Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report

For January to March 31, 2019 and 2018

(Stock Code: 9802)

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Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries

Consolidated Financial Statements with Independent Auditors' Review Report

For January 1 to March 31, 2019 and 2018

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Independent Auditors' Review Report

To the Board of Fulgent Sun International (Holding) Co., Ltd.:

Introduction

The consolidated balance sheet of Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries (the Group) for March 31, 2019 and 2018, and the consolidated income and loss statement, consolidated equity change statement and consolidated cash flow statement between January 1 to March 31, 2019 and 2018, and the consolidated financial report notes (including a summary of significant accounting policies) have been approved by the accountant. In accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the "Financial Supervisory Commission" to endorse and issue the entry into force of the IAS34 (Interim Financial Reporting) of the International Financial Reporting Standards (IFRSs), the preparation of permissible expression of the consolidated financial reporting is the responsibility of management department, the accountant's responsibility is based on the results of the audit to make a conclusion on the consolidated financial report.

Scope of Review

The accountant performs the review work in line with the "Review of Financial Statement" of the "Statements on Auditing Standards (SASs) No.65, except the persons mentioned in the basis of the reservation conclusion. The procedures to be implemented in the review of consolidated financial reports include enquiries (mainly to persons responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the review is significantly less than the scope of the verification exercise; therefore, the accountant may not be able to detect all the significant matters that can be identified by checking the work, so it is not possible to express the verification opinion.

Conclusion

Based on the results of the accountant's review, we do not find that the consolidated financial reports are not in all significant respects in line with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the "Financial Supervisory Commission" for IAS34 (Interim Financial Reporting) of the International Financial Reporting Standards which are approved by the Financial Supervisory Commission and issued in force, therefore it is not possible to express properly the consolidated financial condition of Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries (the Group) in

March 31, 2019 and 2018, and the consolidated financial performance and consolidated cash flows between January 1 to March 31, 2019 and 2018 .

The engagement partners on the reviews resulting in this independent auditors' review report are Shu-Hua Hung and Yu-Chuan Wang.

PricewaterhouseCoopers
Taipei, Taiwan
Republic of China

May 2, 2019

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards
As of March 31, 2019 and 2018
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Balance Sheets (CONT'D)
March 31, 2019, December 31, 2018, and March 31, 2018
(Expressed in Thousands of New Taiwan Dollars)

			March 31, 2019		December 31, 2018		March 31, 2018	
	Assets	Note	Amount	%	Amount	%	Amount	%
	Current assets:							
1100	Cash and cash equivalents	6(A)	$ 1,434,894	12	$ 1,313,073	12	$ 1,160,680	13
1110	Current financial assets at fair value through profit or loss	6(B)	-	-	-	-	611	-
1150	Notes receivable, net	6(C)	-	-	-	-	9	-
1170	Accounts receivable, net	6(C)	1,749,384	15	2,140,291	19	1,046,921	12
1200	Other receivables		175,978	1	190,803	2	148,012	2
130X	Inventories	6(D)	2,243,954	19	1,863,144	17	1,761,721	19
1410	Prepayments		83,103	1	77,949	-	104,783	1
1470	Other current assets		30,757	-	18,734	-	20,055	-
11XX	**Total current assets**		5,718,070	48	5,603,994	50	4,242,792	47
	Non-current assets							
1510	Non-current financial assets at fair value through profit or loss	6(B)	2,318	-	1,854	-	3,708	-
1600	Property, plant and equipment	6(E)&8	5,213,173	44	4,930,269	44	4,414,501	48
1755	Right to use assets	6(F)	653,405	6	-	-	-	-
1780	Intangible assets		16,498	-	16,970	-	17,378	-
1840	Deferred income tax assets	6(V)	60,314	1	59,732	1	92,341	1
1900	Other non-current assets	6(G) &8	139,273	1	510,849	5	336,842	4
15XX	**Total non-current assets**		6,084,981	52	5,519,674	50	4,864,770	53
1XXX	**Total assets**		$ 11,803,051	100	$ 11,123,668	100	$ 9,107,562	100

(Continued)

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Reviewed only, not audited in accordance with the generally accepted auditing standards
As of March 31, 2019 and 2018
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Balance Sheets (CONT'D)
March 31, 2019, December 31, 2018, and March 31, 2018
(Expressed in Thousands of New Taiwan Dollars)

			March 31, 2019		December 31, 2018		March 31, 2018	
	Liabilities and Equity	Note	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(H)	$ 979,840	8	$ 1,077,264	10	$ 572,903	6
2110	Short-term notes and bills payable		79,951	1	-	-	-	-
2130	Current contract liabilities	6(Q)	12,703	-	27,619	-	17,652	-
2170	Accounts payable		1,168,121	10	1,010,680	9	864,650	9
2200	Other payables	6(I)	779,121	7	931,344	8	546,388	6
2230	Current tax liabilities	6(V)	80,364	1	77,513	1	144,630	2
2280	Lease Liabilities – Flow		21,208	-	-	-	-	-
2300	Other current liabilities	6(J)(L)	26,454	-	250,158	2	254,337	3
21XX	**Total current liabilities**		3,147,762	27	3,374,578	30	2,400,560	26
	Non-Current liabilities:							
2500	Financial liabilities measured at fair value through profit or loss - non-current	6(B)	88	-	5,500	-	-	-
2530	Corporate bonds payable	6(J)	855,485	7	971,025	9	-	-
2540	Long term loans	6(K)	-	-	10,000	-	30,000	-
2570	Deferred income tax liabilities	6(V)	1,341	-	945	-	1,114	-
2580	Lease liabilities – Non-mobile		207,582	2	-	-	-	-
2600	Other non-current liabilities	6(L)	228,594	2	224,004	2	235,234	3
25XX	**Total non-current liabilities**		1,293,090	11	1,211,474	11	266,348	3
2XXX	**Total liabilities**		4,440,852	38	4,586,052	41	2,666,908	29
	Attributable to the owners of the parent company							
	Share capital	6(N)						
3110	Capital of common stock		1,589,915	14	1,462,735	13	1,462,550	16
3140	Capital collected in advance		-	-	65,886	1	-	-
	Capital surplus	6(O)						
3200	Capital surplus		3,818,944	32	3,377,120	31	3,338,916	36
	Retained earnings	6(P)						
3310	Legal reserve		346,855	3	346,855	3	266,544	3
3320	Special reserve		446,134	4	446,134	4	244,368	3
3350	Undistributed earnings		1,426,457	12	1,221,151	11	1,468,458	16
	Other equity							
3400	Other equity		(304,323)	(3)	(420,541)	(4)	(350,003)	(4)
3500	**Treasury stock**	6(N)	-	-	-	-	(32,824)	-
31XX	**Total equity attributable to owners of the parent company**		7,323,982	62	6,499,340	59	6,398,009	70
36XX	**Non-controlling interests**		38,217	-	38,276	-	42,645	1
3XXX	**Total Equity**		7,362,199	62	6,537,616	59	6,440,654	71
	Commitments and contingent liabilities	9						
	Significant subsequent events							
3X2X	**Total liabilities and equity**		$ 11,803,051	100	$ 11,123,668	100	$ 9,107,562	100

The attached annex to the consolidated financial statements is part of this consolidated financial report. Please refer to it.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, except for Earnings Per Common Share)

Item		Note	From January 1 to March 31, 2019 Amount	%	From January 1 to March 31, 2018 Amount	%
4000	**Operating revenue**	6(Q)	$ 2,577,643	100	$ 2,162,678	100
5000	**Operating costs**	6(D)	(2,071,807)	(80)	(1,740,187)	(80)
5950	**Net gross profit from operations**		505,836	20	422,491	20
	Operating expenses	6(U)				
6100	Selling expenses		(44,187)	(2)	(43,156)	(2)
6200	Administrative expenses		(168,907)	(7)	(155,758)	(7)
6300	Research & Development expenses		(30,373)	(1)	(31,559)	(2)
6000	**Total operating expenses**		(243,467)	(10)	(230,473)	(11)
6900	**Operating income**		262,369	10	192,018	9
	Non-operating income and expenses					
7010	Other income	6(R)	32,469	1	17,470	1
7020	Other gains and losses	6(S)	(43,039)	(2)	(98,334)	(5)
7050	Finance costs	6(T)	(8,184)	-	(4,282)	-
7000	**Total non-operating income and expenses**		(18,754)	(1)	(85,146)	(4)
7900	**Profit before tax**		243,615	9	106,872	5
7950	Income tax expenses	6(V)	(38,848)	(1)	(9,060)	-
8200	**Profit**		$ 204,767	8	$ 97,812	5
	Other comprehensive income (net)					
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		$ 116,698	4	$ 96,161	4
8300	**Other comprehensive income (loss), net**		$ 116,698	4	$ 96,161	4
8500	**Total comprehensive income(loss)**		$ 321,465	12	$ 193,973	9
	Net income(loss) attributable to:					
8610	Shareholders of the parent company		$ 205,306	8	$ 98,535	5
8620	Non-controlling interests		($ 539)	-	($ 723)	-
	Total comprehensive income(loss) attributable to:					
8710	Shareholders of the parent company		$ 321,524	12	$ 195,088	9
8720	Non-controlling interests		($ 59)	-	($ 1,115)	-
	Earnings per share	6(W)				
9750	**Basic earnings per share total**		$ 1.34		$ 0.68	
	Diluted earnings per share					
9850	**Diluted earnings per share total**		$ 1.19		$ 0.66	

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

		Equity attributable to the owner of the parent company											
		Share capital			Retained earnings			Other equity					
	Note	Capital - common stock	Capital collected in advance	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign operations	Unrealized gains and losses on financial assets prepared for sale	Treasury stocks	Total	Non-controlling interests	Total Equity
Balance to January 1, 2018		$ 1,461,973	$ -	$ 3,336,445	$ 266,544	$ 244,368	$ 1,369,501	($ 446,556)	$ 422	($ 32,824)	$ 6,199,873	$ 43,760	$ 6,243,633
Effect of retrospective application and retrospective restatement		-	-	-	-	-	422	-	(422)	-	-	-	-
Restated balance after January 1, 2018		1,461,973	-	3,336,445	266,544	244,368	1,369,923	(446,556)	-	(32,824)	6,199,873	43,760	6,243,633
Net income		-	-	-	-	-	98,535	-	-	-	98,535	(723)	97,812
Other comprehensive income		-	-	-	-	-	-	96,553	-	-	96,553	(392)	96,161
Total comprehensive income		-	-	-	-	-	98,535	96,553	-	-	195,088	(1,115)	193,973
Common stock converted from convertible corporate bonds	6(J)(Y)	577	-	2,471	-	-	-	-	-	-	3,048	-	3,048
Balance to March 31, 2018		$ 1,462,550	$ -	$ 3,338,916	$ 266,544	$ 244,368	$ 1,468,458	($ 350,003)	$ -	($ 32,824)	$ 6,398,009	$ 42,645	$ 6,440,654
Balance to January 1, 2019		$ 1,462,735	$ 65,886	$ 3,377,120	$ 346,855	$ 446,134	$ 1,221,151	($ 420,541)	$ -	$ -	$ 6,499,340	$ 38,276	$ 6,537,616
Net income		-	-	-	-	-	205,306	-	-	-	205,306	(539)	204,767
Other comprehensive income		-	-	-	-	-	-	116,218	-	-	116,218	480	116,698
Total comprehensive income		-	-	-	-	-	205,306	116,218	-	-	321,524	(59)	321,465
Capital increase by cash	6(N)(O)	60,000	(65,886)	168,427	-	-	-	-	-	-	162,541	-	162,541
Common stock converted from convertible corporate bonds	6(J)(Y)	67,180	-	273,397	-	-	-	-	-	-	340,577	-	340,577
Balance to March 31, 2019		$ 1,589,915	$ -	$ 3,818,944	$ 346,855	$ 446,134	$ 1,426,457	($ 304,323)	$ -	$ -	$ 7,323,982	$ 38,217	$ 7,362,199

The attached annex to the consolidated financial statements is part of this consolidated financial report. Please refer to it.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows (CONT'D)
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Note	January 1 to March 31, 2019	January 1 to March 31, 2018
Cash flows from operating activities			
Income before tax		$ 243,615	$ 106,872
Adjustments			
Adjustments to reconcile profit and loss			
Measuring net profit of financial assets (liabilities) at fair value through profit and loss	6(B)(S)	(5,855)	(2,036)
Depreciation	6(E)(F)(U)	148,681	123,354
Amortization	6(U)	8,612	7,439
Expected credit loss (reversal) provision	12	854	(890)
Long term prepayment of rent for rental payments	6(G)	-	1,624
Disposition and disposal of loss of real property, plant and equipment	6(S)	404	6,233
Interest income	6(R)	(2,542)	(2,429)
Interest expenses	6(T)	8,184	4,282
Changes in assets / liabilities relating to operating activities			
Net changes in operating assets			
Measuring financial assets and liabilities at fair value through profit and loss		-	1,875
Accounts receivable		403,036	795,732
Other receivables		17,329	(22,963)
Inventories		(361,300)	(248,042)
Prepayments		(7,138)	(45,928)
Other current assets		(11,766)	(763)
Net changes in liabilities related to operating activities			
Contract liabilities		(15,068)	3,840
Notes payable		-	(4,540)
Accounts payable		140,742	(39,008)
Other payables		(141,795)	(131,137)
Other current liabilities		(2,073)	(6,804)
Other non-current liabilities		(813)	(829)
Cash inflows generated from operating activities		423,107	545,882
Interest income received		2,664	2,225
Interest income paid		(4,762)	(3,145)
Income tax paid		(36,319)	(6,526)
Net cash generated from operating activities		384,690	538,436

(Continued)

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Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows (CONT'D)
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Note	January 1 to March 31, 2019	January 1 to March 31, 2018
Cash flows from investing activities			
Acquisition of property, plant and equipment	6(Y)	($ 411,444)	($ 181,781)
Disposal of property, plant and equipment		3,828	2,925
Acquiring right to use assets		(23,837)	-
Acquiring intangible assets		(317)	(44)
Increase in other non-current assets		(13,652)	(2,960)
Deposit increased		-	(30)
Net cash used in investing activities		(445,422)	(181,890)
Cash flows from financing activities			
Short-term loans reduction	6(Z)	(102,700)	(280,045)
Increase in short-term bills	6(Z)	79,951	-
Repayment of long-term loans	6(Z)	(10,034)	(58,019)
Lease principal repayment	6(Z)	(10,050)	-
Capital increase by cash	6(N)(O)	165,114	-
Net cash flows from (used in) financing activities		122,281	(338,064)
Effect of exchange rate changes		60,272	74,161
Net increase in cash and cash equivalents		121,821	92,643
Cash and cash equivalents at beginning of period		1,313,073	1,068,037
Cash and cash equivalents at end of period		$ 1,434,894	$ 1,160,680

The attached annex to the consolidated financial statements is part of this consolidated financial report. Please refer to it.

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

I. Company History

Fulgent Sun International (Holding) Co., Ltd. (hereinafter referred to as "the Company") was established in November 2009 in British Cayman Islands, the address of the Office is "No. 76, Sec. 3, Yunlin Rd., Dounan Township, Yunlin County", for the main business of the Company and Subsidiaries (collectively referred to as "the Group") is production and sales of sports and leisure outdoor footwear.

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors and published on May 2, 2019.

III. New Standards, Amendments and Interpretations Adopted

A. The impact of the newly issued and revised international financial report standards approved by Financial Supervisory Commission(hereinafter referred to as the “FSC”)

The following table lists the criteria and interpretations for the new issuance, revision and amendment of the IFRS as accredited by FSC in 2019:

New/Revised/Amended Standards and Interpretations	**Effective date set by IASB**
Amendments to IFRS 9 about “Prepayment Features with Negative Compensation”	January 1, 2019
IFRS 16 about “Leases”	January 1, 2019
Amendments to IAS 19 about “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 about “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 about “Uncertainty over Income Tax Treatments”	January 1, 2019
Annual Improvements for 2015-2017Cycle	January 1, 2019

The group has assessed the above criteria and explanations as having no significant impact on the financial position and financial performance of the group, except as described below:

International Financial Reporting Standards 16 "Leases"

1. International Financial Reporting Standards 16 "Leases" replaces the current International Accounting Standards 17 "Leases" and its related explanations and interpretations. This standard stipulates that the lessee should recognize the right to use assets and lease liabilities (except for leases of assets with a lease period of less than 12 months or low value subject matter); the lessor's accounting treatment is still the same, based on two types of leases; namely, business lease and financial lease, only related disclosure is added.
2. When applying the 2019 version of IFRSs approved by the FSC, the Group will adopt non-reprogramming comparative information (hereinafter referred to as "revised retrospective adjustment") for the International Financial Reporting Standards No. 16; it will be a lessee's lease contract, which will increase the usufruct assets by $651,037 on January 1, 2019, increase the lease liabilities by $235,140, and reduce the non-current assets by $415,897.

3. For the first time, IFRS No. 16 was applied to the Group; the following practices were adopted:

(1) The non-evaluation of whether a contract is (or contains) a lease shall be treated in accordance with the provisions of international Financial reporting standard 16th as a contract that has been identified as a lease at the time of the interpretation of 17th and international financial reports of the previous application of IAS No. 4th.

(2) A single discount rate will be applied to the lease portfolio with reasonable similar characteristics.

(3) Short-term leasing is adopted for leases that will end before December 31 and 2019. The rental fees recognized in these contracts in the first quarter of 2019 are $580.

(4) The original direct cost is not included in the measurement of the right-to-use assets.

(5) Evaluating the exercise of the option of extension of lease and the non-exercise of the option of termination of lease as to the judgment of the lease period shall be based on hindsight.

(6) Liabilities under a loss-making lease contract are prepared to adjust the right-to-use assets.

4. In calculating the present value of the lease liabilities, the Group adopts the group's increased borrowing interest rate with a weighted average interest rate of 0.99%.

5. The present value of the Group's discounted incremental borrowing rate on the first applicable date is the same as the amount of the lease liabilities recognized in January 1, 2019, according to the amount disclosed in IAS 17.

The impact of not using the newly issued and revised international financial report standards approved by Financial Supervisory Commission: None

The impact of international financial reporting standards issued by the International Accounting Standards Board has not yet been approved by the FSC.

The following table shows the criteria and explanations newly issued, revised and amended by the International Accounting Standards Board (IASB) which have not yet been approved by the FSC.

New/Revised/Amended Standards and Interpretations	**Effective date set by IASB**
Revision of IAS1 and IAS8, about "Definition of Significance"	January 1, 2020
Revision of IFRS3, about "Definition of Business"	January 1, 2020
IFRS10 and IAS28, about "Sale or Investment of Assets between Investors and their Associates and Joint Ventures"	Investment still held by the IASB decision
IFRS17 about "Insurance Contracts"	January 1, 2021

The group's evaluation of the above criteria and explanations has no significant impact on the financial position and financial performance of the Group.

IV. Summary of Significant Accounting Policies

Major accounting policies are the same as Note 4 of the consolidated financial statements of 2008 except for those specified in the statement of compliance, basis of preparation, basis of consolidation and additional sections as follows. These policies apply consistently during all reporting periods, unless otherwise specified.

A. Statement of Compliance

1. This consolidated financial report is prepared in line with the guidelines for the preparation of financial reports of issuers of securities and the International Accounting Standards 34, about "Interim Financial Reports" approved by the FSC.

2. This consolidated financial report shall be read in conjunction with the consolidated financial report of 2018.

B. Basis of Preparation

1. Except for the following important items, this consolidated financial report is prepared based on historical cost:

   Fair value measurement through profit or loss, and financial assets and liabilities (including derivatives) measured at fair value.

2. The preparation of financial reports conforming to the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Notices (hereinafter referred to as IFRSs), recognized by the FSC, requires the use of some important accounting estimates. In the application of the Group's accounting policies, it is also necessary for the management to use their judgments, and involvement of items which requires profound judgment or complexity, or major assumptions and estimates with regards to consolidated financial statements. Please to note 5 for details.

C. Basis of Consolidation

1. Principles of preparation of consolidated financial statements

   The principles for the preparation of this consolidated financial report are the same as those for the consolidated financial report of 2008.

2. List of subsidiaries included in the consolidated financial statements

			Percentage of ownership		
Name of Investor	**Name of Subsidiary**	**Nature of business**	**March 31, 2019**	**Dec. 31, 2018**	**March 31, 2018**
The Company	Capital Concord Enterprises Limited (Capital Concord Enterprises Limited H.K.)	Investment Holding and Sports Leisure Outdoor Footwear Production and Sales	100	100	100
Capital Concord Enterprises Limited	Fujian Laya Outdoor Products	Distribution Agent and Import and Export Trade	100	100	100
Capital Concord Enterprises Limited	Laya Max Trading	Distribution Agent and Import and Export Trade	100	100	100
Capital Concord Enterprises Limited	Hong Kong Laya Outdoor Products	Holding company	100	100	100
Capital Concord Enterprises Limited	Fujian Sunshine Footwear	Sports Leisure Outdoor Footwear Production and Sales	100	100	100
Capital Concord Enterprises Limited	Sunny Footwear	Sports Leisure Outdoor Footwear Production and Sales	100	100	100
Capital Concord Enterprises Limited	Hubei Sunsmile Footwear	Sports Leisure Outdoor Footwear Production and Sales	100	100	100

Name of Investor	Name of Subsidiary	Nature of business	Percentage of ownership		
			March 31, 2019	Dec. 31, 2018	March 31, 2018
Capital Concord Enterprises Limited	Fulgent Sun Footwear(Vietnam)	Investment Holding and Sports Leisure Outdoor Footwear Production and Sales	100	100	100
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Distribution Agent and Import and Export Trade	100	100	100
Capital Concord Enterprises Limited	Lin Wen Chih Sunstone Garment Enterprises Co., Ltd	Distribution Agent and Import and Export Trade	91.27	91.27	91.27
Capital Concord Enterprises Limited	NGOC HUNG Footwear(Vietnam)	Holding company	100	100	100
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	100	100	100
Hong Kong Laya Outdoor Products	Fujian La Sportiva	Sports Leisure Outdoor Footwear Production and Sales	60	60	60

3. Subsidiaries not included in the consolidated financial report: no such case.
4. Subsidiaries' different adjustment and treatment during accounting period: no such case.
5. Major Restrictors: no such case.
6. Subsidiaries with significant non-controlling interests in the Group: no such case.

D. Lessee's Lease Transaction-Right to Use Assets/Lease Liabilities

1. The lease assets are recognized as the right to use assets and lease liabilities on the day available for being used by the Group. As the lease contract is leased on a short-term basis or a low value asset, the Straight-Line Method of the lease payment is recognized as the cost during the term of lease.
2. Lease liabilities are recognized on the basis of the present value of the loan interest rate discounted, and that has not been paid with the Group's increased loan rate; the lease payment includes:

   (1) With fixed payments, deducting any rental incentives receivable;
   (2) For the lease payment, it is based on the change of an index or rate;
   The subsequent interest method is measured by amortization cost method; the interest expense is listed during the term of lease. When a lease period or a change in lease payment is caused by a non-contractual modification, the lease liability will be re-evaluated and the number of adjusted use for the right to use asset will be re-measured.
3. The right to use assets is recognized at the cost on the start date of the lease, including:

   (1) The original amount of the leased liabilities;

   (2) Any rental payment paid on or before the start date;

   The cost of subsequent acquisition is measured in terms of the depreciation expense when the term of the end of the term of the right to use asset is expired or when the lease period expires, whichever is earlier. When the lease liability is re-evaluated, the right to use asset will adjust any re-measurement of the lease liability. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

V. Major Sources of Uncertainty in Major Accounting Judgments, Estimates and Assumptions

There are no major changes in this period. Please refer to Note 5 of the Consolidated Financial Report of 2018.

VI. Explanation of Significant Accounts

A. Cash and Cash Equivalents

	March 31, 2019	Dec. 31, 2018	March 31, 2018
Cash on hand and revolving funds	$ 2,646	$ 3,582	$ 3,130
Checking deposits & demand deposits	1,042,489	845,574	987,470
Time deposits	389,759	463,917	170,080
Total	$ 1,434,894	$ 1,313,073	$ 1,160,680

1. The financial institutions of the Group have good credit quality, and the Group has dealings with several financial institutions to distract credit risk; so the possibility of default is very unlikely.
2. The Group presents time deposits with original maturity of more than 3 months and not meeting short-term cash commitments under "Other Current Assets". Amounts of March 31, 2019, December 31, 2018 and March 31, 2018 are all $0.

B. Financial Asset(Liability) at Fair Value through Profit or Loss

Item	March 31, 2019	Dec. 31, 2018	March 31, 2018
Current items:			
Financial assets that are measured at fair value through profit or loss			
- Forward foreign exchange contract	$ -	$ -	$ 412
- Convertible corporate bond redemption and sale rights (Note 6 (X))	-	-	199
	$ -	$ -	$ 611
Non-current items:			
Financial assets that are measured at fair value through profit or loss			
- Listed cabinet company stock	$ 2,318	$ 1,854	$ 3,708
Financial liabilities designated as fair value through profit or loss - convertible corporate bond redemption and resale rights			
- Convertible corporate bond redemption and sale rights	($ 88)	($ 5,500)	$ -

1. The group has no non-hedging transactions contracts for derivative financial assets on The Group undertook transactions and contract information on derivative financial assets not covered by applicable - non-hedging accounting on December 31, 2019 and 2018 as follows:

	March 31, 2018	
Derivative financial assets	Contract amount (Notional amounts)	Due date
Forward foreign exchange contract	US$ 1,000,000	August 27, 2018

The Group engaged in forward foreign exchange transactions, mainly on buying forward transactions (selling USD for RMB), which was to avoid exchange rate risks on import and export, but no non-hedging accounting was applied. The recognized interests on January 1 to March 31, 2019 and 2018 are $0 and $1,361 respectively.

2. The convertible corporate bonds the Group held the right to redeem and sell from January 1 to March 31, 2019 and 2018, with recognized gains and losses were $5,391 and $125, respectively.
3. The shares of listed OTC companies the Group held from January 1 to March 31, 2019 and 2018, with recognized interests were $464 and $800, respectively.
4. The Group has not pledged financial assets to be measured at fair value through gains and losses.

C. Notes and Accounts Receivable, Net

Item	March 31, 2019	Dec. 31, 2018	March 31, 2018
Notes receivable	$ -	$ -	$ 9
Accounts receivable	$ 1,753,895	$ 2,143,921	$ 1,048,736
Less: Loss allowance	(4,511)	(3,630)	(1,815)
	$ 1,749,384	$ 2,140, 291	$ 1,046,921

1. Note receivable and account age analysis are as follows:

	March 31, 2019	Dec. 31, 2018	March 31, 2018
Not past due	$ 1,544,262	$ 2,030,828	$ 975,691
0 to 90 days past due	192,185	110,491	69,458
91 to 180 days past due	15,495	139	809
181 to 365 days past due	88	474	2,218
Past due over 365 days	1,865	1,989	569
Total	$ 1,753,895	$ 2,143,921	$ 1,048,745

The above-mentioned information is based on the number of overdue days as the basis for the aging analysis.

2. For relevant credit risk information, please refer to Note 12(B).

D. Inventories

	March 31. 2019		
	Cost	Allowance for uncollectible accounts & allowance for reduction	Carrying amounts
Merchandise inventory	$ 84,979	($ 14,383)	$ 70,596
Raw material	586,363	(35,395)	550,968
Work in process	428,093	(13,946)	414,147
Finished goods	877,203	(33,382)	843,821
In-transit inventory	364,422	-	364,422
	$ 2,341,060	($ 97,106)	$ 2,243,954

	December 31. 2018		
	Cost	Allowance for uncollectible accounts & allowance for reduction	Carrying amounts
Merchandise inventory	$ 75,803	($ 15,114)	$ 60,689
Raw material	467,776	(36,302)	431,474
Work in process	475,770	(6,436)	469,334
Finished goods	725,356	(26,900)	698,456
In-transit inventory	203,191	-	203,191
	$ 1,947,896	($ 84,752)	$ 1,863,144

	March 31. 2018		
	Cost	Allowance for uncollectible accounts & allowance for reduction	Carrying amounts
Merchandise inventory	$ 89,648	($ 11,171)	$ 78,477
Raw material	545,627	(44,494)	501,133
Work in process	414,175	(5,986)	408,189
Finished goods	535,817	(19,418)	516,399
In-transit inventory	257,523	-	257,523
	$ 1,842,790	($ 81,069)	$ 1,761,721

The cost of inventories recognized by the Group as expenses in the current period:

	January 1 to March 31, 2019	January 1 to March 31, 2018
Inventory cost sold	$ 2,059,496	$ 1,743,295
Inventory depreciation loss (recovery benefit)	12,354	(1,781)
Inventory scrap loss	$ 93	$ 132
Stock loss (profit)	$ 1,649	($ 1,258)
Recognized as expenses	(488)	(74)
Effect of exchange rate changes	(1,297)	(127)
	$ 2,071,807	$ 1,740,187

The Group recognized a reduction in the cost of goods sold due to a rebound in the net realizable value of inventory due to the degraded part of the inventory that had been listed as loss of price from January 1 to March 31, 2018.

E. Property, Plant and Equipment

January 1 to March 31, 2019

Cost	Opening Balance	Increased in the period	Reduced in the period	Transfer in the period	Effect of exchange rate changes	Ending balance
Land	$ 302,054	$ -	$ -	$ -	$ 1,032	$ 303,086
Buildings	3,214,325	15,853	(228)	57,309	45,374	3,332,633
Machinery equipment	2,483,953	43,331	(16,389)	40,937	37,472	2,589,304
Transportation Equipment	92,163	-	(525)	-	980	92,618
Office equipment	40,590	528	(246)	139	686	41,697
Other	1,188,306	16,710	(9,321)	29,331	13,795	1,238,821
Construction in progress	521,341	265,227	-	(94,547)	2,453	694,474
	$ 7,842,732	$ 341,649	$ 26,709	$ 33,169	$ 101,792	$ 8,292,633

	Opening Balance	Increased in the period	Reduced in the period	Transfer in the period	Effect of exchange rate changes	Ending balance
Accumulated depreciation	($ 887,467)	($ 36,617)	$ 204	$ -	($ 17,064)	($ 940,944)
Buildings	(1,232,709)	(52,945)	12,187	-	(23,710)	(1,297,177)
Machinery equipment	(55,023)	(2,120)	525	-	(645)	(57,263)
Transportation Equipment	(34,599)	(544)	246	-	(649)	(35,546)
Office equipment	(702,665)	(44,973)	9,315	-	(10,207)	(748,530)
Other	($ 2,912,463)	($ 137,199)	$ 22,477	$ -	($ 52,275)	($ 3,079,460)
	$ 4,930,269					($ 5,213,173)

January 1 to March 31, 2018

Cost	Opening Balance	Increased in the period	Reduced in the period	Transfer in the period	Effect of exchange rate changes	Ending balance
Land	$ 292,662	$ -	$ -	$ -	($ 6,441)	$ 286,221
Buildings	2,814,015	21,871	(-)	159,899	43,452	3,039,237
Machinery equipment	2,211,674	26,828	(26,754)	204	41,430	2,253,382
Transportation Equipment	91,078	1,598	(1,752)	-	3,824	94,748
Office equipment	39,559	301	(139)	-	504	40,225
Other	1,057,092	36,370	(8,141)	27,700	(4,577)	1,108,444
Leased Assets	5,560	-	(5,560)	-	-	-
Construction in progress	408,868	107,661	-	(188,199)	(1,638)	326,692
	$ 6,920,508	$ 194,629	$ 42,346	($ 396)	$ 76,554	$ 7,148,949

	Opening Balance	Increased in the period	Reduced in the period	Transfer in the period	Effect of exchange rate changes	Ending balance
Accumulated depreciation	($ 754,074)	($ 33,292)	$ -	($ 7)	($ 13,548)	($ 800,921)
Buildings	(1,199,008)	(47,417)	20,797	-	(24,888)	(1,250,516)
Machinery equipment	(48,850)	(2,405)	1,752	7	(1,657)	(51,153)
Transportation Equipment	(33,463)	(461)	139	-	(479)	(34,264)
Office equipment	(563,342)	(39,686)	7,905	-	(2,471)	(597,594)
Other	(2,502)	(93)	$ 2,595	-	-	-
Leased Assets	($ 2,601,239)	($ 123,354)	$ 33,188	$ -	($ 43,043)	($ 2,734,448)
	$ 4,319,269					($ 4,414,501)

In March 31, 2019, December 31, 2018 and March 31, 2018, the Group provides guarantees information with real estate, plant and equipment. Please refer to Note VIII for details.

F. Lease Arrangements

Applicable in 2019

1. The Group's leased assets include land, houses and buildings, and official vehicles. The lease contract usually lasts from 1 to 50 years. The lease contract is negotiated individually and contains various terms and conditions. There are no restrictions except that the leased assets may not be used as loan guarantees.
2. The book value of the right-to-use assets and the depreciation charges recognized are as follows:

	March 31, 2019 Carrying amount	January 1 to March 31, 2019 Depreciation expense
Land	$ 627,719	$ 10,366
Buildings	25,535	1,075
Transportation Equipment (company car)	151	41
	$ 653,405	$ 11,482

3. The profit and loss item relating to the lease contract is as follows:

	January 1 to March 31, 2019
Items affecting current profit and loss	
Interest expense on lease liability	$ 52
Is the cost of a short-term lease contract	580

G. Other Non-Current Assets

Items	March 31, 2019	Dec. 31, 2018	March 31, 2018
Non-current:			
Long-term prepaid rent	$ -	$ 415,897	$ 266,578
Prepaid for equipment	95,100	52,090	27,756
Refundable deposits	5,368	5,294	5,250
Other	38,805	37,568	37,258
Total	$ 139,273	$ 510,849	$ 336,842

1. The lease term of the land use right contract signed by the Group is 35 to 50 years. It was paid in full at the time of the lease signing. The rent fee recognized from January 1 to March 31, 2018 is $1,624.
2. In March 31, 2019, December 31, 2018 and March 31, 2018, the group's information on the guarantee of other non-current assets is described in detail in Note 8.

H. Short-Term Loans

Loan Type	March 31, 2019	Interest rate range	Collateral
Credit loans	$ 979,840	0.69%~3.00%	Note

Loan Type	December 31, 2018	Interest rate range	Collateral
Credit loans	$ 1,077,264	0.70%~2.93%	Note

Loan Type	March 31, 2018	Interest rate range	Collateral
Credit loans	$ 572,903	0.78%~2.33%	Note

Note: For information on the security of property, plant and equipment provided by the Group, please refer to note 8.

I. Other Payables

Items	March 31, 2019	Dec. 31, 2018	March 31, 2018
Accrued salaries	$ 314,074	$ 449,902	$ 281,112
Payables on equipment	273,762	267,378	119,770
Other	191,285	214,064	145,506
	$ 779,121	$ 931,344	$ 546,388

J. Corporate Bonds Payable

	March 31, 2019	Dec. 31, 2018	March 31, 2018
Domestic third unsecured convertible bonds	$ 14,700	$ 237,600	$ 248,600
Domestic fourth unsecured convertible bonds	878,700	1,000,000	-
Less: discount on corporate bonds payable	(23,235)	(30,080)	(3,622)
Subtotal	870,165	1,207,520	244,978
Less: expiration within one year	(14,680)	(236,495)	(244,978)
Total	$ 855,485	$ 971,025	$ -

1. The third unsecured convertible bonds in the Republic of China, issued by the Board of Directors of the Company on March 8, 2016, are as follows:

(1) The conditions for issuing the third unsecured convertible bonds of the Company are as follows:

A. With the approval of the competent authority, the Company raised and issued the 3rd unsecured convertible bonds in Taiwan, totalling $700,000, with a par value of $100,000 and a coupon interest rate of 0%. The convertible bond was issued for 3 years and circulated from May 3, 2016 to May 3, 2019 . When the convertible bond matured, it was repaid in cash at the face value of the bond. The convertible bond was listed at Gre Tai Securities Market Exchange on May 3, 2016.

B. The convertible bond holder may at any time request the Company for conversion to its common stock from the next 3 months after the issuance of the bond to the expiration date, except for the period of suspension of the transfer according to the regulations or decrees. The rights and obligations of the convertible bond holder are the same as those of the original common stock.

C.The conversion price of the convertible bond is set at $58.5 per share at the time of issue, and the conversion price of the convertible bond is determined according to the prescribed model stipulated in the conversion method, and the conversion price will be in case of the Company's anti-dilution clause. It will be adjusted according to the model set out in the conversion method.

D. Within forty days before the convertible bond is issued two full years, the bondholder may require the Company to redeem the convertible bond in cash at 101.0025% of the face value of the bond.

E. When the the convertible bond is issued 3 months from the next day to the first 40 days after the expiration of the issuance period, the 30 consecutive business days of the closing price of the common stock of the Company will exceed 30% of the conversion price at that time; the Company will notify the creditors within 30 business days thereafter and withdraw the outstanding bonds in cash on the basis of the day of recovery based on the bond value. When the the convertible bond is issued 3 months, When the balance of the convertible bond is less than 10% of the total issued in the first 40 days before the expiration of the issuance period, the Company will have to withdraw all its bonds in cash at any time thereafter based on the denomination of the bonds.

F. As per the conversion method, all of the Company's recovery (including purchased from the Securities Merchants Business Offices), repayment, or converted the convertible bond will be revoked, no longer be sold or issued, the attached conversion rights will be revoked accordingly.

(2) As of March 31, 2019, the convertible bond denomination $675,300 has been converted to 12,664 thousand shares of common stock. After the issuance of the convertible bond, when the common stock issued by the Company has increased or the ratio of cash dividends per share to the current price of the common stock exceeds 1.5%, the company shall adjust the conversion price of this bond to $49.8 per share in accordance with the provisions of the terms of issue.

(3) When issuing the convertible corporate debt, the Company will, in accordance with the international accounting standards No.32, separate the conversion rights of the rights and interests from the constituent elements of the liabilities, and account for the "capital accumulation rights and equity options". The balance on March 31, 2019 is $525. The other is the right to buy back and sell back, according to the International Financial Reporting Standard No. 9, because of the economic characteristics of the goods that are in debt with the principal contract, the relationship between economy characteristics and risk is not closely related, so it is separated and list as net account of "Financial asset or financial liability at fair value through profit or loss". The effective interest rate of the principal contract obligation after separation is 1.330%.

(4) On April 30, 2018 , some holders of corporate bonds executed the right to sell back, the Company bought back the bonds at $10,100 based on the face value of the stock 101.0025% and recovered the loss of $243.

2. The fourth unsecured convertible bonds in the Republic of China, issued by the Board of Directors of the Company on August 6, 2018, are as follows:

(1) The conditions for issuing the fourth unsecured convertible bonds of the Company are as follows:

A. With the approval of the competent authority, the Company raised and issued the 4th unsecured convertible bonds in Taiwan, totalling $1,000,000, with a par value of $100,000 and a coupon interest rate of 0%. The convertible bond was issued for 3 years and circulated from October 2, 2018 to October 2, 2021. When the convertible bond matured, it was repaid in cash at the face value of the bond. The convertible bond was listed at Gre Tai Securities Market Exchange on October 2, 2018 .

B. The convertible bond holder may at any time request the Company for conversion to its common stock from the next 3 months after the issuance of the bond to the expiration date, except for the period of suspension of the transfer according to the regulations or decrees. The rights and obligations of the convertible bond holder are the same as those of the original common stock.

C. The conversion price of the convertible bond is set at $54.5 per share at the time of issue, and the conversion price of the convertible bond is determined according to the prescribed model stipulated in the conversion method, and the conversion price will be in case of the Company's anti-dilution clause. It will be adjusted according to the model set out in the conversion method.

D. Within forty days before the convertible bond is issued two full years, the bondholder may require the Company to redeem the convertible bond in cash at 101.0025% of the face value of the bond.

E. When the the convertible bond is issued 3 months from the next day to the first 40 days after the expiration of the issuance period, the 30 consecutive business days of the closing price of the common stock of the Company will exceed 30% of the conversion price at that time; the Company will notify the creditors within 30 business days thereafter and withdraw the outstanding bonds in cash on the basis of the day of recovery based on the bond value. When the the convertible bond is issued 3 months, When the balance of the convertible bond is less than 10% of the total issued in the first 40 days before the expiration of the issuance period, the Company will have to withdraw all its bonds in cash at any time thereafter based on the denomination of the bonds.

F. As per the conversion method, all of the Company's recovery (including purchased from the Securities Merchants Business Offices), repayment, or converted the convertible bond will be revoked, no longer be sold or issued, the attached conversion rights will be revoked accordingly.

(2) As of March 31, 2019, the convertible bond denomination $121,300 has been converted to 2,242 thousand shares of common stock. After the issuance of the convertible bond, when the common stock issued by the Company has increased or the ratio of cash dividends per share to the current price of the common stock exceeds 1.5%, the company shall adjust the conversion price of this bond to $54.1 per share in accordance with the provisions of the terms of issue.

(3) When issuing the convertible corporate debt, the Company will, in accordance with the international accounting standards No.32, separate the conversion rights of the rights and interests from the constituent elements of the liabilities, and account for the "capital accumulation rights and equity options". The balance on March 31, 2019 is $26,074. The other is the right to buy back and sell back, according to the International Financial Reporting Standard No. 9,

because of the economic characteristics of the goods that are in debt with the principal contract, the relationship between economy characteristics and risk is not closely related, so it is separated and list as net account of "Financial asset or financial liability at fair value through profit or loss". The effective interest rate of the principal contract obligation after separation is 1.066%.

K. Long-Term Loans

There is no long-term loan on March 31, 2019 in the Group.

Loan Type	Loan period and repayment method	Interest rate range	Collateral	Dec. 31, 2018
Long-term bank loans credit loans	From August 3, 2018 to August 3, 2020, with monthly interest payment, the principal can be paid at any time.	0.9378%	none	$ 10,000

Loan Type	Loan period and repayment method	Interest rate range	Collateral	March 31, 2018
Long-term bank loans credit loans	From December 26, 2017 to December 26, 2019, with monthly interest payment, the principal can be paid at any time.	0.9361%	none	$ 30,000

L. Other Current Liabilities and Other Non-Current Liabilities

Items	March 31, 2019	Dec. 31, 2018	March 31, 2018
Current:			
Corporate bonds payable	$ 14,680	$ 236,495	$ 244,978
Other current liabilities - Others	11,774	13,663	9,359
Other	$ 26,454	$ 250,158	$ 254,337
Items	**March 31, 2019**	**Dec. 31, 2018**	**March 31, 2018**
Non-Current:			
Deferred government grant income	$ 132,248	$ 129,924	$ 137,482
Other non-current liabilities - Others	96,346	94,080	97,752
Total	$ 228,594	$ 224,004	$ 235,234

M. Pension

1. Since July 1, 2005, the Group's subsidiary Capital Concord Enterprises (H.K.) Taiwan Branch and Laya Max Trading have set up a defined retirement scheme according to the "Labor Pension Act", which is applicable to employees of this nationality. The Group has paid the labor pension to 6% of the monthly salary of the labor pension system applicable to the employee's choice of the" Labor Pension Act", the personal accounts of the labor insurance bureau and the payment of employees' pensions are collected on the basis of the pensions of employees' personal pensions and the amount of accumulated income or by a pensions. From January 1 to March 31, 2019 and 2018, the Group's pensions based on the pensions method mentioned about are divided into $1,318 and $1,235, respectively.
2. The Group's second-tier subsidiary in China in accordance with the regulations of the People's Republic of China government pension system, based on a monthly

18% to 20% of the total local staff salaries set aside pension (Sunny Footwear and Fujian Sunshine Footwear is 18%; Hubei Sunsmile Footwear is 19%; Fujian Laya Outdoor Products and Fujian La Sportiva is 18% to 20%). Each employee's pension arrangements for co-ordination by the government. The Group has a monthly contribution, but no further obligation. From January 1 to March 31, 2019 and 2018 of the Group's second-tier subsidiary in China in accordance with the above-mentioned pension measures recognized under pension were $ 18,285 and $16,112, respectively.

3. The Group's subsidiary Fulgent Sun Footwear (Vietnam) and NGOC HUNG Footwear (Vietnam) are subject to the relevant local regulations, according to the local government regulations; the pension fund for employees' retirement pension is payable on a monthly basis at a certain percentage of the total wage and paid to the relevant competent authorities. The Group has no further obligation except monthly payment. From January 1 to 31, 2019 and 2018, the above-mentioned pension measures of the Group recognized under pension were $22,264 and $19,223 respectively.

N. Share Capital

1. On August 6, 2018, the Company adopted a cash replenishment plan by the Board of Directors, which issued 6,000 thousands common stock with cash replenishment and declared to the FSC on September 7, 2018; the issue price was $38.5 per share, the base date of replenishment was January 11, 2019, and the amount raised was $231,000.
2. On March 31, 2019, the Company's rated capital was $2,000,000, divided into 200 million shares, the paid in capital was $1,589,915, the denomination of $10 per share.

Unit: Thousand Shares

	2019	2018
January 1	146,274	146,197
Capital increase	6,000	-
Convertible Corporate debt execution conversion	6,718	58
March 31	158,992	146,255

3. Treasury stock

(1) Reason and quantity of share recovery:

March 31, 2019 and December 31, 2018, no such case.

		March 31, 2018	
Name of the company holding the shares	Reason of recovery	Share (Thousand shares)	Carrying amount
The Company	For the transfer of shares to employees	500	$ 32,824

(2) Securities Exchange Act stipulates that the proportion of the Company to buy back the issued shares shall not exceed 10% of the total number of shares

issued by the Company, the total amount of the purchased shares, and shall not exceed the retained surplus plus the premium for the issuance of shares and the amount of the realized capital provident fund.

(3) The Treasury Stock held by the Company shall not be pledged under the Securities Exchange Act and shall not be entitled to the rights of shareholders until they have been transferred.

(4) According to the Securities Exchange Act, the shares purchased from the employee for the transfer of shares shall be transferred within 3 days from the date of purchase, and those who are overdue are deemed not to have issued shares of the Company and shall be subject to the change registration and sale of the shares.

O. Capital Reserve

1. According to the Company Act, the excess of the income from the issuance of shares in excess of the coupon amount and the capital reserve of the received gift shall, in addition to being used to make up for the loss, be issued to new shares or cash in proportion to the original shares of the shareholders when the Company has no accumulated losses. In accordance with the relevant provisions of the Securities Exchange Act, each of the above open capital reserve Capital is limited to 10% of the total amount of capital collected. If the Company is not in surplus reserve to fill the capital loss is still insufficient, it should not be supplemented by capital reserve.

2. The changes in capital reserve are as follows:

	2019				
	Issue premium	Stock options	Restricted Stock Awards	Other	Total
January 1	$ 3,312,081	$ 45,886	$ 18,796	$ 357	$ 3,377,120
Capital increase	176,158	(7,731)	-	-	168,427
Convertible corporate bonds to convert common stocks	284,953	(11,556)	-	-	273,397
March 31	$ 3,773,192	$ 26,599	$ 18,796	$ 357	$ 3,818,944

	2018			
	Issue premium	Stock options	Restricted Stock Awards	Total
January 1	$ 3,308,664	$ 8,985	$ 18,796	$ 3,336,445
Convertible corporate bonds to convert to common stocks	2,582	(111)	-	2,471
March 31	$ 3,311,246	$ 8,874	$ 18,796	$ 3,338,916

P. Retained Earnings

1. In accordance with the provisions of the Articles of Incorporation, the Company may, in accordance with the resolution of the Board of Directors, and by resolution of the shareholders' meeting to pass the surplus allocation case, the Company shall (1) first make up the loss 2 10% in respect to make a special surplus reserve in accordance with the rules of the public offering company or at the request of the competent authority; (3) to make an employee dividend not exceeding 3% of the remaining surplus as a director and 3% of the remaining profits as employees of the Company and its subsidiaries.

2. When the Company's surplus is allocated, the dividend assigned to the shareholder shall not be less than the balance of the remaining surplus deduction of 2% of the preceding (1) (2), wherein the cash dividend issued shall not be less than 10% of the dividend.

3. In accordance with the provisions of the company's Articles of Incorporation, the Company shall not issue dividends or assign dividends or other assignments in respect of the realized or unrealized benefits of the Company, the premium account for the issuance of shares or other payments permitted by the Cayman Company ACT, provided that the statutory surplus is more than 25% of the amount of capital paid, Only the statutory surplus shall be accumulated as the above allocation and shall be limited to the portion of the accumulated capital in excess of 25% of the amount received.

4. (1) When the Company assigns a surplus, it shall make a special surplus accumulated in respect of the debit balance of other equity items on the balance sheet date in accordance with the provisions of the laws, and when the debit balance of subsequent other equity items rotates, the rotating amount may be included in the surplus available for allocation.

(2) When IFRSs was first used, the special surplus reserve listed in letter No. 1010012865 issued by FSC on April 6, 2012 was reversed when the Company subsequently used, disposed of or reclassified the related assets.

5. On May 2, 2019, the Company passed the 2018 surplus allocation case by resolution of the Board of Directors and on June 8, 2018 by the shareholders' meeting resolution through the 2017 surplus allocation cases are as follows:

	2018		2017	
	Amount	Dividend per share (NT$)	Amount	Dividend per share (NT$)
Legal Reserve	$ 74,300		$ 80,311	
Special reserve	(25,593)		201,766	
Cash dividend	588,178	$ 3.68	599,554	$ 4.1
Total	$ 636,885		$ 881,631	

In accordance with the 1010012865 letter of FSC issued on April 6, 2012, the amount of other shareholders' rights and interests should be deducted from the surplus allocation. The special surplus of the same amount of profits and losses from the current profits and losses should not be allocated. However, when the Company has applied for IFRSs for the first time, a special surplus should be specified, and a special surplus reserve should be added to the difference between the proposed amount and the net loss of other rights and interests.

The 2018 surplus allocation bill as of May 2, 2019 has not yet been approved by the shareholders' meeting. Shareholder cash dividend of $3.68 per share, to be requested to be approved by the shareholders' meeting, before the interest rate benchmark day; if the conversion or restriction of the rights of employees on the issue of convertible corporate debt, and other factors affecting the number of shares in circulation. To make the shareholder's interest rate change as a result, it is proposed that the shareholders' meeting authorize the Board of Directors and authorize the Chairman to deal with it in accordance with the Board's resolution.

For enquiries through the proposed and shareholders' meeting resolution surplus allocation situation of the Board of Directors of the Company, please refer to the "MOPS" of the Taiwan Stock Exchange.

6. For information about staff bonus and director‘s remuneration, please refer to Note 6(U).

Q. Operating Revenue

	January 1 to March 31, 2019	January 1 to March 31, 2018
Revenue from Contracts with Customers	$ 2,577,643	$ 2,162,678

1. Breakdown of Customer Contract Income

The income of the group originates from the transfer of goods at a certain point, the income can be broken down according to the type of business, for relevant disclosed information, please refer to 14(B) for details.

2. Contract liability

The contract liabilities related to client contract income the Group recognizes are as follows:

Items	March 31, 2019	Dec. 31, 2018	March 31, 2018
Contract liability- Quantity discount	$ -	$ -	$ 611
Contract liability- Advance payment	12,703	27,619	17,041
Total	$ 12,703	$ 27,619	$ 17,652

R. Other Income

	January 1 to March 31, 2019	January 1 to March 31, 2018
Interest income:		
Interest on bank deposits	$ 2,542	$ 2,429
Government subsidy income	10,069	2,666
Other income - Other	19,858	12,375
	$ 32,469	$ 17,470

S. Other Interests and Losses

	January 1 to March 31, 2019	January 1 to March 31, 2018
Disposal of Real Estate, Plant and Equipment Losses	($ 404)	($ 6,233)
Foreign exchange loss	(44,813)	(92,491)
Financial Assets and Liabilities Benefits Measured by Fair Value through Profits and Losses	5,855	2,036
Other losses	(3,677)	(1,646)
	($ 43,039)	($ 98,334)

T. Finance Costs

	January 1 to March 31, 2019	January 1 to March 31, 2018
Bank borrowing	$ 4,931	$ 3,474
Convertible Corporate Debt	3,201	808
Lease liabilities	52	-
	$ 8,184	$ 4,282

U. Expenses Expressed by Nature

	January 1 to March 31, 2019	January 1 to March 31, 2018
Employee benefits costs		
Payroll costs	$ 797,024	$ 704,020
Labor and health insurance costs	28,576	22,740
Pension costs	41,867	36,570
Other employment expenses	14,350	12,275
	881,817	775,605
Depreciation expense	148,681	123,354
Amortization expense	8,612	7,439
	$ 1,039,110	$ 906,398

1. According to Articles of Incorporation, the Company is required to allocate a surplus not exceeding 3% of the remaining surplus as the remuneration of the directors and 3% of the remaining profits as employee dividends for the employees of the Company and its subsidiaries.

2. The staff dividend estimates of the Company from January 1 to March 31, 2019 and 2018 are $2,500 and $1,250 respectively; Directors ' remuneration estimates are $2,500 and $1,250 respectively, and the preceding amounts account for operating expenses. The above-mentioned staff bonuses and directors' remuneration are assessed on the basis of the ratio set out in the Articles of Incorporation, taking into account such factors as the net profit after the current period after consideration of the statutory surplus accumulation.

The employees' dividends and directors' remuneration of 2018 approved by the Board of Directors are consistent with the financial statements of 2018. Information on employee bonuses and directors' remuneration approved by the Board of Directors can be reached at MOPS.

V. Income tax

1. Income tax expense

Income tax component:

	January 1 to March 31, 2019	January 1 to March 31, 2018
Current income tax:		
Income tax on current income	$ 39,071	$ 50,865
Previous annual income tax (high) underestimation	(37)	4,985
Total current income tax	39,034	55,850
Deferred income tax:		
The primitive generation and turn of temporary differences	(186)	(46,340)
The Impact of Tax Rate Change	-	(450)
Total deferred income tax	(186)	(46,790)
Income tax expenses	$ 38,848	$ 9,060

2. Subsidiary-Capital Concord (H.K.) Taiwan Branch and Second-tier Subsidiary-Laya Max Trading Co., Ltd. for profit income tax settlement declaration, have been approved by the taxes reprioritizing authority to 2017.

3. The amendment to the Taiwan Income Tax law came into effect on February 7, 2018, and the tax rate on profit-making business income increased from 17% to 20%; this amendment has been available since 2018. The group has assessed the relevant income tax implications for this change in tax rates.

W. Earnings Per Share

	January 1 to March 31, 2019		
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net profit attributable to common shareholders of the parent company	$ 205,306	152,877	$ 1.34
Diluted earnings per share			
Net profit attributable to common shareholders of the parent company	205,306	152,877	
Impact of potential common stock with limited effect on convertible bond	3,201	21,652	
Employee bonus	-	195	
The net profit of the common shareholders of the parent company and the impact of potential common stock	$ 208,507	174,724	$ 1.19

	January 1 to March 31, 2018		
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net profit attributable to common shareholders of the parent company	$ 98,535	145,728	$ 0.68
Diluted earnings per share			
Net profit attributable to common shareholders of the parent company	98,535	145,728	
Impact of potential common stock with limited effect on convertible bond	808	4,620	
Employee bonus	-	97	
The net profit of the common shareholders of the parent company and the impact of potential common stock	$ 99,343	150,445	$ 0.66

X. Operating Lease

Applicable in 2018

The lease agreement signed by the subsidiary of the Group is estimated according to the lease; the total amount payable in the future is as follows:

	December 31, 2018	March 31, 2018
Not more than 1 year	$ 25,939	$ 24,243
More than 1 year but less than 5 years	91,267	92,923
More than 5 years	135,785	137,894
	$ 252,991	$ 255,060

Y. Supplementary Information on Cash Flow

1. Investing activities with partial cash payments:

	January 1 to March 31, 2019	January 1 to March 31, 2018
Additions to property, plant and equipment	$ 374,818	$ 194,629
Less: Prepayments for equipment at the beginning of the period	(52,090)	(38,530)
Add: Prepayments for equipment at the end of the semester	95,100	27,756
Add: Payables for equipment at the beginning of the period	267,378	117,696
Less: Payables for equipment at the end of the period	(273,762)	(119,770)
Cash paid in the period	$ 411,444	$ 181,781

2. Financing activities that do not affect cash flow:

	January 1 to March 31, 2019	January 1 to March 31, 2018
Share capital converted from convertible corporate bonds	$ 67,180	$ 577

Z. Changes in Liabilities Arising from Financing Activities

	Long and short term loans and short-term bills	Lease liabilities	Convertible Corporate bonds (note)	Total liabilities from financing activities
January 1, 2019	$ 1,087,264	$ -	$ 1,207,520	$ 2,294,784
First application of IFRS impact	-	235,140	-	235,140
Changes in cash flows from financing	(32,783)	(10,050)	-	(42,833)
Other non-cash flows	-	52	(337,355)	(337,303)
Effects of exchange rate changes	5,310	3,648	-	8,958
March 31, 2019	$ 1,059,791	$ 228,790	$ 870,165	$ 2,158,746

Note: including portion due within one year

	Long term loans	Short-term loans	Total liabilities from financing activities
January 1, 2018	$ 871,857	$ 90,000	$ 961,857
Changes in cash flows from financing	(280,045)	(58,019)	(338,064)
Effects of exchange rate changes	(18,909)	(1,981)	(20,890)
March 31, 2018	$ 572,903	$ 30,000	$ 602,903

VII. Related-Party Transactions

Key Management Compensation

	January 1 to March 31, 2019	January 1 to March 31, 2018
Short-term employee benefits	$ 15,941	$ 14,295

VIII. Pledged Assets

	Carrying amount			
Assets	March 31, 2019	Dec. 31, 2018	March 31, 2018	Guarantee use
Land	$ 110,184	$ 109,809	$ 104,053	Short-term loans
Buildings	174,708	175,252	169,304	Short-term loans
Other financial assets (listed other non-current assets)	1,878	412	398	Deposits for leased land
Refundable deposits (listed other non-current assets)	5,368	5,294	5,250	Deposits for leased land and other
	$ 292,138	$ 290,767	$ 279,005	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

1. Capital expenditure contracted but not yet incurred:

	Contract Price		
	March 31, 2019	Dec. 31, 2018	March 31, 2018
Property, plant & equipment	$ 853,666	$ 939,180	$ 413,300

	Unpaid Price		
	March 31, 2019	Dec. 31, 2018	March 31, 2018
Property, plant & equipment	$ 395,613	$ 560,348	$ 164,155

2. For operating lease agreements, please refer to Note6(X) for details.

X. Significant Disaster Losses

None

XI. Significant Events After The Balance Sheet Date

None

XII. Others

a) Capital Management

No significant changes in this period, please refer to Note 12 Consolidated financial statements in 2018.

b) Financial Instruments

1. Categories of financial instruments

	March 31, 2019	**Dec. 31, 2018**	**March 31, 2018**
Financial Assets			
Financial Assets at fair value through profit or loss			
Financial Assets mandatorily measured at Fair Value through profit or loss	$ 2,318	$ 1,854	$ 3,708
Financial assets/loans and receivables measured at amortized cost			
Cash and cash equivalents	$ 1,434,894	$ 1,313,073	$ 1,160,680
Notes receivable	-	-	9
Accounts receivable	1,749,384	2,140,291	1,046,921
Other receivables	175,978	190,803	148,012
Refundable deposits	5,368	5,294	5,250
	$ 3,365,624	$ 3,649,461	$ 2,360,872

Financial Liabilities			
Financial Liabilities at fair value through profit or loss	$ 88	$ 5,500	$ -
Financial liabilities designated measured at fair value through profit or loss			
Financial liabilities measured at amortized cost			
Short-term loans	$ 979,840	$ 1,077,264	$ 572,903
Short-term notes and bills payable	79,951	-	-
Accounts payable	1,168,121	1,010,680	864,650
Other accounts payable	779,121	931,344	546,388
Corporate bonds payable (including maturity within one year or one operating cycle)	870,165	1,207,520	244,978
Long-term borrowings (including maturity within one year or one operating cycle)	-	10,000	30,000
	$ 3,877,286	$ 4,236,808	$ 2,258,919

2. Risk Management Policy

(1) The Group’s financial risk management objectives are to manage exchange rate risk, price risk, interest rate risk, credit risk and liquidity risk related to its operating activities. In order to minimize the relevant financial risks, the Group is committed to identify, assess and avoid market uncertainties , so as to minimize the potential adverse effects on the financial performance of the Company.

(2) The Group's important financial activities are reviewed by the Board of Directors and the Audit Committee according to relevant regulations and the internal control system. During the implementation of the financial plan, the Group must comply with the relevant financial operations procedures in relation to the overall financial risk management and segregation of duties.

(3) For the information on derivative instruments to avoid financial risks, please refer to Note 6(B).

3. Nature and Degree of Significant Financial Risks

(1) Market Risk

Exchange Rate Risk

A. The Group is a multinational operation and is exposed to exchange rate risk arising from transactions with different functional currencies by the Company and its subsidiaries, which is mainly the USD and RMB, and is the Vietnamese Dong. The relevant exchange rate risk arises from future commercial transactions and recognized assets and liabilities and net investments in foreign operations.

B. To avoid the decrease in foreign currency assets and future fluctuations in cash flows caused by exchange rate movements, the Group uses derivative financial instruments to hedge the exchange rate risk. This kind of derivative financial instruments can be used to assist the Group in reducing but not entirely eliminate the impact of foreign currency exchange rate movements, please refer to Note 6 (2).

C. The Group’s business involves the use of various non-functional currencies (the Company and some subsidiaries’ functional currency is

NTD, whereas some subsidiaries' functional currency is RMB, USD and VND); as a consequence, it is subject to exchange rates fluctuation. Assets and liabilities that are denominated in foreign currencies and significantly affected by exchange rates fluctuation and market risk are as follows:

	March 31, 2019					
				Sensitivity analysis		
(Foreign currency: functional currency)	Foreign Currency (in thousand)	Exchange Rate	Carrying Amount	Range of change	Impact on Profit and Loss	Impact on other comprehensive Income
Financial assets						
Monetary items						
USD:RMB	$ 13,311	6.7293	$ 410,239	5%	$ 20,512	-
RMB:USD	6,027	0.1486	27,602	5%	1,380	-
Financial liabilities						
Monetary items						
USD:RMB	$ 2,600	6.7293	$ 80,119	5%	$ 4,006	-
NT$:USD	837,631	0.0324	837,631	5%	41,882	-

	December 31, 2018					
				Sensitivity analysis		
(Foreign currency: functional currency)	Foreign Currency (in thousand)	Exchange Rate	Carrying Amount	Range of change	Impact on Profit and Loss	Impact on other comprehensive Income
Financial assets						
Monetary items						
USD:RMB	$ 6,431	6.8683	$197,814	5%	$ 9,891	-
RMB:USD	27,999	0.1456	125,210	5%	6,261	-
Financial liabilities						
Monetary items						
USD:RMB	$ 2,988	6.8683	$ 91,925	5%	$ 4,596	-
NT$:USD	912,348	0.0326	912,348	5%	45,617	-

(Foreign currency: functional currency)	March 31, 2018					
					Sensitivity analysis	
	Foreign Currency (in thousand)	Exchange Rate	Carrying Amount	Range of change	Impact on Profit and Loss	Impact on other comprehensive Income
Financial assets						
Monetary items						
USD:RMB	$ 5,372	6.2632	$156,658	5%	$ 7,833	-
RMB:USD	27,344	0.1597	127,066	5%	6,353	-
Financial liabilities						
Monetary items						
USD:RMB	$ 3,365	6.2632	$ 98,117	5%	$ 4,906	-
NT$:USD	615,313	0.0344	615,313	5%	30,766	-

D. The Group's monetary items have a significant influence on the recognized exchange gains and losses in January 1 to March 31, 2019 and 2018 due to exchange rate fluctuation (including realized and unrealized), The aggregate amount is loss of $44,813 and $92,491 respectively

Price Risk

A. The Group's equity instruments exposed to price risk are financial assets held at fair value through profit and loss. To manage the price risk of investment in equity instruments, the Group diversified its portfolio with its diversification method based on the limits set by the Group.

B. The Group’s investments in equity instruments comprise domestic publicly quoted entity and the price of these equity instruments are affected by uncertainties in the future value of the investment target. If the price of these equity instruments had been 5% higher or lower, and all other variables were held constant, the Group’s profit after tax from January 1 to March 31, 2019 and 2018 would increase or decrease by $116 and $185 from equity instruments measured at fair value through profit or loss, respectively.

Cash Flow and Fair Value Interest Rate Risk

A. The Group's interest rate risk arises primarily from the short-term and long-term borrowings issued at floating rates, which expose the Group to the cash flow interest rate risk. From January 1 to March 31, 2019 and 2018, the Group's borrowings issued at floating rate are mainly denominated in NTD and USD.

B. The Group's borrowings are measured at amortized cost and re-priced based on the contractual interest rates, which expose the Group to the risk of changes in future market interest rates.

C. If the loan interest rate has been increased or deceased by 0.1%, and all other variables were held constant, the profit after tax from January 1 to

March 31, 2019 and 2018 will be decreased or increased by $195 and $120 respectively, due to the changes in interest costs caused by the floating-rate interest rate borrowings.

(2) Credit Risk

A. The Group's credit risk is primarily attributable to the Group's financial loss from customers or financial instruments' counterparty is unable to fulfill contractual obligation. The main reason is that the counterparty is unable to settle the account receivable on payment terms.

B. The Group has established a management and credit risk analysis for each new customer, before making the payment and delivery of the Company's individual business within the stipulated payment and delivery of delivery policies according to the internal defined credit policy. The internal risk control evaluated by considering its financial situation, past experience and other factors to assess the credit quality of customers.. The limits of individual risks are formulated by the Board of Directors based on internal or external ratings, and the utilization of credit line is regularly monitored. The main credit risks come from cash and cash equivalents, derivative financial instruments, deposits at banks and financial institutions, as well as credit risks from customers, including uncollected accounts receivable. For banks and financial institutions, only institutions with good credit ratings will be accepted as trading partners.

C. The Group adopts the IFRS 9 to provide the following assumptions whether the credit risk of financial instruments has increased significantly since their initial recognition: When the contract payments are overdue more than 30 days according to the agreed payment terms , the credit risk is increased significantly since the financial assets are initially recognized.

D. When the investment target for the independent credit rating has been lower for two grades, the Group has determined that the credit risk of the investment target is increased significantly.

E. Based on the assumptions made according to IFRS 9, it is deemed as contract violation when the contractual payments are overdue for more than 365 days in accordance with stipulated payment terms.

F. The Group has classified customers' accounts receivable on the characteristics of customers' ratings and adopts simplified approach to estimate expected credit losses based on reserve matrix.

G. After recourse procedures, the Group writes off the recoverable financial assets that cannot be reasonably expected; nonetheless, the Group will keep legal recourse to secure its creditor’s rights.. The group has no creditors' rights that has been written off but still can be recoursed for March 31, 2019, December 31, 2018 and March 31, 2018.

H. The Group adjusted the loss rate established on the history of certain period and current information for perspective consideration to estimate the loss allowance for account receivable. The reserve matrix for March 31, 2019, December 31, 2018 and March 31, 2018 was as follows:

March 31, 2019	Expected loss rate	Total carrying amount	Loss allowance
Not past due	0.00%	$ 1,544,262	-
0 to 90 days past due	0.51%	192,185	982
91 to 180 days past due	10.35%	15,495	1,604
181 to 365 days past due	68.18%	88	60
Past due over 365 days	100.00%	1,865	1,865
		$ 1,753,895	4,511

December 31, 2018	Expected loss rate	Total carrying amount	Loss allowance
Not past due	0.00%	$ 2,030,828	-
0 to 90 days past due	1.12%	110,491	1,237
91 to 180 days past due	25.90%	139	36
181 to 365 days past due	77.64%	474	368
Past due over 365 days	100.00%	1,989	1,989
		$ 2,143,921	3,630

March 31, 2018	Expected loss rate	Total carrying amount	Loss allowance
Not past due	0.00%	$ 975,682	-
0 to 90 days past due	0.00%	69,458	-
91 to 180 days past due	17.00%	809	137
181 to 365 days past due	50.00%	2,218	1,109
Past due over 365 days	100.00%	569	569
		$ 1,048,736	1,815

I. Changes in loss allowance for accounts receivables using the simplified approach are stated as follows:

	2019	2018
	Account receivable	Account receivable
January 1	3,630	2,749
Allowance for Impairment loss (reversal)	854	(890)
Effect of Exchange	27	(44)
March 31	4,511	1,815

(3) Liquidity Risk

A. The cash flow forecast is performed by each operating entity of the Group and compiled by the Group's treasury. The Group's treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

B. The Group's treasury invests surplus cash in interest-bearing demand deposits and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasts.

C. As of 31 March 2019, 31 December 2018 and 31 March 2018, the Group has unused borrowing facilities of $2,662,959, $2,332,099 and $2,239,035, respectively.

D. The following table is the Group's non-derivative financial liabilities, classified according to the relevant maturity date; the non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date; the derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date; the amounts of contractual cash flows disclosed in the following table are the undiscounted amount.

Non-derivative financial liabilities: March 31, 2019	Less than 6 months	7 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Short-term loans	$ 982,011	$ -	$ -	$ -	$ -
Short-term bills payable	80,000	-	-	-	-
Accounts payable	1,168,121	-	-	-	-
Other payables	728,599	47,268	3,254	-	-
Corporate bonds payables	14,700	-	-	878,700	-
Lease liabilities	10,059	13,452	49,409	72,439	99,577

Non-derivative financial liabilities: Dec. 31, 2018	Less than 6 months	7 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Short-term loans	$ 828,944	$ 251,675	$ -	$ -	$ -
Accounts payable	1,010,680	-	-	-	-
Other payables	878,180	42,568	10,596	-	-
Corporate bonds payables	237,600	-	-	1,000,000	-
Long-term loans	-	-	10,094	-	-

Non-derivative financial liabilities: March 31, 2018	Less than 6 months	7 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Short-term loans	$ 502,171	$ 73,819	$ -	$ -	$ -
Accounts payable	864,650	-	-	-	-
Other payables	499,808	43,989	2,549	42	-
Corporate bonds payables	1,638	246,962	-	-	-
Long-term loans	-	-	30,489	-	-

c) Fair Value Information

1. The levels of evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Direct or indirect observable input value of assets or liabilities, except for quotations in Level 1. The fair value of derivatives invested by the Group is at this level.

Level 3: Unobservable inputs value of assets or liabilities. Convertible corporate bonds invested by the Group are included in Level 3.

2. Financial instruments not measured at fair value

(1) The carrying value of the cash and cash equivalents, notes receivable, account receivable, other receivables, short-term loans, notes payable, account payable and other payable is a reasonable approximation of their fair value (except those stated in the following table), the interest rate of long-term loans (including those overdue within one year or one operating cycle) is close to the market interest rate, therefore, the carrying amount should be a reasonable basis for estimating fair value:

	March 31, 2019	
	Carrying amount	Fair Value Level 3
Corporate bonds payable	$ 870,165	$ 873,231

	December 31, 2018	
	Carrying amount	Fair Value Level 3
Corporate bonds payable	$ 1,207,520	$ 1,210,950

	March 31, 2018	
	Carrying amount	Fair Value Level 3
Corporate bonds payable	$ 244,978	$ 246,001

(2) The methods and assumptions used to estimate fair value are as follows:
Convertible bonds payable: The coupon rate of convertible corporate bonds issued by the Group is similar to the market rate, so the fair value is measured at the discounted value of expected cash flows, which is equivalent to the carrying amount.

2. The Group categorizes financial and non-financial instruments measured at fair value on the basis of the nature, characteristics, risks and fair value of the assets and liabilities. The related information is as follows:

March 31, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Recurring fair value				
Financial assets (liabilities) measured at fair value through profit or loss				
-Stocks of listed companies	$ 2,318	$ -	$ -	$ 2,318
-Redemption right of convertible corporate bonds	-	-	(88)	(88)
Total	$ 2,318	$ -	($ 88)	$ 2,230

December 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Recurring fair value				
Financial assets (liabilities) measured at fair value through profit or loss				
-Stocks of listed companies	$ 1,854	$ -	$ -	$ 1,854
-Redemption right of convertible corporate bonds	-	-	(5,500)	(5,500)
Total	$ 1,854	$ -	($ 5,500)	($ 3,646)

March 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Recurring fair value				
Financial assets (liabilities) measured at fair value through profit or loss				
-Forward foreign exchange contract	$ -	$ 412	$ -	$ 412
-Redemption right of convertible corporate bonds	-	-	199	199
-Stocks of listed companies	3,708	-	-	3,708
Total	$ 3,708	$ 412	$ 199	$ 4,319

4. The methods and assumptions the Group used to measure fair value are as below:

(1) For the Level 1 instruments which the Group used market quoted prices as their fair values and which are listed stocks by characteristics, their closing prices were used as market quoted prices.

(2) Forward exchange contracts are usually evaluated based on the current forward exchange rate.

5. Between January 1 to March 31, 2019 and 2018 there was no transfer between Level 1 and Level 2.

6. The following table shows the changes in January 1 to March, 2019 and 2018 for Level 3:

	2019	2018
January 1	Non-derivative equity instruments	Non-derivative equity instruments
Gain or loss on the recognized profit or loss (Note)	($ 5,500)	$ 327
Transferred in the period	5,391	(125)
March 31	21	(3)
Note: Recognized in other gains and losses.	($ 88)	$ 199

7. Evaluation process regarding fair value Level 3 is conducted by the Group's treasury, by which the independence of fair value of financial instruments is verified though use of independent data source in order that such valuation results are close to market conditions, and that the data source is independent, reliable, consistent with other resources, and representative of the exercisable price. In addition, multiple actions are regularly taken to ensure the reasonableness of the fair value valuation, e.g. calibrating the valuation model, conducting retrospective testing, updating the inputs and data for the valuation model, and making any necessary fair value adjustments.

8. Below states the quantitative information about the significant unobservable inputs of the valuation model used in the measurements categorized within Level 3 of the fair value hierarchy, as well as the sensitivity analysis of changes in significant unobservable inputs:

	Fair value as of March 31, 2019	Evaluation techniques	Significant unobservable input values	Interval (weighted average)	Relationship between input value and fair value
Hybrid Instruments:					
Corporate bond redemption right	($ 88)	Binomial Tree Evaluation Model	Volatility	26.13%	The higher the volatility, the higher the fair value

	Fair value as of Dec. 31, 2018	Evaluation techniques	Significant unobservable input values	Interval (weighted average)	Relationship between input value and fair value
Hybrid Instruments:					
Corporate bond redemption right	($ 5,500)	Binomial Tree Evaluation Model	Volatility	24.23%	The higher the volatility, the higher the fair value

	Fair value as of March 31, 2018	Evaluation techniques	Significant unobservable input values	Interval (weighted average)	Relationship between input value and fair value
Hybrid Instruments:					
Corporate bond redemption right	($ 199)	Binomial Tree Evaluation Model	Volatility	25.17%	The higher the volatility, the higher the fair value

9. The evaluation models and parameters chosen by the Group after careful evaluation may lead to different results when different evaluation models or parameters are used. For financial assets and liabilities classified as the level 3, if the evaluation parameters change, the impact on current profits and losses is as follows:

			March 31, 2019	
			Recognized in Profit or Loss	
	Input value	Change	Favorable change	Unfavorable change
Financial liabilities Hybrid instruments	Volatility	±5	$ 791	($ 88)

			Dec 31, 2018	
			Recognized in Profit or Loss	
	Input value	Change	Favorable change	Unfavorable change
Financial liabilities Hybrid instruments	Volatility	±5	$ 600	($ 900)

			March 31, 2018	
			Recognized in Profit or Loss	
	Input value	Change	Favorable change	Unfavorable change
Financial liabilities Hybrid instruments	Volatility	±5	$ 199	($ 124)

XIII. Supplementary Disclosures

a) Information on Significant Transactions

1. Capital loans to others: None.
2. Endorsements and guarantees: Please refer to Appendix Table 1.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): Please refer to Appendix Table 2.
4. Acquisition or sale of the same securities with the accumulated cost reaching $300 million or 20% of paid-in capital or more: None
5. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.
7. Purchases from and sales to related parties reaching $ 100 million or 20% of paid-in capital: Please refer to Appendix Table 3.
8. Receivable from related parties reaching $ 100 million or 20% of the paid-in capital: Please refer to Appendix Table 4.
9. For derivatives transactions: Please refer to Note 6 (B).
10. Parent-subsidiary and subsidiary-subsidiary business relations and significant transactions and amounts thereof: Please refer to Appendix Table 5.

b) Information of Business Re-invested

Name, Location, and Information on Investee Companies (not Including Investee Companies in China): Please refer to Appendix Table 6.

c) Information on investment in China

1. Basic Information: please refer to Appendix Tablet 7.
2. Significant transactions between the Company and investees in Mainland China directly or indirectly through entities in a third area: Please refer to Note 13 (1).

XIV. Operating Segment Information

a) General Information

The principal business of the Company and its subsidiaries is the production and sales of sports and leisure outdoor shoes. The Group's Board of Directors is the operating decision maker, which allocates resources and assesses performance of the Group as a whole. The Group's management has identified the operating segments based on the reports reviewed by the Board of Directors that are used to make decisions.

The Group's company organization, basis of department segmentation and principles for measuring segment information for the period were not significantly changed.

b) Department Information

The financial information of reportable segments provided to chief operating decision maker is as follows:

	January 1 to March 31, 2019			
	Production and sales of shoes	Retail business	Other businesses	Total
Revenue				
Revenue from external customers	$ 2,566,183	$ 11,457	$ 3	$ 2,577,643
Inter-segment revenue	1,775,016	293,627	336	2,068,979
Total revenue	$ 4,341,199	$ 305,084	$ 339	$ 4,646,622
Segment profit (loss)	$ 218,501	$ 16,842	$ 200,958	$ 436,301
Segment total assets (Note)	$ -	$ -	$ -	$ -
Segment total liabilities (Note)	$ -	$ -	$ -	$ -

	January 1 to March 31, 2018			
	Production and sales of shoes	Retail business	Other businesses	Total
Revenue				
Revenue from external customers	$ 2,145,753	$ 16,288	$ 637	$ 2,162,678
Inter-segment revenue	1,671,577	124,372	375	1,796,324
Total revenue	$ 3,817,330	$ 140, 660	$ 1,012	$ 3,959,002
Segment profit (loss)	$ 116,978	($ 2,709)	$ 89,395	$ 203,664
Segment total assets (Note)	$ -	$ -	$ -	$ -
Segment total liabilities (Note)	$ -	$ -	$ -	$ -

(Note) Since the Group has not provided the measured amount of assets and liabilities to the chief operating decision maker, the segment information of total assets and liabilities is not disclosed.

c) Reconciliation of Segment Revenue and Profit or Loss

1. The total adjusted income for the current period is reconciled with the total income of the continuing business sector as follows:

	January 1 to March 31, 2019		January 1 to March 31, 2018	
Revenue after adjustment from reportable operating segments	$	4,646,283	$	3,957,990
Revenue after adjustment from other operating segments		339		1,012
Total income before tax from operating segments		4,646,622		3,959,002
Elimination of intersegment revenue	(	2,068,979)	(	1,796,324)
Total consolidated operating revenue	$	2,577,643	$	2,162,678

2. Net operating profit after adjustment in the period and income before tax from continuing operations are adjusted below:

	January 1 to March 31, 2019		January 1 to March 31, 2018	
Revenue after adjustment from reportable operating segments	$	235,343	$	114,269
Revenue after adjustment from other operating segments		200,958		89,395
Total income before tax from operating segments		436,301		203,664
Elimination of intersegment revenue	(	192,686)	(	96,792)
Total consolidated operating revenue	$	243,615	$	106,872

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Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

January 1 to March 31, 2019

Table 1

In Thousands of New Taiwan Dollars
(Unless specified otherwise)

No. (Note 1)	Endorser/ Guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2019	Outstanding endorsement/ guarantee amount at March 31, 2019	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company(%)	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland	Note
		CompanyName	Relationship with the endorser/ guarantor (Note 2)											
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	Subsidiary	$ 4,851,864	$ 77,050	$ 77,050	$ 61,640	$ -	1.05%	$ 6,469,152	Y	N	Y	Note 3

Note 1: The numbers filled in are described as follows:
(1) For the issuer, fill in 0.
(2) Investee companies are numbered by company starting from 1 in sequence.
Note 2: Relationship between the endorser/guarantor and the Company is classified into the following seven categories (just mark the category number):
(1) Companies with whom the Company conducts business.
(2) A Company directly, and indirectly ,holds more than 50% of the voting shares.
(3) A company in which the Company directly, and indirectly, holds more than 50% of the voting shares.
(4) A company in which the Company directly, and indirectly, holds more than 90% of the voting shares.
(5) Companies with the same industry or mutual project undertakers that have mutual guarantee based on contract agreements due to contractual project needs
(6) Shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) The performance guarantee of the pre-sale house sales contract in the inter-bank business in accordance with the Consumer Protection Law is jointly guaranteed
Note 3: The limit of endorsements/guarantees provided for a single party is 60% of the net worth of Capital Concord Enterprise Limited.
Note 4: The maximum amount available for endorsements/guarantees is 80% of the net worth of Capital Concord Enterprise Limited.
Note 5: The joint guarantor of the endorsement/guarantee is Lin, Wen-Chih.
Note 6: In Q119, the exchange rates for assets and profit or loss were USD:NTD=30.82 and USD:NTD=30.8296, respectively.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Holding of marketable securities (not including subsidiaries, associates and joint ventures)
March 31, 2019,

In Thousands of New Taiwan Dollars
(Unless specified otherwise)

Table 2

Securities Held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledge r account	As of December 31, 2018				Note
				Number of Shares	Book value	Ownership	Fair value	
Fulgent Sun International (Holding) Co., Ltd.	Stock – Tainan Enterprises (CAYMAN)	None	Financial Assets at Fair Value through Profit or Loss - Non-current	181,774	$ 2,318	0.61	$2,318	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates, and other related derivative marketable securities within the scope of IFRS 9: Financial instruments.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Purchases or Sales of Goods from or to Related Parties Reaching NT$100 Million or 20% of Paid-in Capital or More
For the year ended March 31, 2019

In Thousands of New Taiwan Dollars
(Unless specified otherwise)

Table 3

Purchaser/Seller	Name of the Counterparty	Relationship with the counterparty	Transaction Details				Unusual trade conditions and its reasons		Notes and Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases (sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	Subsidiary	Purchase	485,322	0.23	180 days after purchase	Note 1	Note 1	(1,276,732)	(1.09)	Notes 2 and 3
Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	Subsidiary	Purchase	181,987	0.09	90 days after purchase	Note 1	Note 1	(217,407)	(0.19)	Notes 2 and 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Purchase	394,441	0.19	120 days after purchase	Note 1	Note 1	-	-	Notes 2 and 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Sales	(156,681)	(0.06)	135 days after Sales	Note 1	Note 1	374,369	0.21	Notes 2 and 3
Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Sales	(110,657)	(0.04)	135 days after Sales	Note 1	Note 1	103,613	0.06	Notes 2 and 3
Fulgent Sun Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	Sales	(259,582)	(0.10)	120 days after billing	Note 1	Note 1	-	-	Notes 2 and 3
NGOC Hung Footwear Co., Ltd. (Vietnam)	Capital Concord Enterprises Limited	Parent company	Sales	(126,399)	(0.05)	120 days after billing	Note 1	Note 1	137,656	0.08	Notes 2 and 3

Note 1: Sales transactions between the Group and related parties are valuated based on reasonable profits; thus, selling prices to related parties and those to non-related parties are incomparable. In terms of payment terms, there was no significant difference between related parties and non-related parties.

Note 2: In Q119, the exchange rates for assets and profit or loss were USD:NTD=30.82 and USD:NTD=30.8296, respectively.

Note 3: Offset in consolidated statements.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Receivables from Related Parties Reaching NT$100 Million or 20% of Paid-in Capital or More
March 31, 2019

In Thousands of New Taiwan Dollars
(Unless specified otherwise)

Table 4

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2019	Turnover Rate	Overdue Receivable		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for Doubtful Accounts	Note
					Amount	Actions Taken			
Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	$ 1,276,732	1.44	$-	-	$ 200,421	$-	Notes 2 and 3
Sunny Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	253,105	1.41	-	-	50,552	-	Notes 2 and 3
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	150,726	0.81	-	-	110,781	-	Notes 2 and 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	217,407	3.69	-	-	121,247	-	Notes 2 and 3
NGOC Hung Footwear Co., Ltd. (Vietnam)	Capital Concord Enterprises Limited	Parent company	137,656	3.97	-	-	63,261	-	Notes 2 and 3
Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	Subsidiary	136,540	3.60	-	-	20,884	-	Notes 2 and 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	374,369	1.53					
Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	103,613	3.36	-	-	50,910	-	Notes 2 and 3
Capital Concord Enterprises Limited Taiwan Branch	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	105,379	2.13			19,647		

Note 1: The subsequent collections represent collections from the balance sheet date to May 2, 2019.
Note 2: In Q119, the exchange rates for assets and profit or loss were USD:NTD=30.82 and USD:NTD=30.8296, respectively.
Note 3: Offset in consolidated statements.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
For the year ended March 31, 2019

In Thousands of New Taiwan Dollars
(Unless specified otherwise)

Table 5

No. (Note 1)	Name of Trading Partner	Counterparty	Relationship (Note 2)	Transaction Status: General Ledger Account	Transaction Status: Amount (Note 5)	Transaction Status: Trade terms	Transaction Status: Percentage of consolidated total operating revenues or total assets (Note 3)
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Accounts receivable	374,369	Note 4	0.03
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Accounts receivable	458,191	Note 4	0.04
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Accounts payable	1,276,732	Note 4	0.11
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Accounts payable	150,726	Note 4	0.01
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Accounts payable	253,105	Note 4	0.02
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Accounts payable	217,407	Note 4	0.02
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Sales	156,681	Note 4	0.06
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Purchase	485,322	Note 4	0.19
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Purchase	181,987	Note 4	0.07
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Purchase	394,441	Note 4	0.15
2	Fulgent Sun Footwear Co., Ltd.	Capital Concord Enterprises Limited	2	Sales	259,582	Note 4	0.10

Note 1: The numbers filled in for parent-subsidiary transactions are described as follows:
(1) The parent company is coded "0".
(2) The subsidiaries are coded by company from 1 in sequence.

Note 2: Relationships are categorized into the following three types. Please specify the type. (The same transaction shall not be disclosed repetitively. For example, if the transaction between the parent company and a subsidiary has been disclosed by the parent company, it need not be disclosed by the subsidiary.
If the transaction between two subsidiaries has been disclosed by one subsidiary, it need not be disclosed by the other subsidiary.
(1) Parent company to subsidiaries.
(2) Subsidiaries to parent company.
(3) Inter-subsidiary

Note 3: Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items and on interim accumulated amount to consolidated net revenue for profit or loss items.

Note 4: Agreed on by both parties based on market conditions.

Note 5: In Q119 the exchange rates for assets and profit or loss were USD:NTD=30.82 and USD:NTD=30.8296, respectively.

Note 6: The disclosure standard is more than $150 million for the transaction amount.

Note 7: Offset in consolidated statements.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Information on Invested Companies (not including investee companies in Mainland China)
January 1 to March 31, 2019

In Thousands of New Taiwan Dollars
(Unless specified otherwise)

Table 6

Investee Company	Name of Investee Company	Place of Registration	Main Businesses	Original Investment Amount (Note 2)		Shares Held as of March 31, 2019			Investee company current profit or loss (Note 3)	Investment gains and losses recognized in the current period (Note 3)	Note
				March 31, 2019	December 31, 2018	Number of Shares	Ratio	Carrying Amount (Note 3)			
Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	Hong Kong	Holdings and production and sale of sports and outdoor shoes	$5,307,307	$5,060,747	1,385,900,000	100	$ 8,086,440	$203,597	$203,597	Subsidiary
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Cambodia	Production and sale of sports and outdoor shoes	1,518,038	1,518,038		100	1,725,353	107,896	107,896	Subsidiary
Capital Concord Enterprises Limited	Lin Wen Chih Sunstone Garment Enterprises Co., Ltd.	Cambodia	Processing and sale of clothing	427,675	427,675		91.27	220,330	(4,810)	(4,390)	Subsidiary
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Vietnam	Production of sports and outdoor shoes	616,039	566,107		100	680,882	(3,763)	(3,763)	Subsidiary
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Vietnam	Production of sports and outdoor shoes	992,269	876,428		100	927,236	7,663	7,663	Subsidiary
Capital Concord Enterprises Limited	Laya Outdoor Products Limited	Hong Kong	A holding company	40,449	24,731		100	41,763	(184)	(184)	Subsidiary
Capital Concord Enterprises Limited	Laya Max Trading Co., Ltd.	Taiwan	Distribution and import and export trade	12,395	12,395		100	17,368	53	(224)	Subsidiary
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd.	Cambodia	Land lease	174,989	174,989		100	181,720	172	172	Subsidiary

Note 1: The company was established as a limited company with no shares issued.

Note 2: The historical exchange rate was adopted.

Note 3: In Q119, the exchange rates for assets and profit or loss were USD:NTD=30.82 and USD:NTD=30.8296, respectively.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Information on Investments in Mainland China
January 1 to March 31, 2019

In Thousands of New Taiwan Dollars
(Unless specified otherwise)

Table 7

Name of Investee Company in China	Main business activities	Paid-in Capital (Note 3)	Investment Method	Accumulated Amount Remitted from Taiwan to Mainland China, as of January 1,2019 (Note 5)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended March 31, 2019 (Note 5) Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019(Note 5)	Net income of investee for the year ended March 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended March 31, 2019 (Note 4)	Book value of investments in Mainland China as of March 31, 2019 (Note 4)	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2019	Note
Fujian Sunshine Footwear Co., Ltd.	Production and sale of sports and outdoor shoes	$ 723,826	Note 1	$ -	$-	$-	$ -	($ 2,804)	100	18,795	$2,069,383	$ -	Note 2
Hubei Sunsmile Footwear Co., Ltd.	Production and sale of sports and outdoor shoes	1,825,033	Note 1	-	-	-	-	1,107	100	3,399	1,785,501	-	
Sunny Footwear Co., Ltd.	Production and sale of sports and outdoor shoes	130,680	Note 1	-	-	-	-	3,230	100	3,230	597,285	-	
Fujian Laya Outdoor Products Co., Ltd.	Distribution and import and export trade	40,656	Note 1	-	-	-	-	12,662	100	417	166,492	-	
Fujian La Sportiva Co., Ltd.	Distribution and import and export trade	40,656	Note 1	-	-	-	-	(299)	60	(179)	25,712	-	

Note 1: Invested by a company founded in a third area.

Note 2: On May 17, 2011, Fujian Sunshine Footwear Co., Ltd. (China) obtained approval from the local regulator to merge Heng Cheng Shoes Co., Ltd. and Yu Heng Cheng Shoes Co., Ltd. The original investment amount includes US$4,000,000 (NT$120,000,000) used to invest in Heng Cheng Shoes Co., Ltd. and Yu Heng Cheng Shoes Co., Ltd.

Note 3: The historical exchange rate was adopted.

Note 4: In Q119, the exchange rates for assets and profit or loss were USD:NTD=30.82 and USD:NTD=30.8296, respectively.

Note 5: The Company was established on the Cayman Islands, which is not subject to the limits on the principle limit in the “Principles for Conducting Investment or Technical Cooperation” of the Ministry of Economic Affairs.
The Group has re-funded the investment in the amount of NT$2,590,220,000 through re-investment in Hong Kong.