce potential losses from climate change.

Impact Timeline : Short-term(2028) 、Mid-term(2028~2030) 、Long-term (after 2030).

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

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	✓		The company has stipulated Ethical Corporate Management Best-Practice Principles and specified the good corporate governance that Feng Tay maintains in an ethical spirit. We insist transparent operation and put emphasis on shareholders' equity. Please refer to “Values and Core Competence” and “Corporate Governance” on company website for promises, policies and guidelines of management policies.	None
(2) Does the company establish appropriate system to analyze risks of unethical conducts, periodically analyze and evaluate business activities with high potential for unethical conducts and establish prevent measures accordingly, or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The company insists integrity as the best principle and according to it to stipulate management rules and principles. All employees should hold integrity, transparency and interest avoidance on duty. The company has established efficient accounting system and internal control system for operating activities of risk of unethical conduct, and evaluates and audits the risks by internal audit on each transaction cycle and item every year in order to ensure the efficiency of design and implementation of measure for risk prevention.	None
(3) Does the Company establish and implement the operational procedures, conduct guidelines, penalty for violation of rules, and complaint mechanism to prevent unethical behaviors and regularly review and amend the existing practice?	✓		1. The company's “Principles for Employees' Conducts” specified that the employees should avoid conflict of interest and the chance for private profit. The person would be asked to stop relevant conducts immediately when violating laws or ethical principles. 2. The company strictly requires purchasing staffs to comply with rules of anti-corruption. Please refer to the company's “2024 Sustainability Report” Chapter Two, “2.2 Ethical Corporate Management” for details.	None
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		The company holds the spirit of fair trade and respect to trade with suppliers and specified in internal regulations that the credit and prohibition of unethical conducts should be evaluated before trading with suppliers. The suppliers shall be strictly rejected and reported to managers if there is any bribe gifting behaviors.	None
(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity, and periodically (at least once a year) report to the Board about its integral policy for management, the policy to prevent unethical conducts, and how the implementation is being supervised?	✓		To strengthen the management of ethical corporate conduct, the company has designated the Board Office as responsible for implementing the integrity management policy, with reports on the implementation status submitted to the Board of Directors at least once a year. The implementation status of the integrity management policy for the year 2024 was reported to the Board of Directors on March 7, 2025, as follows: 1. On November 25, 2024, the company conducted its annual promotion of the Code of Integrity and Business Conduct to all directors and employees, including a promotional video. 2. The Procurement Division submits a "Quarterly Report on Integrity Management in Procurement" each quarter. Senior procurement executives also conduct unscheduled visits to suppliers to promote the principles of integrity. As of Q4 2024: (1) A total of 252 suppliers have acknowledged and signed long-term purchase agreements incorporating the commitment to integrity and anti-corruption in Clause 7. The Purchasing Chief Director / Senior Chief Director have conducted unscheduled meetings with the management of 32 suppliers to promote integrity principles, with no reported violations of integrity standards. (2) There were no complaints from suppliers regarding the Company's personnel violating integrity principles, engaging in unethical behavior, or demanding improper benefits. (3) Personnel from the Board Office also conduct unscheduled inspections and audits to ensure the full implementation of the integrity management policies. 3. The company's website features a dedicated Integrity Management section under the Corporate Governance area within the Investor Relations section. It publicizes our concrete whistleblowing system and suggestion channels to actively prevent unethical behavior. The company has also announced the whistleblowing and suggestion system in the President's Memorandum (No. 022-2-02) and issues monthly reports tracking complaints and suggestions, as well as the status of case	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			handling during the year.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		It is specified in the company's Board meeting regulations that directors who has a stake in proposals put from the Board of Directors are not allowed to attend discussion and be as proxy for other directors for vote. "Principles for Employees' Conducts" is also stipulated in internal working rules for employees' conducts regulations.	None
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	✓		To ensure the implementation of ethical management, the company promotes overall computerization, and established efficient accounting system and internal control system. The financial reports are all audited or reviewed by CPAs to ensure the fairness. Internal auditors audit each department regularly according to annual audit plans for implementation of supervision system and control of risk management.	None
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		The company regularly puts ethical management education in new-in employees' trainings and on-job education trainings, and also occasionally announces the concept of ethical management to all employees in the organization.	None
3. Operation of the integrity channel				
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		The management team deals with all the complaints and advices in procedures. Please refer to the company's "2024 Sustainability Report" Chapter Two, "2.2 Ethical Corporate Management".	None
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓		The management team deals with all the complaints and advices in procedures, and will give official response for precise person and report the result to litigant and related department, and observes personal information privacy prohibiting conduct revenge to colleagues.	None
(3) Does the company provide proper whistleblower protection?	✓		Same as above.	None
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The company has disclosed relevant policies on website, annual reports and corporate social responsibility report.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The company has stipulated Ethical Corporate Management Principles and maintains the good corporate governance in an ethical spirit. We insist transparent operation and put emphasis on promises and responsibility of employees, shareholders and clients. The Board of Directors hold professional independence principle, ensuring the company's long-term management strategy and giving proper guidelines in process of resolution of management team, evaluating risks and appointing audit accountant, and also supervise the conducts of each task for sustainability development.				
6. Other important information which helps to understand the implementation of the Company's ethical management: (E.g. the Review and amendment of the Company's Ethical Management Best Practice Principles): The company has stipulated "Principles for Employees' Conducts" and "Principles for Ethical Conducts of Directors, Supervisors and Managers". Please refer to the company's "2024 Sustainability Report" for relevant implementation of ethical management.				

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

1. Procedures for Handling Internal Significant Information

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

2. The company stipulated "Rules of Supervision Operation for Subsidiary" in order to push each subsidiary establish internal control system, internal audit system and self-evaluation.

3. The company stipulated "Ethical Conduct Principle of Directors, Supervisors and Managers" in order to prevent unethical conduct or any conduct that may hurt interest of the company and shareholders when directors, supervisors and managers conducting management activities for the company.

4. The internal person like new-elected directors and managers will be distributed brochure for directors and supervisors, announcement for directors and supervisors and relevant laws regulation of internal person equity (including the second of Article 22, Article 25, Article 157, Article 157-1, Article 171 and Article 178 of Stock Exchange Act) edited by Securities and Futures Bureau, FSC for internal person to observe relevant laws.

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

Title	Name	Date of training	Organizer of the course	Title of the course	Training hours
Chairman	Chien Hung, Wang	2024/05/10	Taiwan Corporate Governance Association	How can directors and supervisors oversee the company's effective enterprise risk management and crisis handling?	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
Vice Chairman	Chien Rong, Wang	2024/05/10	Taiwan Corporate Governance Association	How can directors and supervisors oversee the company's effective enterprise risk management and crisis handling?	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
Director	Chao-Chi, Chen	2024/05/10	Taiwan Corporate Governance Association	How can directors and supervisors oversee the company's effective enterprise risk management and crisis handling?	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
Director	Peter Dale Nickerson	2024/05/10	Taiwan Corporate Governance Association	How can directors and supervisors oversee the company's effective enterprise risk management and crisis handling?	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
Director	Shih-Jung, Chen	2024/05/10	Taiwan Corporate Governance Association	How can directors and supervisors oversee the company's effective enterprise risk management and crisis handling?	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
Director	Tsung-Ta, Lu	2024/05/10	Taiwan Corporate Governance Association	How can directors and supervisors oversee the company's effective enterprise risk management and crisis handling?	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
Director	Chen-Tsu, Chen	2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
		2024/09/06	Securities and Futures Market Development Foundation	2024 Insider Trading Prevention Awareness Session	3
		2024/12/13	Taiwan Corporate Governance Association	Introduction to Corporate Governance Personnel System and the Role of Legal Professionals in Corporate Governance.	3
		2024/12/20	Taiwan Corporate Governance Association	Directors and Supervisors Must Know: Understanding How Criminals Exploit Unusual Transactions and Related-Party Transactions	3
Director	Wan-Wan, Lin	2024/06/27	Taiwanese Association of Board Directors	Aligning with IFRS Sustainability Disclosure Standards – A Detailed Explanation of IFRS Standards S1 and S2	3
		2024/08/09	Taiwanese Association of Board Directors	Analysis of Corporate Income Tax – National Tax Bureau Audit Practices and Common Supplementary Explanations Handling Techniques	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
		2024/08/14	Taiwanese Association of Board Directors	Impact on Financial Statements from climate change	3
Director	Yi-Hua, Chung	2024/05/10	Taiwan Corporate Governance Association	How can directors and supervisors oversee the company's effective enterprise risk management and crisis handling?	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
Independent Director	Tsui-Hui, Hsiao	2024/07/19	Taiwan Corporate Governance Association	Best Practices for the Audit Committee's Exercise of Authority - A Discussion of the Convenor's Role	3
		2024/07/30	Taiwan Corporate Governance Association	How does the Board of director (Sustainability Committee) review the sustainability report?	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
		2024/10/04	Securities and Futures Market Development Foundation	2024 Insider Trading Prevention Awareness Session	3
Independent Director	Yu-Sheng, Lu	2024/05/10	Taiwan Corporate Governance Association	How can directors and supervisors oversee the company's effective enterprise risk management and crisis handling?	3

Title	Name	Date of training	Organizer of the course	Title of the course	Training hours
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
Independent Director	Chung-Yi, Lin	2024/05/10	Taiwan Corporate Governance Association	How can directors and supervisors oversee the company's effective enterprise risk management and crisis handling?	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
Independent Director	Hsueh-Cheng, Li	2024/05/10	Taiwan Corporate Governance Association	How can directors and supervisors oversee the company's effective enterprise risk management and crisis handling?	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
Chief Accounting officer	Chung-Hung, Lee	2024/8/26~8/27	Accounting Research and Development Foundation	Continuing training courses for accounting executives of issuers, securities firms and stock exchanges	12
		2024/12/9~12/10	Accounting Research and Development Foundation	Continuing training courses for accounting executives of issuers, securities firms and stock exchanges	12
		2025/1/23	Accounting Research and Development Foundation	Analysis of Legal Liability and Compliance Practices in Financial Crime in the Digital Age.	6
Chief Internal audit officer	Pei-Ying Lee	2024/5/4、5/11、5/18	Internal Audit Institute	(CIA Second Course) Core Knowledge and Skills of Internal Auditors	18
		2024/4/23	Taiwan Computer Auditing Association	Learning Procurement Fraud Techniques and Prevention	6
Chief Corporate governance officer	Fang-Wei, Hsu	2024/05/10	Taiwan Corporate Governance Association	How can directors and supervisors oversee the company's effective enterprise risk management and crisis handling?	3
		2024/08/13	Taiwan Corporate Governance Association	The Relationship and Management Benefits of ISO, Internal Control, and Governance	3
		2024/09/06	Securities and Futures Market Development Foundation	2024 Insider Trading Prevention Awareness Session	3
		2024/12/05	Taiwan Corporate Governance Association	Impact on Financial Statements from climate change	3

H. Laws and rules observation

1. Laws observation

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

2. Codes of Ethical Conducts observation

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

I. Implementation of internal control system

1. Statement of Internal Control

Public Company's Statement of Internal Control System

Both design and implementation are valid

Feng Tay Enterprises Co., Ltd.

Statement of Internal Control System

Date: March 7th, 2025

The Company had inspected the 2024 internal control system autonomously with the results illustrated as follows:

- (1) The Company is fully aware that the board of directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it is established accordingly. The purpose of establishing the internal control system is to reasonably ensure the fulfillment of operation effect and efficiency (including profit, performance, and protection of assets safety), financial report reliability, and compliance.
- (2) The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. The internal control system of the Company is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.
- (3) The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (referred to as "the Regulations" hereinafter). The criteria defined in "the Regulations" include five elements depending on the management control process: (1) environment control, (2) risk assessment, (3) control process, (4) information and communication, and (5) supervision. Each of the five elements is then divided into a sub-category. Please refer to "the Regulations" for details.
- (4) The Company has implemented the criteria of the internal control system referred to above to inspect the effectiveness of internal control system design and implementation.
- (5) The Company based on the inspection result referred to above has concluded that the internal control system (including the supervision and management over the subsidiaries) on December 31, 2024 is reasonably effective in achieving the objectives of operation effect and efficiency, financial report reliability, and compliance.
- (6) The statement of Internal Control System is the main content of the Company's annual report and published prospectus. Any falsification and concealment of the published content referred to above involves the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- (7) The Statement of Internal Control System was resolved in the board meeting on March 7th, 2025. The content of the statement has been accepted by 13 attending board directors without any objection.

Feng Tay Enterprises Co., Ltd.

Chairman : Chien Hung, Wang

General Manager : Chao-Chi, Chen

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

J. Implementation of resolutions on the company's 2024 Shareholders' meetings

Important resolutions on shareholders' meetings	Implementation
Proposed Resolutions:	
1. Adoption of the company's 2023 consolidated financial statements (including parent company only financial statements) and business report	The adoption has been conducted according to resolution on shareholders' meeting.
2. Adoption of profit distribution in 2023	The cash dividend per share is NT\$ 4.3. Total amount NT\$ 4,246,176,174 has been distributed on July 18, 2024.
Matters for Discussion and Election:	
1. Directors Re-Election of the Company.	Completed the election of thirteen directors (including four independent directors).
2. Release the Restriction on Directors of the Company from Participation in Competitive Business.	The adoption has been conducted according to resolution on shareholders' meeting.

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

- 2024/03/14 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of the company's 2023 allocation of remuneration for employees and directors.
 - (2) Adoption of the company's 2023 financial statements including consolidated financial statements and business report.
 - (3) Adoption of the company's 2023 profit distribution. The cash dividend per share is NT\$ 4.3.
 - (4) By the end of the directors' term, adoption of thirteen directors (including four independent directors) will be elected on the re-election of 2024 annual general shareholders' meeting and relevant matters of nomination of director candidates.
 - (5) Stipulation of relevant matters of the company's 2024 annual general shareholders' meeting.
 - (6) Approval of "Statements of Internal Control System" according to the company's 2023 self-evaluation result of internal control system.
 - (7) Adoption of appointing accountant Rou-Lan Kuo and Shu-Ling Lien from KPMG Taiwan as the company's CPAs for 2024 financial statements audit.
 - (8) Adoption of appointing Fang-Wei, Hsu as new replacement of the company's financial officer and Chung-Hung, Lee as new replacement of the company's accounting officer, effective from April 1, 2024.
 - (9) Adoption of increasing capital for INR1.9 billion (approximately USD22.5 million) of subsidiary, India Tindivanam Footwear Company Limited (TD), the company holds not lower than 88% of the shares and Indian shareholder holds not higher than 12%.
 - (10) Adoption of increasing capital for US\$ 8,000,000 dollars of subsidiary Vung Tau Orient Co., Ltd. ("TO"), which was all invested by TO's holding company, Dona Orient Holdings Limited.
 - (11) Adoption of increasing capital for US\$ 23,000,000 dollars of subsidiary Vietnam Nam Ha Footwear Co., Limited ("NH"), which was all invested by NH's holding company, Dona Orient Holdings Limited.
- 2024/04/19 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of the list of director (including independent director) candidates nominated by

shareholders.

- 2024/05/10 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of the company's consolidated financial statements in the first quarter of 2024.
 - (2) Adoption of the company's 2023 Sustainability Report.
 - (3) Adoption of authorizing the chairman to set the ex-dividend date, dividend distribution date and relevant matters.
- 2024/05/31 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of electing Mr. Chien-Hung Wang as Chairman and Mr. Chien-Rong Wang as Vice Chairman for this session of the Board.
- 2024/08/13 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of the company's consolidated financial statements in the second quarter of 2024.
 - (2) Adoption of appointing 4 independent directors including Ms. Tsui-Hui Hsiao 、 Mr. Yu-Sheng Lu 、 Mr. Chung-Yi Lin and Mr. Hsueh-Cheng Li as the members of compensation committee.
 - (3) Adoption of amendment to the company's "Board of Director and Functional Committee Performance Evaluation Procedures."
 - (4) Adoption of amendment to the company's "Risk Management Policy".
 - (5) Adoption of amendment to the company's Internal Control System (Regulations and Implementing Rules) .
- 2024/11/12 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of the company's consolidated financial statements in the third quarter of 2024.
 - (2) Adoption of the company's 2025 audit plan.
 - (3) Adoption of the company's "Sustainable Information Management Guidelines."
 - (4) Adoption of amendment to the company's "Guidelines for Financial and Business Operations between Related Parties."
 - (5) Adoption of appointing Ms. Fang-Wei Hsu as the company's new spokesperson, and the transition of Ms. Li-chin Chen, former spokesperson, to the role of acting spokesperson.
 - (6) Adoption of the company's 2025 business plan.
- 2025/03/07 Adopted major resolutions on the Board Meetings:
 - (1) Adoption of the company's 2024 allocation of remuneration for employees and directors.
 - (2) Adoption of the company's 2024 financial statements including consolidated financial statements and business report.
 - (3) Adoption of the company's 2024 profit distribution. The cash dividend per share is NT\$ 5.1.
 - (4) Adoption of amendment to the company's "Articles of Association."
 - (5) Stipulation of relevant matters of the company's 2025 annual general shareholders' meeting.
 - (6) Approval of "Statements of Internal Control System" according to the company's 2024 self-evaluation result of internal control system.
 - (7) Adoption of appointing Mr. Chung-Hung Lee as the company's acting spokesperson with effective date on April 1, 2025.
 - (8) Adoption of revoking the proposed capital increase for the subsidiary Vietnam Nam Ha Footwear Company Limited.
 - (9) Adoption of appointing accountant Rou-Lan Kuo and Shu-Ling Lien from KPMG Taiwan as the company's CPAs for 2025 financial statements audit.
 - (10) Adoption of purchasing land from a related party for the expansion of development center at Feng Tay factory.
 - (11) Adoption of the construction budget of NT\$ 1.8 billion for the expansion of development center at Feng Tay factory.

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

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

Title of certificate	Number of people		
	Office of the Board of Directors	Internal Audit	Finance Department
CPA (R.O.C.)	1	1	1
CIA	0	1	0

iii. Information on CPA professional fees

A. CPA professional fees:

NTD thousand

Title of CPA Agency	Name of CPA	Audit period	Audit fee	Non-Audit fee (Note)	Total	Remark
KPMG Taiwan	Rou-Lan Kuo	2024/01/01~ 2024/12/31	9,828	3,647	13,475	None
	Shu-Ling Lien					

Note: mainly for transfer pricing analysis and project consulting, as well as assurance and consulting for sustainability reports, the 2024 master file report and country-by-country report, etc..

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

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

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

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

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

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

Title	Name	2024		In the current year up to the book closure date	
		Increase (reduction) in the number of shares in possession	Increase (reduction) in the number of pledged stocks.	Increase (reduction) in the number of shares in possession	Increase (reduction) in the number of pledged stocks.
Chairman	Chien-Hung Wang	—	—	—	—
Vice chairman	Chien-Rong Wang	—	—	—	—
Director, who is concurrently the president	Chao-Chi Chen	54,975	—	—	—
Director	Peter Dale Nickerson	—	—	—	—
Director	Shih-Jung Chen	—	—	—	—
Director	Chen-Tsu Chen	6,245,463	—	—	—
Director	Tsung-Ta Lu	—	—	—	—
Director	Wan-Wan Lin	16,000	—	—	—
Director	Yi-Hua Chung	—	—	—	—
Independent director	Tsui-Hui Hsiao	—	—	—	—
Independent director	Chung-Yi Lin	—	—	—	—
Independent director	Yu-Sheng Lu	—	—	—	—
Independent director	Hsueh-Cheng Li	—	—	—	—
General Manager of Group Techniques	Shi-Chung Yeh	20,049	—	—	—
General Manager of Group Business	Ying-Chin Chu	3,349	—	—	—
General Manager of Business Division 2	Ming-Xiong Chang	18,684	—	—	—
Deputy general manager of Sustainable Development	Bo-Ya Yo	12,163	—	—	—
Deputy general manager of Group Production 1	Chung-Che Tsai	30,666	—	—	—
Major Shareholder	Chou-Hsiong Wang	(12,800,000)	—	—	—
Major Shareholder	Mei-Hui Wang Liu	—	—	—	—

B. Information of shareholding transfer

Name	Reason for transfer	Date of transfer	Transferee	Relations	Shares	Price of transaction
Chou-Hsiong Wang	Gift	2024/05/27	Love Faith Hope Co., Ltd.	Father and son with the company representative	3,000,000	Not Applicable
Chou-Hsiong Wang	Gift	2024/05/27	Nikai International Investment Co. Ltd.	First degree of kinship with the representative of the company	3,000,000	Not Applicable
Chou-Hsiong Wang	Gift	2024/10/07	Melissa Lee Cancer Foundation	Non-related parties	800,000	Not Applicable
Chou-Hsiong Wang	Gift	2024/10/07	Love Faith Hope Co., Ltd.	Father and son with the company representative	3,000,000	Not Applicable

Chou-Hsiong Wang	Gift	2024/10/07	Nikai International Investment Co. Ltd.	First degree of kinship with the representative of the company	3,000,000	Not Applicable
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C. Information of equity pledge

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

D. Relations and Information about Top 10 Shareholders

(up to the book closure date March 30, 2025 of the list of shareholders)

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders		Remarks
	shares	%	shares	%	shares	%	Name	Relations	
Mei-Hui Wang Liu	106,873,822	10.82%	45,441,476	4.60%	—	—	Chou-Hsiong Wang Chien-Hung Wang Chien-Rong Wang Li-Chuan Wang	Spouse Mother and son Mother and son Mother and daughter	
Hui-Ling Chen	63,890,013	6.47%	—	—	—	—	Shih-Jung Chen	Siblings	
Chen-Tsu Chen	48,930,280	4.96%	—	—	—	—	Shih-Jung Chen Wei-Chiao Chen Li-Ming Chen	Father and son Siblings Siblings	
Chou-Hsiong Wang	45,441,476	4.60%	106,873,822	10.82%	—	—	Mei-Hui Wang Liu Chien-Hung Wang Chien-Rong Wang Li-Chuan Wang	Spouse Father and son Father and son Father and daughter	
Chien-Rong Wang	41,135,534	4.17%	280,536	0.03%	24,000,000	2.43%	Chou-Hsiong Wang Mei-Hui Wang Liu Chien-Hung Wang Li-Chuan Wang	Father and son Mother and son Siblings Siblings	
Shih-Jung Chen	38,741,794	3.92%	66,429	0.01%	6,342,647	0.64%	Hui-Ling Chen Wei-Chiao Chen Chen-Zu Chen Li-Ming Chen	Siblings Father and daughter Father and son Father and daughter	
Li-Ming Chen	38,154,788	3.86%	—	—	—	—	Shih-Jung Chen Wei-Chiao Chen Zhen-Zu Chen	Father and daughter Siblings Siblings	
Wei-Chiao Chen	34,156,647	3.46%	—	—	—	—	Shih-Jung Chen Chen-Zu Chen Li-Ming Chen	Father and Daughter Siblings Siblings	

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders		Remarks
	shares	%	shares	%	shares	%	Name	Relations	
Li-Chuan Wang	32,160,570	3.26%	—	—	—	—	Chiu-Hsiong Wang Mei-Hui Wang Liu Chien-Hung Wang Chien-Rong Wang	Father and daughter Mother and daughter Siblings Siblings	
Love Faith Hope Co., Ltd.	28,945,318	2.93%	—	—	—	—	—	—	
Representative: Chien-Hung Wang	27,696,421	2.80%	—	—	28,945,318	2.93%	Chou-Hsiong Wang Mei-Hui Wang Liu Chien-Rong Wang Li-Chuan Wang	Father and son Mother and son Siblings Siblings	

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

(information date: March 31, 2025)

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

III. Capital Overview

i. The company's capital and shareholding

A. Source of Capital

(unit: NT\$ dollars/ share)

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

Year and Month	Issuing Price	Authorized Capital		Paid-in Capital		Remark		
		shares	Amount	shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
2014/07	10	600,000,000	6,000,000,000	579,005,049	5,790,050,490	Capital increase out of unappropriated earnings	—	No. Financial-Supervisory-Securities-Issuance-1030026212 on July 16, 2014
2015/07	10	600,000,000	6,000,000,000	596,375,201	5,963,752,010	Capital increase out of unappropriated earnings	—	No. Financial-Supervisory-Securities-Issuance-1040028812 on July 29, 2015
2016/07	10	700,000,000	7,000,000,000	667,940,226	6,679,402,260	Capital increase out of unappropriated earnings	—	Application effective on July 06, 2016
2019/06	10	800,000,000	8,000,000,000	734,734,249	7,347,342,490	Capital increase out of unappropriated earnings	—	Application effective on June 28, 2019
2020/07	10	900,000,000	9,000,000,000	881,681,099	8,816,810,990	Capital increase out of unappropriated earnings	—	Application effective on July 29, 2020
2023/07	10	1,200,000,000	12,000,000,000	987,482,831	9,874,828,310	Capital increase out of unappropriated earnings		Application effective on July 18, 2023

(unit: share; up to the book closure date March 30, 2025 of the list of shareholders)

Types of shares	Authorized capital stock			
	Outstanding shares	Unissued shares	Total	Remarks
Inscribed common stock	987,482,831	212,517,169	1,200,000,000	Listed stock

B. List of Major Shareholders

(par value of \$10 per share; up to the book closure date March 30, 2025 of the list of shareholders)

Name of Major Shareholders	Shares	Shareholding	Shareholding ratio (%)
Mei-Hui Wang Liu		106,873,822	10.82%
Hui-Ling Chen		63,890,013	6.47%
Chen-Tsu Chen		48,930,280	4.96%
Chou-Hsiong Wang		45,441,476	4.60%
Chien-Rong Wang		41,135,534	4.17%
Shih-Jung Chen		38,741,794	3.92%
Li-Ming Chen		38,154,788	3.86%
Wei-Chiao Chen		34,156,647	3.46%
Li-Chuan Wang		32,160,570	3.26%
Love Faith Hope Co., Ltd.		28,945,318	2.93%

ii. Dividend policy and implementation status

A. Dividend policy

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

- 10% legal reserve according to Company Act, and increased or reversed special reserve according with the law.

- If there is a surplus, it shall set aside parts or all of the surplus for the distribution of dividends with the previous annual accumulation of undistributed surplus.

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

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

The distribution of cash dividend per share of NT\$ 5.1 has been resolved by the Board of Directors.

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

Not applicable.

iii. Compensation information of the employees and directors

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

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

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

The company's 2024 estimated amount of compensation for employees and directors is calculated by 2024 net profit before tax before subtracting compensation for employees and directors multiplied by the proportion in the Articles of Association. The company would follow up and recognize as annual profit

and losses of 2025 when actual allocated amount differs from the estimated amount.

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

(unit: NT\$ dollars)

Distributable items	2024 recognized amount	Amount to be allocated by the Board of Directors	follow-ups for deviation
Compensation for directors	105,300,000	105,300,000	no deviation
Compensation for employees- in cash	180,000,000	180,000,000	no deviation
Compensation for employees- in stock	—	—	—

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

The company's 2023 recognized employee's cash compensation was allocated for NT\$ 140,000,000, no compensation in stock; and NT\$ 91,000,000 was allocated for directors' cash compensation. There is no deviation between the actual allocation of compensation for employees and directors and the estimated figures in financial report.

iv. Stock buy-back of the company: None.

v. Issuance of Corporate Bonds: None.

vi. Issuance of Preferred Shares: None.

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

viii. Issuance of employee stock warrants: None.

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

x. Financing plans and implementation

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

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

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

IV. Business Overview

i. Business Activities:

A. Company's Main Business Implementation

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

B. Operating Revenue Breakdowns

Main business item	2023	2024
Manufacturing and Sales of shoes	95%	95%
Others	5%	5%
Total	100%	100%

C. Product Item of the Company

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

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

E. Overview of Industry

a. Current condition and development

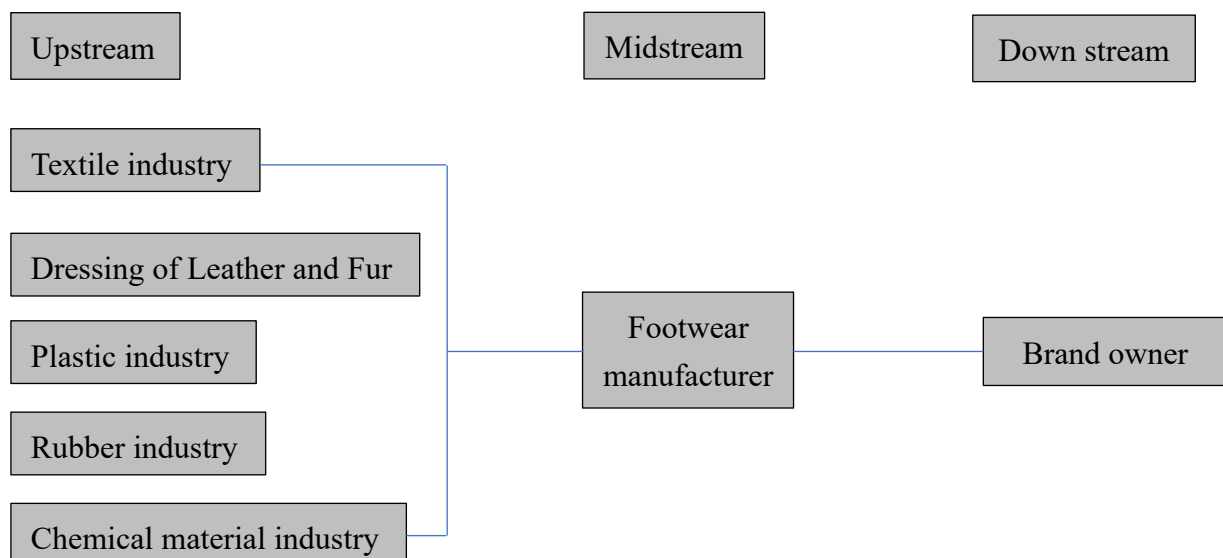
1.1 Production Overview

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

1.2 Consumption Overview

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

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



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

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

F. Expenses on research and development

Year	Amount	Percentage in consolidated operating revenue
2022	NT\$ 2,928,870 thousand	3.05%
2023	NT\$ 2,677,760 thousand	3.12%
2024	NT\$ 2,961,244 thousand	3.38%

G. Successfully developed techniques or products

- Developed and produced the first basketball shoe featuring a Radial Knit 3D knitted upper, paired with Zote Foam cushioning and a forefoot airbag combined with a horseshoe-shaped air unit. This created a breathable upper with no reinforcements, resulting in a lightweight shoe with excellent rebound performance. It was also the first model in the customer's basketball shoe line to pass VO₂ (oxygen consumption) testing, proven to reduce athlete fatigue, and selected as the signature shoe for the basketball competition at the 2024 Paris Olympics.
- Developed and produced the Group's first shoe fully made with a Bio Mass Balance EVA formulation. The production plant in India has obtained ISCC (International Sustainability and Carbon Certification). The shoe integrates a midsole fabric tearing technique to provide full-foot softness and further enhance consumer comfort.
- Developed and produced a full carbon fiber shell snow boot for off-road use, offering lightweight structure and high rigidity. The woven inner sleeve provides superior comfort and foot wrap; a interchangeable gaiter structure allows users to switch gaiter accessories based on their needs; and the boot uses water-repellent mesh that balances breathability and waterproof functionality.
- Developed and produced lightweight, high-rebound running shoes, successfully incorporating the 40C Infuse formula, reducing shoe weight by 18% for an even lighter feel. Combined with outstanding cushioning, this meets consumers' dual needs for lightweight comfort and high rebound.
- Innovated co-molding technology, integrating injected outsoles and physically foamed midsoles into a single structure, eliminating the need for primers, adhesives, ovens, and bonding processes. This innovation reduces labor, material usage, energy consumption, and carbon emissions.

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

1. Plans for short-term development

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

2. Plans for long-term development

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

ii. Market and Sales Overview

A. Market Analysis:

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

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

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

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

a. Niche for competition and the advantage for future development

(1) Ahead technique ability

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

(2) Advantage of multinational production

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

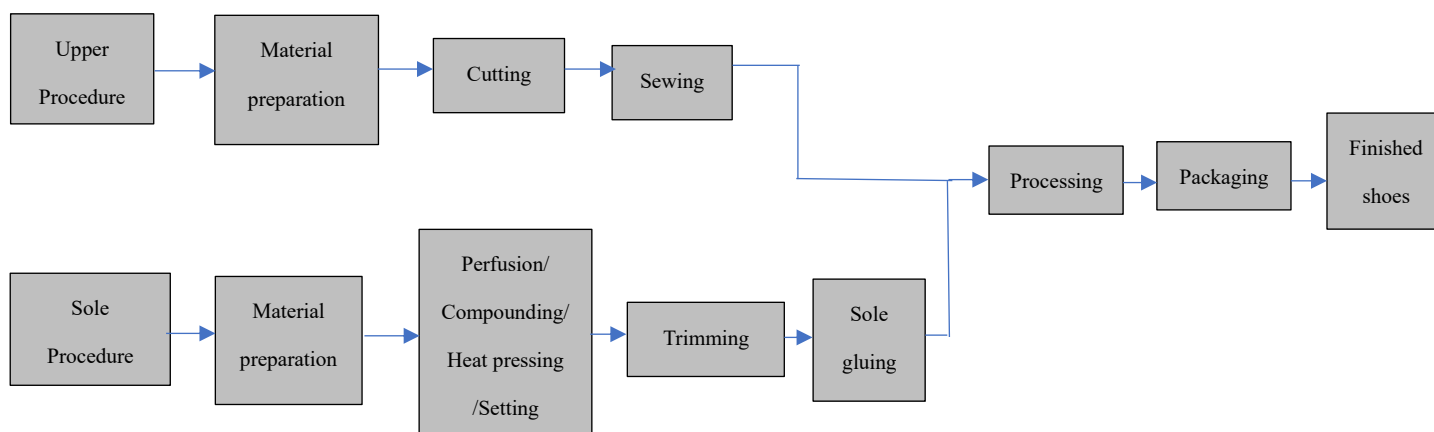
(3) Scope of economy and ability of production management

The company puts emphasis on scope and management of production and improvement of production ability. We take steady expansion strategy every year and improve our production management and ability by talent cultivation, procedure innovation and improvement of automation and molding technique. In 2024, production of the company's finished shoes achieved over 117 million pairs. Under the economic scale benefit and advantage of production management, the costs and quality of production are much competitive.

b. Disadvantage and the responding measure for future development

Recent years, disadvantage such as continuous raising in factory's labor wage in each area, potential labor shortage in partial area and gradual increase in concession costs, causes the raising of company operation costs. The company will keep focus on promoting production efficiency, promoting better procedure and improving the procedure, and continuously conduct R&D of automatic production in response. Furthermore, shifts in global trading patterns have also led to potential changes in overseas production locations. The group has been gradually adjusting the distribution and capabilities of overseas production sites since 2010 to address this.

iii. Production process of the main products



iv. Important application of the main products

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

v. Supply of the important materials in the last fiscal year

The company maintains strong, long-term relationships with vendors. Providing long-term contract guarantees to vendors who demonstrate excellent cooperation, ensuring stable material supply and quality. The percentage of key materials used in the recent year is as follows:

Major Material	Percentage % of Total Purchase Amount
Leather	22%
Chemical materials	17%
Shoelace, eyelet and accessory	16%
Textile	10%
Air bag and materials for soft sole	9%
Materials	8%
Packing supplies	7%
Shoe semi-finished products and foam materials	7%

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

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

(unit: NT\$ thousand)

Item	2023				2024			
	Name	Amount	Ratio of Total Purchase	Relation with issuer	Name	Amount	Ratio of Total Purchase	Relation with issuer
1	Company A	7,182,498	19%	—	Company A	6,417,496	17%	—
2	Others	31,567,837	81%	—	Others	31,531,229	83%	—
	Total Purchase	38,750,335	100%	—	Total Purchase	37,948,725	100%	—

Explanation of the increase or decrease:

There is no significant change in ratio of main supplier in recent two years, the fluctuations in import amount was mainly due to the changes in product demand.

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

(unit: NT\$ thousand)

Item	2023				2024			
	Name	Amount	Ratio of Total Sales	Relation with issuer	Name	Amount	Ratio of Total Sales	Relation with issuer
1	Company A	73,037,395	85%	—	Company A	75,278,780	86%	—
2	Others	12,729,869	15%	—	Others	12,208,690	14%	—
	Total Sales	85,767,264	100%	—	Total Sales	87,487,470	100%	—

Explanation of the increase or decrease:

There is no significant change in ratio of main customer in recent two years, the fluctuations of sales amount was mainly due to the changes of the client's order.

vii. Employees' information in the most recent two years and up to the date of publication of annual report (Note)

Year		2023/12/31	2024/12/31	Up to at March 31, 2025
Total Employees	Top-level Management	130	133	137
	First- and Mid-level Management	11,436	10,880	10,909
	Non-Management	124,508	120,064	116,605
	Total employees	136,074	131,077	127,651
Average Age		34.30	34.22	35.43
Average Year of Service		6.69	7.44	7.80
Degree Distribution Ratio(%)	Ph.D.	0.00%	0.00%	0.00%
	Masters	0.85%	0.93%	0.95%
	College	11.47%	11.76%	11.58%
	Senior High School	32.30%	29.86%	28.00%
	Under Senior High School	55.38%	57.44%	59.47%

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

viii. Disbursements for environmental protection

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

ix. Labor relations

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

a. Employees' welfare and its implementation:

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

right for rest.

- (5) The company established employee kindergarten in Taiwan, China and Vietnam and nursery center in India.
- (6) There is employee welfare committee in company headquarters. The funds mainly used in employee new year cash gift, emergency help, activities for departments, travel allowance, end-year celebration, on-job educational lectures and club activities allowance.

Please refer to the company's "2024 Sustainability Report" Chapter Five, "5.3 Workers' Treatment and Rights Protection" for implementation.

b. Professional development and training for employees

- (1) Feng Tay plans a completed educational system for employees to achieve the goals of management and professional talent cultivation and grow together with the company.
- (2) From new-in employees to management, the company provides proper professional courses based on the need of work knowledge in different department and period.
- (3) The company keeps cultivate internal lecturer and invites external lecturer regularly and provides subsidy to employees for external trainings.
- (4) The following is 2024 employees trainings in each region:

(unit: number of people, hour)

Item \ Region	Taiwan	China	Indonesia	Vietnam	India	Total
Total number of training people	28,213	484,454	926,456	341,871	632,555	2,413,549
Total training hours	113,203	464,224	923,919	1,570,089	989,510	4,060,945

Please refer to the company's "2024 Sustainability Report" Chapter Five, "5.4 Talents Cultivation and Career Development, for implementation and result" for implementation.

c. Pension system and its implementation

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

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

d. Labor agreement mechanism

Feng Tay respects freedom of association, supports employee's freedom to organize trade unions, and respects their right to negotiate with management. At present, the Group headquarters and regional subsidiaries have trade unions, which serve as a medium for employees to express their problems to management. We also hold regular labor-management meetings every quarter, and hold provisional meetings when necessary; we conduct two-way communication and consultation on issues such as promoting labor-management cooperation, labor relations coordination, improvement of working conditions and labor welfare planning. All regional subsidiaries have signed group agreements under the agreement between labor and management. The total number of employees covered by the group agreement is 127,517. There were no new group agreements in 2024. The Group headquarters holds regular labor-management meetings through the labor union, and the union representatives directly respond to employees' demands to top-level management, so that the difficulties and demands they face at work can be taken seriously and properly handled. Therefore, there is currently no need to sign a group agreement.

e. Condition of measures to safeguard employees' interests

(1) Employment relations

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

(2) Right to work protection

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

(3) Strategy of non-discrimination

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

(4) Standards of initial emolument

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

Please refer to the company's "2024 Sustainability Report" Chapter Five, 5.3, "Workers' Treatment and Rights Protection" for implementation.

f. Work environment and safety

The Group provides a safe friendly work environment. There is Environmental Safety and Health Committee in company headquarters and each factory. The committee holds at least one meeting each month, reviewing work injury and prevention measures in factories and safety guide, and conducts environmental safety and health check in work places each quarter to improve the safety of work environment. In 2024, the company carried out employee environmental safety and health education and training with total 865,396 hours and completed 15 kinds of machines protection upgrades with total 1,541 machines. The total employee work hours of 2024 reached 275 million hours, and the number of recorded work-related injury incidents for the entire year decreased to 72, representing a rate of 0.26, a 7% decrease compared to 2023. Please refer to the company's "2024 Sustainability Report" Chapter Five, "5.5, Safe and Peaceful Workplace Environment" for implementation of working environment and safety.

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

x. Cyber Security Management :

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

a. Cyber security management framework:

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

b. Cyber security policy:

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

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

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

(2)Data access control: regularly update system passwords, access authority control, print output data

control, information equipment access control, prohibit the use of USB storage devices, etc.

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

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

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

d. Implementation of information security management in 2024

(1) The Group has further strengthened the management of supply chain risks, IT hardware and software, digital data access, data centers, user accounts, and network permissions. Relevant management policies have been revised to implement the principles of “least privilege” and “need-to-know” in information security.

(2) The Group conducts regular information security audits and provides IT personnel at factories with guidance on key inspection areas, fostering a culture of "consistency in saying, documenting, and doing" as well as continuous improvement. In addition, the Group is committed to enhancing the professional competence of IT staff, complying strictly with regulatory requirements, and has assigned dedicated information security officers in Vietnam to reinforce controls. The goal is to ensure the confidentiality, integrity, and availability of information assets and to achieve zero security incidents.

(3) Two information security personnel at Group headquarters have obtained ISO 27001 Information Security Auditor certifications. They have participated in five external information security training sessions or seminars and have strengthened internal training within the IT department to enhance overall cybersecurity competencies.

(4) The Group regularly updates its Information Security Awareness Portal, publishing 113 external security alerts and news items, 14 phishing email case studies, and cybersecurity knowledge posts to raise employee awareness of information security issues.

(5) A company-wide email social engineering simulation was conducted, with 7,305 phishing test emails randomly sent in 2024. Approximately 96% of employees passed the test. Further awareness training was provided to those who did not pass, ensuring improved vigilance against cyber threats.

(6) A privileged account management system has been implemented to control high-level access accounts and retain usage logs, preventing unauthorized operations.

(7) The Group has strengthened antivirus and security inspection requirements for supplier devices to prevent infections or copyright violations, thereby reducing cybersecurity risks in the supply chain.

(8) The Group continuously updates and monitors external threat intelligence, enabling IT teams to promptly patch known vulnerabilities.

(9) Quarterly vulnerability scans are performed on Group servers and systems. A total of 761 high- and medium-risk vulnerabilities were remediated to ensure system security.

(10) Antivirus software installation and virus definition updates are tracked across all Group computers to reduce the risk of attacks.

(11) Unscheduled audits of the Group's software inventory are conducted to ensure compliance and the secure use of software.

(12) Unscheduled audits of user account permission settings are performed to mitigate the risk of inappropriate access.

(13) Regular audits are conducted on computerized information processing controls and the implementation of information security procedures to prevent unauthorized access to data.

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

xi. Important Contracts

Types of contract	Involved parties	Date of contract	Major content	Restrictions
Long-term trade contract	Feng Tay Nike Global Trading Pte. Ltd. & Nike Trading Co., B.V.	From February 2011	Develop and manufacturing regulations for Nike brand shoes	Follow the rules of contract
Long-term trade contract	Feng Tay Nike Global Trading B.V. Singapore Branch & Nike Trading Co., B.V.	From June 2016	Develop and manufacturing regulations for Nike brand shoes	Follow the rules of contract
loan contract	Feng Tay China Trust Bank	2024.06 ~ 2025.06	Amount: NT\$ 3,000,000,000 dollars. Duration: 1 year	Follow the rules of contract
loan contract	Feng Tay First Commercial Bank	2025.02 ~ 2026.02	Amount: NT\$ 1,500,000,000 dollars. Duration: 1 year	Follow the rules of contract
loan contract	Feng Tay Taipei Fubon Bank	2024.05 ~ 2025.04	Amount: NT\$ 2,000,000,000 dollars. Duration: 1 year (Note 1)	Follow the rules of contract
loan contract	Feng Tay E.Sun Bank	2024.11 ~ 2025.11	Amount: NT\$ 2,000,000,000 dollars. Duration: 1 year	Follow the rules of contract
loan contract	Feng Tay Hua Nan Bank	2024.06 ~ 2025.06	Amount: NT\$ 1,000,000,000 dollars. Duration: 1 year	Follow the rules of contract
loan contract	Cheyar SEZ Developers Private Ltd. State Industries Promotion Corporation of Tamil Nadu Limited	From July 2019 (Note 2)	Amount: INR 200,000,000 dollars. (non-revolving) Duration: 6 years	Follow the rules of contract
loan contract	Lotus Footwear Enterprises Ltd. China Trust Bank	2024.08 ~ 2026.08	Amount: US\$ 35,000,000 Duration: 2 years	Follow the rules of contract
loan contract	Lotus Footwear Enterprises Ltd. DBS bank	2024.08 ~ 2026.08	Amount: US\$ 45,000,000 Duration: 2 years	Follow the rules of contract

Note 1 : Including a revolving credit facility of TWD 1 billion with a committed period of 366 days and a revolving periods of 36-months.

Note 2 : Date of contract per the date approved by government.

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

i. Financial Status

(Units: NT\$ thousands)

Year Item	2023	2024	Amount Variance	Ratio Variance (%)
Current Assets	22,605,747	24,885,697	2,279,950	10%
Long-term investment	1,080,014	1,316,221	236,207	22%
Property, plant and equipment	21,952,247	23,215,335	1,263,088	6%
Intangible assets	423,698	459,452	35,754	8%
Other assets	4,585,217	4,516,077	(69,140)	-2%
Total assets	50,646,923	54,392,782	3,745,859	7%
Current liabilities	13,616,533	13,773,681	157,148	1%
Non-current liabilities	11,975,559	11,790,219	(185,340)	-2%
Total liabilities	25,592,092	25,563,900	(28,192)	-0.1%
Capital stock	9,874,828	9,874,828	-	-
Capital surplus	53,750	49,085	(4,665)	-9%
Retained earnings	14,358,973	16,556,132	2,197,159	15%
Other equities	(1,127,303)	360,006	1,487,309	n.a.
Total equity attributable to owners of parent	23,160,248	26,840,051	3,679,803	16%
Non-controlling interests	1,894,583	1,988,831	94,248	5%
Total equity	25,054,831	28,828,882	3,774,051	15%

- (1) The data above is edited according to Feng Tay Enterprises Co., Ltd and its subsidiaries consolidated financial report.
- (2) Explanation of significant changes (when the change is over 20 percent and the amount of change amounts to NT 50 million dollars):
1. Long-term investment increased, primarily due to the profit growth of investee companies accounted for using the equity method in 2024.
 2. Other equities increased, mainly attributable to the depreciation of the New Taiwan Dollar against the US Dollar in 2024, resulting in an increase in exchange differences arising from the translation of the financial statements of overseas operating entities.
- (3) Impact of significant changes: None.
- (4) The company's responsive measures in the future: Not Applicable.

ii. Financial Performance

(Units: NT\$ thousands)

Item \ Year	2023	2024	Amount Variance	Ratio Variance (%)
Operating revenue	85,767,264	87,487,470	1,720,206	2%
Operating cost	67,991,313	67,674,019	(317,294)	-
Gross profit	17,775,951	19,813,451	2,037,500	11%
Operating expenses	11,192,299	12,422,386	1,230,087	11%
Operating profit	6,583,652	7,391,065	807,413	12%
Non-operating revenue and expense	497,427	1,190,981	693,554	139%
Net profit before tax	7,081,079	8,582,046	1,500,967	21%
Income tax expense	1,635,142	2,316,489	681,347	42%
Net profit	5,445,937	6,265,557	819,620	15%
Net Income attributable to:				
Owners of the parent	4,974,908	5,869,538	894,630	18%
Non-controlling interests	471,029	396,019	(75,010)	-16%
(1) The data above is edited according to Feng Tay Enterprises Co., Ltd and its subsidiaries consolidated financial report.				
(2) Explanation of significant changes (when the change is over 20 percent and the amount of change amounts to NT 50 million dollars):				
1. Gains and losses from non-operating income and expenses increased, primarily due to the depreciation of the New Taiwan Dollar against the US Dollar, resulting in increased exchange gains.				
2. Income tax expenses increased, primarily due to profit growth in 2024.				
(3) The expected number of sales and it accordance:				
The group expands production capacity based on long-term development strategy and customers' forecast to meet the customers' long-term demand. However, there is still uncertainty in the global economic outlook in the short term, the company expects a conservative outlook for the next year.				
(4) Possible impact on the financing business of the Company and plan of responsive matters from financial performance in the most recent two fiscal years: No significant impact.				

iii. Cash Flow

A. Changes of cash flow in this year (2024)

(Units: NT\$ thousands)

Cash balance – beginning of the period	Cash flow of operating activities throughout the year	Amount of cash outflow throughout the year	Amount of surplus (shortage) of cash	Responsive measures with cash balance	
				Investment plan	Financing plan
3,858,842	8,217,928	6,936,227	5,140,543	—	—
1. Analysis of changes of cash flow in this year (2024):					
Cash inflow of operating activities is about NT\$ 8.22 billion: mainly from cash inflow of operating profit in 2024.					
Cash outflow of investment activities is about NT\$ 2.97 billion: mainly used in capital expenditure.					
Cash outflow of fund raising activities is about NT\$ 4.26 billion: mainly from using in cash dividend of shareholders.					
2. Responsive measures with cash balance and analysis of liquidity: No condition of shortage of cash.					

B. Prediction on cash liquidity in the following year(2025):

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

iv. Major Capital Expenditure

the capital expenditure of 2024 is all the investment the company required.

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

The company's investment strategy follows the management policy and development strategy which mainly focus in shoe manufacture, we expand new plants and production lines in response to the growth of order. The share of profit of associates accounted for using equity method of 2024 base on the consolidated financial statemetns is NT\$ 159.075 million dollars. The investment plan in the future will still go by our industry for long-term investment, and we will

conduct carefully with changes of business environment to assure the company's operation for a long steady development.

vi. Risk management evaluation for the most recent fiscal year

A. Organaization and operation of risk management:

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

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

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

Item	2024 (NT\$ thousands, %)
Net interest income(expense)	(208,046)
Net exchange gain(loss)	835,572
Operating income	87,487,470
Profit before tax	8,582,046
Percentage of net interest income(expense) in operating revenue	(0.24%)
Percentage of net interest income(expense) in profit before tax	(2.42%)
Percentage of net exchange gain(loss) in operating revenue	0.96%
Percentage of net exchange gain(loss) in profit before tax	9.74%

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

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

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

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

The company keeps developing new type of shoes. There are over thousands of projects for shoes development per year. The company will keep improve product innovation in 2025, and enhance automation and molding technology

to improve quality and efficiency. The estimated R&D expenditure is about 3% in operating revenue.

- E. Effect on the Company's finance and business of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The company concerns any international and domestic policy and law change that may affect company financial operations, and take timely countermeasures. There is no significant effect of law change on company's finance and business in 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- N. Other significant risks: None.

vii. Other notable matters:

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

VI. Special Disclosure

i. Information related to the company's affiliates

A. Statement of Affiliates' Consolidated Business Report

Statement

In accordance with “Consolidated Business Report of Company’s Affiliates, Consolidated Financial Statements of Company’s Affiliates and Affiliates Report Editorial Standards”, the companies that should be included in consolidated financial statements of company’s affiliates in 2024 (from Jan 1st, 2024 to December 31st, 2024) is the same with the company that should be edited in consolidated financial report of parent and subsidiaries according to International Financial Report Standard No. 10 approved by Financial Supervisory Commission. Related information that should be disclosed in consolidated financial report of company’s affiliates has all been disclosed in consolidated financial report of parent and subsidiaries. Hence, the consolidated financial report of company’s affiliates will not be specially prepared.

Hereby statement.

Name of company: Feng Tay Enterprises Co., Ltd

Chairman: Chien-Hung Wang

Date: March 7, 2025

B. General Information of the Company's Affiliates

(unit: US Dollars; Date of Information: December 31, 2024)

Name of company	Date of establishment	Place	Paid-in Capital	Main business or products
Growth-Link Overseas Company Limited	1991/02/20	Bermuda	US\$ 27,513,036	Investment holding.
Great Eastern Industries Limited	2019/08/21	Hong Kong	US\$ 1,000,000	International trade services.
Great South Private Limited	2021/09/17	Singapore	SG\$ 1,700,000	Investment holding.
Fujian Da Feng Holdings Company Limited	1993/09/08	Fujian, China	US\$ 27,000,000	Investment holding.
Fujian Wu Feng Department Store Co., Ltd.	1992/10/24	Fujian, China	US\$ 4,500,000	Wholesale and retail of general merchandise, and related services.
Fujian Lifeng Footwear Ind. Dev. Company Limited	1988/10/27	Fujian, China	US\$ 15,000,000	Producing athletic shoes, semi-finished footwear, and footwear accessories.
Fujian Xiefeng Footwear Company Limited	1989/06/02	Fujian, China	US\$ 15,000,000	Producing athletic shoes, semi-finished footwear, and footwear accessories.
Fujian San Feng Footwear Company Limited	1992/01/27	Fujian, China	US\$ 15,000,000	Producing athletic shoes, semi-finished footwear, and footwear accessories.
Fujian Great Hope Footwear Company Limited	1989/01/06	Fujian, China	US\$ 7,950,000	Production of athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.
Fujian Putian Xie Feng Mold Company Limited	1991/07/27	Fujian, China	US\$ 3,000,000	Manufacturing and repair of molds, cutting dies, shoe lasts, injections, and processing of metal parts.
Suzhou Yufeng Plastics Technology Co., Ltd.	2009/03/24	Jiangsu, China	US\$ 2,562,738	Manufacturing and processing of plastic products.
PT Feng Tay Indonesia Enterprises	1992/11/04	Indonesia	US\$ 27,000,000	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories.
PT Rich Valley Indonesia	2019/06/16	Indonesia	US\$ 36,431,286	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories.
Cheyar SEZ Developers Private Limited	2006/11/13	India	US\$ 119,893,561	Development in India's Industrial Park.
India Tindivanam Footwear Private Limited	2022/07/13	India	US\$ 58,523,991	Manufacturing of athletic shoes, semi-finished footwear and footwear accessories.
Lotus Footwear Enterprises Limited	2006/09/05	B.V.I	US\$ 79,141,400	Investment holding business, and manufacturing and selling of finished shoe.
East Wind Footwear Company Limited	2010/06/25	B.V.I	US\$ 16,370,822	Investment holding and production of athletic shoes.
Fairway Enterprises Company Limited	2014/11/26	B.V.I	US\$ 45,793,307	Investment holding and production of athletic shoes.
VX Holdings Limited	1997/01/16	B.V.I	US\$ 32,335,923	Investment holding.
Dona Victor Footwear Co., Ltd.	1994/08/13	Vietnam	US\$ 35,400,000	Producing of athletic shoes, semi-finished footwear, and footwear accessories.
Dona Pacific Holdings Ltd.	2000/02/11	B.V.I	US\$ 13,558,901	Investment holding.

Dona Pacific (Vietnam) Co., Ltd.	2000/06/16	Vietnam	US\$ 20,000,000	Producing athletic shoes, semi-finished footwear, and footwear accessories.
VX Mold Company Limited	1999/04/22	B.V.I	US\$ 400,000	Investment holding.
Dona Victor Molds Mfg Co., Ltd.	1999/11/08	Vietnam	US\$ 3,100,000	Manufacturing and repair of molds, cutting dies, and processing of metal parts.
Dona Orient Holdings Limited	2003/08/26	B.V.I	US\$111,593,053	Investment holding.
Vietnam Dona Orient Co., Ltd.	2003/10/13	Vietnam	US\$ 44,000,000	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories
Vietnam Dona Standard Footwear Co., Ltd.	2006/06/23	Vietnam	US\$ 75,700,000	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories.
Vung Tau Orient Co., Ltd.	2005/02/16	Vietnam	US\$ 41,000,000	Producing golf balls, soccer balls, backpack and bags.
Vietnam Nam Ha Footwear Company Limited	2019/11/26	Vietnam	US\$ 62,000,000	Producing athletic shoes, semi-finished footwear, and footwear accessories.

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

The company mainly operates sneakers production and also concurrently engages in development and operations of casual shoes, inline skates, ice skates, snowboard boots, cycling shoes, golf balls, soccer balls, ice hockey helmets and clubs, shoe accessories, backpacks and bags, shoe molds and tooling. The mainly international division is based in Taiwan. The Taiwan headquarters comprehensively handles order management, product development, technical research, finished products and shoe materials trade, etc.; mass production factories are located in China, Vietnam, Indonesia and India.

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

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

(Date of Information: Dec. 31st, 2024)

Name of Company	Title	Name or representative	Shares in possession	
			Quantity (shares)	Shareholding ratio(%)
Growth-Link Overseas Company Limited	Director	Feng Tay Enterprises Co., Ltd.	6,000,000	100%
		Representative: Peter Dale Nickerson	--	--
		Chien-Hung Wang	--	--
		Chien-Rong Wang	--	--
	General Manager	Hung Thompson Chen	--	--
Great Eastern Industries Limited	Director	Feng Tay Enterprises Co., Ltd.	1,000	100%
		Representative : Peter Dale Nickerson	--	--
		Chien-Rong Wang	--	--
		Po-Ying Leung	--	--
	General Manager	Chia-Chieh Cheng	--	--
Great South Private Limited	Director	Feng Tay Enterprises Co., Ltd.	1,700	100%
		Representative : Peter Dale Nickerson	--	--
		Chien-Rong Wang	--	--
		Wai-Kai Lau	--	--
	General Manager	Wai-Kai Lau	--	--
Fujian Da Feng Holdings Company Limited	Director	Growth-Link Overseas Company Limited	--	70%
		Representative: Peter Dale Nickerson	--	--
		Chang-Hsing Chen	--	--
		Po-Ying Leung	--	--
		Qing-Xiong Chen	--	--
		Ping Lou	--	--

Name of Company	Title	Name or representative	Shares in possession	
			Quantity (shares)	Shareholding ratio(%)
		Yu-Wei Hu	--	--
		Yueh Liu	--	--
	Supervisor	Perry Nickerson	--	--
	General Manager	Ke-Wen Huang	--	--
Fujian Wu Feng Department Store Co., Ltd.	Director	Growth-Link Overseas Company Limited	--	50%
		Representative: Peter Dale Nickerson	--	--
		Ping Lou	--	--
		Cun-Dong Lin	--	--
		Yueh Liu	--	--
		De-Jie Hsu	--	--
	Supervisor	Perry Nickerson	--	--
	General Manager	Cun-Dong Lin	--	--
Fujian Lifeng Footwear Ind. Dev. Company Limited	Director	Fujian Da Feng Holdings Co., Ltd.	--	100%
		Representative: Peter Dale Nickerson	--	--
		Chang-Hsing Chen	--	--
		Qing-Xiong Chen	--	--
		Tung-Hsiao Huang	--	--
Fujian Xiefeng Footwear Company Limited	Director	Yueh Liu	--	--
		Supervisor	Perry Nickerson	--
		General Manager	Lin-Mei Shu	--
			--	--
Fujian San Feng Footwear Company Limited	Director	Fujian Da Feng Holdings Company Limited	--	75%
		Growth-Link Overseas Company Limited	--	25%
		Representative: Peter Dale Nickerson	--	--
		Chang-Hsing Chen	--	--
		Qing-Xiong Chen	--	--
Fujian Great Hope Footwear Company Limited	Director	Tung-Hsiao Huang	--	--
		Yueh Liu	--	--
		Yu-Wei Hu	--	--
		Supervisor	Perry Nickerson	--
		General Manager	Hai-Yang Peng	--
Fujian Great Hope Footwear Company Limited	Director	Growth Link Overseas Company Limited	--	55.67%
		Fujian Lifeng Footwear Ind. Dev. Company Limited	--	20.41%
		Fujian Da Feng Holdings Company Limited	--	13.92%
		Fujian Putian Xie Feng Mold Company Limited	--	10%
		Representative: Peter Dale Nickerson	--	--
		Chang-Hsing Chen	--	--
		Qing-Xiong Chen	--	--
Fujian Great Hope Footwear Company Limited	Supervisor	Yu-Wei Hu	--	--
		Perry Nickerson	--	--
		Hao-Feng Chang	--	--

Name of Company	Title	Name or representative	Shares in possession	
			Quantity (shares)	Shareholding ratio(%)
Fujian Putian Xie Feng Mold Company Limited	Director	Growth-Link Overseas Company Limited	--	50.335%
		Representative: Peter Dale Nickerson	--	--
		Ping Lou	--	--
		Qing-Xiong Chen	--	--
		Chang-Hsing Chen	--	--
		Chen-Hai Chuan	--	--
		Yueh Liu	--	--
	Supervisor	Perry Nickerson	--	--
	General Manager	Deng-Feng Wang	--	--
Suzhou Yufeng Plastics Technology Company Limited	Director	Fujian Lifeng Footwear Ind. Dev. Company Limited	--	45%
		Fujian Xiefeng Footwear Company Limited	--	35%
		Fujian Great Hope Footwear Company Limited	--	20%
		Representative: Peter Dale Nickerson	--	--
		Qing-Xiong Chen	--	--
		Yu-Wei Hu	--	--
	Supervisor	Perry Nickerson	--	--
	General Manager	Jie-Yun Wang	--	--
PT Feng Tay Indonesia Enterprises	Director	Feng Tay Enterprises Co., Ltd.	53,999	99.99%
		Growth-Link Overseas Company Limited	1	0.01%
		Representative: Peter Dale Nickerson	--	--
		Shi-Chung Yeh	--	--
		Wai-Kai Lau	--	--
	Supervisor	Po-Ying Leung	--	--
	General Manager	Feby Aulia	--	--
PT Rich Valley Indonesia	Director	Feng Tay Enterprises Co., Ltd.	519,990	99.99%
		Growth-Link Overseas Company Limited	10	0.01%
		Representative : Peter Dale Nickerson	--	--
		Wai-Kai Lau	--	--
			--	--
	Supervisor	Po-Ying Leung	--	--
Cheyyar SEZ Developers Private Limited	Director	Lotus Footwear Enterprises Limited	117,999,999	99.99% (Note)
		Representative : Peter Dale Nickerson	--	--
		Po-Ying Leung	--	--
		Wai-Kai Lau	--	--
		Sunil Taneja	--	--
	General Manager	Manimaran Arunachalam	--	--
India Tindivanam Footwear Private Limited	Director	Feng Tay Enterprises Co., Ltd.	462,007,967	95.85%
		Representative : Peter Dale Nickerson	--	--
		Po-Ying Leung	--	--
		Wai-Kai Lau	--	--
		Shi-Chung Yeh	--	--
		Kabir Taneja	--	--
	General Manager	Deepalakshmy Janardhanan	--	--
Lotus Footwear Enterprises Limited	Director	Growth-Link Overseas Company Limited	34,020	88.00%
		Representative : Peter Dale Nickerson	--	--
		Chung-Che Tsai	--	--
		Po-Ying Leung	--	--
		Wai-Kai Lau	--	--
		Sunil Taneja	--	--
			--	--
	General Manager	Wai-Kai Lau	--	--

Name of Company	Title	Name or representative	Shares in possession	
			Quantity (shares)	Shareholding ratio(%)
East Wind Footwear Company Limited	Director	Lotus Footwear Enterprises Limited Representative : Peter Dale Nickerson Chung-Che Tsai Po-Ying Leung Wai-Kai Lau Sunil Taneja	9,751 -- -- -- -- --	100% -- -- -- -- --
	General Manager	Wai-Kai Lau	--	--
Fairway Enterprises Company Limited	Director	Lotus Footwear Enterprises Limited Representative : Peter Dale Nickerson Chung-Che Tsai Po-Ying Leung Wai-Kai Lau Sunil Taneja	29,501 -- -- -- -- --	100% -- -- -- -- --
	General Manager	Wai-Kai Lau	--	--
VX Holdings Limited	Director	Feng Tay Enterprises Co., Ltd. Growth-Link Overseas Company Limited Representative : Chien-Rong Wang Peter Dale Nickerson Hung Thompson Chen Chen Tsu Chen	38,280 36,342 -- -- -- --	47.259% 44.867% -- -- -- --
	General Manager	Hung Thompson Chen	--	--
Dona Victor Footwear Co., Ltd.	Director	VX Holdings Limited Representative : Chien Rong Wang Peter Dale Nickerson Hung Thompson Chen Chen Tsu Chen Tsung Ta Lu Wan Wan Lin	-- -- -- -- -- --	100% -- -- -- -- --
	General Manager	Nguyen Thi My Linh	--	--
Dona Pacific Holdings Limited	Director	Growth-Link Overseas Company Limited Representative : Chien Rong Wang Peter Dale Nickerson Hung Thompson Chen	23,000 -- -- --	92% -- -- --
	General Manager	Hung Thompson Chen	--	--
Dona Pacific (Vietnam) Co., Ltd.	Director	Dona Pacific Holdings Limited Representative : Chien Rong Wang Peter Dale Nickerson Tsung Ta Lu Hung Thompson Chen Chen Tsu Chen Wan Wan Lin	-- -- -- -- -- --	100% -- -- -- -- --
	General Manager	Tra Lam Thao	--	--
VX Mold Company Limited	Director	Growth-Link Overseas Company Limited Representative : Chien Rong Wang Peter Dale Nickerson Hung Thompson Chenn	372,000 -- -- --	93% -- -- --
	General Manager	Hung Thompson Chen	--	--
Dona Victor Molds Mfg Co., Ltd	Director	VX Mold Company Limited Representative : Chien Rong Wang Peter Dale Nickerson Hung Thompson Chen Tsung Ta Lu	-- -- -- -- --	100% -- -- -- --

Name of Company	Title	Name or representative	Shares in possession	
			Quantity (shares)	Shareholding ratio(%)
		Chen Tsu Chen Wan Wan Lin	-- --	-- --
	General Manager	Ngo Hoang Quan	--	--
Dona Orient Holdings Limited	Director	Feng Tay Enterprises Co., Ltd. Growth-Link Overseas Company Limited	44,753 64,483	40.97% 59.03%
		Representative : Chien Rong Wang	--	--
		Peter Dale Nickerson	--	--
		Hung Thompson Chen	--	--
	General Manager	Hung Thompson Chen	--	--
Vietnam Dona Orient Co., Ltd.	Director	Dona Orient Holdings Limited	--	100%
		Representative : Chien Rong Wang	--	--
		Peter Dale Nickerson	--	--
		Hung Thompson Chen	--	--
		Tsung Ta Lu Wan Wan Lin	-- --	-- --
	General Manager	Tran Thi Duyen	--	--
Vietnam Dona Standard Footwear Co., Ltd.	Director	Dona Orient Holdings Limited	--	100%
		Representative : Chien Rong Wang	--	--
		Peter Dale Nickerson	--	--
		Hung Thompson Chen	--	--
		Tsung Ta Lu Wan Wan Lin	-- --	-- --
	General Manager	Huynh Thi Phuong Loan	--	--
Vung Tau Orient Co., Ltd.	Director	Dona Orient Holdings Limited	--	100%
		Representative : Chien Rong Wang	--	--
		Peter Dale Nickerson	--	--
		Hung Thompson Chen	--	--
		Tsung Ta Lu Wan-Wan Lin	-- --	-- --
	General Manager	Tran Thi Van Anh	--	--
Vietnam Nam Ha Footwear Company Limited	Director	Dona Orient Holdings Limited	--	100%
		Representative : Chien-Rong Wang	--	--
		Peter Dale Nickerson	--	--
		Hung Thompson Chen	--	--
		Tsung Ta Lu Wan Wan Lin	-- --	-- --
	General Manager	Ngo Thanh San	--	--

Note: Total number of shares of Cheyyar SEZ Developers Private Limited is 118,000,000. There is one share possessed by Growth-Link Overseas Co., Ltd in order to comply with the rule at least two shareholders for Indian company accordingly.

F. Business Overview of Company's Affiliates

(unit: NT\$ thousands; Date of Information: January 1st, 2023~December 31, 2024)

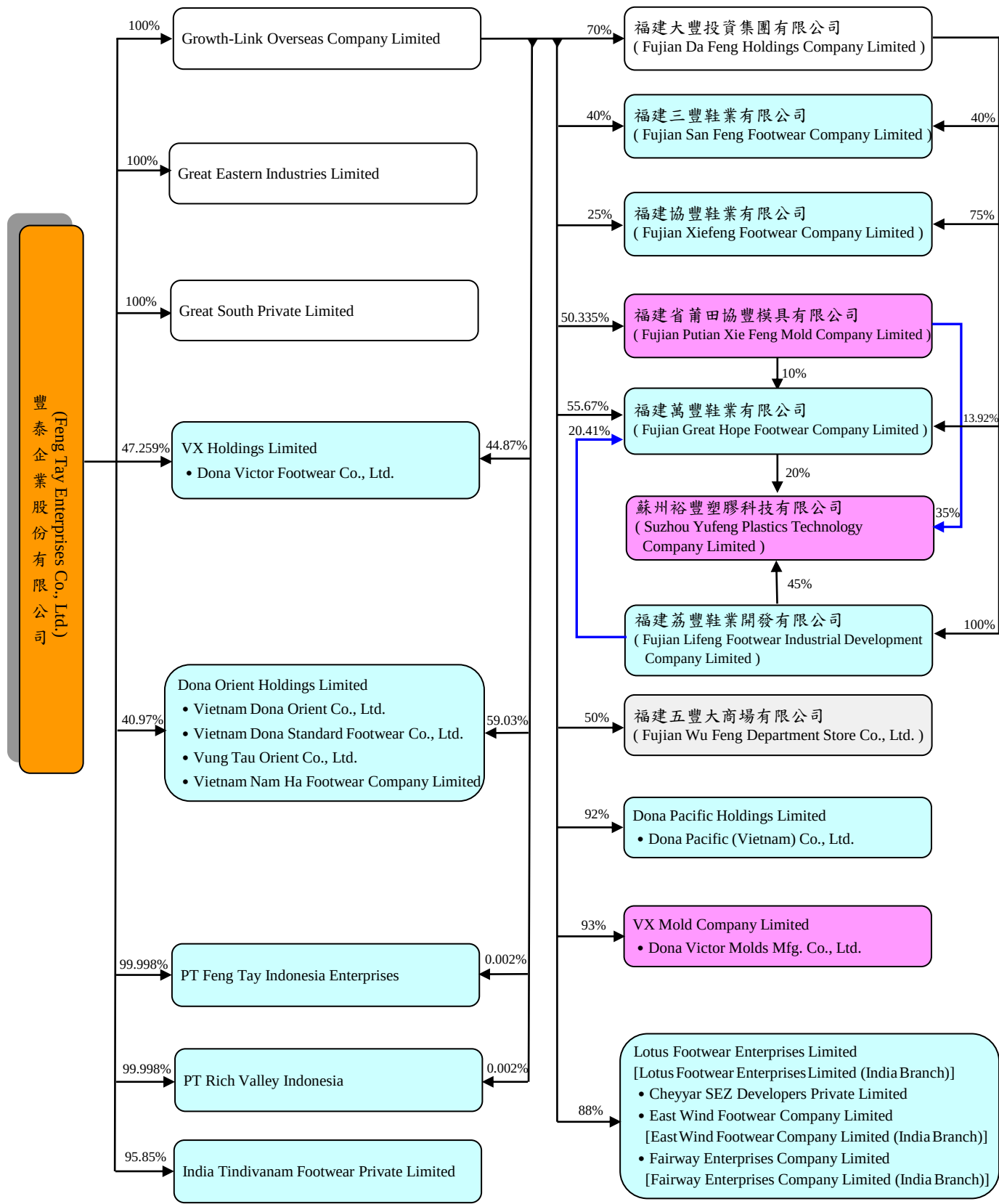
Name of Company	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Net income (after tax)	Earning per share (after tax)
Growth-Link Overseas Company Limited	900,639	16,914,642	53,394	16,861,247	0	(152,278)	2,543,915	424
Great Eastern Industries Limited	32,735	89,939	52,148	37,791	291,932	6,996	4,729	4,729
Great South Private Limited	40,910	24,793	8,052	16,741	31,099	1,675	1,260	741
Fujian Da Feng Holdings Company Limited	883,845	1,550,512	47,182	1,503,330	133,407	35,002	296,109	Not applicable (Note)
Fujian Wu Feng Department Store Company Limited	147,308	61,451	4,855	56,596	32,495	6,003	6,253	Not applicable (Note)

Fujian Lifeng Footwear Ind. Dev. Company Limited	491,025	1,671,177	875,102	796,075	4,027,473	135,054	168,989	Not applicable (Note)
Fujian Xiefeng Footwear Company Limited	491,025	1,737,332	875,960	861,372	5,322,342	213,498	176,949	Not applicable (Note)
Fujian San Feng Footwear Company Limited	491,025	1,285,270	680,469	604,801	3,864,645	129,833	116,868	Not applicable (Note)
Fujian Great Hope Footwear Company Limited	260,243	732,493	265,127	467,365	1,152,834	98,521	97,026	Not applicable (Note)
Fujian Putian Xie Feng Mold Company Limited	98,205	608,282	140,880	467,402	1,002,216	297,687	259,112	Not applicable (Note)
Suzhou Yufeng Plastics Technology Co., Ltd.	83,891	471,011	202,415	268,596	763,699	91,435	70,705	Not applicable (Note)
PT Feng Tay Indonesia Enterprises	883,845	4,076,206	2,906,158	1,170,048	6,741,876	(236,653)	(130,852)	(2,423)
PT Rich Valley Indonesia	1,192,578	1,093,993	21,538	1,072,454	0	(4,411)	(2,347)	(4.51)
Cheyar SEZ Developers Private Limited	3,924,716	3,517,454	439,825	3,077,628	457,266	46,946	53,291	0.45
Lotus Footwear Enterprises Limited	2,590,694	8,716,261	3,733,161	4,983,100	5,268,581	91,340	495,823	12,826
East Wind Footwear Company Limited	535,899	2,485,870	1,544,151	941,719	3,500,101	(52,775)	157,958	16,199
Fairway Enterprises Company Limited	1,499,044	3,497,964	1,706,554	1,791,409	4,848,506	306,647	222,661	7,548
India Tindivanam Footwear Private Limited	1,915,783	2,074,876	576,915	1,497,962	524,595	(283,682)	(279,414)	(0.58)
VX Holdings Limited	1,058,516	1,871,866	163	1,871,703	0	(815)	145,161	1,792
Dona Victor Footwear Co., Ltd.	1,158,819	2,734,533	795,587	1,938,946	7,312,653	180,549	147,399	Not applicable (Note)
Dona Pacific Holdings Limited	443,851	1,805,561	158	1,805,402	0	(713)	469,344	18,774
Dona Pacific (Vietnam) Co., Ltd.	654,700	2,515,671	685,046	1,830,625	7,697,560	561,641	469,536	Not applicable (Note)
VX Mold Company Limited	13,094	301,523	113	301,410	0	(695)	217,825	545
Dona Victor Molds Mfg. Co., Ltd.	101,479	364,735	63,971	300,764	781,097	267,412	218,615	Not applicable (Note)
Dona Orient Holdings Limited	3,652,999	10,872,271	289	10,871,981	0	(934)	1,271,049	11,636
Vietnam Dona Orient Co., Ltd.	1,440,340	3,659,128	873,993	2,785,134	9,174,930	1,069,253	939,354	Not applicable (Note)
Vietnam Dona Standard Footwear Co., Ltd.	2,478,040	7,665,705	2,081,203	5,584,502	17,683,531	945,086	798,109	Not applicable (Note)
Vung Tau Orient Co., Ltd.	1,342,135	2,096,184	1,026,207	1,069,977	3,079,928	(44,352)	(84,344)	Not applicable (Note)
Vietnam Nam Ha Footwear Company Limited	2,029,570	2,236,554	728,077	1,508,478	584,180	(390,621)	(377,712)	Not applicable (Note)

Note : Not applicable as shares not be issued.

G. Chart of Affiliates

Information date : 2024/12/31



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

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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

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



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

To the Board of Directors of The Group:

Opinion

We have audited the consolidated financial statements of Feng Tay Enterprises Company Limited and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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 7, 2025

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023		January 1, 2023 (Restatement)						December 31, 2024		December 31, 2023		January 1, 2023 (Restatement)	
Assets		Amount	%	Amount	%	Amount	%					Amount	%	Amount	%	Amount	%
Current assets:																	
1100	Cash and cash equivalents (Notes (6)(a) and (n))	\$ 5,140,543	9	3,858,842	8	5,573,482	11	2100	Short-term borrowings (Note (6)(j))	\$ 2,983,008	5	2,250,109	5	435,372	1		
1170	Accounts receivable (Notes (6)(b) and (q))	8,118,995	15	8,138,765	16	8,772,178	17	2130	Current contract liabilities (Note (6)(q))	1,141	-	999	-	317	-		
1180	Accounts receivable due from related parties, net (Notes (6)(b) and (q))	-	-	-	-	21,146	-	2170	Notes and accounts payable	4,131,129	8	4,256,055	9	3,941,237	8		
1200	Other receivables (Note (7))	915,173	2	772,084	2	442,193	1	2200	Other payables	5,630,757	10	5,250,463	10	6,442,332	12		
1220	Current tax assets	514,210	1	309,550	-	187,379	-	2230	Current tax liabilities	944,396	2	1,725,252	3	2,593,834	5		
130X	Inventories (Note (6)(c))	9,237,855	17	8,578,013	17	9,104,194	18	2320	Current lease liabilities (Note (6)(l))	39,408	-	31,952	-	34,934	-		
1476	Other current financial assets (Note (8))	956	-	1,362	-	1,364	-	2399	Long-term liabilities, current portion (Note (6)(k))	-	-	57,679	-	14,481	-		
1479	Other current assets, others	957,965	2	947,131	2	1,078,973	2		Other current liabilities, others	43,842	-	44,024	-	36,328	-		
	Total current assets	24,885,697	46	22,605,747	45	25,180,909	49		Total current liabilities	13,773,681	25	13,616,533	27	13,498,835	26		
Non-current assets:																	
1550	Investments accounted for using equity method (Note (6)(d))	1,316,221	2	1,080,014	2	1,051,389	2	2540	Long-term borrowings (Note (6)(k))	3,397,663	6	3,451,540	7	2,511,012	5		
1600	Property, plant and equipment (Note (6)(f))	23,215,335	43	21,952,247	43	20,704,257	40	2570	Deferred tax liabilities (Note (6)(n))	3,641,904	7	3,560,853	7	3,827,503	8		
1755	Right-of-use assets (Note (6)(g))	1,768,461	3	1,683,217	3	1,764,171	4	2580	Non-current lease liabilities (Note (6)(l))	577,463	1	515,667	1	549,238	1		
1760	Investment property, net (Note (6)(h))	56,728	-	70,149	-	68,679	-	2640	Non-current net defined benefit liability (Note (6)(m))	3,935,182	7	4,226,913	9	3,839,586	8		
1780	Intangible assets (Note (6)(i))	459,452	1	423,698	1	420,583	1	2670	Other non-current liabilities, others	238,007	-	220,586	-	210,266	-		
1840	Deferred tax assets (Note (6)(n))	1,814,594	3	1,800,863	4	1,409,418	3		Total non-current liabilities	11,790,219	21	11,975,559	24	10,937,605	22		
1980	Other non-current financial assets (Note (8))	103,172	-	102,622	-	84,422	-		Total liabilities	25,563,900	46	25,592,092	51	24,436,440	48		
1990	Other non-current assets, others	773,122	2	928,366	2	626,539	1	3110	Equity attributable to owners of parent (Note (6)(o)):	9,874,828	18	9,874,828	19	8,816,811	17		
	Total non-current assets	29,507,085	54	28,041,176	55	26,129,458	51	3200	Total capital stock	49,085	-	53,750	-	51,160	-		
									Capital surplus								
									Retained earnings:								
								3310	Legal reserve	6,979,145	13	6,476,443	13	5,577,243	11		
								3320	Special reserve	1,127,303	2	1,053,529	2	2,559,457	5		
								3350	Unappropriated retained earnings	8,449,684	16	6,829,001	13	9,042,212	18		
									Other equity interest:								
								3410	Exchange differences on translation of foreign financial statements	360,006	1	(1,127,303)	(2)	(1,053,529)	(2)		
									Total equity attributable to owners of parent:	26,840,051	50	23,160,248	45	24,993,354	49		
								36XX	Non-controlling interests	1,988,831	4	1,894,583	4	1,880,573	3		
									Total equity	28,828,882	54	25,054,831	49	26,873,927	52		
Total assets		\$ 54,392,782	100	50,646,923	100	51,310,367	100		Total liabilities and equity	\$ 54,392,782	100	50,646,923	100	51,310,367	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, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenues (Notes (6)(q) and (7))	\$ 87,487,470	100	85,767,264	100
5000	Operating costs (Note (6)(c))	(67,674,019)	(77)	(67,991,313)	(79)
	Gross profit from operations	<u>19,813,451</u>	<u>23</u>	<u>17,775,951</u>	<u>21</u>
	Operating expenses:				
6100	Selling and administrative expenses	(9,461,142)	(11)	(8,514,539)	(10)
6300	Research and development expenses	(2,961,244)	(3)	(2,677,760)	(3)
	Total operating expenses	<u>(12,422,386)</u>	<u>(14)</u>	<u>(11,192,299)</u>	<u>(13)</u>
	Net operating income	<u>7,391,065</u>	<u>9</u>	<u>6,583,652</u>	<u>8</u>
	Non-operating income and expenses:				
7100	Interest income (Note (6)(s))	75,927	-	122,398	-
7010	Other income (Notes (6)(s) and (7))	464,371	-	404,944	-
7020	Other gains and losses, net (Notes (6)(s) and (7))	775,581	1	144,954	-
7050	Financial costs (Note (6)(s))	(283,973)	-	(252,120)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Note (6)(d))	<u>159,075</u>	<u>-</u>	<u>77,251</u>	<u>-</u>
	Total non-operating income and expenses	<u>1,190,981</u>	<u>1</u>	<u>497,427</u>	<u>-</u>
	Profit from continuing operations before tax	<u>8,582,046</u>	<u>10</u>	<u>7,081,079</u>	<u>8</u>
7950	Income tax expenses (Note (6)(n))	<u>(2,316,489)</u>	<u>(3)</u>	<u>(1,635,142)</u>	<u>(2)</u>
	Net profit	<u>6,265,557</u>	<u>7</u>	<u>5,445,937</u>	<u>6</u>
	Other comprehensive income:				
8310	Item that will not be reclassified subsequently to profit or loss				
8311	Gains on remeasurements of defined benefit plans	716,223	1	30,932	-
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	2,480	-	(2,378)	-
8349	Income tax related to components of other comprehensive (loss) income that will may not be reclassified to profit (Note (6)(n))	<u>(146,093)</u>	<u>-</u>	<u>10,923</u>	<u>-</u>
	Item that will not be reclassified subsequently to profit or loss	<u>572,610</u>	<u>1</u>	<u>39,477</u>	<u>-</u>
8360	Item that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	1,599,085	2	(87,760)	-
8399	Income tax related to components of other comprehensive loss that will may be reclassified to profit or loss (Note (6)(n))	<u>(6,332)</u>	<u>-</u>	<u>135</u>	<u>-</u>
	Item that may be reclassified subsequently to profit or loss	<u>1,592,753</u>	<u>2</u>	<u>(87,625)</u>	<u>-</u>
	Other comprehensive income (loss)	<u>2,165,363</u>	<u>3</u>	<u>(48,148)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 8,430,920</u>	<u>10</u>	<u>5,397,789</u>	<u>6</u>
	Net profit, attributable to:				
8610	Net profit, attributable to owners of parent	\$ 5,869,538	7	4,974,908	5
8620	Net profit, attributable to non-controlling interests	<u>396,019</u>	<u>-</u>	<u>471,029</u>	<u>1</u>
		<u>\$ 6,265,557</u>	<u>7</u>	<u>5,445,937</u>	<u>6</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 7,930,644	8	4,953,248	5
8720	Comprehensive income, attributable to non-controlling interests	<u>500,276</u>	<u>2</u>	<u>444,541</u>	<u>1</u>
		<u>\$ 8,430,920</u>	<u>10</u>	<u>5,397,789</u>	<u>6</u>
	Earnings per share (Note (6)(p))				
9750	Basic earnings per share (dollars)	<u>\$ 5.94</u>		<u>5.04</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, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Total other equity interest Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital Ordinary shares	Capital surplus	Retained earnings		Unappropriated retained earnings				
			Legal reserve	Special reserve					
Balance on January 1, 2023	\$ 8,816,811	51,160	5,577,243	2,559,457	9,042,212	(1,053,529)	24,993,354	1,880,573	26,873,927
Net profit	-	-	-	-	4,974,908	-	4,974,908	471,029	5,445,937
Other comprehensive income (loss)	-	-	-	-	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
Net profit	-	-	-	-	5,869,538	-	5,869,538	396,019	6,265,557
Other comprehensive income	-	-	-	-	573,797	1,487,309	2,061,106	104,257	2,165,363
Total comprehensive income	-	-	-	-	6,443,335	1,487,309	7,930,644	500,276	8,430,920
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	502,702	-	(502,702)	-	-	-	-
Special reserve appropriated	-	-	-	73,774	(73,774)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,246,176)	-	(4,246,176)	-	(4,246,176)
Due to donated assets received	-	1,231	-	-	-	-	1,231	-	1,231
Changes in ownership interests in subsidiaries	-	(5,896)	-	-	-	-	(5,896)	9,042	3,146
Changes in non-controlling interests	-	-	-	-	-	-	-	(415,070)	(415,070)
Balance on December 31, 2024	<u>\$ 9,874,828</u>	<u>49,085</u>	<u>6,979,145</u>	<u>1,127,303</u>	<u>8,449,684</u>	<u>360,006</u>	<u>26,840,051</u>	<u>1,988,831</u>	<u>28,828,882</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 Cash Flows
For the Years Ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	2024	2023 (Restatement)
Cash flows from (used in) operating activities:		
Profit before tax	\$ 8,582,046	7,081,079
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,093,775	2,772,768
Amortization expense	75,958	54,203
Interest expense	283,973	252,120
Interest income	(75,927)	(122,398)
Share of profit of associates and joint ventures accounted for using equity method	(159,075)	(77,251)
Loss on disposal of property, plant and equipment	32,851	37,737
Loss (profit) from lease modification	923	(1,226)
Gain on disposal of investment properties	(24,895)	-
Impairment losses	33,754	5,931
Total adjustments to reconcile profit	3,261,337	2,921,884
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in accounts receivable	53,722	628,363
Decrease (increase) in other receivables	(92,264)	(346,264)
Decrease (increase) in inventories	(108,717)	508,141
Decrease (increase) in other current assets, others	56,540	149,227
Decrease (increase) in other current financial assets	1,285	(20)
Total changes in operating assets	(89,434)	939,447
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	73	691
Increase (decrease) in notes and accounts payable	(269,802)	352,273
Increase (decrease) in other payable	82,507	(1,072,051)
Increase (decrease) in other current liabilities, others	(193)	9,381
Increase (decrease) in net defined benefit liability	196,516	452,683
Increase (decrease) in other non-current liabilities, others	3,336	10,710
Total changes in operating liabilities	12,437	(246,313)
Total changes in operating assets and liabilities	(76,997)	693,134
Total adjustments	3,184,340	3,615,018
Cash inflow generated from operations	11,766,386	10,696,097
Interest received	76,097	128,237
Interest paid	(287,904)	(247,343)
Income taxes paid	(3,336,651)	(3,430,212)
Net cash flows from operating activities	8,217,928	7,146,779
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(3,053,502)	(4,141,094)
Proceeds from disposal of property, plant and equipment	120,133	93,406
Acquisition of intangible assets	(107,232)	(57,045)
Proceeds from disposal of investment properties	42,817	-
Decrease (increase) in other non-current financial assets	3,790	(19,145)
Decrease (increase) in other non-current assets, others	20,637	(261,730)
Dividends received	-	44,761
Net cash flows used in investing activities	(2,973,357)	(4,340,847)
Cash flows from (used in) financing activities:		
Increase in short-term loans	686,181	2,187,985
Proceeds from long-term borrowings	1,646,767	1,706,189
Repayments of long-term borrowings	(1,896,543)	(1,088,189)
Payment of lease liabilities	(37,740)	(35,040)
Cash dividends paid	(4,246,176)	(6,788,944)
Change in non-controlling interests	(409,848)	(477,953)
Net cash flows used in financing activities	(4,257,359)	(4,495,952)
Effect of exchange rate changes on cash and cash equivalents	294,489	(24,620)
Net increase (decrease) in cash and cash equivalents	1,281,701	(1,714,640)
Cash and cash equivalents at beginning of period	3,858,842	5,573,482
Cash and cash equivalents at end of period	\$ 5,140,543	3,858,842

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Feng Tay Enterprises Company Limited (hereinafter referred to as “the Company”), founded in 1971, is a manufacturer specialized in athletic shoes. Other business activities include developing and producing casual shoes, inline skates, ice skates, ski boots, cycling shoes, golf balls, soccer balls, backpack and handbags, ice hockey helmets and sticks, footwear accessories, as well as shoe molds and tools. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on February 18, 1992. The Company has a headquarter located at the Yunlin Science and Industrial Park, wherein it conducts order management, product development, technology research, finished goods and shoe material trade, and constant cultivation of multinational management talents, while its factories of mass production are spread throughout China, Vietnam, Indonesia, and India. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). Please refer to note 14 for related information of the Group entities’ main business activities.

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

The consolidated financial statements were authorized for issuance by the Board of Directors on March 7, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

(Continued)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2024	December 31, 2023	
The Company 、 GLO	PT Feng Tay Indonesia Enterprises	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	100.00 %	100.00 %	PT Feng Tay Indonesia Enterprises was established in Indonesia in 1992, and has paid in capital of USD27,000,000.
The Company	Growth-Link Overseas Company Limited(GLO)	Investment holding.	100.00 %	100.00 %	Growth-Link Overseas Company Limited was established in Bermuda in 1991, and has paid in capital of USD27,513,036 (including share premium of USD27,453,036).
The Company 、 GLO	VX Holdings Limited (VXH)	Investment holding.	92.13 %	92.13 %	VX Holdings Limited was established in British Virgin Islands in 1997, and has paid in capital of USD32,335,923 (including share premium of USD32,254,923).
The Company 、 GLO	Dona Orient Holdings Limited (DOH)	Investment holding.	100.00 %	100.00 %	Dona Orient Holdings Limited was established in British Virgin Islands in 2003, and has paid in capital of USD111,593,053 (including share premium of USD111,483,817).
The Company 、 GLO	PT Rich Valley Indonesia	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	100.00 %	100.00 %	PT Rich Valley Indonesia was established in Indonesia in 2019, and has paid in capital of USD36,431,286.
The Company	Great Eastern Industries Limited	International trade services.	100.00 %	100.00 %	Great Eastern Industries Limited, was established in Hong Kong in 2019, and has paid in capital of USD1,000,000 (including share premium of USD999,000).
The Company	Great South Private Limited	Investing holding.	100.00 %	100.00 %	Great South Private Limited was established in Singapore in 2021, and has paid in capital of SGD1,700,000.
The Company	India Tindivanam Footwear Private Limited	Manufactures athletic shoes, semi-finished footwear and footwear accessories.	95.85 %	93.60 %	India Tindivanam Footwear Private Limited was established in India in 2022, and has paid in capital of USD58,523,991.
GLO	Fujian Da Feng Holdings Company Limited(DF)	Investment holding.	70.00 %	70.00 %	Fujian Da Feng Holdings Company Limited was established in Fujian Province, China in 1993, and has paid in capital of USD27,000,000.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2024	December 31, 2023	
DF	Fujian Lifeng Footwear Industrial Development Company Limited(LF)	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Fujian Lifeng Footwear Industrial Development Company Limited was established in Fujian Province, China in 1988, and has paid in capital of USD15,000,000.
GLO and DF	Fujian Xiefeng Footwear Company Limited	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Fujian Xiefeng Footwear Company Limited was established in Fujian Province, China in 1989, and has paid in capital of USD15,000,000.
GLO and DF	Fujian San Feng Footwear Company Limited	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	80.00 %	80.00 %	Fujian San Feng Footwear Company Limited was established in Fujian Province, China in 1992, and has paid in capital of USD15,000,000.
GLO, DF, LF and XM	Fujian Great Hope Footwear Company Limited(GH)	Manufactures athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	100.00 %	100.00 %	Fujian Great Hope Footwear Company Limited was established in Fujian Province, China in 1989, and has paid in capital of USD7,950,000.
GLO	Fujian Putian Xie Feng Mold Company Limited(XM)	Manufactures and repairs molds, cutting dies, shoe lasts, injections, and processing of metal parts.	50.34 %	50.34 %	Fujian Putian Xie Feng Mold Company Limited was established in Fujian Province, China in 1991, and has paid in capital of USD3,000,000.
LF, GH and XM	Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	100.00 %	100.00 %	Suzhou Yufeng Plastic Technology Co., Ltd., was established in Jiangsu Province, China in 2009, and has paid in capital of USD2,562,738.
GLO	Fujian Wu Feng Department Store Co., Ltd.	Wholesaler and retailer of general merchandise, and related services.	50.00 %	50.00 %	Fujian Wu Feng Department Store Co., Ltd. was established in Fujian Province, China in 1992, and has paid in capital of USD4,500,000.
GLO	Dona Pacific Holdings Limited (DPH)	Investment holding.	92.00 %	92.00 %	Dona Pacific Holdings Limited was established in British Virgin Islands in 2000, and has paid in capital of USD13,558,901 (including share premium of USD13,533,901).
GLO	VX Mold Company Limited(VXM)	Investment holding.	93.00 %	93.00 %	VX Mold Company Limited was established in British Virgin Islands in 1999, and has paid in capital of USD400,000.
GLO	Lotus Footwear Enterprises Limited (LUH)	Investment holding business, and manufacturing and selling of finished shoes.	88.00 %	88.00 %	Lotus Footwear Enterprises Limited was established in British Virgin Islands in 2006, and has paid in capital of USD79,141,400 (including share premium of USD79,102,741).
VXH	Dona Victor Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Dona Victor Footwear Co., Ltd., was established in Vietnam in 1994, and has paid in capital of USD35,400,000.
DOH	Vietnam Dona Orient Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Vietnam Dona Orient Co.,Ltd., was established in Vietnam in 2003, and has paid in capital of USD44,000,000.
DOH	Vietnam Dona Standard Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Vietnam Dona Standard Footwear Co., Ltd., was established in Vietnam in 2006, and has paid in capital of USD75,700,000.
DOH	Vung Tau Orient Co., Ltd.	Manufactures golf balls, soccer balls, backpack and bags.	100.00 %	100.00 %	Vung Tau Orient Co., Ltd., was established in Vietnam in 2005, and has paid in capital of USD41,000,000.

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2024	December 31, 2023	
DOH	Vietnam Nam Ha Footwear Company Limited	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Vietnam Nam Ha Footwear Company Limited was established in Vietnam in 2019, and has paid in capital of USD62,000,000.
DPH	Dona Pacific (Vietnam) Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	Dona Pacific (Vietnam) Co., Ltd., was established in Vietnam in 2000, and has paid in capital of USD20,000,000.
VXM	Dona Victor Molds MFG. Co., Ltd.	Manufactures and repairs molds, cutting dies, and processing of metal parts.	100.00 %	100.00 %	Dona Victor Molds MFG. Co., Ltd., was established in Vietnam in 1999, and has paid in capital of USD3,100,000.
GLO and LUH	Cheyar SEZ Developers Private Limited	Development in India's Industrial Park.	100.00 %	100.00 %	Cheyar SEZ Developers Private Limited was established in Indian in 2006, and has paid in capital of USD119,893,561.
LUH	East Wind Footwear Company Limited	Investment holding and production of athletic shoes.	100.00 %	100.00 %	East Wind Footwear Company Limited was established in British Virgin Islands in 2010, and has paid in capital of USD16,370,822 (including share premium of USD16,361,071).
LUH	Fairway Enterprises Company Limited	Investment holding and production of athletic shoes.	100.00 %	100.00 %	Fairway Enterprises Company Limited was established in British Virgin Islands in 2014, and has paid in capital of USD45,793,307 (including share premium of USD45,763,806).

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

(d) Foreign Currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

(Continued)

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

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

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

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

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

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

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

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

3) Impairment of financial assets

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

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

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

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

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

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

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

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

(Continued)

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

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

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

4) Derecognition of financial assets

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

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

(ii) Financial liabilities

1) Other financial liabilities

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

2) Derecognition of financial liabilities

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

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

(Continued)

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

3) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Joint Arrangements

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

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

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

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

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

(j) Investment Property

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

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

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

(k) Property, plant, and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

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

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

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

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

(iv) Reclassification to investment property

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

(l) Lease

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

(i) As a lessee

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

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

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

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

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

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

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

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

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

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

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

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

(m) Intangible assets

(i) Goodwill

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

(Continued)

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

(ii) Other Intangible assets

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

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

- 1) computer software: 1~10 years

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

(n) Impairment – non financial assets

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

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

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

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

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

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

(o) Revenue Recognition

(i) Revenue from contracts with customers

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

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

1) Sale of goods

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

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

2) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

(Continued)

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

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

(iii) Short-term employee benefits

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

(q) Income taxes

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

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

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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

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

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

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

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

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

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

- (i) the Group has a legally enforceable right to offset current tax assets against current tax liabilities; and
 - (ii) the deferred tax assets and the deferred tax liabilities related to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
 - (r) Government grants
- The Group recognizes an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.
- (s) Earnings per share

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

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

(t) Operating segments

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

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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

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

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note (6)(c) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash	\$ 1,125	907
Demand deposits and check deposit	2,221,183	1,438,215
Time deposits	<u>2,918,235</u>	<u>2,419,720</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 5,140,543</u></u>	<u><u>3,858,842</u></u>

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

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

In accordance with the IFRSs Q&A updated by the Securities and Futures Bureau of the Financial Supervisory Commission on January 5, 2024, the Group reclassified the balance of Repatriated Offshore Funds of \$497,387 thousand on January 1, 2023 from other current financial assets to cash and cash equivalents.

(b) Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable—measured at amortized cost	\$ 8,118,995	8,146,737
Less: Allowance for credit loss	-	(7,972)
	<u>\$ 8,118,995</u>	<u>8,138,765</u>

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

	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Allowance for credit loss provision
Current	\$ 7,424,013	0.00%	-
1 to 10 days past due	669,342	0.00%	-
11 to 60 days past due	7,691	0.00%	-
61 days to 1 year past due	17,949	0.00%	-
	<u>\$ 8,118,995</u>		<u>-</u>

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Allowance for credit loss provision
Current	\$ 7,036,000	0.00%	-
1 to 10 days past due	1,081,555	0.00%	-
11 to 60 days past due	17,363	0.00%	-
61 days to 1 year past due	3,847	0.00%	-
More than 1 year past due	7,972	100.00%	7,972
	<u>\$ 8,146,737</u>		<u>7,972</u>

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

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

	For the years ended December 31	
	2024	2023
Balance on January 1	\$ 7,972	7,972
Amounts written off	(7,972)	-
Balance on December 31	<u>\$ -</u>	<u>7,972</u>

As of December 31, 2024 and 2023, the accounts receivable of the Group were not pledged as collateral for its loan.

(c) Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$ 3,638,768	3,199,060
Work in process	1,322,945	1,246,496
Finished goods	3,044,874	3,143,251
Merchandise inventory	89,807	33,781
Inventory in transit	1,140,984	953,520
Others	477	1,905
	<u>\$ 9,237,855</u>	<u>8,578,013</u>

The details of operating cost were as follows:

	For the years ended December 31	
	2024	2023
Cost of goods sold	\$ 66,749,616	67,725,163
Unallocated production overheads	844,318	-
Net losses (gains) on inventories	1,464	(10,051)
Inventory scrap loss	131,933	272,279
Revenue from sale of scraps	(59,226)	(109,132)
Losses on obsolescence and inventory valuation	5,914	113,054
Total	<u>\$ 67,674,019</u>	<u>67,991,313</u>

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

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

As of December 31, 2024 and 2023, the inventory of the Group was not pledged as collateral for its loan.

(d) Investments accounted for using equity method

(i) Joint ventures

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

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

	December 31, 2024	December 31, 2023
Individually insignificant joint venture	\$ 1,316,221	1,080,014
	For the years ended December 31	2024
Attributable to the Group:		2023
Profit from continuing operation	\$ 159,075	77,251
Other comprehensive income (loss)	72,189	(3,865)
Comprehensive income	\$ 231,264	73,386

(ii) Collateral

As of December 31, 2024 and 2023, the investment accounted for using equity method of the Group was not pledged as collateral for its loan.

(e) Material non-controlling interest of subsidiaries

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

Subsidiaries	Main operation place	Percentage of non-controlling interests	
		December 31, 2024	December 31, 2023
Da Feng Holdings Co., Ltd.	China	30.00 %	30.00 %

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

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

	December 31, 2024	December 31, 2023
Current assets	\$ 332,513	511,204
Non-current assets	2,385,224	2,107,616
Current liabilities	(48,713)	(40,487)
Net assets	<u><u>\$ 2,669,024</u></u>	<u><u>2,578,333</u></u>
Non-controlling interests	<u><u>\$ 800,707</u></u>	<u><u>773,500</u></u>
	For the years ended December 31	2024
Net income	\$ 453,070	513,934
Other comprehensive income (loss)	142,675	(18,177)
Comprehensive income	<u><u>\$ 595,745</u></u>	<u><u>495,757</u></u>
Profit, attributable to non-controlling interests	<u><u>\$ 135,921</u></u>	<u><u>154,180</u></u>
Comprehensive income, attributable to non-controlling interests	<u><u>\$ 178,724</u></u>	<u><u>148,727</u></u>
Net cash flows from operating activities	\$ 31,345	20,900
Net cash flows from investing activities	466,463	741,837
Net cash flows used in financing activities	(500,379)	(754,702)
Net (decrease) increase in cash and cash equivalents	<u><u>\$ (2,571)</u></u>	<u><u>8,035</u></u>
Cash dividends to non-controlling interests	<u><u>\$ 150,114</u></u>	<u><u>226,411</u></u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2024 and 2023 were as follows:

		Land	Buildings	Machinery and equipment	Computer and communication equipment	Test equipment	Transportation equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:											
Balance on January 1, 2024	\$	1,626,928	16,367,909	23,143,581	524,743	121,169	712,250	674,087	104,760	2,512,956	45,788,383
Additions	-	-	26,182	491,088	38,628	3,483	16,997	23,534	3,903	3,125,003	3,728,818
Disposals	-	-	(13,508)	(694,571)	(32,067)	(10,138)	(22,108)	(17,323)	(1,228)	-	(790,943)
Reclassifications	-	-	528,246	2,447,376	36,680	853	(134,235)	102,186	889	(2,981,995)	-
Effect of changes in foreign exchange rates		28,254	842,912	1,527,955	25,093	-	41,301	41,991	1,813	138,023	2,647,342
Balance on December 31, 2024	\$	<u>1,655,182</u>	<u>17,751,741</u>	<u>26,915,429</u>	<u>593,077</u>	<u>115,367</u>	<u>614,205</u>	<u>824,475</u>	<u>110,137</u>	<u>2,793,987</u>	<u>51,373,600</u>
Balance on January 1, 2023	\$	1,627,127	14,768,244	22,355,304	503,148	116,842	564,300	623,809	103,495	2,169,304	42,831,573
Additions	-	-	29,040	68,321	27,305	5,141	32,074	25,899	4,849	3,951,597	4,144,226
Disposals	-	(132)	(223,367)	(719,149)	(21,962)	(4,506)	(15,536)	(23,847)	(7,249)	-	(1,015,748)
Reclassifications	-	-	1,861,538	1,527,746	17,998	3,692	134,920	49,489	3,620	(3,596,786)	2,217
Effect of changes in foreign exchange rates		(67)	(67,546)	(88,641)	(1,746)	-	(3,508)	(1,263)	45	(11,159)	(173,885)
Balance on December 31, 2023	\$	<u>1,626,928</u>	<u>16,367,909</u>	<u>23,143,581</u>	<u>524,743</u>	<u>121,169</u>	<u>712,250</u>	<u>674,087</u>	<u>104,760</u>	<u>2,512,956</u>	<u>45,788,383</u>
Depreciation and impairment loss:											
Balance on January 1, 2024	\$	-	7,778,231	14,623,148	407,774	102,788	331,875	511,110	81,210	-	23,836,136
Depreciation	-	-	677,116	2,059,754	53,518	9,207	128,762	75,080	6,497	-	3,009,934
Impairment loss	-	-	-	33,722	-	-	-	32	-	-	33,754
Disposals	-	-	(6,986)	(553,399)	(30,963)	(9,595)	(19,280)	(16,643)	(1,093)	-	(637,959)
Reclassifications	-	-	30,074	94,302	99	-	(124,475)	-	-	-	-
Effect of changes in foreign exchange rates		-	413,055	1,434,442	18,666	-	19,514	29,414	1,309	-	1,916,400
Balance on December 31, 2024	\$	<u>-</u>	<u>8,891,490</u>	<u>17,691,969</u>	<u>449,094</u>	<u>102,400</u>	<u>336,396</u>	<u>598,993</u>	<u>87,923</u>	<u>-</u>	<u>28,158,265</u>
Balance on January 1, 2023	\$	-	7,425,458	13,398,726	379,888	98,291	269,135	477,124	78,694	-	22,127,316
Depreciation	-	-	585,520	1,905,043	50,580	8,855	77,385	56,846	6,687	-	2,690,916
Impairment loss	-	-	-	5,902	-	-	29	-	-	-	5,931
Disposals	-	-	(193,821)	(623,910)	(21,355)	(4,358)	(12,916)	(21,872)	(6,373)	-	(884,605)
Reclassifications	-	-	-	-	-	-	-	-	2,169	-	2,169
Effect of changes in foreign exchange rates		-	(38,926)	(62,613)	(1,339)	-	(1,758)	(988)	33	-	(105,591)
Balance on December 31, 2023	\$	<u>-</u>	<u>7,778,231</u>	<u>14,623,148</u>	<u>407,774</u>	<u>102,788</u>	<u>331,875</u>	<u>511,110</u>	<u>81,210</u>	<u>-</u>	<u>23,836,136</u>
Carrying amounts:											
Balance on December 31, 2024	\$	<u>1,655,182</u>	<u>8,860,251</u>	<u>9,223,460</u>	<u>143,983</u>	<u>12,967</u>	<u>277,809</u>	<u>225,482</u>	<u>22,214</u>	<u>2,793,987</u>	<u>23,215,335</u>
Balance on January 1, 2023	\$	<u>1,627,127</u>	<u>7,342,786</u>	<u>8,956,578</u>	<u>123,260</u>	<u>18,551</u>	<u>295,165</u>	<u>146,685</u>	<u>24,801</u>	<u>2,169,304</u>	<u>20,704,257</u>
Balance on December 31, 2023	\$	<u>1,626,928</u>	<u>8,589,678</u>	<u>8,520,433</u>	<u>116,969</u>	<u>18,381</u>	<u>380,375</u>	<u>162,977</u>	<u>23,550</u>	<u>2,512,956</u>	<u>21,952,247</u>

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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The Group has been constructing a new development center, plant, and expanding production line since the year 2021. As of December 31, 2024, the projects were still ongoing, with the costs recorded as construction in progress and equipment to be inspected. For significant unrecognized contractual commitments related to the acquisition of property, plant, and equipment, please refer to Note (9)(b).

As of December 31, 2024 and 2023 the property, plant and equipment of the Group were not pledged as collateral for its loan.

(g) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2024	\$ 1,842,485	92,511	15,240	2,443	1,952,679
Additions	16,191	58,555	-	-	74,746
Disposal/Write-off	-	(57,072)	(15,965)	-	(73,037)
Effect of changes in foreign exchange rates	110,052	5,112	725	166	116,055
Balance on December 31, 2024	<u>\$ 1,968,728</u>	<u>99,106</u>	<u>-</u>	<u>2,609</u>	<u>2,070,443</u>
Balance on January 1, 2023	\$ 1,895,108	80,766	15,242	4,660	1,995,776
Additions	-	38,126	-	-	38,126
Disposal/Write-off	(46,570)	(25,432)	-	-	(72,002)
Reclassification	-	-	-	(2,217)	(2,217)
Effect of changes in foreign exchange rates	(6,053)	(949)	(2)	-	(7,004)
Balance on December 31, 2023	<u>\$ 1,842,485</u>	<u>92,511</u>	<u>15,240</u>	<u>2,443</u>	<u>1,952,679</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2024	\$ 215,441	44,302	8,422	1,297	269,462
Depreciation	49,204	32,289	1,891	400	83,784
Disposal/Write-off	-	(57,072)	(10,714)	-	(67,786)
Effect of changes in foreign exchange rates	13,919	2,106	401	96	16,522
Balance on December 31, 2024	<u>\$ 278,564</u>	<u>21,625</u>	<u>-</u>	<u>1,793</u>	<u>301,982</u>
Balance on January 1, 2023	\$ 182,603	39,925	6,017	3,060	231,605
Depreciation	48,390	30,282	2,439	410	81,521
Disposal/Write-off	(14,126)	(25,432)	-	-	(39,558)
Reclassification	-	-	-	(2,169)	(2,169)
Effect of changes in foreign exchange rates	(1,426)	(473)	(34)	(4)	(1,937)
Balance on December 31, 2023	<u>\$ 215,441</u>	<u>44,302</u>	<u>8,422</u>	<u>1,297</u>	<u>269,462</u>
Carrying amount:					
Balance on December 31, 2024	<u>\$ 1,690,164</u>	<u>77,481</u>	<u>-</u>	<u>816</u>	<u>1,768,461</u>
Balance on January 1, 2023	<u>\$ 1,712,505</u>	<u>40,841</u>	<u>9,225</u>	<u>1,600</u>	<u>1,764,171</u>
Balance on December 31, 2023	<u>\$ 1,627,044</u>	<u>48,209</u>	<u>6,818</u>	<u>1,146</u>	<u>1,683,217</u>

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

(h) Investment property

The cost, depreciation, and impairment of the Investment property of the Group for the years ended December 31, 2024 and 2023 were as follows:

	Owned property		
	Land	Buildings	Total
Cost:			
Balance on January 1, 2024	\$ 16,017	406,284	422,301
Disposal	(9,595)	(22,396)	(31,991)
Effect of changes in foreign exchange rates	436	21,092	21,528
Balance on December 31, 2024	<u>\$ 6,858</u>	<u>404,980</u>	<u>411,838</u>
Balance on January 1, 2023	\$ 16,019	412,878	428,897
Effect of changes in foreign exchange rates	(2)	(6,594)	(6,596)
Balance on December 31, 2023	<u>\$ 16,017</u>	<u>406,284</u>	<u>422,301</u>
Accumulated depreciation and impairment losses:			
Balance on January 1, 2024	\$ -	352,152	352,152
Depreciation	-	57	57
Disposal	-	(14,069)	(14,069)
Effect of changes in foreign exchange rates	-	16,970	16,970
Balance on December 31, 2024	<u>\$ -</u>	<u>355,110</u>	<u>355,110</u>
Balance on January 1, 2023	\$ -	360,218	360,218
Depreciation	-	331	331
Effect of changes in foreign exchange rates	-	(8,397)	(8,397)
Balance on December 31, 2023	<u>\$ -</u>	<u>352,152</u>	<u>352,152</u>
Carrying amount:			
Balance on December 31, 2024	<u>\$ 6,858</u>	<u>49,870</u>	<u>56,728</u>
Balance on January 1, 2023	<u>\$ 16,019</u>	<u>52,660</u>	<u>68,679</u>
Balance on December 31, 2023	<u>\$ 16,017</u>	<u>54,132</u>	<u>70,149</u>
Fair value:			
Balance on December 31, 2024		\$	<u>513,186</u>
Balance on December 31, 2023		\$	<u>657,689</u>

The Group signed a sales agreement in March 2024 to sell Eagle Crest, an American real estate. The sale price was \$42,817 thousand, and the sale has been completed in the month when the sales agreement was signed, and \$24,895 thousand was recognized as gain on disposal of assets.

As of December 31, 2024 and 2023, the Investment property of the Group was not pledged as collateral for its loans.

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

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2024 and 2023 were as follows:

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Costs			
Balance on January 1, 2024	\$ 431,028	364,866	795,894
Additions	-	106,646	106,646
Disposal / Obsolescence	-	(40,204)	(40,204)
Effect of changes in foreign exchange rates	8,073	18,372	26,445
Balance on December 31, 2024	<u>\$ 439,101</u>	<u>449,680</u>	<u>888,781</u>
Balance on January 1, 2023	\$ 431,047	334,591	765,638
Additions	-	57,617	57,617
Disposal / Obsolescence	-	(25,469)	(25,469)
Effect of changes in foreign exchange rates	(19)	(1,873)	(1,892)
Balance on December 31, 2023	<u>\$ 431,028</u>	<u>364,866</u>	<u>795,894</u>
Accumulated amortization and impairment losses			
Balance on January 1, 2024	\$ 115,304	256,892	372,196
Amortization	-	75,958	75,958
Disposal / Obsolescence	-	(40,204)	(40,204)
Effect of changes in foreign exchange rates	7,663	13,716	21,379
Balance on December 31, 2024	<u>\$ 122,967</u>	<u>306,362</u>	<u>429,329</u>
Balance on January 1, 2023	\$ 115,323	229,732	345,055
Amortization	-	54,203	54,203
Disposal / Obsolescence	-	(25,469)	(25,469)
Effect of changes in foreign exchange rates	(19)	(1,574)	(1,593)
Balance on December 31, 2023	<u>\$ 115,304</u>	<u>256,892</u>	<u>372,196</u>
Carrying amounts:			
Balance on December 31, 2024	<u>\$ 316,134</u>	<u>143,318</u>	<u>459,452</u>
Balance on January 1, 2023	<u>\$ 315,724</u>	<u>104,859</u>	<u>420,583</u>
Balance on December 31, 2023	<u>\$ 315,724</u>	<u>107,974</u>	<u>423,698</u>

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

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

	For the years ended December 31	
	2024	2023
Cost of sales	\$ 8,255	5,452
Operating expenses	67,703	48,751
Total	<u><u>\$ 75,958</u></u>	<u><u>54,203</u></u>

The Group determined whether an impairment loss of goodwill shall be recognized based on experience and actual operating results. As of December 31, 2024 and 2023, no impairment loss has been recognized.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2024	December 31, 2023
Unsecured bank loans	<u><u>\$ 2,983,008</u></u>	<u><u>2,250,109</u></u>
Range of interest rates	<u><u>1.70%~6.50%</u></u>	<u><u>1.57%~6.50%</u></u>

(k) Long-term borrowings

The details were as follows:

December 31, 2024				
	Currency	Interest Rate	Period	Amount
Unsecured bank loans	TWD	1.95%	2026	\$ 1,500,000
	USD	5.40%~5.44%	2026	1,830,869
Other long-term borrowings	INR	0.10%	2026	66,794
				3,397,663
Less: current portion				-
Total				<u><u>\$ 3,397,663</u></u>

December 31, 2023				
	Currency	Interest Rate	Period	Amount
Unsecured bank loans	TWD	1.55%	2025	\$ 1,470,000
	USD	6.36%~6.57%	2025	1,923,908
Other long-term borrowings	INR	0.10%	2024~2026	115,311
				3,509,219
Less: current portion				(57,679)
Total				<u><u>\$ 3,451,540</u></u>

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

In compliance with the loan agreement

The Group has adhered to the relevant contract terms as of December 31, 2024, and has therefore classified the loan as a non-current liability. The group also expects to comply with the relevant contract terms at the end of each quarter for at least twelve months after the reporting date.

(l) Lease liabilities

The Group lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Current	<u>\$ 39,408</u>	<u>31,952</u>
Non-current	<u>\$ 577,463</u>	<u>515,667</u>

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31 2024	2023
Interest on lease liabilities	<u>\$ 52,582</u>	<u>50,950</u>

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

	For the years ended December 31 2024	2023
Total cash outflow for leases	<u>\$ 90,322</u>	<u>85,990</u>

(i) Real estate leases

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

(ii) Other leases

The Group leased photocopiers with lease terms of eight years.

(m) Employee benefits

(i) Defined benefit plans

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

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	\$ 5,875,212	6,059,161
Fair value of plan assets	<u>(1,940,030)</u>	<u>(1,832,248)</u>
Net defined benefit assets	<u>\$ 3,935,182</u>	<u>4,226,913</u>

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

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

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

1) Composition of plan assets

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

The Company's Bank of Taiwan pension reserve account balance had amounted to \$1,940,030 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	For the years ended December 31	
	2024	2023
Defined benefit obligation on January 1	\$ 6,059,161	5,754,909
Current service cost and interest cost	636,224	612,139
Remeasurement loss (gain):		
— Actuarial gain arising from experience	(212,083)	(144,541)
— Actuarial (gain) loss arising from financial assumptions	(337,259)	126,025
Benefits paid	(341,441)	(301,673)
Effect of movements in exchange rates	70,610	12,302
Defined benefit obligations on December 31	\$ 5,875,212	6,059,161

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

3) Movements of defined benefit plan assets

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

	For the years ended December 31	
	2024	2023
Fair value of plan assets on January 1	\$ 1,832,248	1,915,323
Interest income	24,430	28,099
Remeasurement gain (loss)		
— Return on plan assets excluding interest income	166,881	12,416
Contributions paid by the employer	19,550	20,222
Benefits paid	(103,079)	(143,812)
Fair value of plan assets on December 31	\$ 1,940,030	1,832,248

4) Expenses recognized in profit or loss

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

	For the years ended December 31	
	2024	2023
Current service costs	\$ 412,053	381,612
Net interest of net defined benefit liabilities obligations	199,741	202,428
	\$ 611,794	584,040
Operating costs	\$ 514,518	485,316
Selling and Administration expenses	84,804	83,391
Research and development expenses	12,472	15,333
	\$ 611,794	584,040

5) Actuarial assumptions

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

	December 31, 2024	December 31, 2023
Discount rate	1.75%~7.00%	1.375%~7.21%
Future salary increases rate	5.00%~10.00%	5.00%~10.00%

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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The contribution to be made by the Group to the defined benefit plans within one year after the reporting date is \$123,794 thousand.

The weighted-average lifetime of the defined benefit plans is 5.93 to 10.70 years.

6) Sensitivity analysis

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

	Influences of defined benefit obligations	
	0.25% Increased	0.25% Decreased
December 31, 2024		
Discount rate	\$ (105,394)	108,780
Future salary increasing rate	106,628	(103,954)
December 31, 2023		
Discount rate	\$ (117,236)	118,952
Future salary increasing rate	115,992	(114,899)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

(ii) Defined contribution plans

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

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

The pension costs incurred from the contributions to the pension plans amounted to \$1,072,743 thousand and \$1,025,227 thousand for the years ended December 31, 2024 and 2023, respectively.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(n) Income taxes

(i) Income tax expense

The components of income tax in the years 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Current income tax expense:		
Current period	\$ 2,384,970	2,521,070
Adjustment for prior years	<u>(39,208)</u>	<u>(236,343)</u>
	<u>2,345,762</u>	<u>2,284,727</u>
Deferred income tax expense:		
Origination and reversal of temporary differences	(17,791)	(649,650)
Adjustment for prior years	<u>(11,482)</u>	<u>65</u>
	<u>(29,273)</u>	<u>(649,585)</u>
Income tax expense	<u>\$ 2,316,489</u>	<u>1,635,142</u>

The amount of income tax recognized in other comprehensive income (loss) for 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ (146,093)</u>	<u>10,923</u>
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income	<u>\$ (6,332)</u>	<u>135</u>

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Reconciliation of income tax and profit before tax for 2024 and 2023 was as follows:

	For the years ended December 31	
	2024	2023
Profit before income tax	\$ 8,582,046	7,081,079
Income tax using each entity's domestic tax rate	\$ 2,553,523	2,326,644
Others income tax adjustments	119,574	248,041
Tax exempt income	(65,888)	(291,206)
Tax incentives	(265,994)	(511,303)
Tax credit for foreign income	(56,702)	(86,966)
Recognition of previously unrecognized tax losses	(11,482)	65
Change in unrecognized temporary differences	8,710	16,885
Adjustment to prior periods' income tax	(39,208)	(236,343)
Tax on dividend income	57,727	93,436
Additional tax on undistributed earnings	-	70,599
Others	16,229	5,290
Income tax expenses	\$ 2,316,489	1,635,142

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2024	December 31, 2023
Tax losses	\$ 25,213	68,604

The tax authorities of subsidiaries allow net losses to offset taxable income for local tax reporting purposes.

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

As of December 31, 2024, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused amount	Year of expiry
2020	\$ 946	2025
2021	10,004	2026
2022	20,567	2027 and without deadline
2023	105,245	2028 and without deadline
2024	121,391	2029

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities during 2024 and 2023 were as follows:

	Gains on foreign investment	Others	Total
Deferred Tax Liabilities:			
Balance on January 1, 2024	\$ 2,979,188	581,665	3,560,853
Debit (credit) on income statement	50,418	(1,009)	49,409
Debit (credit) on other comprehensive income	-	6,332	6,332
Effect in exchange rate	-	25,310	25,310
Balance on December 31, 2024	<u>\$ 3,029,606</u>	<u>612,298</u>	<u>3,641,904</u>
Balance on January 1, 2023	\$ 3,167,912	659,591	3,827,503
Debit (credit) on income statement	(188,724)	(71,474)	(260,198)
Debit (credit) on other comprehensive income	-	(135)	(135)
Effect in exchange rate	-	(6,317)	(6,317)
Balance on December 31, 2023	<u>\$ 2,979,188</u>	<u>581,665</u>	<u>3,560,853</u>
	Defined Benefit Plans	Others	Total
Deferred Tax Assets:			
Balance on January 1, 2024	\$ 700,055	1,100,808	1,800,863
(Debit) credit on income statement	5,954	72,728	78,682
(Debit) credit on other comprehensive income	(146,093)	-	(146,093)
Effect in exchange rate	34,546	46,596	81,142
Balance on December 31, 2024	<u>\$ 594,462</u>	<u>1,220,132</u>	<u>1,814,594</u>
Balance on January 1, 2023	\$ 629,511	779,907	1,409,418
(Debit) credit on income statement	60,868	328,519	389,387
(Debit) credit on other comprehensive income	10,923	-	10,923
Effect in exchange rate	(1,247)	(7,618)	(8,865)
Balance on December 31, 2023	<u>\$ 700,055</u>	<u>1,100,808</u>	<u>1,800,863</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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As of December 31, 2024, the information of the Group's unused tax losses for which deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Unused amount</u>	<u>Year of expiry</u>
2023	\$ 688,203	2028
2024	305,283	2029

(iii) Income Tax approval

The Company's tax returns for the years up to 2021 have been assessed by the R.O.C. tax authorities.

For the years from 2006 to 2013, some of the Group's subsidiaries in Mainland China were involved in disputes with the local tax authorities over tax returns, against which, each of the subsidiaries has estimated income tax expenses in 2016, filed a defense and negotiated with the tax authorities. Moreover, a final proposal has been reached with the tax authorities in March 2023, in which the tax expenses were approved and adjusted according to what had been agreed upon.

For the years from 2011 to 2020, some of the Group's subsidiaries other than those mentioned above were involved in disputes with tax authorities over tax returns, and the amended amounts of additional tax were approved for each of the approved years. Each subsidiary has filed an administrative relief application, which has been under review by the authorities concerned.

(iv) Global Minimum Tax (GMT)

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Group is subject to the global minimum top-up tax under the Pillar Two tax legislation, since the Income Inclusion Rule (IIR) and the domestic minimum top-up tax have been effective and implemented in Vietnam, where the subsidiaries operate, from January 1, 2024.

After an assessment by the Group, since the simplified effective tax rate of the subsidiaries operating in Vietnam is higher than 15%, which applies to the temporary relief under the Pillar Two tax legislation, there is no current tax impact for the year ended December 31, 2024.

Additionally, the subsidiaries operating in Hong Kong, Singapore, and Indonesia have announced that Pillar Two tax legislation will take effect on January 1, 2025. Based on the preliminary assessment by the Group, all three regions are eligible for the temporary exemption mechanism under Pillar Two tax legislation, and it is expected that this will not affect its current income tax.

For the subsidiaries operating in jurisdictions where the Pillar Two tax legislation has not yet been enacted, the Group will continue to monitor the date when the legislation takes effect and assess the income tax impacts.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(v) Regulations on repatriation of offshore funds

In 2021, the dividends distributed by the subsidiaries of the Company are applicable to the regulations on repatriation of funds, the dividend amount is \$1,506,230 thousand, the tax rate is 10%, and the tax incentive amount is \$152,272 thousand. The amounts of restricted assets under the regulations on repatriation of funds on January 1, 2023, were \$497,387 thousand, which is recognized under other current financial assets. For the year, the restricted assets under the regulations on repatriation of funds were recognized under other current financial assets reclassified to cash and cash equivalents, please refer to Note (6)(a) for details.

(vi) Profit-seeking enterprise income tax returns

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

(o) Capital and other equity

As of December 31, 2024 and 2023, the Company's total rated share capital amount to \$12,000,000 thousand, with a par value of \$10, and the number of shares all was 1,200,000 thousand ordinary shares. The aforementioned aggregate amount of rated equity is all ordinary shares. The issued shares are 987,483 thousand ordinary shares, all the consideration for issued shares has been received.

Reconciliations of shares outstanding for the years ended December 31, 2024 and 2023 is as follows:

	Ordinary shares	
	For the years ended December 31	
(Expressed in thousands of shares)	2024	2023
Balance on January 1	987,483	881,681
Stock dividend	-	105,802
Balance on December 31	987,483	987,483

(i) Ordinary shares

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

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

The details of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Treasury share transactions	\$ 4,143	4,143
Gain on disposal of assets	32,980	32,980
Capital surplus-premium from merger	2,160	2,160
Donation from shareholders	5,768	4,537
Issued shares of subsidiaries not recognized in proportion to shareholding	3,851	9,747
Difference between consideration and carrying amount of subsidiaries acquired or disposed	183	183
	\$ 49,085	53,750

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

(iii) Retained earnings

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

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

1) Legal reserve

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

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

2) Special reserve

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

3) Earnings distribution

On May 31, 2024, and June 21, 2023, the Company's shareholder's meetings resolved to distribute the 2023 and 2022 earnings, respectively. These earnings were appropriated as follows:

	2023		2022	
	Amount (dollar)	Total	Amount (dollar)	Total
Dividends distributed to ordinary shareholders				
Cash	\$ 4.30	4,246,176	7.70	6,788,944
Shares	-	-	1.20	1,058,017
Total		\$ 4,246,176		7,846,961

On March 7, 2025, the Company's Board of Directors proposed to distribute the 2024 earnings as follows:

	For the years ended December 31	
	2024	
	Amount (dollar)	Total
Dividends distributed to ordinary shareholders		
Cash	\$ 5.10	5,036,162

(iv) Other equity interest after tax

	Exchange differences on translation of foreign financial statement
Balance on January 1, 2024	\$ (1,127,303)
Exchange differences on translation of foreign financial statement	1,487,309
Balance on December 31, 2024	\$ 360,006

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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	Exchange differences on translation of foreign financial statement
Balance on January 1, 2023	\$ (1,053,529)
Exchange differences on translation of foreign financial statement	(73,774)
Balance on December 31, 2023	<u><u>\$ (1,127,303)</u></u>

(v) Non-controlling interests (NCIs)

	For the years ended December 31	
	2024	2023
Balance on January 1	\$ 1,894,583	1,880,573
Shares attributed to non-controlling interests		
Net profit	396,019	471,029
Foreign currency translation differences for foreign operations	105,444	(13,851)
Remeasurement from defined benefit plans	(1,187)	(12,637)
Changes in ownership interests in subsidiaries	9,042	46,888
Earnings distribution to non-controlling interests	(415,070)	(477,419)
Balance on December 31	<u><u>\$ 1,988,831</u></u>	<u><u>1,894,583</u></u>

(p) Earnings per share

For the years ended December 31, 2024 and 2023, the Company's basic earnings per share were calculated as follows:

	For the years ended December 31	
	2024	2023
Basic earnings per share		
Net profit attributable to ordinary shareholders of the Company	<u><u>\$ 5,869,538</u></u>	<u><u>4,974,908</u></u>
Weighted average number of ordinary shares (basic)	987,483	987,483
Basic earnings per share (dollars)	<u><u>\$ 5.94</u></u>	<u><u>5.04</u></u>

The Company did not intend to calculate diluted earnings per share on the assumption that, the compensation to employees and directors for the year ended December 31, 2024, was distributed in cash using the same method for the preceding three years.

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(q) Revenue from contracts with customer

(i) Disaggregation of revenue

For the years ended December 31, 2024			
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 65,560,581	1,964,307	67,524,888
America	7,105,855	1,133,494	8,239,349
Switzerland	3,782,371	601	3,782,972
Mainland China	3,107,376	10,910	3,118,286
Mexico	2,034,428	71,427	2,105,855
Other countries	<u>1,779,609</u>	<u>936,511</u>	<u>2,716,120</u>
	<u>\$ 83,370,220</u>	<u>4,117,250</u>	<u>87,487,470</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 83,370,220	-	83,370,220
Others	<u>-</u>	<u>4,117,250</u>	<u>4,117,250</u>
	<u>\$ 83,370,220</u>	<u>4,117,250</u>	<u>87,487,470</u>
For the years ended December 31, 2023			
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 62,397,130	1,946,422	64,343,552
America	7,631,133	1,107,918	8,739,051
Switzerland	4,115,293	441	4,115,734
Mainland China	3,455,699	20,485	3,476,184
Mexico	1,803,975	45,016	1,848,991
Other countries	<u>2,152,658</u>	<u>1,091,094</u>	<u>3,243,752</u>
	<u>\$ 81,555,888</u>	<u>4,211,376</u>	<u>85,767,264</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 81,555,888	-	81,555,888
Others	<u>-</u>	<u>4,211,376</u>	<u>4,211,376</u>
	<u>\$ 81,555,888</u>	<u>4,211,376</u>	<u>85,767,264</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable(including related parties)	\$ 8,118,995	8,146,737	8,801,296
Less: allowance for credit loss	<u>-</u>	<u>(7,972)</u>	<u>(7,972)</u>
Total	<u>\$ 8,118,995</u>	<u>8,138,765</u>	<u>8,793,324</u>
Contract liabilities	<u>\$ 1,141</u>	<u>999</u>	<u>317</u>

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

The amount of revenue recognized for the years ended December 31, 2024 and 2023 that was included in the contract liability balance at the beginning of the period were \$999 thousand and \$317 thousand, respectively.

(r) Compensation to employees and directors

The Company's Articles of Incorporation stipulate that if there is profit for the year, then, a minimum of 2.0% shall be allocated as employee compensation and a maximum of 1.8% as director compensation. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

The Company estimated its employee compensation at respectively \$180,000 thousand and \$140,000 thousand for the years ended December 31, 2024 and 2023, and estimated its director compensation at \$105,300 thousand and \$91,000 thousand for years ended December 31, 2024 and 2023, respectively. The estimated amounts, recognized as operating costs or expenses, were based on net profit before tax of for the respective periods, multiplied by the percentage of compensation to employees and directors, as specified in the Articles of Incorporation. If the actual amounts differ from the estimated amounts, the differences shall be accounted for as changes in accounting estimates and recognized as profit or loss in the next year.

There was no difference between the amounts approved by Board of Directors and those recognized in the parent-company-only financial statements for the years ended December 31, 2024 and 2023. The information is available on the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31
	2024
	2023
Interest income from bank deposits	<u>\$ 75,927</u>
	<u>122,398</u>

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(ii) Other income

The details of the Group's other income for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Rent income	\$ 18,827	3,246
Government subsidy	131,206	41,439
Other income	314,338	360,259
	\$ 464,371	404,944

(iii) Other gains and losses

The details of the Group's other gains and losses for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Foreign exchange gains	\$ 835,572	278,614
Losses on disposal of property, plant and equipment	(32,851)	(37,737)
Gain on disposal of investment property	24,895	-
Impairment loss	(33,754)	(5,931)
(Loss) profit from lease modification	(923)	1,226
Others	(17,358)	(91,218)
	\$ 775,581	144,954

(iv) Financial costs

The details of the Group's financial costs for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Interest expense	\$ 283,973	252,120

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(t) Financial instruments

(i) Credit risks

1) Credit risk exposure

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

2) The concentration of credit risk

On December 31, 2024 and 2023, 69% and 85% of the Group's total receivables were concentrated within a single overseas customer.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
December 31, 2024							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 4,131,129	4,131,129	4,129,971	1,158	-	-	-
Other payables	5,630,757	5,630,757	5,213,604	417,153	-	-	-
Unsecured bank loans	6,313,877	6,543,413	2,709,433	427,624	3,406,356	-	-
Other long-term borrowings	66,794	66,879	33	34	66,812	-	-
Lease liabilities	616,871	1,487,446	59,875	33,180	88,159	187,155	1,119,077
	<u>\$ 16,759,428</u>	<u>17,859,624</u>	<u>12,112,916</u>	<u>879,149</u>	<u>3,561,327</u>	<u>187,155</u>	<u>1,119,077</u>
December 31, 2023							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 4,256,055	4,256,055	4,254,770	1,285	-	-	-
Other payables	5,250,463	5,250,463	5,248,385	2,078	-	-	-
Unsecured bank loans	5,644,017	5,908,547	2,148,930	268,648	3,490,969	-	-
Other long-term borrowings	115,311	115,442	57,708	29	58	57,647	-
Lease liabilities	547,619	1,384,905	52,150	29,703	68,498	167,561	1,066,993
	<u>\$ 15,813,465</u>	<u>16,915,412</u>	<u>11,761,943</u>	<u>301,743</u>	<u>3,559,525</u>	<u>225,208</u>	<u>1,066,993</u>

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

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(iii) Currency risks

1) Exposure to currency risks

December 31, 2024					
	Foreign currency (In thousands)		Exchange rate	TWD	
Financial assets					
Monetary items					
USD	\$	273,437	USD : TWD	32.735	8,950,954
		40,115	USD : CNY	7.1844	1,313,177
		86	USD : VND	25,401	2,809
VND		708,229,589	VND : USD	0.00004	920,698
INR		2,159,483	INR : USD	0.0117	826,868
IDR		244,095,967	IDR : USD	0.0001	488,192
Non-monetary items					
USD		40,208	USD : TWD	32.735	1,316,221
Financial liabilities					
Monetary items					
USD		31,523	USD : TWD	32.735	1,031,920
		12,176	USD : CNY	7.1844	398,578
		39	USD : VND	25,401	1,284
VND		1,990,486,088	VND : USD	0.00004	2,587,632
INR		2,787,297	INR : USD	0.0117	1,067,256
IDR		1,100,833,975	IDR : USD	0.0001	2,201,668
December 31, 2023					
	Foreign currency (In thousands)		Exchange rate	TWD	
Financial assets					
Monetary items					
USD	\$	264,637	USD : TWD	30.655	8,112,443
		21,141	USD : CNY	7.0827	648,079
		0.13	USD : VND	24,250	4
VND		686,395,529	VND : USD	0.00004	892,314
INR		1,333,654	INR : USD	0.0120	491,852
IDR		179,614,062	IDR : USD	0.0001	359,228
Non-monetary items					
USD		35,231	USD : TWD	30.655	1,080,014

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December 31, 2023				
	Foreign currency (In thousands)		Exchange rate	TWD
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	32,373	USD : TWD	30.655	992,407
	13,505	USD : CNY	7.0827	414,003
	151	USD : VND	24,250	4,622
VND	1,850,403,222	VND : USD	0.00004	2,405,524
INR	2,964,866	INR : USD	0.0120	1,093,443
IDR	1,308,295,348	IDR : USD	0.0001	2,616,591

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. An appreciation or depreciation of 5% of the TWD against the USD, VND, INR and IDR for the years ended December 31, 2024 and 2023, would have increased the net profit before tax by \$260,718 thousand and \$148,867 thousand, respectively. Performed based on the same basis, the analysis of both periods assumed that all other variables remained constant.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain on monetary items is disclosed by total amount. For the years ended December 31, 2024 and 2023, foreign exchange gain (including realized and unrealized portions) amounted to \$835,572 thousand and \$278,614 thousand, respectively.

(iv) Interest rate analysis

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

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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If the interest rate increases or decreases by 50 basis points, with all other variable factors remaining constant, the Group's net profit before tax would have decreased or increased by \$20,463 thousand and \$21,029 thousand for the years ended December 31, 2024 and 2023, respectively. This was mainly due to the Group's deposits and borrowings at variable rates.

(v) Fair value information

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value

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

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

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

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

(u) Financial risk management

(i) Overview

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

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

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

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(ii) Risk management framework

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

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

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

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

1) Trade and other receivables

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

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

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

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

2) Investment

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

3) Guarantees

As of December 31, 2024 and 2023, there was no guarantee outstanding.

(iv) Liquidity risk

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

The Group monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the total amount of unused credit facilities as of December 31, 2024 and 2023, amounted to \$13,798,013 thousand and \$13,855,266 thousand, respectively.

(v) Market risk

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

1) Currency risk

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

(Continued)

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

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

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

2) Interest rate risk

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

(v) Capital management

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

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

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

	December 31, 2024	December 31, 2023
Total liabilities	\$ 25,563,900	25,592,092
Less: cash and cash equivalents	<u>(5,140,543)</u>	<u>(3,858,842)</u>
Net debt	20,423,357	21,733,250
Total equity	<u>28,828,882</u>	<u>25,054,831</u>
Total capital	<u>\$ 49,252,239</u>	<u>46,788,081</u>
Debt-to-equity ratio on period end	<u>41.47 %</u>	<u>46.45 %</u>

(Continued)

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

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

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2024 and 2023.

Reconciliation of liabilities arising from financing activities was as follows:

	Non-cash changes				
	January 1,			Foreign	December 31,
	2024	Cash flows	Others	exchange	2024
				movement	
Long-term borrowings	\$ 3,509,219	(249,776)	-	138,220	3,397,663
Short-term borrowings	2,250,109	686,181	-	46,718	2,983,008
Lease liabilities	547,619	(37,740)	70,418	36,574	616,871
Total liabilities from financing activities	<u>\$ 6,306,947</u>	<u>398,665</u>	<u>70,418</u>	<u>221,512</u>	<u>6,997,542</u>

	Non-cash changes				
	January 1,			Foreign	December 31,
	2023	Cash flows	Others	exchange	2023
				movement	
Long-term borrowings	\$ 2,525,493	618,000	-	365,726	3,509,219
Short-term borrowings	435,372	2,187,985	-	(373,248)	2,250,109
Lease liabilities	584,172	(35,040)	4,456	(5,969)	547,619
Total liabilities from financing activities	<u>\$ 3,545,037</u>	<u>2,770,945</u>	<u>4,456</u>	<u>(13,491)</u>	<u>6,306,947</u>

(7) Related-party transactions:

(a) Name of related parties and relationship

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

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

(b) Significant transactions with related parties

(i) Operating income

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

	For the years ended December 31	
	2024	2023
The Group is a joint venture under the joint agreement	<u>\$ -</u>	<u>3,994</u>

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

(ii) Other revenue

	For the years ended December 31	
	2024	2023
The Group is a joint venture under the joint agreement	\$ <u>10,046</u>	<u>9,390</u>

(iii) Other expense

	For the years ended December 31	
	2024	2023
The Group is a joint venture under the joint agreement	\$ <u>-</u>	<u>161</u>

(iv) Receivables due from Related Parties

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

Account item	Category of related party	December 31, 2024	December 31, 2023
Other receivables	The Group is a joint venture under the joint agreement	\$ <u>963</u>	<u>761</u>

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the years ended December 31	
	2024	2023
Short-term employee benefits	\$ 341,396	288,374
Post-employment benefits	<u>5,114</u>	<u>5,017</u>
	\$ <u>346,510</u>	<u>293,391</u>

(8) Pledged assets:

The book values of pledged assets were as follows:

Pledged assets	Object	December 31, 2024	December 31, 2023
Other current financial assets	Customs deposit and lease deposit	\$ 956	1,362
Other non-current financial assets	Customs deposit and lease deposit	<u>103,172</u>	<u>102,622</u>
		\$ <u>104,128</u>	<u>103,984</u>

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

(9) Commitments and contingencies:

- (a) As of December 31, 2024 and 2023, the Group has issued promissory notes for short-term and long-term borrowings of \$9,946,150 thousand and \$9,258,950 thousand, respectively.
- (b) As of December 31, 2024 and 2023, the Group had payables in respect of important construction contracts, amounting to \$1,541,756 thousand and \$2,013,356 thousand, respectively.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Others:

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

By item	By function	For the year ended December 31, 2024			For the year ended December 31, 2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		\$ 19,558,031	6,827,514	26,385,545	19,979,430	6,027,466	26,006,896
Labor and health insurance		2,235,281	599,596	2,834,877	2,252,931	567,875	2,820,806
Pension		1,330,007	354,530	1,684,537	1,270,885	338,382	1,609,267
Other employee benefits		2,465,287	694,694	3,159,981	2,600,013	584,168	3,184,181
Depreciation		2,145,381	948,394	3,093,775	1,987,261	785,507	2,772,768
Amortization		8,254	67,704	75,958	5,452	48,751	54,203

- (b) Seasonality of operation

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

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

(13) Other disclosures

(a) Information on significant transactions

The followings is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2024:

- i. Loans to other parties: None
- ii. Guarantees and endorsements for other parties: None
- iii. Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures): None
- iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain/Loss on Disposal	Shares	Amount (Note 1 and 3)
Feng Tay Enterprises Co., Ltd.	Stock India Tindivanam Footwear Private Limited	Investments accounted for using equity method	-	Subsidiary	280,328,078	927,522	181,679,889	695,835	-	-	-	-	462,007,967	1,383,147

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

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

Note 3: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot exchange rate at the reporting date.

(On December 31, 2024, the USD closing exchange rate of 32.735)

- v. Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None
- vi. Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None
- vii. Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	Sale	1,824,884	2%	90 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare with.	-	478,643	4%	-
"	"	"	Purchase	6,724,623	9%	20 days	"	-	(357,256)	(5%)	-

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	India Tindivanam Footwear Private Limited	Parent and subsidiary	Sale	846,714	1%	90 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare with.	-	433,547	4%	-
"	"	"	Purchase	431,695	1%	30 days	"	-	(79,843)	(1%)	-
"	Lotus Footwear Enterprises Limited (India Branch)	"	Sale	2,259,723	3%	60/90 days	"	-	602,668	5%	-
"	"	"	Purchase	5,262,384	7%	30 days	"	-	(567,613)	(7%)	-
"	East Wind Footwear Company Limited (India Branch)	"	Sale	1,487,291	2%	60 days	"	-	343,464	3%	-
"	"	"	Purchase	3,726,977	5%	30 days	"	-	(529,159)	(7%)	-
"	Fairway Enterprises Company Limited (India Branch)	"	Sale	2,104,556	2%	30 days	"	-	353,643	3%	-
"	"	"	Purchase	4,834,013	6%	30 days	"	-	(336,528)	(4%)	-
"	Fujian Lifeng Footwear Industrial Development Company Limited	"	Sale	831,176	1%	15 days	"	-	70,557	1%	-
"	"	"	Purchase	3,288,396	4%	15 days	"	-	(141,271)	(2%)	-
"	Fujian San Feng Footwear Company Limited	"	Sale	689,182	1%	15 days	"	-	36,858	-	-
"	"	"	Purchase	3,075,940	4%	15 days	"	-	(162,547)	(2%)	-
"	Fujian Xiefeng Footwear Company Limited	"	Sale	1,309,017	2%	15 days	"	-	92,084	1%	-
"	"	"	Purchase	3,985,787	5%	15 days	"	-	(306,345)	(4%)	-
"	Fujian Great Hope Footwear Company Limited	"	Sale	139,991	-	15 days	"	-	7,836	-	-
"	"	"	Purchase	1,112,585	1%	60 days	"	-	(171,284)	(2%)	-
"	Fujian Putian Xie Feng Mold Company Limited	"	Sale	129,497	-	15 days	"	-	10,441	-	-
"	"	"	Purchase	182,413	-	30 days	"	-	(14,687)	-	-
"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sale	306,955	-	15 days	"	-	54,297	-	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	"	1,634,155	2%	30 days	"	-	110,879	1%	-
"	"	"	Purchase	7,155,098	9%	15 days	"	-	(362,791)	(5%)	-
"	Vietnam Dona Orient Co., Ltd.	"	Sale	2,602,606	3%	30 days	"	-	238,959	2%	-
"	"	"	Purchase	6,459,522	8%	30 days	"	-	(593,477)	(7%)	-
"	Dona Victor Footwear Co., Ltd.	"	Sale	1,185,781	1%	30 days	"	-	66,283	1%	-
"	"	"	Purchase	7,302,042	10%	30 days	"	-	(798,738)	(10%)	-
"	Vietnam Dona Standard Footwear Co., Ltd	"	Sale	3,870,973	5%	75 days	"	-	809,179	7%	-
"	"	"	Purchase	17,210,540	22%	30 days	"	-	(1,284,223)	(16%)	-
"	Vung Tau Orient Co., Ltd	"	Sale	1,152,389	1%	120 days	"	-	311,052	3%	-
"	"	"	Purchase	3,088,997	4%	10 days	"	-	(181,636)	(2%)	-
"	Vietnam Nam Ha Footwear Company Limited	"	Sale	173,272	-	90 days	"	-	82,636	1%	-
"	"	"	Purchase	581,382	1%	10 days	"	-	(34,596)	-	-
Great Eastern Industries Limited	Fujian Xiefeng Footwear Company Limited	Associate	Sale	188,933	100%	20 days	"	-	4,759	33%	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	6,724,623	100%	20 days	"	-	357,256	99%	-
"	"	"	Purchase	1,824,884	36%	90 days	"	-	(478,643)	(72%)	-

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			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Fujian Lifeng Footwear Industrial Development Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	3,288,396	77%	15 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare with.	-	141,271	68%	-
"	"	"	Purchase	831,176	36%	15 days	"	-	(70,557)	(36%)	-
"	Fujian Xiefeng Footwear Company Limited	Associate	"	246,184	11%	10~15 days	"	-	(25,992)	(13%)	-
"	Fujian Putian Xie Feng Mold Company Limited	"	"	183,245	8%	10~15 days	"	-	(8,571)	(4%)	-
Fujian Xiefeng Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	3,985,787	72%	15 days	"	-	306,345	77%	-
"	"	"	Purchase	1,309,017	41%	15 days	"	-	(92,084)	(35%)	-
"	Fujian Lifeng Footwear Industrial Development Company Limited	Associate	Sale	246,184	4%	10~15 days	"	-	25,992	7%	-
"	Fujian San Feng Footwear Company Limited	"	"	213,236	4%	15~20 days	"	-	11,843	3%	-
"	Great Eastern Industries Limited	"	Purchase	188,933	6%	20 days	"	-	(4,759)	(2%)	-
"	Fujian Putian Xie Feng Mold Company Limited	"	"	220,729	7%	10~15 days	"	-	(9,486)	(4%)	-
Fujian San Feng Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	3,075,940	75%	15 days	"	-	162,547	86%	-
"	"	"	Purchase	689,182	30%	15 days	"	-	(36,858)	(22%)	-
"	Fujian Xiefeng Footwear Company Limited	Associate	"	213,236	9%	15~20 days	"	-	(11,843)	(7%)	-
"	Fujian Putian Xie Feng Mold Company Limited	"	"	169,811	7%	10~15 days	"	-	(16,394)	(10%)	-
Fujian Great Hope Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	1,112,585	99%	60 days	"	-	171,284	98%	-
"	"	"	Purchase	139,991	27%	15 days	"	-	(7,836)	(10%)	-
"	Fujian Putian Xie Feng Mold Company Limited	Associate	"	136,238	26%	10~60 days	"	-	(28,530)	(37%)	-
Fujian Putian Xie Feng Mold Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	182,413	18%	30 days	"	-	14,687	17%	-
"	"	"	Purchase	129,497	42%	15 days	"	-	(10,441)	(51%)	-
"	Fujian Xiefeng Footwear Company Limited	Associate	Sale	220,729	22%	10~15 days	"	-	9,486	11%	-
"	Fujian Lifeng Footwear Industrial Development	"	"	183,245	18%	"	"	-	8,571	10%	-
"	Fujian San Feng Footwear Company Limited	"	"	169,811	17%	"	"	-	16,394	19%	-
"	Fujian Great Hope Footwear Company Limited	"	"	136,238	14%	10~60 days	"	-	28,530	32%	-
"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	"	101,431	10%	15~30 days	"	-	9,598	11%	-

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			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Suzhou Yufeng Plastics Technology Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Purchase	306,955	73%	15 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare with	-	(54,297)	(85%)	-
"	Fujian Putian Xie Feng Mold Company Limited	Associate	"	101,431	24%	15~30 days	"	-	(9,598)	(15%)	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Associate	Sale	6,210,494	100%	Payment after Delivery	"	-	867,563	100%	-
Hong Kong Shoe Majesty Trading Company Limited	Vietnam Shoe Majesty Co., Ltd.	Associate	Purchase	6,210,494	100%	Payment after Delivery	"	-	(867,563)	(99%)	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	7,302,042	100%	30 days	"	-	798,738	100%	-
"	"	"	Purchase	1,185,781	65%	30 days	"	-	(66,283)	(19%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	Associate	"	168,070	9%	60 days	"	-	(16,786)	(5%)	-
"	Dona Victor Molds Mfg Co., Ltd.	"	"	220,413	12%	60 days	"	-	(9,724)	(3%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	174,967	10%	60 days	"	-	(17,443)	(5%)	-
Dona Pacific (Vietnam) Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	7,155,098	93%	15 days	"	-	362,791	88%	-
"	"	"	Purchase	1,634,155	81%	30 days	"	-	(110,879)	(29%)	-
"	Vietnam Dona Orient Co., Ltd.	Associate	Sale	229,836	3%	60 days	"	-	18,038	4%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	134,862	2%	60 days	"	-	12,085	3%	-
"	Dona Victor Footwear Co., Ltd.	"	"	168,070	2%	60 days	"	-	16,786	4%	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	6,459,522	72%	30 days	"	-	593,477	69%	-
"	"	"	Purchase	2,602,606	67%	30 days	"	-	(238,959)	(50%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	Associate	"	135,014	3%	60 days	"	-	(11,488)	(2%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	"	229,836	6%	60 days	"	-	(18,038)	(4%)	-
Dona Victor Molds Mfg Co., Ltd.	Dona Victor Footwear Co., Ltd.	Associate	Sale	220,413	28%	60 days	"	-	9,724	17%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	358,880	46%	60 days	"	-	21,053	37%	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	3,088,997	100%	10 days	"	-	181,636	99%	-
"	"	"	Purchase	1,152,389	90%	120 days	"	-	(311,052)	(77%)	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	17,210,540	97%	30 days	"	-	1,284,223	96%	-
"	"	"	Purchase	3,870,973	86%	75 days	"	-	(809,179)	(60%)	-
"	Dona Victor Footwear Co., Ltd.	Associate	Sale	174,967	1%	60 days	"	-	17,443	1%	-
"	Vietnam Dona Orient Co., Ltd.	"	"	135,014	1%	60 days	"	-	11,488	1%	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	Purchase	134,862	3%	60 days	"	-	(12,085)	(1%)	-
"	Dona Victor Molds Mfg. Co., Ltd.	"	"	358,880	8%	60 days	"	-	(21,053)	(2%)	-

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Vietnam Nam Ha Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	581,382	99%	10 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare with	-	34,596	100%	-
"	"	"	Purchase	173,272	80%	90 days	"	-	(82,636)	(43%)	-
India Tindivanam Footwear Private Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	431,695	82%	30 days	"	-	79,843	85%	-
"	"	"	Purchase	846,714	95%	90 days	"	-	(433,547)	(89%)	-
East Wind Footwear Company Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	3,726,977	99%	30 days	"	-	529,159	99%	-
"	"	"	Purchase	1,487,291	94%	60 days	"	-	(343,464)	(82%)	-
Lotus Footwear Enterprises Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	5,262,384	96%	30 days	"	-	567,613	88%	-
"	"	"	Purchase	2,259,723	100%	60/90 days	"	-	(602,668)	(93%)	-
Fairway Enterprises Company Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	4,834,013	99%	30 days	"	-	336,528	96%	-
"	"	"	Purchase	2,104,556	98%	30 days	"	-	(353,643)	(87%)	-

Note: Reconciliated in the preparation of the consolidated report.

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

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	478,643	3.99	-	-	186,964	-
"	India Tindivanam Footwear Private Limited	"	433,547	3.18	85,540	-	18,896	-
"	Lotus Footwear Enterprises Limited (India Branch)	"	602,668	4.29	-	-	196,592	-
"	East Wind Footwear Company Limited (India Branch)	"	343,464	4.86	16,562	-	110,774	-
"	Fairway Enterprises Company Limited (India Branch)	"	353,643	6.69	-	-	200,051	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	110,879	13.52	-	-	107,142	-
"	Vietnam Dona Orient Co., Ltd.	"	238,959	5.76	-	-	230,552	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	809,179	5.02	-	-	306,320	-
"	Vung Tau Orient Co., Ltd.	"	311,052	3.76	-	-	52,000	-

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	357,256	17.21	-	-	357,094	-
Fujian Lifeng Footwear Industrial Development Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	141,271	24.93	-	-	141,271	-
Fujian Xiefeng Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	306,345	17.27	-	-	306,122	-
Fujian San Feng Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	162,547	27.59	-	-	162,547	-
Fujian Great Hope Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	171,284	6.22	-	-	146,658	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Associate	867,563	7.05	-	-	-	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	798,738	9.32	-	-	798,738	-
Dona Pacific (Vietnam) Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	362,791	20.03	-	-	362,791	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	593,477	9.96	-	-	593,477	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	181,636	19.97	-	-	181,636	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	1,284,223	20.14	-	-	1,279,550	-
East Wind Footwear Company Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	529,159	7.14	-	-	296,180	-
Lotus Footwear Enterprises Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	567,613	8.61	-	-	436,188	-
Fairway Enterprises Company Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	336,528	12.29	-	-	336,528	-

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

- ix. Trading in derivative instruments: None
- x. Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollar)

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	1	Sales revenue	1,824,884	Note 3	2.0859%
"	"	"	"	Cost of sales	6,724,623	Note 3	7.6864%
"	"	"	"	Accounts receivable due from related parties	478,643	90 days	0.8800%
"	"	"	"	Accounts payable to related parties	357,256	20 days	0.6568%
"	"	India Tindivanam Footwear Private Limited	"	Sales revenue	846,714	Note 3	0.9678%
"	"	"	"	Cost of sales	431,695	Note 3	0.4934%

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

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	India Tindivanam Footwear Private Limited	1	Accounts receivable due from related parties	433,547	90 days	0.7971%
"	"	"	"	Accounts payable to related parties	79,843	30 days	0.1468%
"	"	Lotus Footwear Enterprises Limited (India Branch)	"	Sales revenue	2,259,723	Note 3	2.5829%
"	"	"	"	Cost of sales	5,262,384	Note 3	6.0150%
"	"	"	"	Accounts receivable due from related parties	602,668	60/90 days	1.1080%
"	"	"	"	Accounts payable to related parties	567,613	30 days	1.0435%
"	"	East Wind Footwear Company Limited (India Branch)	"	Sales revenue	1,487,291	Note 3	1.7000%
"	"	"	"	Cost of sales	3,726,977	Note 3	4.2600%
"	"	"	"	Accounts receivable due from related parties	343,464	60 days	0.6315%
"	"	"	"	Accounts payable to related parties	529,159	30 days	0.9728%
"	"	Fairway Enterprises Company Limited (India Branch)	"	Sales revenue	2,104,556	Note 3	2.4056%
"	"	"	"	Cost of sales	4,834,013	Note 3	5.5254%
"	"	"	"	Accounts receivable due from related parties	353,643	30 days	0.6502%
"	"	"	"	Accounts payable to related parties	336,528	30 days	0.6187%
"	"	Fujian Lifeng Footwear Industrial Development Company Limited	"	Sales revenue	831,176	Note 3	0.9501%
"	"	"	"	Cost of sales	3,288,396	Note 3	3.7587%
"	"	"	"	Accounts receivable due from related parties	70,557	15 days	0.1297%
"	"	"	"	Accounts payable to related parties	141,271	15 days	0.2597%
"	"	Fujian San Feng Footwear Company Limited	"	Sales revenue	689,182	Note 3	0.7877%
"	"	"	"	Cost of sales	3,075,940	Note 3	3.5159%
"	"	"	"	Accounts receivable due from related parties	36,858	15 days	0.0678%
"	"	"	"	Accounts payable to related parties	162,547	15 days	0.2988%
"	"	Fujian Xiefeng Footwear Company Limited	"	Sales revenue	1,309,017	Note 3	1.4962%
"	"	"	"	Cost of sales	3,985,787	Note 3	4.5558%
"	"	"	"	Accounts receivable due from related parties	92,084	15 days	0.1693%
"	"	"	"	Accounts payable to related parties	306,345	15 days	0.5632%
"	"	Fujian Great Hope Footwear Company Limited	"	Sales revenue	139,991	Note 3	0.1600%
"	"	"	"	Cost of sales	1,112,585	Note 3	1.2717%
"	"	"	"	Accounts receivable due from related parties	7,836	15 days	0.0144%

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

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	Fujian Great Hope Footwear Company Limited	1	Accounts payable to related parties	171,284	60 days	0.3149%
"	"	Fujian Putian Xie Feng Mold Company Limited	"	Sales revenue	129,497	Note 3	0.1480%
"	"	"	"	Cost of sales	182,413	Note 3	0.2085%
"	"	"	"	Accounts receivable due from related parties	10,441	15 days	0.0192%
"	"	"	"	Accounts payable to related parties	14,687	30 days	0.0270%
"	"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sales revenue	306,955	Note 3	0.3509%
"	"	"	"	Accounts receivable due from related parties	54,297	15 days	0.0998%
"	"	Dona Pacific (Vietnam) Co., Ltd.	"	Sales revenue	1,634,155	Note 3	1.8679%
"	"	"	"	Cost of sales	7,155,098	Note 3	8.1784%
"	"	"	"	Accounts receivable due from related parties	110,879	30 days	0.2038%
"	"	"	"	Accounts payable to related parties	362,791	15 days	0.6670%
"	"	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	2,602,606	Note 3	2.9748%
"	"	"	"	Technical service income	168,703	Note 4	0.1928%
"	"	"	"	Cost of sales	6,459,522	Note 3	7.3834%
"	"	"	"	Accounts receivable due from related parties	238,959	30 days	0.4393%
"	"	"	"	Accounts payable to related parties	593,477	30 days	1.0911%
"	"	Dona Victor Footwear Co., Ltd.	"	Sales revenue	1,185,781	Note 3	1.3554%
"	"	"	"	Cost of sales	7,302,042	Note 3	8.3464%
"	"	"	"	Accounts receivable due from related parties	66,283	30 days	0.1219%
"	"	"	"	Accounts payable to related parties	798,738	30 days	1.4685%
"	"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sales revenue	3,870,973	Note 3	4.4246%
"	"	"	"	Cost of sales	17,210,540	Note 3	19.6720%
"	"	"	"	Accounts receivable due from related parties	809,179	75 days	1.4877%
"	"	"	"	Accounts payable to related parties	1,284,223	30 days	2.3610%
"	"	Vung Tau Orient Co., Ltd.	"	Sales revenue	1,152,389	Note 3	1.3172%
"	"	"	"	Cost of sales	3,088,997	Note 3	3.5308%
"	"	"	"	Accounts receivable due from related parties	311,052	120 days	0.5719%
"	"	"	"	Accounts payable to related parties	181,636	10 days	0.3339%
"	"	Vietnam Nam Ha Footwear Company Limited	"	Sales revenue	173,272	Note 3	0.1981%
"	"	"	"	Cost of sales	581,382	Note 3	0.6645%

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

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	Vietnam Nam Ha Footwear Company Limited	1	Accounts receivable due from related parties	82,636	90 days	0.1519%
"	"	"	"	Accounts payable to related parties	34,596	10 days	0.0636%
1	Great Eastern Industries Limited.	Fujian Xiefeng Footwear Company Limited	3	Sales revenue	188,933	Note 3	0.2160%
"	"	"	"	Accounts receivable due from related parties	4,759	20 days	0.0087%
2	Fujian Xiefeng Footwear Company Limited	Fujian Lifeng Footwear Industrial Development Company Limited	3	Sales revenue	246,184	Note 3	0.2814%
"	"	"	"	Accounts receivable due from related parties	25,992	10~15 days	0.0478%
"	"	Fujian San Feng Footwear Company Limited	"	Sales revenue	213,236	Note 3	0.2437%
"	"	"	"	Accounts receivable due from related parties	11,843	15~20 days	0.0218%
3	Fujian Putian Xie Feng Mold Company Limited	Fujian Xiefeng Footwear Company Limited	3	Sales revenue	220,729	Note 3	0.2523%
"	"	"	"	Accounts receivable due from related parties	9,486	10~15 days	0.0174%
"	"	Fujian Lifeng Footwear Industrial Development Company Limited	"	Sales revenue	183,245	Note 3	0.2095%
"	"	"	"	Accounts receivable due from related parties	8,571	10~15 days	0.0158%
"	"	Fujian Great Hope Footwear Company Limited	"	Sales revenue	136,238	Note 3	0.1557%
"	"	"	"	Accounts receivable due from related parties	28,530	10~60 days	0.0525%
"	"	Fujian San Feng Footwear Company Limited	"	Sales revenue	169,811	Note 3	0.1941%
"	"	"	"	Accounts receivable due from related parties	16,394	10~15 days	0.0301%
"	"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sales revenue	101,431	Note 3	0.1159%
"	"	"	"	Accounts receivable due from related parties	9,598	15~30 days	0.0176%
4	Dona Pacific (Vietnam) Co., Ltd.	Vietnam Dona Orient Co., Ltd.	3	Sales revenue	229,836	Note 3	0.2627%
"	"	"	"	Accounts receivable due from related parties	18,038	60 days	0.0332%
"	"	Vietnam Dona Standard Footwear Co.,	"	Sales revenue	134,862	Note 3	0.1542%
"	"	"	"	Accounts receivable due from related parties	12,085	60 days	0.0222%
"	"	Dona Victor Footwear Co., Ltd.	"	Sales revenue	168,070	Note 3	0.1921%
"	"	"	"	Accounts receivable due from related parties	16,786	60 days	0.0309%
5	Dona Victor Molds Mfg Co., Ltd.	Dona Victor Footwear Co., Ltd.	3	Sales revenue	220,413	Note 3	0.2519%
"	"	"	"	Accounts receivable due from related parties	9,724	60 days	0.0179%

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

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
5	Dona Victor Molds Mfg Co., Ltd.	Vietnam Dona Standard Footwear Co., Ltd.	3	Sales revenue	358,880	Note 3	0.4102%
"	"	"	"	Accounts receivable due from related parties	21,053	60 days	0.0387%
6	Vietnam Dona Standard Footwear Co.,	Dona Victor Footwear Co., Ltd.	3	Sales revenue	174,967	Note 3	0.2000%
"	"	"	"	Accounts receivable due from related parties	17,443	60 days	0.0321%
"	"	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	135,014	Note 3	0.1543%
"	"	"	"	Accounts receivable due from related parties	11,488	60 days	0.0211%

Note 1: The numbers filled in as follows:

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

Note 2: Transactions labeled as follows:

1. represents transactions between the parent company and its subsidiaries.
2. represents transactions between the subsidiaries and the parent company.
3. represents transactions between subsidiaries.

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

Note 4: Revenue is calculated based on a certain ratio determined by the contract, and there are no other transactions with non-related party to compare with.

(b) Information on investment

The following is the information on investment for the year ended December 31, 2024
(excluding information on investment in Mainland China):

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Highest balance during the year Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value				
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	1,324,722	1,324,722	53,999	99.99%	1,142,889	99.99%	(99,820)	(99,818)	Subsidiary (Note 5)
"	PT Rich Valley Indonesia	"	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	1,063,389	1,063,389	519,990	99.99%	1,181,608	99.99%	(3,024)	(3,024)	"
"	Growth-Link Overseas Company Limited	Bermuda	Investment holding	5,521,531	5,521,531	6,000,000	100.00%	16,990,365	100.00%	2,543,651	2,543,651	"
"	VX Holdings Limited	British Virgin Islands	Investment holding	446,117	446,117	38,280	47.26%	863,799	47.26%	145,161	68,603	"
"	Shoe Majesty Co., Ltd.	"	Investment holding	203,466	203,466	6,120	20.40%	535,216	20.40%	324,642	66,227	Investee under the equity method

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Highest balance during the year Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value				
Feng Tay Enterprises Co., Ltd.	Dona Orient Holdings Limited	British Virgin Island	Investment holding	1,529,928	1,529,928	44,753	40.97%	4,263,986	40.97%	1,271,049	520,749	Subsidiary (Note 5)
"	Great Eastern Industrises Limited	Hong Kong	International trade services	30,358	30,358	1,000	100.00%	37,791	100.00%	4,729	4,729	"
"	Great South Private Limited	Singapore	Investment holding	37,946	35,517	1,700	100.00%	16,741	100.00%	1,260	1,260	"
"	India Tindivandam Footwear Private Limited	India	Manufacturing of athletic shoes, semi-finished footwear and footwear accessories	1,748,180	1,052,345	462,007,967	95.85%	1,383,147	95.85%	(299,279)	(282,721)	Subsidiary (Note 3&5)
Growth-Link Overseas Company Limited	VX Mold Company Limited	British Virgin Islands	Investment holding	16,394	16,394	372,000	93.00%	280,311	93.00%	217,825	202,577	Subsidiary (Note 5)
"	VX Holdings Limited	"	Investment holding	311,237	311,237	36,342	44.87%	839,771	44.87%	145,161	65,129	Investee under the equity method (Note 5)
"	Dona Pacific Holdings Limited	"	Investment holding	408,343	408,343	23,000	92.00%	1,660,970	92.00%	469,344	431,797	Subsidiary (Note 5)
"	Shoe Majesty Co., Ltd.	"	Investment holding	263,363	263,363	8,580	28.60%	781,005	28.60%	324,642	92,848	Investee under the equity method (Note 5)
"	Dona Orient Holdings Limited	"	Investment holding	2,155,522	2,155,522	64,483	59.03%	6,417,829	59.03%	1,271,049	750,300	Subsidiary (Note 5)
"	Lotus Footwear Enterprises Limited	"	Investment holding business, and manufacturing and selling of finished shoes	2,227,289	2,227,289	34,020	88.00%	4,385,138	88.00%	495,823	436,325	"
"	PT Rich Valley Indonesia	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	23	23	10	0.01%	23	0.01%	(3,024)	-	Investee under the equity method (Note 5)
"	PT Feng Tay Indonesia Enterprises	"	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	23	23	1	0.01%	22	0.01%	(99,820)	(2)	"
"	Cheyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	-	-	1	0.01%	-	0.01%	67,136	-	"
VX Holdings Limited	Dona Victor Footwear Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,079,738	1,079,738	Note 4	100.00%	1,869,378	100.00%	145,968	145,968	Subsidiary (Note 5)
Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Hong Kong	International trade services	6,547	6,547	200	100.00%	165,800	100.00%	52,135	52,135	Subsidiary
"	Vietnam Shoe Majesty Co., Ltd.	Vietnam	Manufacturing footwear products	1,211,195	1,211,195	Note 4	100.00%	2,508,926	100.00%	276,135	276,135	"
Dona Orient Holdings Limited	Vietnam Dona Orient Co., Ltd.	"	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,440,340	1,440,340	"	100.00%	2,751,708	100.00%	938,195	938,195	Subsidiary (Note 5)

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Highest balance during the year Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value				
Dona Orient Holdings Limited	Vietnam Dona Standard Footwear Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	2,478,040	2,478,040	Note 4	100.00%	5,548,388	100.00%	796,973	796,973	Subsidiary (Note 5)
"	Vung Tau Orient Co., Ltd.	"	Producing golf balls, soccer balls, and backpack, bags	1,185,767	923,887	"	100.00%	1,061,897	100.00%	(85,600)	(85,600)	"
Dona Orient Holdings Limited	Vietnam Nam Ha Footwear Company Limited	"	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	2,029,570	2,029,570	"	100.00%	1,507,035	100.00%	(377,776)	(377,776)	Subsidiary (Note 5)
VX Mold Company Limited	Dona Victor Molds Mfg. Co., Ltd.	Vietnam	Manufacturing and repair of molds, cutting dies, and processing of metal parts	101,479	101,479	Note 4	100.00%	298,604	100.00%	218,516	218,516	"
Dona Pacific Holdings Limited	Dona Pacific (Vietnam) Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	654,700	654,700	Note 4	100.00%	1,804,173	100.00%	470,050	470,050	Subsidiary (Note 5)
Lotus Footwear Enterprises Limited	Cheygar SEZ Developers Private Limited	India	Development in India's Industrial Park	3,924,716	3,924,716	117,999,999	99.99%	3,054,203	99.99%	67,136	67,136	Subsidiary (Note 5)
"	East Wind Footwear Company Limited	British Virgin Islands	Investment holding and production of athletic shoes	535,899	541,182	9,751	100.00%	941,719	100.00%	157,958	157,958	"
"	Fairway Enterprises Company Limited	"	Investment holding and production of athletic shoes	1,499,044	1,499,044	29,501	100.00%	1,791,409	100.00%	222,661	222,661	"

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

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

Note 3: Based on the unreviewed financial statements as of December 31, 2024.

Note 4: Unissued shares of the Vietnamese entities.

Note 5: Included in the consolidated financial statements.

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

Note 7: The difference between the investee company's profit or loss for the current period and the investment income recognized by the investing company for the current period is mainly due to the realization of sales gross profit.

(c) Information on investment in mainland China

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

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

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024 (Note 7)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024 (Note 7)	Net income (losses) of the investee (Note 8)	Percentage of ownership	Highest Percentage of ownership during the year	Investment income (losses) (Note 3 and 8)	Book value (Note 7)	Accumulated remittance of earnings in current period (Note 8)
					Outflow	Inflow							
Fujian Wu Feng Department Store Co., Ltd.	Wholesale and retail of general merchandise, and related services.	147,308	Note 1	179,373	-	-	179,373	7,540	50.00%	50.00%	3,770	29,989	108,586
Fujian Putian Xie Feng Mold Company Limited	Manufacturing and repair of molds, cutting dies, shoe lasts, injections, and processing of metal parts.	98,205	"	157,235	-	-	157,235	239,098	50.34%	50.34%	120,350	200,175	1,398,615
Fujian Xiefeng Footwear Company Limited	Producing athletic shoes, semi-finished footwear, and footwear accessories.	491,025	"	185,681	-	-	185,681	209,097	77.50%	77.50%	162,050	684,478	1,172,299
Fujian San Feng Footwear Company Limited	Producing athletic shoes, semi-finished footwear, and footwear accessories.	491,025	"	297,094	-	-	297,094	150,750	68.00%	68.00%	102,510	427,718	1,133,574
Fujian Da Feng Holdings Company Limited	Investment holding.	883,845	"	916,951	-	-	916,951	453,070	70.00%	70.00%	317,149	1,868,317	7,097,258
Fujian Great Hope Footwear Company Limited	Production of athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	260,243	"	438,142	-	-	438,142	94,775	84.73%	84.73%	80,307	361,408	787,735
Fujian Lifeng Footwear Industrial Development Company Limited	Producing athletic shoes, semi-finished footwear, and footwear accessories.	491,025	Note 2	-	-	-	-	196,400	70.00%	70.00%	137,480	484,280	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	83,891	"	-	-	-	-	70,744	66.07%	66.07%	46,737	177,249	-

ii. Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2024 (Note 4 and 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5 and 7)	Upper Limit on Investment (Note 6)
2,174,476	2,964,238	17,297,329

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

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

Note 3: Recognized profit and loss from investment for the current period is based on the financial statements reviewed by the parent company's certified public accountants.

Note 4: The cumulative investment amount has been deducted by capital increase from retained earnings of USD 3,939,943, capital repatriation of USD 20,185,981, but not yet deducted the cumulative amount of profit repatriation from Mainland China authorized by the Investment Commission of USD 364,251,035.

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

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

Note 7: Calculated based on the closing exchange rate of 32.735 on December 31, 2024.

Note 8: Calculated based on the average closing exchange rate of 32.1154 between January and the end of December 2024.

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

iii Significant transactions:

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

(d) Major shareholders

Shareholding Shareholder's Name	Shares	Percentage
WANG LIOU, MEI-HUEI	106,873,822	10.82 %
CHEN, HUI-LING	63,890,013	6.46 %

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

(14) Segment information

(a) General information

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

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

	Department of manufacturing and selling shoes	Other Departments	Reconciliation and elimination	Total
2024				
Revenue				
Revenue from external customers \$	83,370,220	4,117,250	-	87,487,470
Intersegment revenues	77,973,026	3,859,874	(81,832,900)	-
Total revenue	\$ 161,343,246	7,977,124	(81,832,900)	87,487,470
Interest expenses \$	255,297	29,674	(998)	283,973
Depreciation and amortization	3,111,998	209,010	(151,275)	3,169,733
Share of profit (loss) of associates and joint ventures accounted for using equity method	2,977,634	-	(2,818,559)	159,075
Impairment of assets	33,754	-	-	33,754
Reportable segment profit or loss \$	8,669,505	(22,069)	(65,390)	8,582,046

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

	Department of manufacturing and selling shoes	Other Departments	Reconciliation and elimination	Total
2023				
Revenue				
Revenue from external customers	\$ 81,555,888	4,211,376	-	85,767,264
Intersegment revenues	76,812,917	3,168,233	(79,981,150)	-
Total revenue	\$ 158,368,805	7,379,609	(79,981,150)	85,767,264
Interest expenses	\$ 228,101	25,188	(1,169)	252,120
Depreciation and amortization	2,800,066	180,174	(153,269)	2,826,971
Share of profit (loss) of associates and joint ventures accounted for using equity method	1,808,916	-	(1,731,665)	77,251
Impairment of assets	5,914	17	-	5,931
Reportable segment profit or loss	\$ 7,144,907	(73,982)	10,154	7,081,079

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

Total reportable segment revenue after deducting the intersegment revenue was \$81,832,900 thousand in 2024 (2023: \$98,170,712 thousand)

(b) Product and service information

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

Product and services	2024	2023
Manufacturing and sales of shoes	\$ 83,370,220	81,555,888
Others	4,117,250	4,211,376
Total	\$ 87,487,470	85,767,264

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

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, please refer to Note (6)(q), and non-current assets are based on the geographical location of the assets.

<u>Geographical information</u>	<u>2024</u>	<u>2023</u>
Non-current assets:		
Vietnam	\$ 9,665,297	9,700,700
India	7,154,196	6,460,316
Taiwan	4,053,540	3,642,230
Mainland China	2,412,671	2,227,183
Indonesia	2,949,036	2,961,317
Other countries	38,358	65,931
Total	<u>\$ 26,273,098</u>	<u>25,057,677</u>

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

(d) Major customers

	<u>2024</u>	<u>2023</u>
A customer of shoe manufacturing and sales division \$	<u>75,278,780</u>	<u>73,037,395</u>

FENG TAY ENTERPRISES CO., LTD.

PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

Address: No. 52 Kegong 8th Rd., Douliou City, Yunlin County 640111, Taiwan
Telephone: (05)537-9100

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



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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, 2024 and 2023, and the statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024 and 2023 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, 2024, 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 7, 2025

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023		January 1, 2023 (Restatement)				December 31, 2024		December 31, 2023		January 1, 2023 (Restatement)	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Notes (6)(a) and (6)(m))	\$ 1,329,471	3	581,197	2	1,607,640	4	2100	Short-term borrowings (Note (6)(i))	\$ 2,000,000	5	1,660,000	4	-	-
1170	Accounts receivable (Notes (6)(b) and (6)(p))	7,611,689	18	7,520,784	19	8,146,459	20	2150	Notes payable	527,407	1	482,988	1	456,256	1
1180	Accounts receivable due from related parties, net							2170	Accounts payable	1,472,276	3	1,358,191	3	1,388,321	3
	(Notes (6)(b), (6)(p) and (7))	4,104,105	10	3,790,422	10	3,792,962	9	2180	Accounts payable to related parties (Note (7))	5,922,365	14	4,864,161	12	4,948,014	13
1200	Other receivables (Note (7))	95,585	-	106,097	-	543,033	2	2200	Other payables (Note (7))	1,358,666	3	1,017,373	3	1,785,217	4
1220	Total current tax assets (Note (6)(m))	24,308	-	18,026	-	-	-	2230	Current tax liabilities	588,525	1	1,509,426	4	1,654,662	4
130X	Inventories (Note (6)(c))	174,214	-	193,891	-	110,990	-	2280	Current lease liabilities (Note (6)(k))	-	-	-	-	670	-
1476	Other current financial assets (Note (8))	-	-	20	-	-	-	2300	Other current liabilities	14,958	-	15,989	-	14,843	-
1479	Other current assets, others	133,016	-	173,392	-	199,116	1		Total current liabilities	11,884,197	27	10,908,128	27	10,247,983	25
	Total current assets	13,472,388	31	12,383,829	31	14,400,200	36	Non-Current liabilities:							
Non-current assets:								2540	Long-term borrowings (Note (6)(j))	1,500,000	4	1,470,000	4	852,000	2
1550	Investments accounted for using equity method							2570	Deferred tax liabilities (Note (6)(m))	3,078,748	7	3,041,010	8	3,378,045	9
	(Note (6)(d))	26,415,542	60	23,407,876	59	22,552,463	55	2580	Non-current lease liabilities (Note (6)(k))	-	-	-	-	31,042	-
1600	Property, plant and equipment (Notes (6)(e) and (7))	3,448,252	8	3,078,412	8	3,067,882	8	2640	Non current net defined benefit liability (Note (6)(l))	523,306	1	843,335	2	915,891	2
1755	Right-of-use assets (Note (6)(f))	-	-	-	-	33,080	-		Total non-current liabilities	5,102,054	12	5,354,345	14	5,176,978	13
1760	Investment Property, net (Note (6)(g))	6,858	-	6,858	-	6,858	-		Total liabilities	16,986,251	39	16,262,473	41	15,424,961	38
1780	Intangible assets (Note (6)(h))	51,059	-	38,927	-	34,980	-	Equity (Note (6)(n)):							
1840	Deferred tax assets (Note (6)(m))	194,314	-	297,450	1	308,227	1	3100	Total capital stock	9,874,828	22	9,874,828	25	8,816,811	22
1900	Other non-current assets	237,668	1	208,330	1	13,067	-	3200	Capital surplus	49,085	-	53,750	-	51,160	-
1980	Other non-current financial assets (Note (8))	221	-	1,039	-	1,558	-		Retained earnings:						
	Total non-current assets	30,353,914	69	27,038,892	69	26,018,115	64	3310	Legal reserve	6,979,145	16	6,476,443	16	5,577,243	14
								3320	Special reserve	1,127,303	3	1,053,529	3	2,559,457	6
								3350	Unappropriated retained earnings	8,449,684	19	6,829,001	17	9,042,212	22
								Other equity interest:							
								3410	Exchange differences on translation of foreign						
									financial statements	360,006	1	(1,127,303)	(2)	(1,053,529)	(2)
									Total equity	26,840,051	61	23,160,248	59	24,993,354	62
Total assets		\$ 43,826,302	100	39,422,721	100	40,418,315	100	Total liabilities and equity		\$ 43,826,302	100	39,422,721	100	40,418,315	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, 2024 and 2023

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

		2024		2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Total operating revenue (Notes (6)(p) and (7))	\$ 85,302,224	100	83,209,526	100
5000	Operating costs (Notes (6)(c) and (7))	<u>(76,994,530)</u>	<u>(90)</u>	<u>(75,334,485)</u>	<u>(91)</u>
5900	Gross profit from operations	8,307,694	10	7,875,041	9
5910	Less: Unrealized profit from sales	508,537	1	467,230	1
5920	Add: Realized profit from sales	<u>467,230</u>	<u>1</u>	<u>506,180</u>	<u>1</u>
		<u>8,266,387</u>	<u>10</u>	<u>7,913,991</u>	<u>9</u>
	Operating expenses:				
6100	Less: Selling and administration expenses	2,202,420	3	1,689,998	2
6300	Less: Research and development expenses	<u>2,696,785</u>	<u>3</u>	<u>2,445,666</u>	<u>3</u>
	Total operating expenses	<u>4,899,205</u>	<u>6</u>	<u>4,135,664</u>	<u>5</u>
	Operating income	<u>3,367,182</u>	<u>4</u>	<u>3,778,327</u>	<u>4</u>
	Non-operating income and expenses:				
7100	Interest income (Note (6)(r))	19,700	-	26,663	-
7010	Other income (Note (6)(r))	254,357	-	287,332	-
7020	Other gains and losses, net (Notes (6)(r) and (7))	732,566	1	312,969	-
7050	Finance costs (Note (6)(r))	<u>(48,251)</u>	<u>-</u>	<u>(27,489)</u>	<u>-</u>
7070	Share of profit of associates and joint ventures accounted for using equity method, net (Note (6)(d))	<u>2,819,656</u>	<u>3</u>	<u>1,761,506</u>	<u>2</u>
	Total non-operating income and expenses	<u>3,778,028</u>	<u>4</u>	<u>2,360,981</u>	<u>2</u>
7900	Profit from continuing operations before tax	7,145,210	8	6,139,308	6
7950	Income tax expenses (Note (6)(m))	<u>(1,275,672)</u>	<u>(1)</u>	<u>(1,164,400)</u>	<u>(1)</u>
	Net profit	<u>5,869,538</u>	<u>7</u>	<u>4,974,908</u>	<u>5</u>
	Other comprehensive income (loss):				
8310	Item that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plan	317,190	-	80,986	-
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	320,045	-	(12,675)	-
8349	Income tax related to components of other comprehensive income (loss) that may not be reclassified to profit or loss	<u>(63,438)</u>	<u>-</u>	<u>(16,197)</u>	<u>-</u>
	Item that will not be reclassified subsequently to profit or loss	<u>573,797</u>	<u>-</u>	<u>52,114</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	1,618,016	2	(20,068)	-
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	<u>(124,375)</u>	<u>-</u>	<u>(53,841)</u>	<u>-</u>
8399	Income tax related to components of other comprehensive income (loss) that may be reclassified to profit or loss	<u>(6,332)</u>	<u>-</u>	<u>135</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss	<u>1,487,309</u>	<u>2</u>	<u>(73,774)</u>	<u>-</u>
	Other comprehensive income (loss)	<u>2,061,106</u>	<u>2</u>	<u>(21,660)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 7,930,644</u>	<u>9</u>	<u>4,953,248</u>	<u>5</u>
	Basic earnings per share (Note (6)(o))				
9750	Basic earnings per share (dollars)	<u>\$ 5.94</u>		<u>5.04</u>	

The accompanying notes are an integral part of the financial statements

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)

FENG TAY ENTERPRISES CO., LTD.**Statements of Changes in Equity****For the Years Ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<u>Share capital</u>		<u>Retained earnings</u>			<u>Total other equity interest</u>	<u>Total equity</u>
	<u>Ordinary shares</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Exchange differences on translation of foreign financial statements</u>	
Balance on January 1, 2023	\$ 8,816,811	51,160	5,577,243	2,559,457	9,042,212	(1,053,529)	24,993,354
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
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
Net profit	-	-	-	-	5,869,538	-	5,869,538
Other comprehensive income	-	-	-	-	573,797	1,487,309	2,061,106
Total comprehensive income	-	-	-	-	6,443,335	1,487,309	7,930,644
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	502,702	-	(502,702)	-	-
Special reserve appropriated	-	-	-	73,774	(73,774)	-	-
Cash dividends of ordinary share	-	-	-	-	(4,246,176)	-	(4,246,176)
Other changes in capital surplus:							
Due to donated assets received	-	1,231	-	-	-	-	1,231
Changes in ownership interests in subsidiaries	-	(5,896)	-	-	-	-	(5,896)
Balance on December 31, 2024	<u>\$ 9,874,828</u>	<u>49,085</u>	<u>6,979,145</u>	<u>1,127,303</u>	<u>8,449,684</u>	<u>360,006</u>	<u>26,840,051</u>

The accompanying notes are an integral part of the financial statements

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)
FENG TAY ENTERPRISES CO., LTD.

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 7,145,210	6,139,308
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	223,916	216,015
Amortization expenses	38,330	24,492
Interest expenses	48,251	27,489
Interest income	(19,700)	(26,663)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(2,819,656)	(1,761,506)
(Gain) loss on disposal of property, plant and equipment	(6,465)	10,094
Profit from lease modification	-	(1,226)
Other items	41,307	(38,950)
Total adjustments to reconcile profit (loss)	(2,494,017)	(1,550,255)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in accounts receivable	(90,905)	625,675
Decrease (increase) in accounts receivable due from related parties	(313,683)	2,540
Decrease (increase) in other receivables	10,576	433,282
Decrease (increase) in inventories	19,677	(82,901)
Decrease (increase) in other current assets	22,406	21,344
Decrease (increase) in other current financial assets	20	(20)
Total changes in operating assets	(351,909)	999,920
Changes in operating liabilities:		
Increase (decrease) in notes payable	44,419	26,732
Increase (decrease) in accounts payable	114,085	(30,130)
Increase (decrease) in accounts payable to related parties	1,058,204	(83,853)
Increase (decrease) in other payable	293,898	(751,446)
Increase (decrease) in other current liabilities	200	2,066
Increase (decrease) in net defined benefit liability	(2,839)	8,430
Total changes in operating liabilities	1,507,967	(828,201)
Total changes in operating assets and liabilities	1,156,058	171,719
Total adjustments	(1,337,959)	(1,378,536)
Cash inflow generated from operations	5,807,251	4,760,772
Interest received	19,636	30,317
Interest paid	(47,847)	(28,061)
Income taxes paid	(2,113,781)	(1,665,602)
Net cash flows from operating activities	3,665,259	3,097,426
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(698,265)	(906,798)
Acquisition of property, plant and equipment	(595,780)	(273,104)
Proceeds from disposal of property, plant and equipment	30,276	15,946
Acquisition of intangible assets	(50,462)	(28,439)
Decrease (increase) in other non-current financial assets	818	519
Decrease (increase) in other non-current assets	(4,134)	(189,934)
Dividends received	2,276,738	1,766,927
Net cash flows from investing activities	959,191	385,117
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	340,000	1,660,000
Proceeds from long-term borrowings	1,500,000	1,470,000
Repayments of long-term debt	(1,470,000)	(852,000)
Payment of lease liabilities	-	1,958
Cash dividends paid	(4,246,176)	(6,788,944)
Net cash flows used in financing activities	(3,876,176)	(4,508,986)
Net increase (decrease) in cash and cash equivalents	748,274	(1,026,443)
Cash and cash equivalents at beginning of period	581,197	1,607,640
Cash and cash equivalents at end of period	\$ 1,329,471	581,197

The accompanying notes are an integral part of the financial statements

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

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

(1) Company history

Feng Tay Enterprises Co., Ltd. (hereinafter referred to as “the Company”), founded in 1971, is a manufacturer specialized in athletic shoes. Other business activities include developing and producing casual shoes, inline skates, ice skates, ski boots, cycling shoes, golf balls, soccer balls, backpack and handbags, ice hockey helmets and sticks, footwear accessories, as well as shoe molds and tools. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on February 18, 1992. The Company has a headquarter located at the Yunlin Science and Industrial Park, wherein it conducts order management, product development, technology research, finished goods and shoe material trade, and constant cultivation of multinational management talents, while its factories of mass production are spread throughout China, Vietnam, Indonesia, and India.

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

These financial statements were authorized for issue by the Board of Directors on March 7, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

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

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

(ii) Functional and presentation currency

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(c) Foreign Currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

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

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Impairment of financial assets

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

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

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

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

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

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

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

4) Derecognition of financial assets

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

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

(ii) Financial liabilities

1) Other financial liabilities

Financial liabilities are not held-for-trading and are not designated as those measured at fair value through profit or loss (including length period loans, payables, and other payables), the original recognition is based on the fair value plus the directly attributable payment easy cost measurement; subsequent effective interest method is used to measure the cost after amortization. Interest not capitalized as the cost of assets expenses are recognized in profit and loss and listed under non-operating income and expenses.

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(g) Inventories

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

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

(h) Investment in subsidiaries

The Company uses the equity method to evaluate an investee which is under control when preparing the financial statements. Under the equity method, the profit or loss and other comprehensive income shall be attributed to the owner of the parent on the basis of proportion of existing ownership interests. The Company's equity in the financial statement shall be equal to the share attributed to the parent in the financial statement.

Changes in the Company's ownership interests in subsidiaries do not result in loss of control of subsidiaries are equity transactions with owners.

(i) Joint arrangements

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

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(j) Investment Property

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

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

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

(k) Property, plant, and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

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

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

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

(iv) Reclassification to investment property

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

(l) Lease

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

(i) As a lessee

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

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

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

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

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

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

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

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

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

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

(m) Intangible assets

(i) Goodwill

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(ii) Other intangible assets

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

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

1) computer software: 3~5 years

The estimated useful lives and amortization method were reviewed at the end of the reporting period, and the change was accounted for as a change in accounting estimates.

(n) Impairment – non-financial assets

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

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

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

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

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

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

(o) Revenue

(i) Revenue from contracts with customers

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

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FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

1) Sale of goods

Revenue is recognized when the control of a product has been transferred to the customer. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

2) Financing components

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

(p) Government grants

The Company recognizes an unconditional government grant as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

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

(iii) Short-term employee benefits

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

(r) Income taxes

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

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

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

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

- (t) Operating segments

The Company has provided the operating segments disclosure in the consolidated financial statements.

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

In preparing these parent-company-only financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

The Company has no accounting policies that involve significant judgments and information that has a significant impact on its financial report.

Regarding the uncertainties of assumptions and estimates, there were no significant risks that may result in major adjustments in the following year.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash	\$ 325	325
Demand deposit and check deposit	12,627	5,654
Foreign exchange deposits	<u>1,316,519</u>	<u>575,218</u>
Cash and cash equivalents listed in the cash flow statement	<u><u>\$ 1,329,471</u></u>	<u><u>581,197</u></u>

Please refer to Note (6)(s) for the interest analysis and sensitivity analysis of the financial assets and liabilities of the Company.

In accordance with the IFRSs Q&A updated by the Securities and Futures Bureau of the Financial Supervisory Commission on January 5, 2024, the Company reclassified the balance of Repatriated Offshore Funds of \$497,387 thousand on January 1, 2023 from other current financial assets to cash and cash equivalents.

(b) Accounts receivable (including related parties)

	December 31, 2024	December 31, 2023
Accounts receivable due from non-related parties measured at amortized cost	\$ 7,611,689	7,528,756
Accounts receivable due from related parties-measured at amortized cost	4,104,105	3,790,422
Less: allowance for credit loss	<u>-</u>	<u>(7,972)</u>
	<u><u>\$ 11,715,794</u></u>	<u><u>11,311,206</u></u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

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

December 31, 2024			
	Gross carrying amount	Weighted- average loss rate	Allowance for credit loss provision
Current	\$ 10,973,003	0%	-
1 to 10 days past due	643,831	0%	-
11 to 60 days past due	81,011	0%	-
61 days to 1 year past due	17,949	0%	-
	<u>\$ 11,715,794</u>		<u>-</u>
December 31, 2023			
	Gross carrying amount	Weighted- average loss rate	Allowance for credit loss provision
Current	\$ 10,129,186	0%	-
1 to 10 days past due	1,096,068	0%	-
11 to 60 days past due	82,105	0%	-
61 days to 1 year past due	3,847	0%	-
More than 1 year past due	7,972	100%	7,972
	<u>\$ 11,319,178</u>		<u>7,972</u>

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

	2024	2023
Balance at January 1	\$ 7,972	7,972
Amounts written off	(7,972)	-
Balance at December 31	<u>\$ -</u>	<u>7,972</u>

As of December 31, 2024 and 2023, the accounts receivable of the company were not pledged as collateral for its loans.

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FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(c) Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$ 22,354	67,163
Work in process	102,703	119,227
Finished goods	4,192	136
Merchandise inventory	44,594	7,365
Inventory in transit	371	-
	<u>\$ 174,214</u>	<u>193,891</u>

The details of the costs of sales were as follows:

	2024	2023
Cost of goods sold	\$ 76,908,961	75,274,949
Technical service costs	85,389	59,506
Inventory scrap loss	77	25
Losses on obsolescence and inventory valuation	104	6
Net gains on inventories	(1)	(1)
Total	<u>\$ 76,994,530</u>	<u>75,334,485</u>

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

As of December 31, 2024 and 2023, the inventory of the company was not pledged as collateral for its loans.

(d) Investments accounted for using equity method

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

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 25,880,326	22,971,577
Joint ventures	535,216	436,299
	<u>\$ 26,415,542</u>	<u>23,407,876</u>

(i) Subsidiaries

Please refer to the consolidated financial report for the year ended December 31, 2024.

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FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(ii) Joint ventures

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

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

	December 31, 2024	December 31, 2023
Individually insignificant joint venture	<u>\$ 535,216</u>	<u>436,299</u>

The Company's share of the net income of associates was as follows:

	2024	2023
Attributable to the Company:		
Profit from continuing operations	\$ 66,227	32,162
Other comprehensive income (loss)	<u>32,690</u>	<u>(1,665)</u>
Comprehensive income	<u>\$ 98,917</u>	<u>30,497</u>

(iii) Collateral

As of December 31, 2024 and 2023, the investment accounted for using equity method of the Company was not pledged as collaterals for its loans.

(e) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment for the years ended December 31, 2024 and 2023 were as follows:

	Land	Buildings	Machinery and equipment	Computer and communication equipment	Testing equipment	Vehicles equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost or identified cost:										
Balance on January 1, 2024	\$ 1,210,526	2,503,521	1,064,233	136,921	121,169	36,870	51,753	78,189	47,914	5,251,096
Additions	-	11,678	64,776	21,337	3,483	4,586	300	3,503	507,904	617,567
Reclassification	-	43,188	54,080	-	853	-	-	-	(98,121)	-
Disposals	-	(858)	(80,046)	(11,654)	(10,138)	(3,041)	(657)	(481)	-	(106,875)
Balance on December 31, 2024	<u>\$ 1,210,526</u>	<u>2,557,529</u>	<u>1,103,043</u>	<u>146,604</u>	<u>115,367</u>	<u>38,415</u>	<u>51,396</u>	<u>81,211</u>	<u>457,697</u>	<u>5,761,788</u>
Balance on January 1, 2023	\$ 1,210,526	2,377,568	1,013,397	135,174	116,842	34,857	52,356	73,420	90,068	5,104,208
Additions	-	24,200	44,947	8,596	5,141	7,358	-	3,992	157,715	251,949
Reclassification	-	134,143	60,497	717	3,692	-	-	3,037	(199,869)	2,217
Disposals	-	(32,390)	(54,608)	(7,566)	(4,506)	(5,345)	(603)	(2,260)	-	(107,278)
Balance on December 31, 2023	<u>\$ 1,210,526</u>	<u>2,503,521</u>	<u>1,064,233</u>	<u>136,921</u>	<u>121,169</u>	<u>36,870</u>	<u>51,753</u>	<u>78,189</u>	<u>47,914</u>	<u>5,251,096</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

	Land	Buildings	Machinery and equipment	Computer and communication equipment	Testing equipment	Vehicles equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Depreciation and impairment losses:										
Balance on January 1, 2024	\$ -	1,027,155	793,010	116,991	102,788	22,544	48,078	62,118	-	2,172,684
Depreciation for the year	-	92,561	99,006	12,796	9,207	3,923	1,316	5,107	-	223,916
Disposals	-	(779)	(57,406)	(11,585)	(9,595)	(2,585)	(643)	(471)	-	(83,064)
Balance on December 31, 2024	<u>\$ -</u>	<u>1,118,937</u>	<u>834,610</u>	<u>118,202</u>	<u>102,400</u>	<u>23,882</u>	<u>48,751</u>	<u>66,754</u>	<u>-</u>	<u>2,313,536</u>
Balance on January 1, 2023	\$ -	955,737	742,017	112,468	98,291	23,835	47,030	56,948	-	2,036,326
Depreciation for the year	-	90,624	93,786	12,039	8,855	3,268	1,636	5,219	-	215,427
Disposals	-	(19,206)	(42,793)	(7,516)	(4,358)	(4,559)	(588)	(2,218)	-	(81,238)
Reclassification	-	-	-	-	-	-	-	2,169	-	2,169
Balance on December 31, 2023	<u>\$ -</u>	<u>1,027,155</u>	<u>793,010</u>	<u>116,991</u>	<u>102,788</u>	<u>22,544</u>	<u>48,078</u>	<u>62,118</u>	<u>-</u>	<u>2,172,684</u>
Book value:										
Balance on December 31, 2024	<u>\$ 1,210,526</u>	<u>1,438,592</u>	<u>268,433</u>	<u>28,402</u>	<u>12,967</u>	<u>14,533</u>	<u>2,645</u>	<u>14,457</u>	<u>457,697</u>	<u>3,448,252</u>
Balance on January 1, 2023	<u>\$ 1,210,526</u>	<u>1,421,831</u>	<u>271,380</u>	<u>22,706</u>	<u>18,551</u>	<u>11,023</u>	<u>5,326</u>	<u>16,472</u>	<u>90,068</u>	<u>3,067,882</u>
Balance on December 31, 2023	<u>\$ 1,210,526</u>	<u>1,476,366</u>	<u>271,223</u>	<u>19,930</u>	<u>18,381</u>	<u>14,326</u>	<u>3,675</u>	<u>16,071</u>	<u>47,914</u>	<u>3,078,412</u>

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

The Company has been constructing a new development center since the year 2023. As of December 31, 2024, the project was still ongoing, with the costs recorded as construction in progress and equipment to be inspected. For significant unrecognized contractual commitments related to the acquisition of property, plant, and equipment, please refer to Note (9)(b)

As of December 31, 2024 and 2023, the property, plant and equipment of the Company were not pledged as collateral for its loans.

(f) Right-of-use assets

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

	Land	Other	Total
Cost :			
Balance on January 1, 2023	\$ 46,570	2,217	48,787
Disposal/Write-off	(46,570)	-	(46,570)
Reclassification	-	(2,217)	(2,217)
Balance on December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

	<u>Land</u>	<u>Other</u>	<u>Total</u>
Accumulated depreciation and impairment losses:			
Balance on January 1, 2023	\$ 13,561	2,146	15,707
Depreciation	565	23	588
Disposal/Write-off	(14,126)	-	(14,126)
Reclassification	<u>-</u>	<u>(2,169)</u>	<u>(2,169)</u>
Balance on December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>
Book value:			
Balance on January 1, 2023	<u>\$ 33,009</u>	<u>71</u>	<u>33,080</u>
Balance on December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>

For the reduction and reclassification of the period, please refer to Note (6)(k) Lease Liabilities for details.

(g) Investment property

	<u>Owned assets</u> <u>Land</u>
Book value:	
Balance on December 31, 2024	\$ <u>6,858</u>
Balance on January 1, 2023	\$ <u>6,858</u>
Balance on December 31, 2023	\$ <u>6,858</u>
Fair value:	
Balance on December 31, 2024	\$ <u>37,269</u>
Balance on December 31, 2023	\$ <u>39,684</u>

Investment property was evaluated based on available public information and the area acquired on the transaction date, taking into consideration the condition and functions of the underlying asset, as well as the economy.

As of December 31, 2024 and 2023, the investment property of the Company was not pledged as collateral for its loans.

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FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(h) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2024 and 2023 were as follows:

	<u>Computer software</u>
Cost:	
Balance on January 1, 2024	\$ 72,889
Additions	50,462
Disposals	<u>(32,133)</u>
Balance on December 31, 2024	<u>\$ 91,218</u>
Balance on January 1, 2023	\$ 60,306
Additions	28,439
Disposals	<u>(15,856)</u>
Balance on December 31, 2023	<u>\$ 72,889</u>
Accumulated amortization and impairment losses	
Balance on January 1, 2024	\$ 33,962
Amortization for the year	38,330
Disposals	<u>(32,133)</u>
Balance on December 31, 2024	<u>\$ 40,159</u>
Balance on January 1, 2023	\$ 25,326
Amortization for the year	24,492
Disposals	<u>(15,856)</u>
Balance on December 31, 2023	<u>\$ 33,962</u>
Carrying amounts:	
Balance on December 31, 2024	<u>\$ 51,059</u>
Balance on January 1, 2023	<u>\$ 34,980</u>
Balance on December 31, 2023	<u>\$ 38,927</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

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

	<u>2024</u>	<u>2023</u>
Cost of sales	\$ 2,306	2,094
Operating expenses	<u>36,024</u>	<u>22,398</u>
Total	<u><u>\$ 38,330</u></u>	<u><u>24,492</u></u>

(i) Short-term borrowings

The details of the short-term loans of the Company were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured bank loans	<u>\$ 2,000,000</u>	<u>1,660,000</u>
Range of interest rates	<u>1.70%~1.80%</u>	<u>1.57%~1.58%</u>

(j) Long-term borrowings

The details of the long-term loans of the Company were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured bank loans	<u>\$ 1,500,000</u>	<u>1,470,000</u>
Range of interest rates	<u>1.95%</u>	<u>1.55%</u>
Expiration date	<u>2026.06.30</u>	<u>2025.06.27</u>

(k) Lease liabilities

The amounts recognized in profit or loss were as follows:

	<u>For the years ended December 31 2024</u>	<u>2023</u>
Interest expense on lease liabilities	<u>\$ -</u>	<u>42</u>

The amounts recognized in the cash flow statement were as follows:

	<u>For the years ended December 31 2024</u>	<u>2023</u>
Total cash outflow for leases	<u>\$ -</u>	<u>(1,916)</u>

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FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(i) Lease of land

The Company leased land for parking space with a lease term of 14 years. The lease agreement has been terminated due to the completion of self-built parking space.

(ii) Other leases

The Company leased telephone sets, with lease terms of three to five years. The Company shall have ownership of the asset at the end of the lease period, and reclassify it to other equipment.

(l) Employee benefits

(i) Defined the benefit plan

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

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	\$ 2,463,336	2,675,583
Fair value of plan assets	(1,940,030)	(1,832,248)
Net defined benefit liabilities	<u><u>\$ 523,306</u></u>	<u><u>843,335</u></u>

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

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance had amounted to \$1,940,030 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Defined benefit obligation on January 1	\$ 2,675,583	2,831,214
Current service cost and interest cost	47,446	56,833
Remeasurement loss (gain):		
— Actuarial gain arising from experience	(81,436)	(95,101)
— Actuarial (gain) loss arising from financial assumptions	(68,873)	26,531
Benefits paid	(109,384)	(143,894)
Defined benefit obligations on December 31	\$ 2,463,336	2,675,583

3) Movements of defined benefit plan assets

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

	For the years ended December 31	
	2024	2023
Fair value of plan assets on January 1	\$ 1,832,248	1,915,323
Interest income	24,430	28,099
Remeasurement gain (loss) :		
— Return on plan assets excluding interest income	166,881	12,416
Contributions paid by the employer	19,550	20,222
Benefits paid	(103,079)	(143,812)
Fair value of plan assets on December 31	\$ 1,940,030	1,832,248

4) Expenses recognized in profit or loss

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

	For the years ended December 31	
	2024	2023
Current service cost	\$ 11,557	15,150
Net interest of net liabilities for defined benefit obligations	11,459	13,584
	\$ 23,016	28,734
Operating costs	\$ 3,565	4,809
Selling and administration expenses	6,978	8,592
Research and development expenses	12,473	15,333
	\$ 23,016	28,734

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

5) Actuarial assumptions

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

	December 31, 2024	December 31, 2023
Discount rate	1.750 %	1.375 %
Future salary increases rate	5.000 %	5.000 %

The contribution to be made by the Company to the defined benefit plans within one year after the reporting date is \$19,600 thousand.

The weighted-average lifetime of the defined benefits plans is 8.68 years.

6) Sensitivity analysis

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

	Influences of defined benefit obligations	
	0.25% increase	0.25% decrease
December 31, 2024		
Discount rate	\$ (44,358)	45,580
Future salary increasing rate	43,152	(42,234)
December 31, 2023		
Discount rate	(52,667)	54,236
Future salary increasing rate	51,201	(49,997)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$130,616 thousand and \$123,248 thousand for the years ended December 31, 2024 and 2023, respectively.

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(m) Income taxes

(i) Income tax expenses

The income tax expenses of the Company were as follows:

	For the years ended December 31	
	2024	2023
Current income tax expense		
Current period	\$ 1,247,339	1,506,888
Adjustment for prior years	(42,771)	(168)
	<u>1,204,568</u>	<u>1,506,720</u>
Deferred income tax expense		
Origination and reversal of temporary differences	71,104	(342,320)
Income tax expense	<u><u>\$ 1,275,672</u></u>	<u><u>1,164,400</u></u>

The amounts of income tax recognized in other comprehensive income (loss) for 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u><u>\$ (63,438)</u></u>	<u><u>(16,197)</u></u>
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign financial statements	<u><u>\$ (6,332)</u></u>	<u><u>135</u></u>

Reconciliation of income tax and profit before tax for 2024 and 2023 were as follows:

	2024	2023
Profit before income tax	<u><u>\$ 7,145,210</u></u>	<u><u>6,139,308</u></u>
Income tax using the Company's domestic tax rate	\$ 1,429,042	1,227,862
Others income tax adjustments	16,103	23,073
Tax credit for foreign income	(56,702)	(86,966)
Investment tax credit	(70,000)	(70,000)
Changes in provision in prior periods	(42,771)	(168)
Additional tax on undistributed earnings	-	70,599
Income tax expenses	<u><u>\$ 1,275,672</u></u>	<u><u>1,164,400</u></u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

The changes in deferred income tax assets and liabilities during 2024 and 2023 were as follows:

	Gains on foreign investment	Others	Total
Deferred tax liabilities:			
Balance on January 1, 2024	\$ 2,979,188	61,822	3,041,010
Debit (credit) on income statement	50,418	(19,012)	31,406
Debit (credit) on other comprehensive income	-	6,332	6,332
Balance on December 31, 2024	<u>\$ 3,029,606</u>	<u>49,142</u>	<u>3,078,748</u>
Balance on January 1, 2023	\$ 3,167,912	210,133	3,378,045
Debit (credit) on income statement	(188,724)	(148,176)	(336,900)
Debit (credit) on other comprehensive income	-	(135)	(135)
Balance on December 31, 2023	<u>\$ 2,979,188</u>	<u>61,822</u>	<u>3,041,010</u>
	Defined Benefit Plans	Other	Total
Deferred tax assets:			
Balance on January 1, 2024	\$ 168,668	128,782	297,450
(Debit) credit on income statement	(568)	(39,130)	(39,698)
(Debit) credit on other comprehensive profit and loss	(63,438)	-	(63,438)
Balance on December 31, 2024	<u>\$ 104,662</u>	<u>89,652</u>	<u>194,314</u>
Balance on January 1, 2023	\$ 183,179	125,048	308,227
(Debit) credit on income statement	1,686	3,734	5,420
(Debit) credit on other comprehensive profit and loss	(16,197)	-	(16,197)
Balance on December 31, 2023	<u>\$ 168,668</u>	<u>128,782</u>	<u>297,450</u>

(iii) Assessment of tax

The Company's tax returns for the years up to 2021 have been assessed by the R.O.C. tax authorities.

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

In 2021, the dividends distributed by the subsidiaries of the Company are applicable to the regulations on repatriation of funds, the dividend amount is \$1,506,230 thousand, the tax rate is 10%, and the tax incentive amount is \$152,272 thousand. The amounts of restricted assets under the regulations on repatriation of funds on January 1, 2023, were \$497,387 thousand, which is recognized under other current financial assets. For the year, the restricted assets under the regulations on repatriation of funds were recognized under other current financial assets reclassified to cash and cash equivalents, please refer to Note (6)(a) for details.

(iv) Global Minimum Tax (GMT)

Some countries that the Company operates in have enacted new legislation to implement the global minimum top-up tax. The Company is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax in the countries which it operates in. As of December 31, 2024, the application of this new tax law was assessed to have no material impact on the Company. The Company recognizes the supplemental tax as current income tax when it is actually incurred, and the Company applies the temporary mandatory relief from deferred tax related to the supplemental tax.

(n) Capital and other equity

As of December 31, 2024 and 2023, the Company's total rated share capital amount to \$12,000,000 thousand, with a par value of \$10, and the number of shares all was 1,200,000 thousand ordinary shares. The aforementioned aggregate amount of rated equity is all ordinary shares. The issued shares are 987,483 thousand ordinary shares, all the consideration for issued shares has been received.

Reconciliation of shares outstanding for 2024 and 2023 were as follows:

	Ordinary Shares	
	For the years ended December 31	
	2024	2023
(Expressed in thousands of shares)		
Balance on January 1	987,483	881,681
Stock dividends	-	105,802
Balance on December 31	987,483	987,483

(i) Ordinary shares

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(ii) Capital surplus

The balances of capital surplus as of December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Treasury shares	\$ 4,143	4,143
Gain on disposal of assets	32,980	32,980
Capital surplus—premium from merger	2,160	2,160
Donation from shareholders	5,768	4,537
Issued shares of subsidiaries not recognized in proportion to shareholding	3,851	9,747
Difference between consideration and carrying amount of subsidiaries acquired or disposed	183	183
	<u>\$ 49,085</u>	<u>53,750</u>

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

(iii) Retain earnings

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

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

1) Legal reserve

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

2) Special reserve

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

3) Earnings distribution

On May 31, 2024, and June 21, 2023, the Company's shareholder's meetings resolved to distribute the 2023 and 2022 earnings, respectively. These earnings were appropriated as follows:

	For the years ended December 31			
	2023		2022	
	Amount (dollar)	Total	Amount (dollar)	Total
Dividends distributed to ordinary shareholders:				
Cash	\$ 4.30	4,246,176	7.70	6,788,944
Shares	-	-	1.20	1,058,017
Total		\$ 4,246,176		7,846,961

On March 7, 2025, the Company's Board of Directors proposed to distribute the 2024 earnings as follows:

	For the years ended December 31	
	2024	
	Amount (dollar)	Total
Dividends distributed to ordinary shareholders:		
Cash	\$ 5.10	5,036,162

(iv) Other equity interests after tax

	Exchange differences on translation of foreign financial statement
Balance on January 1, 2024	\$ (1,127,303)
Exchange differences on translation of foreign financial statement	1,611,684
Exchange differences on associates accounted for using equity method	(124,375)
Balance on December 31, 2024	\$ 360,006

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

	Exchange differences on translation of foreign financial statement
Balance on January 1, 2023	\$ (1,053,529)
Exchange differences on translation of foreign financial statement	(19,933)
Exchange differences on associates accounted for using equity method	(53,841)
Balance on December 31, 2023	<u>\$ (1,127,303)</u>

(o) Earnings per share

The calculation of the Company's basic earnings per share of for 2024 and 2023 were as follows:

	2024	2023
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ <u>5,869,538</u>	<u>4,974,908</u>
Weighted-average number of ordinary shares outstanding	987,483	987,483
Basic earnings per share (dollars)	\$ <u>5.94</u>	<u>5.04</u>

The Company did not intend to calculate diluted earnings per share on the assumption that, the compensation to employees and directors for the year ended December 31, 2024, was distributed in cash using the same method adopted for the preceding three years.

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31, 2024		
	Segments of footwear manufacturing and sales	Other segments	Total
Primary geographical markets			
Singapore	\$ 65,561,038	1,963,850	67,524,888
America	3,864,640	1,127,571	4,992,211
Switzerland	3,782,514	458	3,782,972
Mexico	2,034,428	71,427	2,105,855
Vietnam	1,716,849	197,555	1,914,404
Mainland China	1,566,377	10,262	1,576,639
India	921,223	-	921,223
Italy	125,576	1,109	126,685
Other countries	1,446,733	910,614	2,357,347
	<u>\$ 81,019,378</u>	<u>4,282,846</u>	<u>85,302,224</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2024			
	Segments of footwear manufacturing and sales	Other segments	Total
Major product/service lines:			
Manufacturing and sale of footwear	\$ 81,019,378	-	81,019,378
Others	-	4,282,846	4,282,846
	\$ 81,019,378	4,282,846	85,302,224
For the years ended December 31, 2023			
	Segments of footwear manufacturing and sales	Other segments	Total
Primary geographical markets			
Singapore	\$ 62,397,240	1,946,511	64,343,751
America	4,403,012	1,105,004	5,508,016
Switzerland	4,115,354	380	4,115,734
Vietnam	2,153,006	36,430	2,189,436
Mainland China	1,709,050	15,246	1,724,296
Mexico	1,803,975	45,016	1,848,991
India	393,322	-	393,322
Italy	89,767	4,970	94,737
Other countries	1,909,640	1,081,603	2,991,243
	\$ 78,974,366	4,235,160	83,209,526
Major product/service lines:			
Manufacturing and sale of footwear	\$ 78,974,366	-	78,974,366
Others	-	4,235,160	4,235,160
	\$ 78,974,366	4,235,160	83,209,526
(ii) Contract balances			
	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable (including related parties)	\$ 11,715,794	11,319,178	11,947,393
Less: allowance for credit loss	-	(7,972)	(7,972)
Total	\$ 11,715,794	11,311,206	11,939,421

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(q) Compensation to employees and directors

The Company's Articles of Incorporation stipulate that if there is profit for the year, then, a minimum of 2.0% shall be allocated as employee compensation and a maximum of 1.8% as director compensation. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

The Company estimated its employee compensation at respectively \$180,000 thousand and \$140,000 thousand for the years ended December 31, 2024 and 2023, and estimated its director compensation at \$105,300 thousand and \$91,000 thousand for years ended December 31, 2024 and 2023, respectively. The estimated amounts, recognized as operating costs or expenses, were based on net profit before tax of for the respective periods, multiplied by the percentage of compensation to employees and directors, as specified in the Articles of Incorporation. If the actual amounts differ from the estimated amounts, the differences shall be accounted for as changes in accounting estimates and recognized as profit or loss in the next year.

There was no difference between the amounts approved by Board of Directors and those recognized in the parent-company-only financial statements for the years ended December 31, 2024 and 2023. The information is available on the Market Observation Post System website.

(r) Non-operating income and expenses

(i) Interest income

The details of the Company's interest income for 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Interest income from bank deposits	<u>\$ 19,700</u>	<u>26,663</u>

(ii) Other income

The details of the Company's other income for 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Rent income	\$ 3,130	3,246
Others	251,227	284,086
	<u>\$ 254,357</u>	<u>287,332</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(iii) Other gains and losses

The details of the Company's other gains and losses for 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Foreign exchange gains, net	\$ 726,206	342,394
Gains (Losses) on disposal of property, plant and equipment	6,465	(10,094)
Profit from lease modification	-	1,226
Others	(105)	(20,557)
	\$ 732,566	312,969

(iv) Financial costs

The details of the Company's financial cost for 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Interest expenses	\$ 48,251	27,489

(s) Financial instruments

(i) Categories of financial instruments

Financial Assets

	December 31, 2024	December 31, 2023
Loans and receivables:		
Cash and cash equivalents	\$ 1,329,471	581,197
Accounts receivable	11,715,794	11,311,206
Other receivables	47,513	52,679
Other financial assets (current and non-current assets)	221	1,059
Total	\$ 13,092,999	11,946,141

Financial Liabilities

	December 31, 2024	December 31, 2023
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$ 2,000,000	1,660,000
Long-term borrowings	1,500,000	1,470,000
Notes payable	527,407	482,988
Accounts payable	7,394,641	6,222,352
Other payables	1,358,666	1,017,373
Total	\$ 12,780,714	10,852,713

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(ii) Credit risks

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) The concentration of credit risk

The Company's outstanding accounts receivable mainly came from foreign customer and subsidiaries. For the years ended December 31, 2024 and 2023, one of the Company's customers accounted for 47% and 52%, respectively, of the Company's net revenue. There was no other significant concentration of credit risk.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
December 31, 2024							
Non-derivative financial liabilities							
Notes payable	\$ 527,407	527,407	527,407	-	-	-	-
Accounts payable	7,394,641	7,394,641	7,394,641	-	-	-	-
Other payables	1,358,666	1,358,666	1,358,666	-	-	-	-
Unsecured bank loans	<u>3,500,000</u>	<u>3,546,617</u>	<u>2,017,447</u>	<u>14,745</u>	<u>1,514,425</u>	-	-
	<u>\$ 12,780,714</u>	<u>12,827,331</u>	<u>11,298,161</u>	<u>14,745</u>	<u>1,514,425</u>	-	-
December 31, 2023							
Non-derivative financial liabilities							
Notes payable	\$ 482,988	482,988	482,988	-	-	-	-
Accounts payable	6,222,352	6,222,352	6,222,352	-	-	-	-
Other payables	1,017,373	1,017,373	1,017,373	-	-	-	-
Unsecured bank loans	<u>3,130,000</u>	<u>3,166,255</u>	<u>1,673,688</u>	<u>11,455</u>	<u>1,481,112</u>	-	-
	<u>\$ 10,852,713</u>	<u>10,888,968</u>	<u>9,396,401</u>	<u>11,455</u>	<u>1,481,112</u>	-	-

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(iv) Currency risks

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2024			December 31, 2023		
	Foreign currency (In thousands)	Exchange rate	TWD	Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 399,073	32.735	13,063,669	389,256	30.655	11,932,629
<u>Non-monetary items</u>						
USD	806,951	32.735	26,415,542	763,591	30.655	23,407,876
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	213,332	32.835	7,004,756	191,819	30.755	5,899,408

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payables and other payables denominated in foreign currency. An appreciation (depreciation) of 5% of the TWD against the USD for the years ended December 31, 2024 and 2023, would have decreased or increased net profit before tax by \$302,946 thousand and \$301,661 thousand, respectively. Performed based on the same basis, the analysis of both periods assumed that all other variables remained constant.

3) Foreign exchange gain and loss on monetary items

The Company's realized and unrealized net profit from foreign currency exchange in 2024 and 2023 are \$726,206 thousand and \$342,394 thousand, respectively. Due to the large number of foreign currency transactions, it is not possible to disclose exchange gains and losses separately by foreign currencies with material impacts.

(v) Interest rate analysis

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

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

If the interest rate had increased or decreased by 50 basis points, with all other variable factors remaining constant, the Company's net profit after tax would have decreased or increased by \$8,734 thousand and \$10,219 thousand for the years ended December 31, 2024 and 2023, respectively. This was mainly due to the Company's deposits and borrowings at variable rates.

(vi) Fair value information

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

(t) Financial risk management

(i) Overview

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

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

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

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, with internal auditors continuously reviewing the compliance with policies, and regularly reporting the results to the Board of Directors.

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

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(iii) Credit risk

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

1) Trade and other receivables

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

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

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

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

2) Investment

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

3) Guarantees

As of December 31, 2024 and 2023, there was no guarantee outstanding.

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

(iv) Liquidity risk

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

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash outflows on account and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the total amount of unused credit facilities as of December 31, 2024 and 2023 amounted to \$6,000,000 thousand and \$5,870,000 thousand, respectively.

(v) Market risk

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

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Company. The currencies used in these transactions are denominated in TWD and USD.

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

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

2) Interest rate risk

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

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

3) Other market price risks

The Company did not enter into any commodity contracts for purposes other than to meeting the Company's expected usage and sales requirements; such contracts are not settled on a net basis.

(u) Capital management

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

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

The debt to capital ratios on the reporting dates were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 16,986,251	16,262,473
Less: cash and cash equivalents	<u>(1,329,471)</u>	<u>(581,197)</u>
Net debt	15,656,780	15,681,276
Total equity	<u>26,840,051</u>	<u>23,160,248</u>
Total capital	<u>\$ 42,496,831</u>	<u>38,841,524</u>
Debt-to-capital ratio on December 31	<u>36.84 %</u>	<u>40.37 %</u>

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2024 and 2023.

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2024	Cash flows	Non-cash changes Others	Foreign exchange movement	December 31, 2024
Long-term borrowings	\$ 1,470,000	30,000	-	-	1,500,000
Short-term borrowings	<u>1,660,000</u>	<u>340,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Total liabilities from financing activities	<u>\$ 3,130,000</u>	<u>370,000</u>	<u>-</u>	<u>-</u>	<u>3,500,000</u>

	January 1, 2023	Cash flows	Non-cash changes Others	Foreign exchange movement	December 31, 2023
Long-term borrowings	\$ 852,000	618,000	-	-	1,470,000
Short-term borrowings	-	1,660,000	-	-	1,660,000
Lease liabilities	<u>31,712</u>	<u>1,958</u>	<u>(33,670)</u>	<u>-</u>	<u>-</u>
Total liabilities from financing activities	<u>\$ 883,712</u>	<u>2,279,958</u>	<u>(33,670)</u>	<u>-</u>	<u>3,130,000</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(7) Related-party transactions:

(a) Name of related parties and relationship

The followings are entities and subsidiaries that had transactions with the Company during the periods covered in the financial statements:

<u>Name of related party</u>	<u>Relationship with the Company</u>
PT Feng Tay Indonesia Enterprises	Subsidiary
Growth Link Overseas Company Limited	"
Great Eastern Industries Limited	"
PT Rich Valley Indonesia	"
Great South Private Limited	"
India Tindivanam Footwear Private Limited	"
VX Holdings Limited	Indirect subsidiary
Dona Orient Holdings Limited	"
Fujian Da Feng Holdings Company Limited	"
Fujian Lifeng Footwear Industrial Development Company Limited	Indirect subsidiary
Fujian Xiefeng Footwear Company Limited	"
Fujian San Feng Footwear Company Limited	"
Fujian Great Hope Footwear Company Limited	"
Fujian Putian Xie Feng Mold Company Limited	"
Suzhou Yufeng Plastics Technology Co., Ltd.	"
Fujian Wu Feng Department Store Co., Ltd.	"
Dona Pacific Holdings Limited	"
VX Mold Company Limited	"
Lotus Footwear Enterprises Limited	"
Lotus Footwear Enterprises Limited (India Branch)	"
Dona Victor Footwear Co., Ltd.	"
Vietnam Dona Orient Co., Ltd.	"
Vietnam Dona Standard Footwear Co., Ltd.	"
Vung Tau Orient Co., Ltd.	"
Vietnam Nam Ha Footwear Company Limited	"
Dona Pacific (Vietnam) Co., Ltd.	"

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

Name of related party	Relationship with the Company
Dona Victor Molds MFG Co., Ltd.	Indirect subsidiary
Cheyyar SEZ Developers Private Limited	"
East Wind Footwear Company Limited	"
East Wind Footwear Company Limited (India Branch)	"
Fairway Enterprises Company Limited	"
Fairway Enterprises Company Limited (India Branch)	"
Shoe Majesty Co., Ltd.	A joint venture under the Company's joint arrangement
Vietnam Shoe Majesty Co., Ltd.	"
Hong Kong Shoe Majesty Trading Co., Ltd.	"

(b) Significant transactions with related parties

(i) Operating revenue

1) Sales revenue

The Company sold raw materials and equipment for producing footwear and sports kit to related parties, and the significant sales amounts were as follows:

	For the years ended December 31	
	2024	2023
Subsidiaries		
Vietnam Dona Orient Co., Ltd.	\$ 810,625	1,058,073
India Tindivanam Footwear Private Limited	492,765	241,105
Suzhou Yufeng Plastics Technology Co., Ltd.	306,955	458,736
Other subsidiaries	2,241,703	1,955,323
	\$ 3,852,048	3,713,237

When the Company prepared its individual financial report, the sales revenue generated from the sales of raw materials to the subsidiaries and the operating costs of the goods purchased from the subsidiaries were reversed due to repeated purchases and sales. The amounts eliminated during 2024 and 2023 were \$18,730,612 thousand and \$18,189,562 thousand, respectively.

The Company also paid compensation expenses to subsidiaries arising from the above sales transactions, which amounted to \$236,837 thousand and \$563,536 thousand for the years ended December 31, 2024 and 2023, respectively.

(Continued)

FENG TAY ENTERPRISES CO., LTD.

Notes to the Financial Statements

The trading terms above were between O/A 15 days to O/A 120 days. The selling prices were determined through negotiations and there were no other comparable transactions with non- related parties.

2) Technical service income

The Company provided technical support for producing footwear and sports kits along with management services for the following related parties, and collected technical service fees from them.

	For the years ended December 31	
	2024	2023
Subsidiaries		
Vietnam Dona Orient Co., Ltd.	\$ 168,703	166,887
Fujian Putian Xie Feng Mold Company Limited	73,933	68,900
Vietnam Dona Standard Footwear Co., Ltd.	66,252	54,365
Fujian Xiefeng Footwear Company Limited	66,122	63,092
Fujian San Feng Footwear Company Limited	61,545	78,811
Fujian Lifeng Footwear Industrial Development Company Limited	58,033	64,450
Suzhou Yufeng Plastics Technology Co., Ltd.	55,729	63,192
Other subsidiaries	29,764	30,396
	\$ 580,081	590,093

(ii) Purchases

The Company's purchases from related parties included finished shoes, sporting goods, and a small amount of raw materials. The respective amounts were as follows:

	For the years ended December 31	
	2024	2023
Subsidiaries		
Vietnam Dona Standard Footwear Co., Ltd.	\$ 13,586,750	13,032,937
Dona Victor Footwear Co., Ltd.	6,151,750	6,182,603
Dona Pacific (Vietnam) Co., Ltd.	5,799,978	5,435,048
Other subsidiaries	30,236,324	29,585,917
	\$ 55,774,802	54,236,505

When the Company prepared its individual financial report, the sales revenue generated from the sales of raw materials to the subsidiaries and the operating costs of the goods purchased from the subsidiaries were reversed due to repeated purchases and sales. The amounts eliminated during 2024 and 2023 were \$18,730,612 thousand and \$18,189,562 thousand, respectively.

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

The payment terms for purchases listed above ranged from FCR 10 days to FCR 60 days. The purchase price was determined through negotiations, and there were no other comparable non related party transactions.

(iii) Other transactions

During 2024 and 2023, the Company paid service fee to its subsidiaries for investment and management consulting services, amounting to \$175,198 thousand and \$123,028 thousand.

During 2024 and 2023, the Company paid service fee to its subsidiaries for international trade consulting services, amounting to \$58,003 thousand and \$54,105 thousand.

During 2024 and 2023, the Company received from subsidiaries for equipment maintenance, amounting to \$1,415 thousand and \$7,719 thousand, respectively.

(iv) Receivables due from related parties

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

<u>Account item</u>	<u>Category of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	Subsidiaries		
	Vietnam Dona Standard Footwear Co., Ltd.	\$ 809,179	760,927
	Lotus Footwear Enterprises Limited (India Branch)	602,668	449,863
	PT Feng Tay Indonesia Enterprises	478,643	435,326
	India Tindivanam Footwear Private Limited	433,547	99,696
	Vietnam Dona Orient Co., Ltd.	238,959	723,651
	Other Subsidiaries	1,541,109	1,320,959
Other receivables	Subsidiaries		
	Fairway Enterprises Company Limited (India Branch)	8,511	27,371
	Other subsidiaries	805	143
		<u>\$ 4,113,421</u>	<u>3,817,936</u>

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(v) Payables to related parties

The payables due to related parties were as follows:

<u>Account item</u>	<u>Category of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable	Subsidiaries		
	Vietnam Dona Standard Footwear Co., Ltd.	\$ 1,284,223	430,712
	Dona Victor Footwear Co., Ltd.	798,738	749,232
	Vietnam Dona Orient Co., Ltd.	593,477	684,356
	Lotus Footwear Enterprises Limited (India Branch)	567,613	637,291
	East Wind Footwear Company Limited (India Branch)	529,159	497,380
	Other subsidiaries	2,149,155	1,865,190
Other payables	Subsidiaries	<u>57,704</u>	<u>33,176</u>
		<u>\$ 5,980,069</u>	<u>4,897,337</u>

(vi) Investments accounted for using equity method

On June 13, 2019, the Board of Directors resolved to establish a subsidiary, PT Rich Valley Indonesia (hereafter referred to as “RV”). The Company invested \$221,479 thousand, divided into 99,990 shares that represented a shareholding of 99.99%. On August 12, 2021, the Board of Directors resolved to increase cash capital for RV in stages according to its actual capital requirements. The capital increased by \$164,335 thousand in 2023. The total number of shares held by the Company increased to 519,990 shares, representing a shareholding of 99.99%.

On August 12, 2021, the Board of Directors resolved to establish a subsidiary, Great South Private Limited, with a capital increase of \$18,672 thousand in 2023, a capital increase of \$2,429 thousand in 2024, totaling \$37,946 thousand that represented 1,700 shares and a shareholding of 100%.

On November 12, 2021, the Board of Directors resolved to establish a subsidiary, India Tindivanam Footwear Private Limited, with an investment of \$721,686 thousand in 2023 and a capital increase of \$695,836 thousand in 2024, totaling \$1,748,180 thousand that represented 462,007,967 shares and a shareholding of 95.85%.

On February 24, 2023, the Company purchased 99 shares of PT Feng Tay Indonesia Enterprises from outside shareholders for a total of \$2,105 thousand, that represented 53,999 shares and a shareholding of 99.99%.

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(vii) Property transactions

1) Disposal of property, plant, and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	For the years ended December 31			
	2024		2023	
	Disposal price	Gain on disposal	Disposal price	Gain on disposal
Related party category				
Subsidiaries	\$ 29,249	7,466	14,792	3,815

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the years ended December 31	
	2024	2023
Short-term employee benefits	\$ 232,669	188,566
Post-employment benefits	569	683
	<u>\$ 233,238</u>	<u>189,249</u>

(8) Pledged assets:

The book values of pledged assets were as follows:

Pledged assets	Object	December 31, 2024	December 31, 2023
Other current financial assets	lease deposit	\$ -	20
Other non-current financial assets	Customs deposit and lease deposit	221	1,039
		<u>\$ 221</u>	<u>1,059</u>

(9) Commitments and contingencies:

- (a) As of December 31, 2024 and 2023, the Company had issued promissory notes for short-term and long-term borrowings of \$7,000,000 thousand and \$6,500,000 thousand, respectively.
- (b) As of December 31, 2024 and 2023, the Company had payables in respect of important construction contracts, amounting to \$1,084,640 thousand and \$1,278,977 thousand, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(12) Others:

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

By item	By function	For the year ended December 31, 2024			For the year ended December 31, 2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		\$ 487,279	3,038,831	3,526,110	473,398	2,518,324	2,991,722
Labor and health insurance		42,163	216,632	258,795	44,470	220,554	265,024
Pension		18,873	134,759	153,632	19,719	132,263	151,982
Director compensation		-	120,756	120,756	-	106,336	106,336
Other employee benefits		11,766	60,709	72,475	9,695	42,737	52,432
Depreciation		50,936	172,980	223,916	62,221	153,794	216,015
Amortization		2,306	36,024	38,330	2,094	22,398	24,492

Additional information on the number of employees and employee benefit expenses for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Number of employees	<u>2,676</u>	<u>2,575</u>
Number of directors who were not employees	<u>12</u>	<u>12</u>
Average employee benefit	<u>\$ 1,506</u>	<u>1,350</u>
Average salary and wage	<u>\$ 1,324</u>	<u>1,167</u>
Average adjustment of employee salary and wage	<u>13.45 %</u>	<u>(21.68)%</u>
Supervisor compensation	<u>\$ -</u>	<u>-</u>

The Company's compensation policy (for directors, executives, and employees) is as follows:

- (a) Pursuant to the Articles of Incorporation of the Company, director compensation shall be authorized by the Board of Directors according to the Compensation Committee's evaluation and the general pay level in the industry. If there is profit during the year, a minimum of 2% shall be allocated as employee compensation and a maximum of 1.8% as director compensation. Profit is defined as net profit before deducting tax and the compensation to employees and directors.
- (b) Compensation to executive officers, including monthly salary, year end bonus, and performance bonus, is either stipulated by the Company's "Staff Salary Standards", "Regulations Governing Year end Bonus", and "Regulations Governing Performance Bonus", or determined with reference to the general pay level in the industry, subsequent to which the amount shall be evaluated by the Compensation Committee, and finally be proposed to the Board of Directors.
- (c) Employee compensation is distributed in accordance with the Company's "Staff Salary Standards", "Performance and Salary Appraisal Standards", and the incentive plan for various bonuses.

(Continued)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The followings is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2024:

- i. Loans to other parties: None
- ii. Guarantees and endorsements for other parties: None
- iii. Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures): None
- iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain/Loss on Disposal	Shares	Amount (Note 1 and 3)
Feng Tay Enterprises Co., Ltd.	Stock India Tindivanam Footwear Private Limited	Investments accounted for using equity method	-	Subsidiary	280,328,078	927,522	181,679,889	695,835	-	-	-	-	462,007,967	1,383,147

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

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

Note 3: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot exchange rate at the reporting date.

(On December 31, 2024, the USD closing exchange rate of 32.735)

- v. Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None
- vi. Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None
- vii. Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	Sale	1,824,884	2%	90 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare with.	-	478,643	4%	-
"	"	"	Purchase	6,724,623	9%	20 days	"	-	(357,256)	(5%)	-

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	India Tindivanam Footwear Private Limited	Parent and subsidiary	Sale	846,714	1%	90 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare with.	-	433,547	4%	-
"	"	"	Purchase	431,695	1%	30 days	"	-	(79,843)	(1%)	-
"	Lotus Footwear Enterprises Limited (India Branch)	"	Sale	2,259,723	3%	60/90 days	"	-	602,668	5%	-
"	"	"	Purchase	5,262,384	7%	30 days	"	-	(567,613)	(7%)	-
"	East Wind Footwear Company Limited (India Branch)	"	Sale	1,487,291	2%	60 days	"	-	343,464	3%	-
"	"	"	Purchase	3,726,977	5%	30 days	"	-	(529,159)	(7%)	-
"	Fairway Enterprises Company Limited (India Branch)	"	Sale	2,104,556	2%	30 days	"	-	353,643	3%	-
"	"	"	Purchase	4,834,013	6%	30 days	"	-	(336,528)	(4%)	-
"	Fujian Lifeng Footwear Industrial Development Company Limited	"	Sale	831,176	1%	15 days	"	-	70,557	1%	-
"	"	"	Purchase	3,288,396	4%	15 days	"	-	(141,271)	(2%)	-
"	Fujian San Feng Footwear Company Limited	"	Sale	689,182	1%	15 days	"	-	36,858	-	-
"	"	"	Purchase	3,075,940	4%	15 days	"	-	(162,547)	(2%)	-
"	Fujian Xiefeng Footwear Company Limited	"	Sale	1,309,017	2%	15 days	"	-	92,084	1%	-
"	"	"	Purchase	3,985,787	5%	15 days	"	-	(306,345)	(4%)	-
"	Fujian Great Hope Footwear Company Limited	"	Sale	139,991	-	15 days	"	-	7,836	-	-
"	"	"	Purchase	1,112,585	1%	60 days	"	-	(171,284)	(2%)	-
"	Fujian Putian Xie Feng Mold Company Limited	"	Sale	129,497	-	15 days	"	-	10,441	-	-
"	"	"	Purchase	182,413	-	30 days	"	-	(14,687)	-	-
"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sale	306,955	-	15 days	"	-	54,297	-	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	"	1,634,155	2%	30 days	"	-	110,879	1%	-
"	"	"	Purchase	7,155,098	9%	15 days	"	-	(362,791)	(5%)	-
"	Vietnam Dona Orient Co., Ltd.	"	Sale	2,602,606	3%	30 days	"	-	238,959	2%	-
"	"	"	Purchase	6,459,522	8%	30 days	"	-	(593,477)	(7%)	-
"	Dona Victor Footwear Co., Ltd.	"	Sale	1,185,781	1%	30 days	"	-	66,283	1%	-
"	"	"	Purchase	7,302,042	10%	30 days	"	-	(798,738)	(10%)	-
"	Vietnam Dona Standard Footwear Co., Ltd	"	Sale	3,870,973	5%	75 days	"	-	809,179	7%	-
"	"	"	Purchase	17,210,540	22%	30 days	"	-	(1,284,223)	(16%)	-
"	Vung Tau Orient Co., Ltd	"	Sale	1,152,389	1%	120 days	"	-	311,052	3%	-
"	"	"	Purchase	3,088,997	4%	10 days	"	-	(181,636)	(2%)	-
"	Vietnam Nam Ha Footwear Company Limited	"	Sale	173,272	-	90 days	"	-	82,636	1%	-
"	"	"	Purchase	581,382	1%	10 days	"	-	(34,596)	-	-
Great Eastern Industries Limited	Fujian Xiefeng Footwear Company Limited	Associate	Sale	188,933	100%	20 days	"	-	4,759	33%	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	6,724,623	100%	20 days	"	-	357,256	99%	-
"	"	"	Purchase	1,824,884	36%	90 days	"	-	(478,643)	(72%)	-

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Fujian Lifeng Footwear Industrial Development Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	3,288,396	77%	15 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare with.	-	141,271	68%	-
"	"	"	Purchase	831,176	36%	15 days	"	-	(70,557)	(36%)	-
"	Fujian Xiefeng Footwear Company Limited	Associate	"	246,184	11%	10~15 days	"	-	(25,992)	(13%)	-
"	Fujian Putian Xie Feng Mold Company Limited	"	"	183,245	8%	10~15 days	"	-	(8,571)	(4%)	-
Fujian Xiefeng Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	3,985,787	72%	15 days	"	-	306,345	77%	-
"	"	"	Purchase	1,309,017	41%	15 days	"	-	(92,084)	(35%)	-
"	Fujian Lifeng Footwear Industrial Development Company Limited	Associate	Sale	246,184	4%	10~15 days	"	-	25,992	7%	-
"	Fujian San Feng Footwear Company Limited	"	"	213,236	4%	15~20 days	"	-	11,843	3%	-
"	Great Eastern Industries Limited	"	Purchase	188,933	6%	20 days	"	-	(4,759)	(2%)	-
"	Fujian Putian Xie Feng Mold Company Limited	"	"	220,729	7%	10~15 days	"	-	(9,486)	(4%)	-
Fujian San Feng Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	3,075,940	75%	15 days	"	-	162,547	86%	-
"	"	"	Purchase	689,182	30%	15 days	"	-	(36,858)	(22%)	-
"	Fujian Xiefeng Footwear Company Limited	Associate	"	213,236	9%	15~20 days	"	-	(11,843)	(7%)	-
"	Fujian Putian Xie Feng Mold Company Limited	"	"	169,811	7%	10~15 days	"	-	(16,394)	(10%)	-
Fujian Great Hope Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	1,112,585	99%	60 days	"	-	171,284	98%	-
"	"	"	Purchase	139,991	27%	15 days	"	-	(7,836)	(10%)	-
"	Fujian Putian Xie Feng Mold Company Limited	Associate	"	136,238	26%	10~60 days	"	-	(28,530)	(37%)	-
Fujian Putian Xie Feng Mold Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	182,413	18%	30 days	"	-	14,687	17%	-
"	"	"	Purchase	129,497	42%	15 days	"	-	(10,441)	(51%)	-
"	Fujian Xiefeng Footwear Company Limited	Associate	Sale	220,729	22%	10~15 days	"	-	9,486	11%	-
"	Fujian Lifeng Footwear Industrial Development Company Limited	"	"	183,245	18%	"	"	-	8,571	10%	-
"	Fujian San Feng Footwear Company Limited	"	"	169,811	17%	"	"	-	16,394	19%	-
"	Fujian Great Hope Footwear Company Limited	"	"	136,238	14%	10~60 days	"	-	28,530	32%	-
"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	"	101,431	10%	15~30 days	"	-	9,598	11%	-

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Suzhou Yufeng Plastics Technology Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Purchase	306,955	73%	15 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare with.	-	(54,297)	(85%)	-
"	Fujian Putian Xie Feng Mold Company Limited	Associate	"	101,431	24%	15~30 days	"	-	(9,598)	(15%)	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Associate	Sale	6,210,494	100%	Payment after Delivery	"	-	867,563	100%	-
Hong Kong Shoe Majesty Trading Company Limited	Vietnam Shoe Majesty Co., Ltd.	Associate	Purchase	6,210,494	100%	Payment after Delivery	"	-	(867,563)	(99%)	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	7,302,042	100%	30 days	"	-	798,738	100%	-
"	"	"	Purchase	1,185,781	65%	30 days	"	-	(66,283)	(19%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	Associate	"	168,070	9%	60 days	"	-	(16,786)	(5%)	-
"	Dona Victor Molds Mfg Co., Ltd.	"	"	220,413	12%	60 days	"	-	(9,724)	(3%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	174,967	10%	60 days	"	-	(17,443)	(5%)	-
Dona Pacific (Vietnam) Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	7,155,098	93%	15 days	"	-	362,791	88%	-
"	"	"	Purchase	1,634,155	81%	30 days	"	-	(110,879)	(29%)	-
"	Vietnam Dona Orient Co., Ltd.	Associate	Sale	229,836	3%	60 days	"	-	18,038	4%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	134,862	2%	60 days	"	-	12,085	3%	-
"	Dona Victor Footwear Co., Ltd.	"	"	168,070	2%	60 days	"	-	16,786	4%	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	6,459,522	72%	30 days	"	-	593,477	69%	-
"	"	"	Purchase	2,602,606	67%	30 days	"	-	(238,959)	(50%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	Associate	"	135,014	3%	60 days	"	-	(11,488)	(2%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	"	229,836	6%	60 days	"	-	(18,038)	(4%)	-
Dona Victor Molds Mfg Co., Ltd.	Dona Victor Footwear Co., Ltd.	Associate	Sale	220,413	28%	60 days	"	-	9,724	17%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	358,880	46%	60 days	"	-	21,053	37%	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	3,088,997	100%	10 days	"	-	181,636	99%	-
"	"	"	Purchase	1,152,389	90%	120 days	"	-	(311,052)	(77%)	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	17,210,540	97%	30 days	"	-	1,284,223	96%	-
"	"	"	Purchase	3,870,973	86%	75 days	"	-	(809,179)	(60%)	-
"	Dona Victor Footwear Co., Ltd.	Associate	Sale	174,967	1%	60 days	"	-	17,443	1%	-
"	Vietnam Dona Orient Co., Ltd.	"	"	135,014	1%	60 days	"	-	11,488	1%	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	Purchase	134,862	3%	60 days	"	-	(12,085)	(1%)	-
"	Dona Victor Molds Mfg. Co., Ltd.	"	"	358,880	8%	60 days	"	-	(21,053)	(2%)	-

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Vietnam Nam Ha Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	581,382	99%	10 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare with	-	34,596	100%	-
"	"	"	Purchase	173,272	80%	90 days	"	-	(82,636)	(43%)	-
India Tindivanam Footwear Private Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	431,695	82%	30 days	"	-	79,843	85%	-
"	"	"	Purchase	846,714	95%	90 days	"	-	(433,547)	(89%)	-
East Wind Footwear Company Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	3,726,977	99%	30 days	"	-	529,159	99%	-
"	"	"	Purchase	1,487,291	94%	60 days	"	-	(343,464)	(82%)	-
Lotus Footwear Enterprises Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	5,262,384	96%	30 days	"	-	567,613	88%	-
"	"	"	Purchase	2,259,723	100%	60/90 days	"	-	(602,668)	(93%)	-
Fairway Enterprises Company Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	4,834,013	99%	30 days	"	-	336,528	96%	-
"	"	"	Purchase	2,104,556	98%	30 days	"	-	(353,643)	(87%)	-

Note: Reconciliated in the preparation of the consolidated report.

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

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	478,643	3.99	-	-	186,964	-
"	India Tindivanam Footwear Private Limited	"	433,547	3.18	85,540	-	18,896	-
"	Lotus Footwear Enterprises Limited (India Branch)	"	602,668	4.29	-	-	196,592	-
"	East Wind Footwear Company Limited (India Branch)	"	343,464	4.86	16,562	-	110,774	-
"	Fairway Enterprises Company Limited (India Branch)	"	353,643	6.69	-	-	200,051	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	110,879	13.52	-	-	107,142	-
"	Vietnam Dona Orient Co., Ltd.	"	238,959	5.76	-	-	230,552	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	809,179	5.02	-	-	306,320	-
"	Vung Tau Orient Co., Ltd.	"	311,052	3.76	-	-	52,000	-

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	357,256	17.21	-	-	357,094	-
Fujian Lifeng Footwear Industrial Development Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	141,271	24.93	-	-	141,271	-
Fujian Xiefeng Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	306,345	17.27	-	-	306,122	-
Fujian San Feng Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	162,547	27.59	-	-	162,547	-
Fujian Great Hope Footwear Company Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	171,284	6.22	-	-	146,658	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Associate	867,563	7.05	-	-	-	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	798,738	9.32	-	-	798,738	-
Dona Pacific (Vietnam) Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	362,791	20.03	-	-	362,791	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	593,477	9.96	-	-	593,477	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	181,636	19.97	-	-	181,636	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	1,284,223	20.14	-	-	1,279,550	-
East Wind Footwear Company Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	529,159	7.14	-	-	296,180	-
Lotus Footwear Enterprises Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	567,613	8.61	-	-	436,188	-
Fairway Enterprises Company Limited (India Branch)	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	336,528	12.29	-	-	336,528	-

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

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

ix. Trading in derivative instruments: None

(b) Information on investment

The following is the information on investment for the year ended December 31, 2024 (excluding information on investment in Mainland China):

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	1,324,722	1,324,722	53,999	99.99%	1,142,889	(99,820)	(99,818)	Subsidiary (Note 5)

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
Feng Tay Enterprises Co., Ltd.	PT Rich Valley Indonesia	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	1,063,389	1,063,389	519,990	99.99%	1,181,608	(3,024)	(3,024)	Subsidiary (Note 5)
"	Growth-Link Overseas Company Limited	Bermuda	Investment holding	5,521,531	5,521,531	6,000,000	100.00%	16,990,365	2,543,651	2,543,651	"
"	VX Holdings Limited	British Virgin Islands	Investment holding	446,117	446,117	38,280	47.26%	863,799	145,161	68,603	"
"	Shoe Majesty Co., Ltd.	"	Investment holding	203,466	203,466	6,120	20.40%	535,216	324,642	66,227	Investee under the equity method
"	Dona Orient Holdings Limited	"	Investment holding	1,529,928	1,529,928	44,753	40.97%	4,263,986	1,271,049	520,749	Subsidiary (Note 5)
"	Great Eastern Industrises Limited	Hong Kong	International trade services	30,358	30,358	1,000	100.00%	37,791	4,729	4,729	"
"	Great South Private Limited	Singapore	Investment holding	37,946	35,517	1,700	100.00%	16,741	1,260	1,260	"
"	India Tindivandam Footwear Private Limited	India	Manufacturing of athletic shoes, semi-finished footwear and footwear accessories	1,748,180	1,052,345	462,007,967	95.85%	1,383,147	(299,279)	(282,721)	Subsidiary (Note 3&5)
Growth-Link Overseas Company Limited	VX Mold Company Limited	British Virgin Islands	Investment holding	16,394	16,394	372,000	93.00%	280,311	217,825	202,577	Subsidiary (Note 5)
"	VX Holdings Limited	"	Investment holding	311,237	311,237	36,342	44.87%	839,771	145,161	65,129	Investee under the equity method (Note 5)
"	Dona Pacific Holdings Limited	"	Investment holding	408,343	408,343	23,000	92.00%	1,660,970	469,344	431,797	Subsidiary (Note 5)
"	Shoe Majesty Co., Ltd.	"	Investment holding	263,363	263,363	8,580	28.60%	781,005	324,642	92,848	Investee under the equity method
"	Dona Orient Holdings Limited	"	Investment holding	2,155,522	2,155,522	64,483	59.03%	6,417,829	1,271,049	750,300	Subsidiary (Note 5)
"	Lotus Footwear Enterprises Limited	"	Investment holding business, and manufacturing and selling of finished shoes	2,227,289	2,227,289	34,020	88.00%	4,385,138	495,823	436,325	"
"	PT Rich Valley Indonesia	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	23	23	10	0.01%	23	(3,024)	-	Investee under the equity method
"	PT Feng Tay Indonesia Enterprises	"	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	23	23	1	0.01%	22	(99,820)	(2)	(Note 5)
"	Cheyayr SEZ Developers Private Ltd.	India	Development in India's Industrial Park	-	-	1	0.01%	-	67,136	-	"

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
VX Holdings Limited	Dona Victor Footwear Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,079,738	1,079,738	Note 4	100.00%	1,869,378	145,968	145,968	Subsidiary (Note 5)
Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Hong Kong	International trade services	6,547	6,547	200	100.00%	165,800	52,135	52,135	Subsidiary
"	Vietnam Shoe Majesty Co., Ltd.	Vietnam	Manufacturing footwear products	1,211,195	1,211,195	Note 4	100.00%	2,508,926	276,135	276,135	"
Dona Orient Holdings Limited	Vietnam Dona Orient Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,440,340	1,440,340	Note 4	100.00%	2,751,708	938,195	938,195	Subsidiary (Note 5)
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	2,478,040	2,478,040	"	100.00%	5,548,388	796,973	796,973	"
"	Vung Tau Orient Co., Ltd.	"	Producing golf balls, soccer balls, and backpack, bags	1,185,767	923,887	"	100.00%	1,061,897	(85,600)	(85,600)	"
"	Vietnam Nam Ha Footwear Company Limited	"	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	2,029,570	2,029,570	"	100.00%	1,507,035	(377,776)	(377,776)	"
VX Mold Company Limited	Dona Victor Molds Mfg. Co., Ltd.	Vietnam	Manufacturing and repair of molds, cutting dies, and processing of metal parts	101,479	101,479	Note 4	100.00%	298,604	218,516	218,516	Subsidiary (Note 5)
Dona Pacific Holdings Limited	Dona Pacific (Vietnam) Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	654,700	654,700	Note 4	100.00%	1,804,173	470,050	470,050	Subsidiary (Note 5)
Lotus Footwear Enterprises Limited	Cheyyar SEZ Developers Private Limited	India	Development in India's Industrial Park	3,924,716	3,924,716	117,999,999	99.99%	3,054,203	67,136	67,136	Subsidiary (Note 5)
"	East Wind Footwear Company Limited	British Virgin Islands	Investment holding and production of athletic shoes	535,899	541,182	9,751	100.00%	941,719	157,958	157,958	"
"	Fairway Enterprises Company Limited	"	Investment holding and production of athletic shoes	1,499,044	1,499,044	29,501	100.00%	1,791,409	222,661	222,661	"

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

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

Note 3: Based on the unaudited financial statements as of December 31, 2024.

Note 4: Unissued shares of the Vietnamese entities.

Note 5: Included in the consolidated financial statements.

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

Note 7: The difference between the investee company's profit or loss for the current period and the investment income recognized by the investing company for the current period is mainly due to the realization of sales gross profit.

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

(c) Information on investment in mainland China

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

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024 (Note 7)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024 (Note 7)	Net income (losses) of the investee (Note 8)	Percentage of ownership	Investment income (losses) (Note 3 and 8)	Book value (Note 7)	Accumulated remittance of earnings in current period (Note 8)
					Outflow	Inflow						
Fujian Wu Feng Department Store Co., Ltd.	Wholesale and retail of general merchandise, and related services.	147,308	Note 1	179,373	-	-	179,373	7,540	50.00%	3,770	29,989	108,586
Fujian Putian Xie Feng Mold Company Limited	Manufacturing and repair of molds, cutting dies, shoe lasts, injections, and processing of metal parts.	98,205	"	157,235	-	-	157,235	239,098	50.34%	120,350	200,175	1,398,615
Fujian Xiefeng Footwear Company Limited	Producing athletic shoes, semi-finished footwear, and footwear accessories.	491,025	"	185,681	-	-	185,681	209,097	77.50%	162,050	684,478	1,172,299
Fujian San Feng Footwear Company Limited	Producing athletic shoes, semi-finished footwear, and footwear accessories.	491,025	"	297,094	-	-	297,094	150,750	68.00%	102,510	427,718	1,133,574
Fujian Da Feng Holdings Company Limited	Investment holding.	883,845	"	916,951	-	-	916,951	453,070	70.00%	317,149	1,868,317	7,097,258
Fujian Great Hope Footwear Company Limited	Production of athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	260,243	"	438,142	-	-	438,142	94,775	84.73%	80,307	361,408	787,735
Fujian Lifeng Footwear Industrial Development Company Limited	Producing athletic shoes, semi-finished footwear, and footwear accessories.	491,025	Note 2	-	-	-	-	196,400	70.00%	137,480	484,280	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	83,891	"	-	-	-	-	70,744	66.07%	46,737	177,249	-

FENG TAY ENTERPRISES CO., LTD.
Notes to the Financial Statements

ii. Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2024 (Note 4 and 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5 and 7)	Upper Limit on Investment (Note 6)
2,174,476	2,964,238	17,297,329

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

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

Note 3: Recognized profit and loss from investment for the current period is based on the financial statements reviewed by the parent company's certified public accountants.

Note 4: The cumulative investment amount has been deducted by capital increase from retained earnings of USD 3,939,943, capital repatriation of USD 20,185,981, but not yet deducted the cumulative amount of profit repatriation from Mainland China authorized by the Investment Commission of USD 364,251,035.

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

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

Note 7: Calculated based on the closing exchange rate of 32.735 on December 31, 2024.

Note 8: Calculated based on the average closing exchange rate of 32.1154 between January and the end of December 2024.

iii Significant transactions:

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

(d) Major shareholders

Shareholding Shareholder's Name	Shares	Percentage
WANG LIOU, MEI-HUEI	106,873,822	10.82 %
CHEN, HUI-LING	63,890,013	6.46 %

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

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2024.

Feng Tay Enterprises Co., Ltd.

Chairman : Chien-Hung Wang