



A Unanimous Decision To Succeed

Federal Corporation (2102.tw)

2020 SHAREHOLDER MEETING

EGM DATE: 15th Oct, 2021

E-VOTING: 30th Sep – 12th Oct, 2021

Disclaimer

This presentation may include forward looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Federal Corporation. ("Federal") expects or anticipates will or may occur in the future are forward-looking statements. Federal's actual results or developments may differ from those indicated by these forward-looking statements as a result of various factors and uncertainties which are beyond our control. In addition, Federal makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.

Table of Contents

EXTRAORDINARY SHAREHOLDERS' MEETING

Meeting Details and Agendas	4
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BUSINESS COLLABORATION

Tires: One Plus One Greater Than Two	6
Property: Leveraging Nankang's Success	7

CORPORATE GOVERNANCE IN PLACE

Nankang, an Experienced Peer in the PLT Tire Market	9
Nankang's Shift away from US Market provides an Opportunity	10
Hidden Gems on Property, Call for Supervision	11

DIRECTOR NOMINATIONS

Director Candidates (1/2)	13
Director Candidates (2/2)	14
Independent Director Candidates	15



Extraordinary Shareholders' Meeting

Meeting Date: 2021/10/15

E-Voting Period: 9/30 – 10/12

Agenda for the Meeting is as follows:

I. Election Matters

1. Re-election of the 9 directors of the Company.

II. Discussion Matters

1. Release the non-competition restriction for the newly elected directors and their representatives.
2. Cease the disposal of the shares of the Company's subsidiaries, Tai Cheng Development Co., Ltd. and Tai Shin Land Development Co., Ltd. and the land owned by such subsidiaries.

Explanatory Notes:

- The board of the Company decided to dispose the shares of the Company's subsidiaries, Tai Cheng Development Co., Ltd. and Tai Shin Land Development Co., Ltd., and the land owned by such subsidiaries on July 22, 2021.
- However, the real estate market is currently depressed, and it is not the best timing to dispose the aforementioned properties. Such decision by the board may not be in the best interests of the Company and all shareholders.
- Therefore, it is proposed that the Company shall cease the disposal of the shares of the Company's subsidiaries, Tai Cheng Development Co., Ltd. and Tai Shin Land Development Co., Ltd. and the land owned by such subsidiaries based on the decision of the board aforementioned.)

Convener: Nankang Rubber Tire Corp., Ltd.

(With shareholder above 50%, in accordance with Article 173-1 of the Company Act)

Business Collaboration

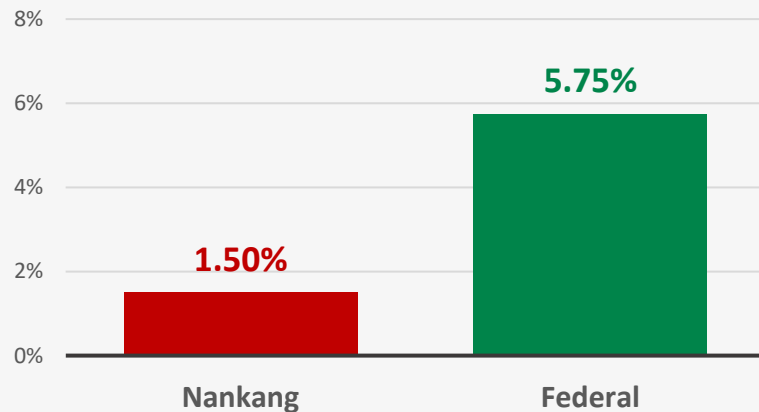


Business Collaboration

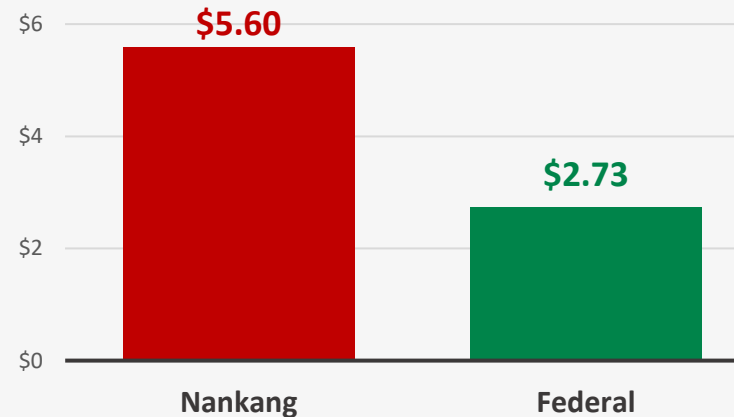
Tires: One Plus One Greater Than Two

- **Federal** is an innovator and specializes in R&D; RD Exp amounts to 5.75% for 1H21 sales
- **Nankang** stands out on sales & marketing and generated \$5.60 in sales per S&M dollar spent
- **Federal's** R&D + **Nankang's** sales & marketing = **a New Possibility**
- A coalition cabinet in place to aim for the best and prevent the worst

1H21: RD Exp as % of Sales



1H21: Sales \$ / Marketing \$

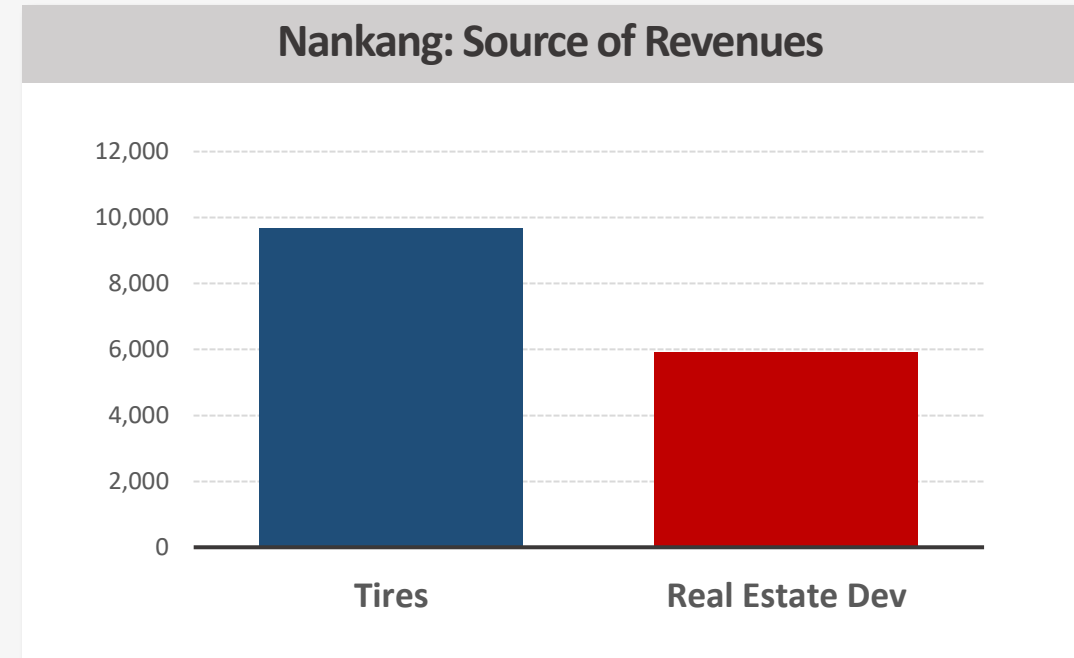


Source: Company Data

Business Collaboration

Property: Leveraging *Nankang's* Success

- **Nankang** has increasingly focused on property dev in recent years,
- Its acc. real estate sales contracts have amounted to **NT\$5.9 billion**, equiv. to **61.1% of annual tire sales**;
- **Federal** has a huge Zongli plant (~200,000 m2) for dev, thorough planning & executing critical
- Appropriate contributions from **Nankang** will add to the success of asset value realization with existing management team on watch



Source: Company Data

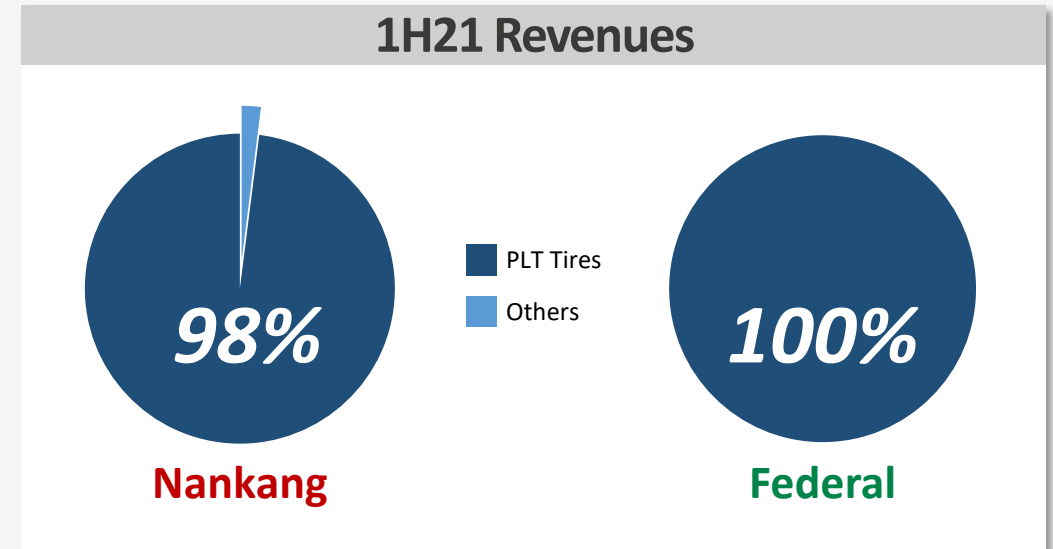
Corporate Governance in Place



Corporate Governance in Place

Nankang, an Experienced Peer in the PLT Tire Market

- **Nankang Tires** is an **experienced peer** in the Passenger and Light Truck (PLT) tires
- PLT tires represent **98%** and **100%** of **Nankang** and **Federal's** 1H21 revenues
- **Federal** is expected to commit to non-US markets such as Europe, Central/South America, and Asia; with developments in overseas foundry cooperation models.
- **Nankang** plans to strengthen sales outside of US, such as Middle Eastern, Asian, Australian and Central/South American regions; launching new EV tire products to mitigate losses.
- Through collaborative nomination, **Federal** secures board representation to **enhance corporate governance** and provide oversight



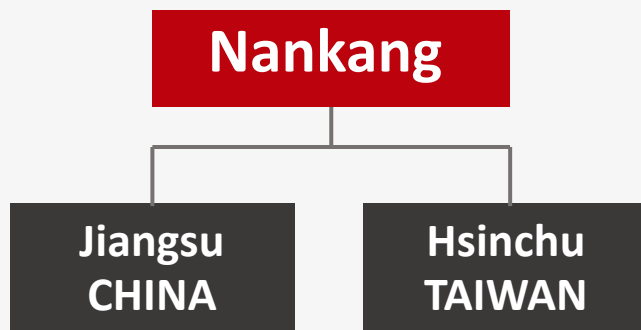
Source: Company Data

Corporate Governance in Place

Nankang's Shift away from US Market provides an Opportunity

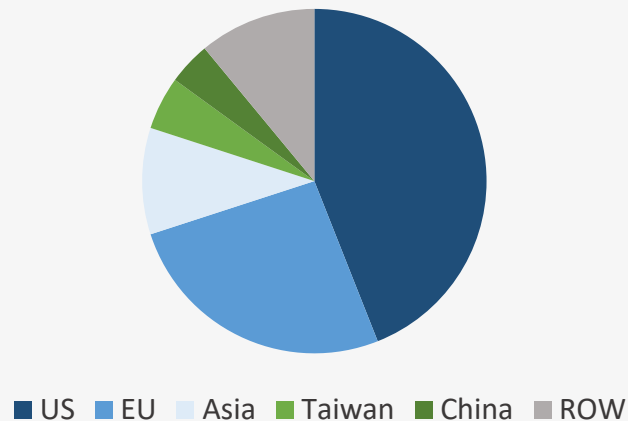
- **Nankang** has other plant located in China which has future export potential to the US
- **Synergy Opportunity:** **Nankang** and **Federal** focuses on their respective geographic markets
- A smooth collaboration ensures the protection of **Federal's** shareholder interests
- **Nankang** and **Federal** has always achieved **competitiveness in their respective markets**

Nankang's Tire Plants



Source: Company Data

Nankang 2020 Sales Mix



Corporate Governance in Place

Hidden Gems on Property, Call for Supervision

- Zongli plant is estimated at **NT\$ 20 bn** “potential real estate dev gain” (Business Today Magazine)
- **Federal's** “Potential property dev. gain” > Market cap; **Potential gain equiv. to ~NT\$ 42 in EPS**
- Directors and Independent Directors from **both sides will collaboratively supervise Federal**

Potential Property Value (NT\$)

Market Cap

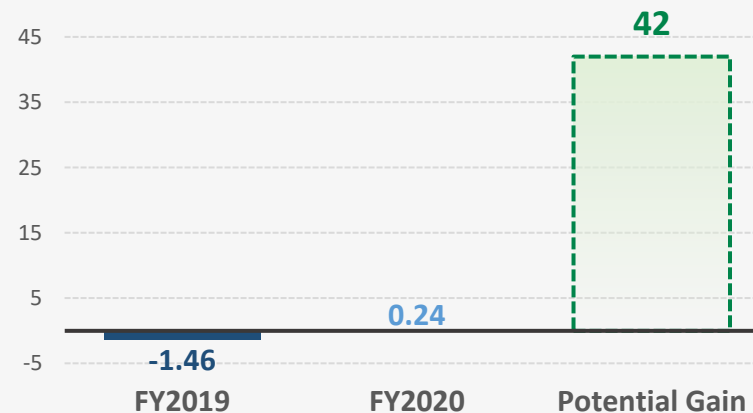
\$13.6 bn

Potential Property Value

20.0 bn

Source: Company Data

EPS



***Please Support Following
Candidates Nominated by All Parties***



Director Candidates (1/2)

Aligning All Shareholders' Rights and Interests

	Education	Experience	Current Positions
1 DIRECTOR Chiang Ching-Hsin 江慶興	<ul style="list-style-type: none"> Master's degree in Public Order, University of Leicester 	<ul style="list-style-type: none"> Chairman, Nankang Rubber Tire Co., Ltd. General Manager, Yi-Chiu Group 	<ul style="list-style-type: none"> Director, Nankang Rubber Tire Corp., Ltd. Supervisor, Nanrong Construction Developments Co., Ltd.
2 DIRECTOR Zhao, Guo-Shuai (Ringo Chao) 趙國帥	<ul style="list-style-type: none"> EMBA, National Chengchi University 	<ul style="list-style-type: none"> Chairman, China Airlines Ltd. Chairman, Taiwan Star Telecom Co., Ltd. 	<ul style="list-style-type: none"> Vice Chairman, Nankang Rubber Tire Co., Ltd. President, Chinese Culture University Alumni Association
3 DIRECTOR Chen, Heng-Kuan 陳恒寬	<ul style="list-style-type: none"> Bachelor of Laws, National Taiwan University MBA, National Taiwan University 	<ul style="list-style-type: none"> Judge and Division-Chief Judge, Taiwan New Taipei District Court Chief of Criminal Department, Judicial Yuan Member, Criminal Procedure Research & Amendment Committee, Judicial Yuan Judge, Taiwan High Court Lecturer, Training Institute for Judges and Prosecutors for criminal procedure in practice Member, Board of Examiners, Examination Yuan 	<ul style="list-style-type: none"> Chairman, Kuan & Tien Attorneys-At-Law

Director Candidates (2/2)

Aligning All Shareholders' Rights and Interests

	Education	Experience	Current Positions
4 DIRECTOR Ko, Tso-Liang 葛作亮	<ul style="list-style-type: none"> Architectural Drafting degree, Nanya Institute of Technology 	<ul style="list-style-type: none"> Director, China Airlines Ltd. Chief of Administration Team, China Airlines Ltd. Chief of Employees' Welfare Committee, China Airlines Ltd. 	<ul style="list-style-type: none"> None
5 DIRECTOR Fang, Xiang-Qi 方詳棋	<ul style="list-style-type: none"> Bachelor of Accounting, Feng Chia University 	<ul style="list-style-type: none"> Supervisor, Chen-Li Education Industry Ltd. Director, China Fineblanking Technology Co., Ltd. 	<ul style="list-style-type: none"> General Manager, SULDE International Consulting Corp.; Director, Keystones IP Management Co., Ltd. Director, Success Prime Corp. Independent Director, New Retail Co., Ltd.
6 DIRECTOR Yu, Chih-Ching 於知慶	<ul style="list-style-type: none"> EMBA Accounting, National Taiwan University Master of Laws, National Taipei University 	<ul style="list-style-type: none"> Director, CJW International Co., Ltd. Director, Taiwan Life Insurance Co., Ltd. Prosecutor, Taipei District Prosecutors Office 	<ul style="list-style-type: none"> Senior Partner, Heng-Sheng Attorneys-At-Law Director of Federal Corporation

Independent Director Candidates

Providing Crucial Oversight and Supervision

	Education	Experience	Current Positions
7 INDEPENDENT DIRECTOR Cheng, Fu-Yueh 鄭富月	<ul style="list-style-type: none"> Ph.D. Candidate, Department of Banking and Finance, Tamkang University 	<ul style="list-style-type: none"> Independent Director, 3DFamily Technology Co., Ltd. Executive Director, International Business Department, Dafeng TV Ltd. 	<ul style="list-style-type: none"> Part-time Teacher, China University of Technology Part-time Teacher, Tamkang University
8 INDEPENDENT DIRECTOR Yao, Wen-Liang 姚文亮	<ul style="list-style-type: none"> Bachelor, Department of Accounting, National Chung Hsing University 	<ul style="list-style-type: none"> Jhong You CPA Firm Manager, Finance Department, Kung Sing Engineering Corporation; Supervisor, Orient Recreation and Development Corp. 	<ul style="list-style-type: none"> Chief Accountant, Wei Yuan CPA Firm
9 INDEPENDENT DIRECTOR Chao, Shi-Yi 趙士懿	<ul style="list-style-type: none"> Master of Science in Real Estate Development and Finance, Massachusetts Institute of Technology 	<ul style="list-style-type: none"> General Manager of Polaris Securities (Hong Kong) Limited 	<ul style="list-style-type: none"> Chairman, Aqua Asia Asset Management, Ltd. Chairman, Social Entertainment Enterprise Co., Ltd.