

Fulgent Sun International (Holding) Co., Ltd. And Subsidiaries  
Consolidated Financial Statements And  
Independent Auditors' Review Report  
For the Nine Months Ended September 30, 2023 and 2022  
(Stock Code: 9802)

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## Independent Auditors' Review Report

To the Board of Directors and Shareholders Fulgent Sun International (Holding) Co., Ltd.

### **Introduction**

We have reviewed the accompanying consolidated balance sheet of Fulgent Sun International (Holding) Co., Ltd. and its subsidiaries (collectively, the "Group") as of September 30, 2023 and 2022, the consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, and of its consolidated financial performance for the nine months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Emphasis of matter paragraph**

As stated in the consolidated financial statements (Note 3(1)), as a result of the amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction' effective from January 1, 2023, the Group retroactively applied the aforementioned amendments to the standard and adjusted the affected items in the previous financial statements. We did not revise the review conclusion because of this matter.

The engagement partners on the reviews resulting in this independent auditors' review report are Hua-Ling Liang and Mei-Lan Liu.

**PricewaterhouseCoopers**  
Taipei, Taiwan  
Republic of China

November 6, 2023

### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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)  
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
September 30, 2023, December 31, 2022, September 30, 2022, and January 01, 2022  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Note	September 30, 2023		(adjusted) December 31, 2022		(adjusted) September 30, 2022		(adjusted) January 1, 2022		
		Amount	%	Amount	%	Amount	%	Amount	%	
<b>Current assets</b>										
1100	Cash and cash equivalents	6 (1)	\$ 2,630,924	13	\$ 2,195,379	10	\$ 1,679,747	7	\$ 1,114,952	6
1110	Current financial assets at fair value through profit or loss	6 (2)	-	-	27	-	79	-	-	-
1170	Accounts receivable, net	6 (3)	2,515,096	13	4,229,321	18	5,337,420	22	3,335,859	19
1200	Other receivables		479,395	3	433,399	2	403,242	2	212,600	1
130X	Inventories	6 (4)	2,979,668	15	4,985,071	22	5,152,932	22	3,897,515	22
1410	Prepayments		49,668	-	83,047	-	88,007	-	181,074	1
1470	Other current assets	6 (7) and 8	280,731	1	211,448	1	219,430	1	153,917	1
11XX	<b>Total current assets</b>		<u>8,935,482</u>	<u>45</u>	<u>12,137,692</u>	<u>53</u>	<u>12,880,857</u>	<u>54</u>	<u>8,895,917</u>	<u>50</u>
<b>Non-current assets</b>										
1510	Non-current financial assets at fair value through profit or loss	6 (2)	3,535	-	5,938	-	5,978	-	7,607	-
1600	Property, plant and equipment	6 (5) and 8	8,652,601	44	8,748,836	38	9,031,049	38	7,320,208	41
1755	Right-of-use assets	6 (6)	1,909,081	10	1,800,651	8	1,699,938	7	1,168,839	7
1780	Intangible assets		13,807	-	16,132	-	16,891	-	11,468	-
1840	Deferred tax assets	6 (22)	254,598	1	245,894	1	253,277	1	157,878	1
1900	Other non-current assets	6 (7) and 8	57,585	-	111,898	-	122,629	-	138,249	1
15XX	<b>Total non-current assets</b>		<u>10,891,207</u>	<u>55</u>	<u>10,929,349</u>	<u>47</u>	<u>11,129,762</u>	<u>46</u>	<u>8,804,249</u>	<u>50</u>
1XXX	<b>Total assets</b>		<u>\$ 19,826,689</u>	<u>100</u>	<u>\$ 23,067,041</u>	<u>100</u>	<u>\$ 24,010,619</u>	<u>100</u>	<u>\$ 17,700,166</u>	<u>100</u>

(Continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
September 30, 2023, December 31, 2022, September 30, 2022, and January 01, 2022  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Note	September 30, 2023		(adjusted) December 31, 2022		(adjusted) September 30, 2022		(adjusted) January 1, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
<b>Current liabilities</b>									
2100 Short-term borrowings	6 (8) and 8	\$ 890,000	5	\$ 3,476,180	15	\$ 3,675,625	15	\$ 3,122,600	18
2110 Short-term notes and bills payable		-	-	-	-	149,873	1	-	-
2130 Current contract liabilities	6 (16)	58,760	-	76,777	-	109,178	-	76,092	-
2170 Accounts payable		1,479,757	8	2,942,863	13	3,271,179	14	2,512,476	14
2200 Other payables	6 (9)	2,105,496	11	1,906,178	8	2,332,290	10	1,374,273	8
2230 Current tax liabilities		420,466	2	602,312	3	591,614	3	158,029	1
2280 Current lease liabilities		38,157	-	19,614	-	12,364	-	14,704	-
2320 Current portion of other long-term liabilities	6 (10)	-	-	26,992	-	97,337	-	489,956	3
2399 Other current liabilities, others		69,304	-	43,752	-	40,514	-	21,358	-
21XX <b>Total current liabilities</b>		<u>5,061,940</u>	<u>26</u>	<u>9,094,668</u>	<u>39</u>	<u>10,279,974</u>	<u>43</u>	<u>7,769,488</u>	<u>44</u>
<b>Non-Current liabilities:</b>									
2500 Non-current financial liabilities at fair value through profit or loss		-	-	-	-	-	-	700	-
2540 Long-term borrowings		-	-	-	-	-	-	100,000	1
2560 Non-current tax liabilities		265,467	1	-	-	-	-	-	-
2570 Deferred tax liabilities	6 (22)	179,711	1	159,180	1	169,254	-	69,072	-
2580 Non-current lease liabilities		941,000	5	944,426	4	943,606	4	477,801	3
2600 Other non-current liabilities	6 (11)	206,173	1	209,974	1	211,197	1	208,606	1
25XX <b>Total non-current liabilities</b>		<u>1,592,351</u>	<u>8</u>	<u>1,313,580</u>	<u>6</u>	<u>1,324,057</u>	<u>5</u>	<u>856,179</u>	<u>5</u>
2XXX <b>Total liabilities</b>		<u>6,654,291</u>	<u>34</u>	<u>10,408,248</u>	<u>45</u>	<u>11,604,031</u>	<u>48</u>	<u>8,625,667</u>	<u>49</u>
<b>Equity attributable to owners of the parent company</b>									
Share capital	6 (13)								
3110 Ordinary share		\$ 1,909,899	9	\$ 1,907,235	8	\$ 1,900,323	8	\$ 1,861,950	11
Capital surplus	6 (14)								
3200 Capital surplus		5,701,867	29	5,677,352	25	5,613,691	23	5,256,344	29
Retained earnings	6 (15)								
3310 Legal reserve		1,096,907	5	907,119	4	757,349	3	684,352	4
3320 Special reserve		403,301	2	554,857	2	927,442	4	975,266	5
3350 Unappropriated retained earnings		4,328,471	22	4,073,113	18	3,474,185	15	1,264,003	7
Other equity									
3400 Other equity interest		( 210,464 )	( 1 )	( 403,300 )	( 2 )	( 208,819 )	( 1 )	( 927,442 )	( 5 )
3500 Treasury shares	6 (13)	( 57,583 )	-	( 57,583 )	-	( 57,583 )	-	( 57,583 )	-
31XX <b>Total equity attributable to owners of the parent company</b>		<u>13,172,398</u>	<u>66</u>	<u>12,658,793</u>	<u>55</u>	<u>12,406,588</u>	<u>52</u>	<u>9,056,890</u>	<u>51</u>
36XX <b>Non-controlling interests</b>		-	-	-	-	-	-	17,609	-
3XXX <b>Total Equity</b>		<u>13,172,398</u>	<u>66</u>	<u>12,658,793</u>	<u>55</u>	<u>12,406,588</u>	<u>52</u>	<u>9,074,499</u>	<u>51</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments	9								
3X2X <b>Liabilities and total equity</b>		<u>\$ 19,826,689</u>	<u>100</u>	<u>\$ 23,067,041</u>	<u>100</u>	<u>\$ 24,010,619</u>	<u>100</u>	<u>\$ 17,700,166</u>	<u>100</u>

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)  
 Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
 Consolidated Statements of Comprehensive Income  
 For the nine months ended September 30, 2023 and 2022  
 (Expressed in Thousands of New Taiwan Dollars, except for Earnings Per Share)

Item	Note	(adjusted)				(adjusted)			
		For the Three Months		For the Three Months		For the Nine Months Ended		For the Nine Months Ended	
		Ended September 30, 2023	Ended September 30, 2022	Ended September 30, 2023	Ended September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6 (16)	\$ 3,542,788	100	\$ 7,238,216	100	\$ 13,212,640	100	\$ 17,965,182	100
5000 Operating costs	6 (4)	(2,936,831)	(83)	(5,483,449)	(76)	(10,671,105)	(81)	(13,832,671)	(77)
5950 Gross profit from operations		<u>605,957</u>	<u>17</u>	<u>1,754,767</u>	<u>24</u>	<u>2,541,535</u>	<u>19</u>	<u>4,132,511</u>	<u>23</u>
Operating expenses	6 (21)								
6100 Selling expenses		(71,495)	(2)	(129,270)	(2)	(217,577)	(2)	(320,810)	(2)
6200 Administrative expenses		(238,595)	(7)	(334,047)	(4)	(699,509)	(5)	(800,642)	(4)
6300 Research and development expenses		(40,801)	(1)	(61,355)	(1)	(139,031)	(1)	(159,753)	(1)
6450 Expected credit Impairment gain	12(2)	38,074	1	6,838	-	5,436	-	598	-
6000 Total operating expenses		<u>(312,817)</u>	<u>(9)</u>	<u>(517,834)</u>	<u>(7)</u>	<u>(1,050,681)</u>	<u>(8)</u>	<u>(1,280,607)</u>	<u>(7)</u>
6900 Net operating income		<u>293,140</u>	<u>8</u>	<u>1,236,933</u>	<u>17</u>	<u>1,490,854</u>	<u>11</u>	<u>2,851,904</u>	<u>16</u>
Non-operating income and expenses									
7100 Interest income	6 (17)	14,229	1	2,198	-	32,247	-	6,627	-
7010 Other income	6 (18)	31,081	1	19,956	-	77,045	1	53,959	-
7020 Other gains and losses	6 (19)	117,358	3	406,124	6	323,321	2	702,285	4
7050 Finance costs	6 (20)	(11,189)	-	(27,196)	-	(68,370)	-	(53,347)	-
7000 Total non-operating income and expenses		<u>151,479</u>	<u>5</u>	<u>401,082</u>	<u>6</u>	<u>364,243</u>	<u>3</u>	<u>709,524</u>	<u>4</u>
7900 Profit before tax		<u>444,619</u>	<u>13</u>	<u>1,638,015</u>	<u>23</u>	<u>1,855,097</u>	<u>14</u>	<u>3,561,428</u>	<u>20</u>
7950 Income tax expenses	6 (22)	(106,150)	(3)	(338,873)	(5)	(421,085)	(3)	(769,503)	(4)
8200 Profit		<u>\$ 338,469</u>	<u>10</u>	<u>\$ 1,299,142</u>	<u>18</u>	<u>\$ 1,434,012</u>	<u>11</u>	<u>\$ 2,791,925</u>	<u>16</u>
Other comprehensive income, net									
Items that may be subsequently reclassified to profit or loss									
8361 Exchange differences on translation		\$ 264,349	7	\$ 346,039	5	\$ 192,836	1	\$ 718,714	4
8300 Other comprehensive income, net		<u>\$ 264,349</u>	<u>7</u>	<u>\$ 346,039</u>	<u>5</u>	<u>\$ 192,836</u>	<u>1</u>	<u>\$ 718,714</u>	<u>4</u>
8500 Total comprehensive income		<u>\$ 602,818</u>	<u>17</u>	<u>\$ 1,645,181</u>	<u>23</u>	<u>\$ 1,626,848</u>	<u>12</u>	<u>\$ 3,510,639</u>	<u>20</u>
Profit attributable to:									
8610 Owners of the parent company		<u>\$ 338,469</u>	<u>10</u>	<u>\$ 1,299,142</u>	<u>18</u>	<u>\$ 1,434,012</u>	<u>11</u>	<u>\$ 2,791,960</u>	<u>16</u>
8620 Non-controlling interests		<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>(\$ 35)</u>	<u>-</u>
Comprehensive income attributable to:									
8710 Owners of the parent		<u>\$ 602,818</u>	<u>17</u>	<u>\$ 1,645,181</u>	<u>23</u>	<u>\$ 1,626,848</u>	<u>12</u>	<u>\$ 3,510,583</u>	<u>20</u>
8720 Non-controlling interests		<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 56</u>	<u>-</u>
Basic earnings per share	6 (23)								
9750 Total basic earnings per share		<u>\$</u>	<u>1.78</u>	<u>\$</u>	<u>6.87</u>	<u>\$</u>	<u>7.54</u>	<u>\$</u>	<u>14.93</u>
Diluted earnings per share									
9850 Total diluted earnings per share		<u>\$</u>	<u>1.78</u>	<u>\$</u>	<u>6.83</u>	<u>\$</u>	<u>7.53</u>	<u>\$</u>	<u>14.68</u>

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)  
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the nine months ended September 30, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Note	Equity Attributable to Owners of Parent							Total	Non-controlling interests	Total Equity
		Ordinary share	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Treasury shares			
Balance at January 1, 2022 (adjusted)		\$ 1,861,950	\$ 5,256,344	\$ 684,352	\$975,266	\$ 1,231,980	( \$ 927,442)	(\$57,583)	\$9,024,867	\$ 17,609	\$ 9,042,476
Effects of retrospective application to IAS 12	3(1)	-	-	-	-	32,023	-	-	32,023	-	32,023
Equity at beginning of period after adjustments		<u>1,861,950</u>	<u>5,256,344</u>	<u>684,352</u>	<u>975,266</u>	<u>1,264,003</u>	<u>( 927,442)</u>	<u>( 57,583)</u>	<u>9,056,890</u>	<u>17,609</u>	<u>9,074,499</u>
Profit for the period		-	-	-	-	2,791,960	-	-	2,791,960	( 35)	2,791,925
Other comprehensive income		-	-	-	-	-	718,623	-	718,623	91	718,714
Total comprehensive income		-	-	-	-	<u>2,791,960</u>	<u>718,623</u>	-	<u>3,510,583</u>	<u>56</u>	<u>3,510,639</u>
Distribution of earnings for the second half year of 2021	6(15)	-	-	72,997	-	( 72,997)	-	-	-	-	-
Legal reserve appropriated		-	-	72,997	-	( 72,997)	-	-	-	-	-
Reversal of special reserve		-	-	-	( 47,824)	47,824	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	( 556,605)	-	-	( 556,605)	-	( 556,605)
Conversion of convertible bonds	6(10)(13)(14)(24)	38,373	357,347	-	-	-	-	-	395,720	-	395,720
Changes in non-controlling interests		-	-	-	-	-	-	-	-	( 17,665)	( 17,665)
Balance at September 30, 2022		<u>\$ 1,900,323</u>	<u>\$ 5,613,691</u>	<u>\$ 757,349</u>	<u>\$927,442</u>	<u>\$3,474,185</u>	<u>( \$ 208,819)</u>	<u>(\$57,583)</u>	<u>\$12,406,588</u>	<u>\$ -</u>	<u>12,406,588</u>
Balance at January 1, 2023 (adjusted)		\$ 1,907,235	\$ 5,677,352	\$ 907,119	\$554,857	\$ 4,073,113	( \$ 403,300)	(\$57,583)	\$12,658,793	\$ -	\$ 12,658,793
Profit for the period		-	-	-	-	1,434,012	-	-	1,434,012	-	1,434,012
Other comprehensive income		-	-	-	-	-	192,836	-	192,836	-	192,836
Total comprehensive income		-	-	-	-	<u>1,434,012</u>	<u>192,836</u>	-	<u>1,626,848</u>	-	<u>1,626,848</u>
Distribution of earnings for the second half year of 2022	6(15)	-	-	189,788	-	( 189,788)	-	-	-	-	-
Legal reserve appropriated		-	-	189,788	-	( 189,788)	-	-	-	-	-
Reversal of special reserve		-	-	-	( 151,556)	151,556	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	( 1,140,422)	-	-	( 1,140,422)	-	( 1,140,422)
Conversion of convertible bonds	6(10)(13)(14)(24)	2,664	24,515	-	-	-	-	-	27,179	-	27,179
Balance at September 30, 2023		<u>\$ 1,909,899</u>	<u>\$ 5,701,867</u>	<u>\$1,096,907</u>	<u>\$403,301</u>	<u>\$4,328,471</u>	<u>( \$ 210,464)</u>	<u>(\$57,583)</u>	<u>\$13,172,398</u>	<u>\$ -</u>	<u>\$ 13,172,398</u>

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)  
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the nine months ended September 30, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Note	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 1,855,097	\$ 3,561,428
Adjustments			
Adjustments to reconcile profit and loss			
Depreciation expense	6(5)(6)(21)	784,285	688,450
Amortization expense	6(21)	15,900	12,309
Expected credit gain	12(2)	( 5,436 )	( 598 )
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(19)	( 8,141 )	568
Interest expenses	6(20)	68,370	53,347
Interest income	6(17)	( 32,247 )	( 6,627 )
Gain on disposal of property, plant and equipment	6(19)	( 937 )	( 588 )
Changes in operating assets and liabilities			
Net changes in operating assets			
Accounts receivable		1,770,162	( 1,505,802 )
Other receivables		( 35,894 )	( 165,033 )
Inventories		2,125,531	( 761,898 )
Prepayments		34,726	103,998
Other current assets		9,219	( 1,418 )
Changes in operating liabilities			
Contract liability		53,540	91,884
Accounts payable		( 1,505,739 )	504,718
Other payables		( 430,976 )	199,339
Other current liabilities		23,265	16,286
Other non-current liabilities		( 2,321 )	( 2,362 )
Cash flows generated from operating		4,718,404	2,788,001
Interest received		31,793	6,916
Interest paid		( 65,363 )	( 40,403 )
Income tax paid		( 357,784 )	( 363,159 )
Net cash flows generated from operating activities		<u>4,327,050</u>	<u>2,391,355</u>

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the nine months ended September 30, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Note	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		( \$ 74,969 )	( \$ 52,658 )
Proceeds from disposal of financial assets at fair value through profit or loss		10,103	-
Acquisition of property, plant and equipment	6(24)	( 640,084 )	( 1,230,395 )
Proceeds from disposal of property, plant and equipment		10,154	10,436
Decrease (Increase) in refundable deposits		215	( 18,112 )
Acquisition of intangible assets		( 215 )	( 6,577 )
Acquisition of right-of-use assets	6(6)	( 98,357 )	( 11,851 )
Decrease in other non-current assets		117	22,284
Net cash flows used in investing activities		( 793,036 )	( 1,286,873 )
<u>Cash flows from financing activities</u>			
(Decrease) increase in short-term borrowings	6(25)	( 2,650,223 )	86,733
Increase in short-term notes and bills payable	6(25)	-	138,456
Repayments of long-term debt	6(25)	-	( 105,966 )
Payments of lease liabilities	6(6) (25)	( 35,194 )	( 16,642 )
Cash dividends paid	6(15) (25)	( 227,705 )	( 228,208 )
Change in non-controlling interests		-	( 17,665 )
Net cash flows (used in) generated from financing activities		( 2,913,122 )	( 143,292 )
Effects of exchange rate changes		( 185,347 )	( 396,395 )
Net increase in cash and cash equivalents		435,545	564,795
Cash and cash equivalents at beginning of period		2,195,379	1,114,952
Cash and cash equivalents at end of period		\$ 2,630,924	\$ 1,679,747

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)  
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Notes to the Consolidated Financial Statements  
For the nine months ended September 30, 2023 and 2022,  
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company History

Fulgent Sun International (Holding) Co., Ltd. (the “Company”) was established in November 2009 in British Cayman Islands. The office is located at No. 76, Section 3, Yunlin Road, Douliu City, Yunlin County. The main business activities of the Company and its subsidiaries (the “Group”) are the production and sale of sports and leisure outdoor footwear.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorization

The consolidated financial statements were approved by the Board of Directors and published on November 6, 2023.

3. Application of the New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’.

The amendments require an entity to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Upon adoption, the Group expects to recognize a deferred tax asset and liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities retrospectively as of January 1, 2022. These amendments resulted to an increase in deferred tax assets by \$191,680, \$99,500, \$192,121 and \$188,369 and deferred tax liabilities by \$153,772, \$67,477, \$161,723 and \$156,153, and an increase in retained earnings by \$37,908, \$32,023, \$30,398 and \$32,216 as of September 30, 2023, January 1, 2022, September 30, 2022, and December 31, 2022, respectively. For the three months and the nine months ended September 30, 2023 and 2022, respectively, income tax expense decrease (\$5,946), decrease (\$3,259), decrease (\$5,692) and increase \$1,625, and earnings per share increase \$0.03, increase \$0.02, increase \$0.03 and decrease (\$0.01) (in dollars).

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC.

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies are the same as Note 4 of the 2022 consolidated financial statements except for the statement of compliance, basis of preparation, basis of consolidation and newly added accounting policies are explained below. These policies apply consistently during all reporting periods, unless otherwise specified.

(1) Compliance statement

- A. These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by FSC.
- B. The consolidated financial statements should be read along with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:  
Financial assets and financial liabilities at fair value through profit or loss.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of Consolidation

A. Basis for preparation of consolidated financial statements

The principles for preparing the consolidated financial statements are the same as those for the 2022 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main business activities	Percentage of ownership			Notes
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Capital Concord Enterprises Limited (Capital Concord Enterprises Limited H.K.)	Holding company; Sports Leisure Outdoor Footwear Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Fujian Laya Outdoor Products Co., Ltd. (Fujian Laya)	Import/export trading	100	100	100	
Capital Concord Enterprises Limited H.K.	Fujian Sunshine Footwear Co., Ltd. (Sunshine)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Sunny Footwear Co., Ltd. (Sunny)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Hubei Sunsmile Footwear Co., Ltd. (Sunsmile)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Lin Wen Chih Sunbow Enterprises Co., Ltd. (Sunbow)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Lin Wen Chih Sunstone Enterprises Co., Ltd. (Sunstone)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	Note 1
Capital Concord Enterprises Limited H.K.	Lin Wen Chih Sunzeal Enterprises Co., Ltd. (Sunzeal)	Sports Leisure Outdoor Footwear Production and Sales	100	-	-	Note 2
Capital Concord Enterprises Limited H.K.	Fulgent Sun Footwear Co., Ltd. (Fulgent Sun)	Sports Leisure Outdoor Footwear Production	100	100	100	
Capital Concord Enterprises Limited H.K.	NGOC Hung Footwear Co., Ltd. (NGOC HUNG)	Sports Leisure Outdoor Footwear Production	100	100	100	
Capital Concord Enterprises Limited H.K.	Eversun Footwear Co., Ltd. (Eversun)	Sports Leisure Outdoor Footwear Production	100	100	100	
Capital Concord Enterprises Limited H.K.	Sunglory Footwear Co., Ltd. (Sunglory)	Sports Leisure Outdoor Footwear Production	100	-	-	Note 3
Capital Concord Enterprises Limited H.K.	PT. SUN BRIGHT LESTARI	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Laya Chemical Engineering Co., Ltd.(Laya Chemical)	Shoes material Production and Sales	100	100	100	Note 4
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd.(Sunlit)	Land lease	100	100	100	Note 5

Note 1: The Group purchased 8.73% equity of Sunstone from unrelated parties in January 2022.

Note 2: The Group had established Sunzeal in 2023 in Cambodia, and has included it in the consolidated financial statements since then.

Note 3: The Group acquired 100% equity interest in Sunglory from unrelated parties in May, 2023. The entire transaction consideration has been fully settled, and it has been included in the consolidated financial statements since the date of obtaining control. The assets acquired in the aforementioned transactions do not meet the definition of a business; therefore, the accounting treatment for asset acquisition is applied.

Note 4: The Group had established Laya Chemical in Taiwan in 2022, and has included it in the consolidated financial statements since then.

Note 5: A total of 51% of the equity is registered in the name of a related party who is a Cambodian in compliance with the local law and regulations. The Group has already taken relevant measures to safeguard its interests.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Income Tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There are no significant changes in this period, please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and revolving funds	\$ 3,274	\$ 4,910	\$ 5,267
Checking deposits & demand deposits	913,183	1,628,836	1,398,190
Time deposits	1,714,467	561,633	276,290
Total	<u>\$ 2,630,924</u>	<u>\$ 2,195,379</u>	<u>\$ 1,679,747</u>

- A. The financial institutions of the Group have good credit quality, and the Group has dealings with several financial institutions to distract credit risk; therefore, the default is very unlikely.
- B. The Group classifies time deposits with an original maturity of more than 3 months and not meeting short-term cash commitments as financial assets at amortized cost and presents them under “other current assets”.
- C. For restricted bank deposits of the Group, please refer to Note 6 (7).

(2) Financial assets at fair value through profit or loss

Item	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
- Convertible corporate bond redemption and sale rights	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ 79</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
- Listed company stock	<u>\$ 3,535</u>	<u>\$ 5,938</u>	<u>\$ 5,978</u>

- A. The convertible corporate bonds the Group held the right to redeem and sell for the three months ended September 30, 2023 and 2022, with recognized gains were \$0 and \$22, respectively. For the nine months ended September 30, 2023 and 2022, with recognized (losses) and gains were (\$27) and \$1,061, respectively.
- B. The shares of listed OTC companies the Group held for the three months ended September 30, 2023 and 2022, with recognized (losses) and gains were (\$3,268) and \$187, respectively. For the nine months ended September 30, 2023 and 2022, with recognized gains and (losses) were \$8,168 and (\$1,629), respectively.
- C. The Group has not pledged any financial assets at fair value through profit or loss.

(3) Accounts receivable, net

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	\$ 2,526,385	\$ 4,245,464	\$ 5,367,913
Less: Allowance for impairment	( 11,289)	( 16,143)	( 30,493)
	<u>\$ 2,515,096</u>	<u>\$ 4,229,321</u>	<u>\$ 5,337,420</u>

A. The aging analysis of accounts receivable is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$ 2,400,189	\$ 3,869,409	\$ 4,988,484
Overdue 0 to 90 days	112,640	350,406	332,842
Overdue 91 to 180 days	899	14,408	24,390
Overdue 181 to 365 days	4,910	2,681	3,429
Over 365 days past due	7,747	8,560	18,768
Total	<u>\$ 2,526,385</u>	<u>\$ 4,245,464</u>	<u>\$ 5,367,913</u>

The above information is based on the number of overdue days for the aging analysis.

- B. The balances of accounts receivable of September 30, 2023, December 31, 2022 and September 30, 2022 were generated by the customer contracts. The balances of accounts receivable from the customer contract as of January 1, 2022 was \$3,335,859.
- C. The amount of the maximum credit risk of the Group's accounts receivables as of September 30, 2023, December 31, 2022 and September 30, 2022 regardless of the collateral or other credit enhancements held, was the book value of each type of accounts receivable.
- D. For relevant credit risk information, please refer to Note 12(2).

(4) Inventories

	September 30, 2023		
	Cost	Allowance for inventory market decline and obsolescence	Carrying amounts
Raw material	\$ 860,659	(\$ 44,657)	\$ 816,002
Work in process	690,037	( 13,393)	676,644
Finished goods	1,337,195	( 40,896)	1,296,299
Inventory in-transit	190,723	-	190,723
Total	<u>\$ 3,078,614</u>	<u>(\$ 98,946)</u>	<u>\$ 2,979,668</u>

  

	December 31, 2022		
	Cost	Allowance for inventory market decline and obsolescence	Carrying amounts
Raw material	\$ 1,216,863	(\$ 27,800)	\$ 1,189,063
Work in process	1,621,349	( 31,224)	1,590,125
Finished goods	1,741,646	( 32,753)	1,708,893
Inventory in-transit	496,990	-	496,990
Total	<u>\$ 5,076,848</u>	<u>(\$ 91,777)</u>	<u>\$ 4,985,071</u>

September 30, 2022			
Allowance for inventory market decline and obsolescence			
	Cost		Carrying amounts
Raw material	\$ 1,455,153	(\$ 28,649)	\$ 1,426,504
Work in process	1,785,526	( 61,923)	1,723,603
Finished goods	1,331,652	( 21,826)	1,309,826
Inventory in-transit	692,999	-	692,999
Total	<u>\$ 5,265,330</u>	<u>(\$ 112,398)</u>	<u>\$ 5,152,932</u>

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

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022
Cost of inventories sold	\$ 2,913,208	\$ 5,479,288
Inventory valuation losses	26,216	1,810
Inventory scrap losses	530	82
Others	( 3,123)	2,269
	<u>\$ 2,936,831</u>	<u>\$ 5,483,449</u>

  

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Cost of inventories sold	\$ 10,647,213	\$ 13,795,698
Inventory valuation losses	7,169	34,463
Inventory scrap losses	3,941	1,834
Others	12,782	676
	<u>\$ 10,671,105</u>	<u>\$ 13,832,671</u>

(5) Property, Plant and Equipment

For the Nine Months Ended September 30, 2023

Cost	For the Nine Months Ended September 30, 2023					
	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Land	\$ 339,011	\$ -	\$ -	\$ -	\$ 17,221	\$ 356,232
Buildings	5,504,936	39,120	-	55,074	128,056	5,727,186
Machinery equipment	5,404,819	104,474	( 31,970)	128,236	116,946	5,722,505
Transportation equipment	96,145	56	( 3,810)	-	1,983	94,374
Office equipment	59,049	4,609	( 556)	-	1,269	64,371
Others	2,182,228	142,898	( 39,386)	64,840	68,952	2,419,532
Construction in progress and to-be-inspected equipment	415,201	102,629	-	( 248,329)	9,989	279,490
	<u>\$ 14,001,389</u>	<u>\$ 393,786</u>	<u>(\$ 75,722)</u>	<u>(\$ 179)</u>	<u>\$ 344,416</u>	<u>\$ 14,663,690</u>
Accumulated depreciation	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Buildings	(\$ 1,599,923)	(\$ 175,158)	\$ -	\$ -	(\$ 18,503)	(\$ 1,793,584)
Machinery equipment	( 2,038,727)	( 257,912)	30,876	-	( 32,010)	( 2,297,773)
Transportation equipment	( 57,473)	( 6,569)	3,810	-	( 1,303)	( 61,535)
Office equipment	( 43,371)	( 4,842)	553	-	( 863)	( 48,523)
Others	( 1,513,059)	( 275,117)	31,266	-	( 52,764)	( 1,809,674)
	<u>(\$ 5,252,553)</u>	<u>(\$ 719,598)</u>	<u>\$ 66,505</u>	<u>\$ -</u>	<u>(\$ 105,443)</u>	<u>(\$ 6,011,089)</u>
	<u>\$ 8,748,836</u>					<u>\$ 8,652,601</u>

For the Nine Months Ended September 30, 2022

Cost	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Land	\$ 282,330	\$ 24,618	\$ -	\$ -	\$ 43,544	\$ 350,492
Buildings	4,469,900	91,739	-	356,212	413,166	5,331,017
Machinery equipment	3,995,352	613,636	( 39,413)	279,970	374,367	5,223,912
Transportation equipment	85,753	9,945	( 5,564)	721	7,618	98,473
Office equipment	46,373	9,357	( 1,039)	-	4,051	58,742
Others	1,692,739	310,805	( 37,271)	8,561	189,028	2,163,862
Construction in progress and to-be-inspected equipment	975,269	512,369	-	( 650,459)	89,329	926,508
	<u>\$ 11,547,716</u>	<u>\$ 1,572,469</u>	<u>(\$ 83,287)</u>	<u>(\$ 4,995)</u>	<u>\$ 1,121,103</u>	<u>\$ 14,153,006</u>

Accumulated depreciation	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Buildings	(\$ 1,317,524)	(\$ 161,026)	\$ -	\$ -	(\$ 80,610)	(\$ 1,559,160)
Machinery equipment	( 1,677,192)	( 234,245)	38,342	-	( 116,415)	( 1,989,510)
Transportation equipment	( 54,734)	( 6,112)	5,500	-	( 4,313)	( 59,659)
Office equipment	( 36,828)	( 4,098)	1,018	-	( 2,816)	( 42,724)
Others	( 1,141,230)	( 229,646)	28,579	-	( 128,607)	( 1,470,904)
	<u>(\$ 4,227,508)</u>	<u>(\$ 635,127)</u>	<u>\$ 73,439</u>	<u>\$ -</u>	<u>(\$ 332,761)</u>	<u>(\$ 5,121,957)</u>
	<u>\$ 7,320,208</u>					<u>\$ 9,031,049</u>

A. For the nine months ended September 30, 2023 and 2022, the Group had no interest capitalized.

B. For property, plant and equipment provided by the Group as collateral as of September 30, 2023, December 31, 2022 and September 30, 2022, please refer to Note 8.

(6) Lease arrangements - Lessee

- A. The Group leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods of 3 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There are no restrictions except that the leased assets may not be used as loan guarantees.

- B. The carrying amount of the right-of-use assets and the depreciation charge are as follows:

	September 30, 2023	December 31, 2022	September 30, 2023
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,120,687	\$ 998,700	\$ 897,014
Buildings	788,394	801,951	802,924
	<u>\$ 1,909,081</u>	<u>\$ 1,800,651</u>	<u>\$ 1,699,938</u>

	<u>For the Three Months Ended September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,658	\$ 6,853
Buildings	12,892	11,956
	<u>\$ 22,550</u>	<u>\$ 18,809</u>

	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 26,372	\$ 20,164
Buildings	38,315	33,130
Transportation Equipment (Business vehicles)	-	29
	<u>\$ 64,687</u>	<u>\$ 53,323</u>

- C. The Group's right-of-use assets for the three months ended September 30, 2023 and 2022 increased to \$859 and \$8,126, respectively. For the nine months ended September 30, 2023 and 2022 increased to \$133,650 and \$464,878, respectively.

- D. The profit and loss item related to lease contracts is as follows:

	<u>For the Three Months Ended September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>
Items affecting profit and loss:		
Interest expense on lease liabilities	\$ 2,523	\$ 2,274
Expense on short-term lease contracts	290	656

	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Items affecting profit and loss:		
Interest expense on lease liabilities	\$ 7,231	\$ 6,208
Expense on short-term lease contracts	693	3,997

- E. The Group's total cash outflow for leases were \$35,887 and \$20,639 for the nine months ended September 30, 2023 and 2022, respectively.

(7) Other current assets and other non-current assets

<u>Item</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current:			
Financial assets at amortized cost - Restricted bank deposits	\$ 4,333	\$ 5,410	\$ 5,242
Financial assets at amortized cost - Time deposits	242,987	155,716	156,037
Others	33,411	50,322	58,151
Total	<u>\$ 280,731</u>	<u>\$ 211,448</u>	<u>\$ 219,430</u>
<u>Item</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current:			
Prepayments for equipment	\$ 25,341	\$ 70,313	\$ 83,189
Refundable deposits	29,100	28,692	28,855
Others	3,144	12,893	10,585
Total	<u>\$ 57,585</u>	<u>\$ 111,898</u>	<u>\$ 122,629</u>

Note: For other current assets and other non-current assets provided by the Group as collateral as of September 30, 2023, December 31, 2022 and September 30, 2022, please refer to Note 8.

(8) Short-term borrowings

<u>Loans Type</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	\$ 890,000	1.540%~1.690%	Note
<u>Loans Type</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	\$ 3,476,180	1.403%~4.890%	Note
<u>Loans Type</u>	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	\$ 3,675,625	1.078%~3.900%	Note

Note: For property, plant and equipment provided by the Group as collateral as of September 30, 2023, December 31, 2022 and September 30, 2022, please refer to Note 8.

(9) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Dividends payable	\$ 1,140,422	\$ 227,705	\$ 556,605
Accrued salaries	562,305	934,168	829,969
Payables on equipment	206,708	498,157	660,933
Others	196,061	246,148	284,783
Total	<u>\$ 2,105,496</u>	<u>\$ 1,906,178</u>	<u>\$ 2,332,290</u>

(10) Bonds payable

The Group had no Bonds payable as of September 30, 2023.

	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Domestic fifth unsecured convertible corporate bonds	\$ 27,200	\$ 98,400
Less: Discount on corporate bonds payable	( 208)	( 1,063)
Subtotal	26,992	97,337
Less: Current bonds payable(Current portion of long-term liabilities)	( 26,992)	( 97,337)
Total	<u>\$ -</u>	<u>\$ -</u>

The fifth unsecured convertible corporate bonds in the Republic of China, issued by the Board of Directors of the Company on April 30, 2020, were as follows:

- A. The conditions for issuing the fifth unsecured convertible corporate bonds of the Company were as follows:
- (A) With the approval of the competent authority, the Company raised and issued the 5th unsecured convertible corporate bonds in Taiwan, totaling \$500,000, with a par value of \$100,000 and a coupon interest rate of 0%. The convertible corporate bond was issued for 3 years and circulated from August 17, 2020 to August 17, 2023. When the convertible corporate bond matures, it will be repaid in cash at the face value of the bond. The convertible corporate bond was listed at Gre Tai Securities Market Exchange on August 17, 2020.
  - (B) The convertible corporate bondholder 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 corporate bondholder are the same as those of the original common stock.
  - (C) The conversion price of the convertible corporate bond is set at \$112 per share at the time of issue, and the conversion price of the convertible corporate 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 40 days before the convertible corporate bond is issued 2 full years, the bondholder may require the Company to redeem the convertible corporate bond in cash at 101.0025% of the face value of the bond.
  - (E) When the convertible corporate 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 convertible corporate bond is issued 3 months, when the balance of the convertible corporate 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 recovered (including purchased from the Securities Merchants Business Offices), repaid or converted convertible corporate bond will be revoked, no longer be sold or issued, and the attached conversion rights will be revoked accordingly.
- B. As of August 16, 2023, the convertible corporate bond of \$500,000 was fully converted to 4,795 thousand shares of common stock, and delisted on August 18, 2023. After the issuance of the convertible corporate bond, when the common stock issued by the Company has increased or the Company distributes cash dividends on the common stock, the Company should adjust the conversion price of this bond based on the ratio of current price per share on the ex-dividend date according to the prescribed formula.
- C. When issuing the convertible corporate bond, the Company will, in accordance with the International Accounting Standards No.32, separate the conversion rights of equity from the constituent elements of the liabilities, and account for the "capital surplus - stock options." 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 economic characteristics and risk is not closely related, so it is separated and list as the net account of "financial assets or financial liabilities at fair value through profit or loss." The effective interest rate of the principal contract obligation after separation is 1.261%.

(11) Other non-current liabilities

Item	September 30, 2023	December 31, 2022	September 30, 2022
Deferred government grant income(Note)	\$ 113,458	\$ 116,626	\$ 117,657
Other non-current liabilities, others	92,715	93,348	93,540
Total	<u>\$ 206,173</u>	<u>\$ 209,974</u>	<u>\$ 211,197</u>

Note: This is generated from the acquisition of land use rights by the Group's subsidiary companies, Hubei Sunsmile Footwear Co., Ltd. and Sunny Footwear Co., Ltd.

(12) Pension

- A. Since July 1, 2005, the Group's subsidiaries in Taiwan 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 Bureau of Labor Insurance, 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 pension. For the three months and the nine months ended September 30, 2023 and 2022, the pensions recognized by the Group in accordance with the above regulations were \$1,850, \$1,963, \$5,820 and \$5,657, respectively.
- B. In accordance with the regulations of the People's Republic of China, the Group's subsidiaries in China set aside the pension, monthly at 16%~19% of the total local staff's salaries (Sunny and Sunshine: 16%~18%; Sunsmile: 16%~19%; Fujian Laya 16%). Each employee's monthly pension is managed and arranged by the government, and the Group is solely obliged to set aside the pension. For the three months and the nine months ended September 30, 2023 and 2022, the pensions recognized by the Group in accordance with the above regulations were \$22,274, \$29,738, \$78,425 and \$82,705, respectively.
- C. The Group's subsidiaries in Vietnam are subject to the relevant local regulations. According to the local government regulations, the pension fund for employees' retirement pension is payable monthly at a certain percentage of the total wage and paid to the relevant competent authorities. The Group has no further obligation except monthly payment. For the three months and the nine months ended September 30, 2023 and 2022, the pensions recognized by the Group in accordance with the above regulations were \$39,691, \$56,399, \$145,961 and \$144,730, respectively.
- D. The Group's subsidiaries in Cambodia are subject to the relevant local regulations. According to the local government regulations, the pension fund for employees' retirement pension is payable monthly at a certain percentage of the total wage and paid to the relevant competent authorities. The Group has no further obligation except monthly payment. For the three months and the nine months ended September 30, 2023, the pensions recognized by the Group in accordance with the above regulations were \$2,986 and \$15,000, respectively.

(13) Share capital

- A. On September 30, 2023, the Company's rated capital was \$3,000,000, divided into 300 million shares, the paid-in-capital was \$1,909,899 with a par value of \$10 (in dollars) per share.

The adjustment made to the Company's outstanding common stock shares at the beginning and end of the period were as follows:

	Unit: Thousand Shares	
	2023	2022
January 1	190,064	185,535
Conversion of convertible bonds	266	3,837
September 30	<u>190,330</u>	<u>189,372</u>

B. Treasury Stock

(A) Reason and quantity of share recovery

		September 30, 2023	
Shareholder	Reason for Buyback	Number of Shares (in Thousands)	Carrying Amount
The Company	Transfer to employees	660	\$ 57,583
		December 31, 2022	
Shareholder	Reason for Buyback	Number of Shares (in Thousands)	Carrying Amount
The Company	Transfer to employees	660	\$ 57,583
		September 30, 2022	
Shareholder	Reason for Buyback	Number of Shares (in Thousands)	Carrying Amount
The Company	Transfer to employees	660	\$ 57,583

(B) According to the Securities and Exchange Act, the number of shares bought back under shall not exceed 10% of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back shall not exceed the amount of retained earnings plus premium on capital stock plus realized capital surplus.

(C) According to the Securities and Exchange Act, treasury stocks held by the Company shall not be pledged; before the transfer, the shareholder's rights shall not be enjoyed.

(D) According to the Securities and Exchange Act, the shares bought back by the Company shall be transferred to employees within 5 years from the date of buyback. The shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration shall be processed for cancellation. Where the buyback is required to maintain the company's credit and shareholders' rights and interests, amendment registration for cancellation shall be retired within nine months from the date of buyback.

(14) Capital surplus

A. According to the Company Act, the excess of the income from the issuance of shares in excess of the coupon amount and the capital surplus 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 and Exchange Act, the above capital surplus is limited to 10% of the total amount of paid-in-capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The changes in capital surplus were as follows:

		2023			
		Issue Premium	Stock Options	Others	Total
January 1		\$ 5,674,184	\$ 2,622	\$ 546	\$ 5,677,352
Convertible corporate bonds converted to common stocks		27,137	( 2,622)	-	24,515
September 30		\$ 5,701,321	\$ -	\$ 546	\$ 5,701,867
		2022			
		Issue Premium	Stock Options	Others	Total
January 1		\$ 5,207,597	\$ 48,201	\$ 546	\$ 5,256,344
Convertible corporate bonds converted to common stocks		396,062	( 38,715)	-	357,347
September 30		\$ 5,603,659	\$ 9,486	\$ 546	\$ 5,613,691

(15) Retained Earnings

- A. Under the Company's Articles of Incorporation, stipulating that the Company may, at the end of each semi-fiscal year, distribute earnings in the form of stock dividends upon supermajority resolution in the shareholders' meeting or in the form of cash dividends upon the Board of Directors' resolution. The company shall not set aside exceeding than 3% and lower than 0.1% of the remaining earnings as directors' remuneration and less than 3% of the remaining profits as bonuses to the employees of the Company and subsidiaries. The Company shall make up the loss when company still has accumulated losses. The Company shall (1) first make up the loss over the years, set aside a legal surplus reserve at 10% of the remaining earnings until the accumulated legal surplus reserve equals the Company's paid-in-capital; (2) set aside a special surplus reserve in accordance with the rules of the public offering company or at the request of the competent authority.
- B. When the Company's earnings are distributed, dividends distributed to shareholders should not be less than the balance of the remaining earnings net of 20% of the amounts in the preceding (1) (2), wherein the cash dividend issued should not be less than 20% of the dividends.
- C. In accordance with the Articles of Incorporation, the Company shall not distribute 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 legal surplus reserve is more than 25% of paid-in-capital, only the legal surplus reserve shall be accumulated as the above allocation and shall be limited to the portion of the legal surplus reserve in excess of 25% of the paid-in-capital.
- D. (A) When the Company distributes earnings, it should make special surplus reserve accumulated in respect of the debit balance of other equity on the balance sheet date in accordance with the provisions of the laws. When the debit balance of subsequent other equity is reversed, the amount reversed may be included in the earnings available for distribution.
- (B) Upon the first application of the IFRSs, a special surplus reserve set aside in letter No. 1010012865 issued by the FSC on April 6, 2012 is to be reversed when the Company subsequently uses, disposes of or reclassifies the related assets.
- E. The appropriations of earnings for 2021 which have been resolved in the shareholders' meeting on May 27, 2022 respectively, were as follows:

	<u>For the second half year of 2021</u>	<u>For the first half year of 2021</u>
Board resolution date	February 25, 2022	December 28, 2021
Legal reserve appropriated	\$ 72,997	\$ 45,520
(Reversal) Allowance for Special reserve	(\$ 47,824)	\$ 138,079
Cash dividends	\$ 556,605	\$ 228,208
Dividends per share (NT\$)	\$ 3.00	\$ 1.23

- F. The appropriations of earnings for 2022 which have been resolved in the shareholders' meeting on May 30, 2023 respectively, were as follows:

	<u>For the second half year of 2022</u>	<u>For the first half year of 2022</u>
Board resolution date	February 23, 2023	December 28, 2022
Legal reserve appropriated	\$ 189,788	\$ 149,770
Reversal for Special reserve	(\$ 151,556)	(\$ 372,585)
Cash dividends	\$ 1,140,422	\$ 227,705
Dividends per share (NT\$)	\$ 6.00	\$ 1.20

Before the record date of the appropriations of interim earnings for the second half year of 2021, due to the conversion of convertible corporate bonds, on February 25, 2022, the Board of Directors resolved to authorize the chairman to implement the adjustment of the dividend rate for shareholders to NT\$2.94 per share.

Before the record date of the appropriations of interim earnings for the first half year of 2022, due to the conversion of convertible corporate bonds, on December 28, 2022, the Board of Directors resolved to authorize the chairman to implement the adjustment of the dividend rate for shareholders to NT\$1.198 per share.

Before the record date of the appropriations of interim earnings for the second half year of 2022, due to the conversion of convertible corporate bonds, on February 23, 2023, the Board of Directors resolved to authorize the chairman to implement the adjustment of the dividend rate for shareholders to NT\$5.99 per share. In addition, the ex-dividend date of the declared cash dividends not yet paid \$1,140,422 is September 20, 2023. The payment day is October 18, 2023.

For more information on the distribution of earnings resolved in the shareholders' meeting, refer to the "Market Observation Post System" ("MOPS") of Taiwan Stock Exchange Corporation.

(16) Operating revenue

	<u>For the Three Months Ended September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>
Revenue from Contracts with Customers	\$ 3,542,788	\$ 7,238,216
	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Revenue from Contracts with Customers	\$ 13,212,640	\$ 17,965,182

A. Breakdown of Customer Contract Income

The income of the Group originates from the transfer of goods at a certain point. For relevant information, please refer to Note 14(3).

B. Contract liabilities

The contract liabilities related to customer contract income recognized by the Group were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Contract liabilities				
- Advance sales receipts	\$ 58,760	\$ 76,777	\$ 109,178	\$ 76,092

Revenue recognized that was included in the contract liability balance at the beginning of the period:

	<u>For the Three Months Ended September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>
Revenue recognized that was included in the contract liability balance at the beginning of the period - Advance sales receipts	\$ 5,299	\$ 7,296
	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Revenue recognized that was included in the contract liability balance at the beginning of the period - Advance sales receipts	\$ 74,296	\$ 71,637

(17) Interest revenue

	<u>For the Three Months Ended September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>
Interest on bank deposits	\$ 14,229	\$ 2,198
	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Interest on bank deposits	\$ 32,247	\$ 6,627

(18) Other income

	<u>For the Three Months Ended September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>
Government grant	\$ 2,733	\$ 2,968
Other revenue - others	28,348	16,988
	<u>\$ 31,081</u>	<u>\$ 19,956</u>

	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Government grant	\$ 14,571	\$ 12,102
Other revenue - others	62,474	41,857
	<u>\$ 77,045</u>	<u>\$ 53,959</u>

(19) Other gains and losses

	<u>For the Three Months Ended September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>
Gains (losses) on disposal of property, plant and equipment	\$ 1,215	(\$ 176)
Foreign exchange gains	123,939	409,986
(Losses) gains on financial assets and liabilities measured at fair value through profit and loss	( 3,268 )	209
Other losses	( 4,528 )	( 3,895 )
	<u>\$ 117,358</u>	<u>\$ 406,124</u>

	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Gains on disposal of property, plant and equipment	\$ 937	\$ 588
Foreign exchange gains	327,229	712,989
Gains (losses) on financial assets and liabilities measured at fair value through profit and loss	8,141	( 568 )
Other losses	( 12,986 )	( 10,724 )
	<u>\$ 323,321</u>	<u>\$ 702,285</u>

(20) Finance Costs

	<u>For the Three Months Ended September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>
Bank borrowings	\$ 8,646	\$ 24,479
Convertible bonds	20	443
Lease liabilities	2,523	2,274
	<u>\$ 11,189</u>	<u>\$ 27,196</u>

	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Bank borrowings	\$ 60,952	\$ 43,757
Convertible bonds	187	3,382
Lease liabilities	7,231	6,208
	<u>\$ 68,370</u>	<u>\$ 53,347</u>

(21) Expenses Expressed by Nature

	<u>For the Three Months Ended September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>
Employee benefits		
Salary	\$ 962,227	\$ 1,881,802
Labor and health insurance	37,666	51,048
Pension	66,801	88,100
Others	15,892	28,633
	<u>1,082,586</u>	<u>2,049,583</u>
Depreciation	260,966	245,316
Amortization	5,563	4,293
	<u>\$ 1,349,115</u>	<u>\$ 2,299,192</u>
	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Employee benefits		
Salary	\$ 3,395,207	\$ 4,799,892
Labor and health insurance	133,655	137,615
Pension	245,206	233,092
Others	57,246	79,632
	<u>3,831,314</u>	<u>5,250,231</u>
Depreciation	784,285	688,450
Amortization	15,900	12,309
	<u>\$ 4,631,499</u>	<u>\$ 5,950,990</u>

- A. According to the Articles of Incorporation, the Company may allocate a surplus not exceeding 3% of the remaining surplus as the directors' remuneration and 0.1%~3% of the remaining profits as employees' bonuses for the employees of the Company and subsidiaries.
- B. The employees' compensation and directors' remuneration estimate of the Company for the three months and the nine months ended September 30, 2023 and 2022 were \$5,000, \$7,500, \$15,000 and \$12,500, respectively. The above employees' 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 net income as of the current period after consideration of the legal surplus reserve.

The employees' bonuses and directors' remuneration for the year ended December 31, 2022 approved by the Board of Directors are consistent with those recognized in the financial statements for the year ended December 31, 2022.

Information on employees' bonuses and directors' remuneration approved by the Board of Directors is available on the MOPS.

(22) Income tax

A. Income tax expense

Components of income tax expense:

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022
Current tax:		
Current tax on profits for the period	\$ 92,992	\$ 331,747
Underestimated income tax in prior periods	-	2,910
Total current tax	<u>92,992</u>	<u>334,657</u>
Deferred tax:		
Origination and reversal of temporary differences	13,158	4,216
Total deferred tax	<u>13,158</u>	<u>4,216</u>
Income tax expense	<u>\$ 106,150</u>	<u>\$ 338,873</u>
	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Current tax:		
Current tax on profits for the period	\$ 388,988	\$ 757,986
Underestimated income tax in prior periods	20,270	6,734
Total current tax	<u>409,258</u>	<u>764,720</u>
Deferred tax:		
Origination and reversal of temporary differences	11,827	4,783
Total deferred tax	<u>11,827</u>	<u>4,783</u>
Income tax expense	<u>\$ 421,085</u>	<u>\$ 769,503</u>

B. The profit-seeking enterprise income tax returns of Capital Concord Enterprises Limited (H.K.), Taiwan Branch for the year ended December 31, 2020 have been approved by the tax authorities.

C. The profit-seeking enterprise income tax returns of Laya Chemical Engineering Co., Ltd for the year ended December 31, 2022 have not been approved by the tax authorities.

(23) Earnings per share

	For the Three Months Ended September 30, 2023		
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 338,469	190,283	\$ 1.78
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	338,469	190,283	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	20	47	
Employee bonus	-	127	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	<u>\$ 338,489</u>	<u>190,457</u>	<u>\$ 1.78</u>

For the Three Months Ended September 30, 2022			
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,299,142	189,071	\$ 6.87
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,299,142	189,071	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	443	1,256	
Employee bonus	-	81	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	\$ 1,299,585	190,408	\$ 6.83
For the Nine Months Ended September 30, 2023			
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,434,012	190,147	\$ 7.54
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,434,012	190,147	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	187	183	
Employee bonus	-	223	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	\$ 1,434,199	190,553	\$ 7.53
For the Nine Months Ended September 30, 2022			
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,791,960	186,982	\$ 14.93
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,791,960	186,982	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	3,382	3,345	
Employee bonus	-	122	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	\$ 2,795,342	190,449	\$ 14.68

(24) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Additions to property, plant and equipment	\$ 393,607	\$ 1,567,474
Less: Prepayments for equipment, beginning of period	( 70,313)	( 72,811)
Add: Prepayments for equipment, end of period	25,341	83,189
Add: Payables on equipment, beginning of period	498,157	313,476
Less: Payables on equipment, end of period	( 206,708)	( 660,933)
Cash paid during the period	<u>\$ 640,084</u>	<u>\$ 1,230,395</u>

B. Financing activities with no cash flow effects:

	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Share capital converted from convertible corporate bonds	<u>\$ 2,664</u>	<u>\$ 38,373</u>
Declared cash dividends not yet paid	<u>\$ 1,140,422</u>	<u>\$ 556,605</u>

(Blank Below)

(25) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Convertible corporate bonds (Note)</u>	<u>Dividends payable</u>	<u>Total liabilities from financing activities</u>
January 1, 2023	\$ 3,476,180	\$ 964,040	\$ 26,992	\$ 227,705	\$ 4,694,917
Changes in cash flows from financing	( 2,650,223)	( 35,194)	-	( 227,705)	( 2,913,122)
Changes in other non-cash items	-	32,193	( 26,992)	1,140,422	1,145,623
Impact of changes in foreign exchange rate	64,043	18,118	-	-	82,161
September 30, 2023	<u>\$ 890,000</u>	<u>\$ 979,157</u>	<u>\$ -</u>	<u>\$ 1,140,422</u>	<u>\$ 3,009,579</u>

	<u>Long and short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Lease liabilities</u>	<u>Convertible corporate bonds (Note)</u>	<u>Dividends payable</u>	<u>Total liabilities from financing activities</u>
January 1, 2022	\$ 3,222,600	\$ -	\$ 492,505	\$ 489,956	\$ 228,208	\$ 4,433,269
Changes in cash flows from financing	( 19,233 )	138,456	( 16,642)	-	( 228,208)	( 125,627)
Changes in other non-cash items	-	-	415,724	( 392,619)	556,605	579,710
Impact of changes in foreign exchange rate	472,258	11,417	64,383	-	-	548,058
September 30, 2022	<u>\$ 3,675,625</u>	<u>\$ 149,873</u>	<u>\$ 955,970</u>	<u>\$ 97,337</u>	<u>\$ 556,605</u>	<u>\$ 5,435,410</u>

Note : The portion due within one year is included.

7. Related Party Transactions

Key management compensation

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022
Short-term employee benefits	\$ 22,617	\$ 29,562
	For the Nine Months ended September 30, 2023	For the Nine Months ended September 30, 2022
Short-term employee benefits	\$ 66,392	\$ 69,316

8. Pledged Assets

Assets	Book amount			Guarantee use
	September 30, 2023	December 31, 2022	September 30, 2022	
Land	\$ 115,368	\$ 109,791	\$ 113,509	Short-term borrowings
Buildings	160,021	155,393	163,498	Short-term borrowings
Financial assets at amortized cost (recognized in other current assets and other non-current assets)	6,770	7,800	6,661	Performance bond and performance guarantee of the power supply agreement
Refundable deposits (recognized in other non-current assets)	29,100	28,692	28,855	Plants lease deposits and others
	<u>\$ 311,259</u>	<u>\$ 301,676</u>	<u>\$ 312,523</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Total contract price		
	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	\$ 387,147	\$ 635,865	\$ 632,652
	Outstanding amount		
	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	\$ 252,826	\$ 159,449	\$ 227,110

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

There are no significant changes in this period, please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit and loss			
Current financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 27	\$ 79
Non-current financial assets mandatorily measured at fair value through profit or loss	3,535	5,938	5,978
	<u>\$ 3,535</u>	<u>\$ 5,965</u>	<u>\$ 6,057</u>
Financial assets at amortized cost/ loans and receivables			
Cash and cash equivalents	\$ 2,630,924	\$ 2,195,379	\$ 1,679,747
Accounts receivable	2,515,096	4,229,321	5,337,420
Other receivables	479,395	433,399	403,242
Financial assets at amortized cost - current	247,320	161,126	161,279
Refundable deposits	29,100	28,692	28,855
Financial assets at amortized cost - non-current	2,437	2,390	1,419
	<u>\$ 5,904,272</u>	<u>\$ 7,050,307</u>	<u>\$ 7,611,962</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 890,000	\$ 3,476,180	\$ 3,675,625
Short-term notes and bills payable	-	-	149,873
Accounts payable	1,479,757	2,942,863	3,271,179
Other payables	2,105,496	1,906,178	2,332,290
Corporate bonds payable	-	26,992	97,337
	<u>\$ 4,475,253</u>	<u>\$ 8,352,213</u>	<u>\$ 9,526,304</u>
Lease liabilities (current and non-current)	<u>\$ 979,157</u>	<u>\$ 964,040</u>	<u>\$ 955,970</u>

B. Risk management policy

- (A) 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 strives to identify, assess, and avoid market uncertainties, so as to minimize the potential adverse effects on the financial performance of the Company.
- (B) 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.

C. Significant financial risks and degrees of financial risks

(A) Market risk

Foreign exchange 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 are mainly the USD and RMB, and partially the VND and IDR. The relevant exchange rate risk arises from future commercial transactions, 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 instrument can be used to assist the Group in reducing but not entirely eliminating the impact of foreign currency exchange rate movements.
- 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 currencies are RMB, USD, VND and IDR); as a consequence, it is subject to exchange rates fluctuation. Assets and liabilities that are denominated in foreign currencies and significantly affected by the exchange rates fluctuation and market risk were as follows:

(Blank Below)

September 30, 2023						
<b>(Foreign currency: functional currency)</b>	Foreign currency (in thousands)	Exchange rate	Carrying amount	Sensitivity Analysis		
				Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: RMB	\$ 127,644	7.3043	\$ 4,119,062	1%	\$ 41,191	\$ -
USD: NTD	37,312	32.2700	1,204,057	1%	12,041	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
NTD: USD	\$ 999,493	0.0310	\$ 999,493	1%	\$ 9,995	-
December 31, 2022						
<b>(Foreign currency: functional currency)</b>	Foreign currency (in thousands)	Exchange rate	Carrying amount	Sensitivity Analysis		
				Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: RMB	\$ 136,483	6.9026	\$ 4,191,390	1%	\$ 41,914	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
NTD:USD	\$ 1,915,207	0.0326	\$ 1,915,207	1%	\$ 19,152	-
September 30, 2022						
<b>(Foreign currency: functional currency)</b>	Foreign currency (in thousands)	Exchange rate	Carrying amount	Sensitivity Analysis		
				Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: RMB	\$ 133,906	7.1217	\$ 4,251,524	1%	\$ 42,515	\$ -
<u>Financial liabilities</u>						
<u>Monetary items</u>						
NTD: USD	\$ 1,671,286	0.0315	\$ 1,671,286	1%	\$ 16,713	\$ -

- d. The Group's monetary items were significantly impacted by the exchange rate changes, and the total exchange gains and losses (including realized and unrealized) for the three months and the nine months ended September 30, 2023 and 2022 were \$123,939, \$409,986, \$327,229 and \$712,989, respectively.

#### Price risk

- a. The Group's equity instruments exposed to price risk are financial assets at fair value through profit or loss. To manage the price risk of investment in equity instruments, the Group diversifies its portfolio based on the limits set by the Group.
- b. The Group's investments in equity instruments comprise domestic publicly quoted entities, and the prices of these equity instruments are affected by uncertainties in the future value of the investment targets. If the prices of these equity instruments were 5% higher or lower, with all other variables held constant, the Group's net income for the nine months ended September 30, 2023 and 2022 from gains or losses on equity instruments mandatorily measured at fair value through profit or loss would have increased or decreased \$177 and \$299, respectively.

#### Cash flow and fair value interest rate risk

- a. The Group's interest rate risk arises primarily from the short-term borrowings and bills payable, and long-term borrowings issued at floating rates, which exposes the Group to the cash flow interest rate risk. For the nine months ended September 30, 2023 and 2022, the Group's loans issued at floating rates were mainly denominated in NTD and USD.
- b. The Group's loans 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 increased or decreased 0.1%, with all other variables held constant, net income for the nine months ended September 30, 2023 and 2022 would have decreased or increased \$534 and \$2,295, respectively, due to the changes in interest expenses caused by the loans issued at floating rates.

#### (B) Credit risk

- a. The Group's credit risk is primarily attributable to the Group's financial loss from customers' or financial instruments' counterparties' failure to fulfill contractual obligations. The main reason is that the counterparties are unable to settle the accounts receivable per 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 is 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 for 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 will determine that the credit risk of the investment target is increased significantly.
- e. Based on the internally specified accounting policies of the Group, it is deemed as a breach of contract 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 a simplified approach to estimate expected credit losses based on the 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 had no creditors' rights that had been written off but still could be recourse as of September 30, 2023, December 31, 2022 and September 30, 2022.
- h. The Group first assesses and recognizes impairment losses on individual receivables for which there is objective evidence of non-recoverability. For the remaining receivables, the Group adjusts the loss rate established on the history of certain periods and current information for prospective considerations to estimate the loss allowance for accounts receivable. The reserve matrixes as of September 30, 2023, December 31, 2022 and September 30, 2022 were as follows:

September 30, 2023	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	\$ 2,400,189	\$ -
Overdue 0 to 90 days	1.12%	112,640	1,264
Overdue 91 to 180 days	18.46%	899	166
Overdue 181 to 365 days	43.01%	4,910	2,112
Over 365 days past due	100.00%	7,747	7,747
Total		<u>\$ 2,526,385</u>	<u>\$ 11,289</u>

December 31, 2022	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	\$ 3,869,409	\$ -
Overdue 0 to 90 days	1.13%	350,406	3,946
Overdue 91 to 180 days	16.40%	14,408	2,363
Overdue 181 to 365 days	47.52%	2,681	1,274
Over 365 days past due	100.00%	8,560	8,560
Total		<u>\$ 4,245,464</u>	<u>\$ 16,143</u>

September 30, 2022	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	\$ 4,988,484	\$ -
Overdue 0 to 90 days	1.44%	332,842	4,799
Overdue 91 to 180 days	20.44%	24,390	4,985
Overdue 181 to 365 days	56.61%	3,429	1,941
Over 365 days past due	100.00%	18,768	18,768
Total		<u>\$ 5,367,913</u>	<u>\$ 30,493</u>

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

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$ 16,143	\$ 27,150
Reversal of impairment loss	( 5,436)	( 598)
Effect of foreign exchange	582	3,941
September 30	<u>\$ 11,289</u>	<u>\$ 30,493</u>

(C) 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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group had unused borrowing facilities of \$9,402,405, \$3,990,200 and \$3,657,125, 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:

	<u>Less than 6</u>	<u>7 to 12</u>	<u>1 to 2</u>	<u>2 to 5</u>	<u>More than</u>
September 30, 2023	<u>Months</u>	<u>Months</u>	<u>years</u>	<u>years</u>	<u>5 years</u>
Short-term borrowings	\$ 660,693	\$233,021	\$ -	\$ -	\$ -
Accounts payable	1,479,757	-	-	-	-
Other payables	2,075,935	29,561	-	-	-
Lease liabilities	24,478	23,068	49,493	185,240	768,364

Non-derivative financial liabilities:

	<u>Less than 6</u>	<u>7 to 12</u>	<u>1 to 2</u>	<u>2 to 5</u>	<u>More than</u>
December 31, 2022	<u>Months</u>	<u>Months</u>	<u>years</u>	<u>years</u>	<u>5 years</u>
Short-term borrowings	\$ 2,981,279	\$ 505,580	\$ -	\$ -	\$ -
Accounts payable	2,942,863	-	-	-	-
Other payables	1,857,116	49,062	-	-	-
Corporate bonds payable	-	27,200	-	-	-
Lease liabilities	11,434	18,056	46,087	178,046	784,450

<u>Non-derivative financial liabilities:</u>					
September 30, 2022	Less than 6 Months	7 to 12 Months	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowings	\$ 3,524,286	\$ 161,557	\$ -	\$ -	\$ -
Short-term notes and bills payable	150,126	-	-	-	-
Accounts payable	3,271,179	-	-	-	-
Other payables	2,316,237	16,053	-	-	-
Corporate bonds payable	-	98,400	-	-	-
Lease liabilities	9,046	13,575	42,936	168,071	801,019

(3) Fair value information

A. 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 included in Level 2.

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

B. Financial instruments not measured at fair value

(A) The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, short-term notes and bills payable, accounts payable, and other payables are a reasonable approximation of their fair values (except those stated in the following table):

The Group had no corporate bonds payable as of September 30, 2023.

	December 31, 2022	
	Carrying amount	Fair Value Level 3
Corporate bonds payable	\$ 26,992	\$ 27,016

  

	September 30, 2022	
	Carrying amount	Fair Value Level 3
Corporate bonds payable	\$ 97,337	\$ 97,294

(B) The methods and assumptions used to estimate fair value were 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.

C. 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:

September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Listed company stock	<u>\$ 3,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,535</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Listed company stock	\$ 5,938	\$ -	\$ -	\$ 5,938
- Redemption right of convertible corporate bonds	<u>-</u>	<u>-</u>	<u>27</u>	<u>27</u>
Total	<u>\$ 5,938</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ 5,965</u>

September 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Listed company stock	\$ 5,978	\$ -	\$ -	\$ 5,978
- Redemption right of convertible corporate bonds	<u>-</u>	<u>-</u>	<u>79</u>	<u>79</u>
Total	<u>\$ 5,978</u>	<u>\$ -</u>	<u>\$ 79</u>	<u>\$ 6,057</u>

D. The methods and assumptions the Group used to measure fair value were as below:

- (A) For the Level 1 instruments which the Group uses market quoted prices as their fair values and which are listed stocks by characteristics, their closing prices are used as market quoted prices.
- (B) The cash flow expected to be received by the corporate bonds payable according to the underlying assets are measured by the discounted present value of the market interest rate at the balance sheet date.

E. There was no transfer between Level 1 and Level 2 for the nine months ended September 30, 2023 and 2022.

F. The following table shows the changes for the nine months ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
January 1	\$ 27	(\$ 700)
Gains or losses recognized in profit or loss (Note)	( 27)	1,061
Period transfer	-	( 282)
September 30	<u>\$ -</u>	<u>\$ 79</u>

Note: Recognized in other gains and (losses).

- G. 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 through 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.
- H. 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:

The Group had no such situation as of September 30, 2023.

	<u>Fair value as of December 31, 2022</u>	<u>Evaluation techniques</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Hybrid Instruments: Redemption right of corporate bonds	\$ 27	Binomial tree evaluation model	Volatility	41.71%	The higher the volatility, the higher the fair value.
	<u>Fair value as of September 30, 2022</u>	<u>Evaluation techniques</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Hybrid Instruments: Redemption right of corporate bonds	\$ 79	Binomial tree evaluation model	Volatility	35.85%	The higher the volatility, the higher the fair value.

- I. 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 Level 3, if the evaluation parameters change, the impact on current profits and losses were as follows:

The Group had no such situation as of September 30, 2023.

				December 31, 2022	
				Recognized in Profit or Loss	
		Input value	Change	Favorable change	Unfavorable change
Financial Liabilities					
Hybrid instruments	Volatility	±5%		\$ 11	(\$ 8)
				September 30, 2022	
				Recognized in Profit or Loss	
		Input value	Change	Favorable change	Unfavorable change
Financial Liabilities					
Hybrid instruments	Volatility	±5%		\$ 39	(\$ 30)

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to Others: Please refer to Appendix 1.
- B. Provision of endorsements and guarantees to others: Please refer to Appendix 2.
- C. Holding of marketable securities at the end of the period (Not including subsidiaries, associates, and joint ventures): Please refer to Appendix 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Appendix 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Appendix 5.
- I. Derivatives transactions: Please refer to Note 6(2).
- J. Parent-subsidiary and Subsidiary-subsidiary business relations and significant transactions and amounts thereof: Please refer to Appendix 6.

#### (2) Information on investees

Name, locations and other information of investee companies (not including investees in Mainland China): Please refer to Appendix 7.

#### (3) Information on investments in Mainland China

- A Basic information: Please refer to Appendix 8.
- B Significant transactions, either directly or indirectly through a third area, with investee companies in Mainland Area: Please refer to Note 13(1).

#### (4) Major shareholders information:

Major shareholders information: Please refer to Appendix 9.

14. Segment Information

(1) General information

The principal business of the Group is the production and sale of sports and leisure outdoor shoes. The Group's Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Department information

The Board of Directors evaluates the performance of the operating segments based on each quarter financial statements.

(3) Reconciliation of segment revenue and profit or loss

The Group has only one reportable operating segment. There was no reconciliation, since the segment revenue and profit are reported to the financial statements by revenue and profit.

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

Loans to others

For the Nine Months Ended September 30, 2023

Appendix 1

Unit: NT\$ Thousand  
(Unless Otherwise Specified)

No. (Note 1)	Creditor	Borrower	General ledger account	Related Party	Maximum Balance for the period	Ending Balance	Amount Actually		Interest rate	Nature of loan	Transaction Amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing Limits for each borrowing company (Note 2)	Financing company's total financing Amount Limits (Note 3)	Note
							Item	Value										
1	Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Other receivables	Y	\$ 468,877	\$ 468,877	\$ 468,877	1.50%	Short-term financing	\$ -	Operating capital	\$ -	- None	-	\$ -	\$ 808,289	\$ 1,010,362	Notes 4 & 5
2	NGOC HUNG Footwear Co., Ltd.	Eversun Footwear Co., Ltd.	Other receivables	Y	392,906	389,399	389,399	3.20%	Short-term financing	-	Build factory for sister company	-	- None	-	-	629,500	786,876	Notes 4 & 5
3	Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Other receivables	Y	823,198	822,885	822,885	3.50%	Short-term financing	-	Operating capital	-	- None	-	-	1,154,376	1,442,971	Notes 4 & 5
4	Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Other receivables	Y	112,945	112,945	112,945	3.50%	Short-term financing	-	Operating capital	-	- None	-	-	129,559	161,949	Notes 4 & 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth.

Note 3: Loaning funds to others, provided that such financing amount shall not exceed 50 percent of the lender's net worth.

Note 4: In Q3 2023, the exchange rates for assets and profit or loss were USD:NTD=32.2700 and USD:NTD=30.9555, respectively.

Note 5: Offset in consolidated financial statements.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Provision of Endorsements and Guarantees to Others  
For the Nine Months Ended September 30, 2023

Unit: NTS Thousand  
(Unless Otherwise Specified)

Appendix 2

No. (Note 1)	Endorser/ Guarantor	Party Being Endorsed/Guaranteed Company Name	Relation (Note 2)	Limit on	Maximum	Outstanding Endorsement/ Guarantee Amount	Amount Actually Drawn	Amount of Endorsements /Guarantees Secured with Collateral	Ratio of	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 China	Note
				Endorsements/ Guarantees Provided for a Single Party (Note 3)	Outstanding Endorsement/ Guarantee Amount for the Period				Accumulated Endorsement/ Guarantee Amount to Net Asset Value of the Endorser/ Guarantor Company (%)					
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	4	\$ 7,989,062	\$ 161,350	\$ 161,350	\$ -	\$ -	1.22%	\$ 10,652,082	Y	N	N	Note 5 & 6

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company and subsidiaries are as follows:

(1) For the issuer, fill in "0".

(2) Investee companies are numbered in order starting from "1."

Note 2: The relationship between the endorser/guarantor and the party endorsed/guaranteed is classified into the following seven categories (mark the category number only):

(1) A company with which the Company conducts business.

(2) A company in which the Company directly, and indirectly, holds more than 50% of the voting shares.

(3) A company which directly, and indirectly, holds more than 50% of the voting shares in the Company.

(4) Companies in which the Company directly, and indirectly, holds more than 90% of the voting shares.

(5) A company fulfilling its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limit of endorsements/guarantees provided for a single party is 60% of the net worth of Capital Concord Enterprises Limited.

Note 4: The maximum amount available for endorsements/guarantees is 80% of the net worth of Capital Concord Enterprises Limited.

Note 5: The joint guarantor of the endorsement/guarantee is Lin, Wen-Chih.

Note 6: In Q3 2023, the exchange rates for assets and profit or loss were USD:NTD=32.2700 and USD:NTD=30.9555, respectively.

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

Holding of Marketable Securities (Not Including Subsidiaries, Associates, and Joint Ventures)

September 30, 2023

Appendix 3

Unit NT\$ thousand  
(Unless Otherwise Specified)

Securities Held by	Marketable Securities (Note 1)	Relationship with the Securities Issuer	General Ledger Account	End of Period			Fair Value	Note
				Number of Shares	Book Value	Ratio of Shareholding		
Fulgent Sun International (Holding) Co., Ltd.	Stock – Tainan Enterprise (CAYMAN) Co., Ltd.	None	Financial Assets at Fair Value through Profit or Loss - Non-current	45,315	\$ 3,535	0.14 %	\$ 3,535	-

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 \$100 Million or 20% of Paid-in Capital or More

For the Nine Months Ended September 30, 2023

Appendix 4

Purchaser/Seller	Name of the Counterparty	Relationship with the counterparty	Purchase/ Sale	Transaction Details				Unusual Trade Conditions and Its Reasons		Notes and Accounts Receivable (Payable)		
				Amount	Percentage of Total Purchases (Sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note	
Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	Subsidiary	Purchase	\$ 1,667,997	15.63%	180 days after purchase	Note 1	Note 1	(\$ 1,415,160)	-95.63%	Note 2 & 3	
Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	Subsidiary	Purchase	750,954	7.04%	180 days after purchase	Note 1	Note 1	( 502,185)	-33.94%	Note 2 & 3	
Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	Subsidiary	Purchase	309,380	2.90%	180 days after purchase	Note 1	Note 1	( 277,097)	-18.73%	Note 2 & 3	
Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	Subsidiary	Purchase	305,222	2.86%	90 days after purchase	Note 1	Note 1	( 177,368)	-11.99%	Note 2 & 3	
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Purchase	3,087,669	28.93%	120 days after purchase	Note 1	Note 1	( 557,022)	-37.64%	Note 2 & 3	
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Subsidiary	Purchase	1,662,236	15.58%	120 days after invoices issued	Note 1	Note 1	( 440,710)	-29.78%	Note 2 & 3	
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Subsidiary	Purchase	447,533	4.19%	120 days after invoices issued	Note 1	Note 1	( 265,466)	-17.94%	Note 2 & 3	
Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	Subsidiary	Purchase	307,528	2.88%	120 days after invoices issued	Note 1	Note 1	-	-	Note 2 & 3	
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Sale	( 820,070)	-6.21%	135 days after shipment	Note 1	Note 1	37,297	1.48%	Note 2 & 3	
Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Sister	Sale	( 223,261)	-1.69%	90 days after shipment	Note 1	Note 1	86,998	3.46%	Note 2 & 3	
Capital Concord Enterprises Limited (H.K.), Taiwan Branch	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Sale	( 104,054)	-0.79%	135 days after shipment	Note 1	Note 1	31,904	1.27%	Note 2 & 3	

Note 1: Sales transactions between the Group and related parties are valued 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 Q3 2023, the exchange rates for assets and profit or loss were USD:NTD=32.2700 and USD:NTD=30.9555, respectively.

Note 3: Offset in consolidated financial statements.

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

Receivables from Related Parties Reaching \$100 Million or 20% of Paid-in Capital or More

September 30, 2023

Appendix 5

Unit NT\$ thousand  
(Unless Otherwise Specified)

Creditor	Name of the Counterparty	Relationship with the Counterparty	Accounts Receivable		Overdue Receivable		Amount Collected Subsequent to the Reporting Period (Note 1)	Allowance for Bad Debt	Note
			Balance from Related Party	Turnover Rate	Amount	Actions Taken			
Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	\$ 1,415,160	1.19	\$ 379,415	Collection after reporting period	\$ 214,656	\$ -	Note 2 & 3
Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	822,885	-	-	-	-	-	Note 2, 3 & 4
Sunny Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	277,097	1.65	54,084	Collection after reporting period	32,270	-	Note 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	177,368	1.26	55,792	Collection after reporting period	48,405	-	Note 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	112,945	-	-	-	-	-	Note 2, 3 & 4
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	502,185	1.92	135,676	Collection after reporting period	48,405	-	Note 2 & 3
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	468,877	-	-	-	-	-	Note 2, 3 & 4
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Capital Concord Enterprises Limited	Parent company	557,022	10.29	-	-	295,529	-	Note 2 & 3
Fulgent Sun Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	440,710	4.81	-	-	36,465	-	Note 2 & 3
NGOC HUNG Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	265,466	2.56	-	-	205,689	-	Note 2 & 3
NGOC HUNG Footwear Co., Ltd.	Eversun Footwear Co., Ltd.	Sister company	389,399	-	-	-	-	-	Note 2, 3 & 4
Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	Parent company	1,187,536	-	-	-	-	-	Note 2, 3 & 5

Note 1: The subsequent collections represent collections from the balance sheet date to November 6, 2023.

Note 2: In Q3 2023, the exchange rates for assets and profit or loss were USD:NTD=32.2700 and USD:NTD=30.9555, respectively.

Note 3: Offset in consolidated financial statements.

Note 4: This amount is a loaning of funds in its nature; therefore, the turnover rate will not be calculated.

Note 5: This amount is a other receivable in its nature; therefore, the turnover rate will not be calculated.

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

Parent-subsidiary and Subsidiary-subsidiary Business Relations and Significant Transactions and Amounts Thereof

For the Nine Months Ended September 30, 2023

Appendix 6

Unit NTS thousand  
(Unless Otherwise Specified)

No. (Note 1)	Name of Trading Partner	Counterparty	Relationship (Note 2)	Transaction Status			Percentage of consolidated total operating revenues or total assets (Note 3)
				General Ledger Account	Amount (Note 5)	Trade terms	
0	Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	1	Other receivables	\$ 1,187,536	Note4	5.99%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd	1	Accounts payable	1,415,160	Note4	7.14%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Accounts payable	502,185	Note4	2.53%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Accounts payable	277,097	Note4	1.40%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Accounts payable	177,368	Note4	0.89%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Accounts payable	557,022	Note4	2.81%
1	Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	1	Accounts payable	265,466	Note4	1.34%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Accounts payable	440,710	Note4	2.22%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Other payables	822,885	Note4	4.15%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Other payables	468,877	Note4	2.36%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Purchase	1,667,997	Note4	12.62%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Purchase	750,954	Note4	5.68%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Purchase	309,380	Note4	2.34%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Purchase	305,222	Note4	2.31%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd	1	Purchase	3,087,669	Note4	23.37%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Purchase	1,662,236	Note4	12.58%
1	Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	1	Purchase	447,533	Note4	3.39%
1	Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	1	Purchase	307,528	Note4	2.33%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd	1	Sale	820,070	Note4	6.21%
2	NGOC HUNG Footwear Co., Ltd.	Eversun Footwear Co., Ltd.	3	Other receivables	389,399	Note4	1.96%
3	Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	3	Sale	223,261	Note4	1.69%

Note 1: The numbers filled in for parent-subsidiary transactions are described as follows:

- (1) The parent company is numbered "0."
- (2) The subsidiaries are numbered in order starting from "1."

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.)

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Inter-subsidiary.

Note 3: Regarding the percentage of the transaction amount to consolidated total revenues 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 total revenues for profit or loss items.

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

Note 5: In Q3 2023, the exchange rates for assets and profit or loss were USD:NTD=32.2700 and USD:NTD=30.9555, respectively.

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

Note 7: Offset in consolidated financial statements.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Information on Investees (Excluding Information on Investments in Mainland China)  
For the Nine Months Ended September 30, 2023

Appendix 7

Investee Company	Investor Company	Place of Registration	Main Businesses	Original Investment Amount (Note 2)		Shares Held as of period ended		Book value (Note 3)	Investee company current profit or loss (Note 3)	Investment gains and losses recognized in the current period (Note 3&6)		Note
				End of Period	End of Last Year	Number of Shares (Note 1)	Ratio					
Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	Hong Kong	Holding company and Sports Leisure Outdoor Footwear Sales	\$ 6,585,827	\$ 6,585,827	1,733,000,000	100	\$ 13,315,103	\$ 1,418,362	\$ 1,418,362	Subsidiaries	
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	1,518,038	1,518,038	-	100	3,420,051	121,587	121,587	Subsidiaries	
Capital Concord Enterprises Limited	Lin Wen Chih Sunstone Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	445,848	445,848	-	100	224,483	( 1,850)	( 1,850)	Subsidiaries	
Capital Concord Enterprises Limited	Lin Wen Chih Sunzeal Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	139,577	-	-	100	141,355	( 6,194)	( 6,194)	Subsidiaries (Note 4)	
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	2,067,759	1,997,207	-	100	2,902,935	20,517	20,517	Subsidiaries	
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	1,382,899	1,381,735	-	100	1,573,751	14,734	14,734	Subsidiaries	
Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	799,606	655,133	-	100	766,101	( 21,099)	( 21,099)	Subsidiaries	
Capital Concord Enterprises Limited	Sunglory Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	101,009	-	-	100	99,331	( 2,227)	( 2,227)	Subsidiaries (Note 5)	
Capital Concord Enterprises Limited	PT. SUN BRIGHT LESTARI	Indonesia	Sports Leisure Outdoor Footwear Production and Sales	413,633	407,543	-	100	411,874	( 6,158)	( 6,158)	Subsidiaries	
Capital Concord Enterprises Limited	Laya Chemical Engineering Co., Ltd.	Taiwan	Shoes material production and Sales	25,500	25,500	-	100	19,954	( 4,302)	( 4,302)	Subsidiaries	
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd.	Cambodia	Land lease	210,447	210,447	-	100	232,516	1,759	1,759	Subsidiaries	

Note 1: The companies with "-" in the blank had no shares issued.

Note 2: The historical exchange rate was adopted.

Note 3: In Q3 2023, the exchange rates for assets and profit or loss were USD:NTD=32.2700 and USD:NTD=30.9555, respectively.

Note 4: The Group had established Sunzeal in 2023 in Cambodia, and has included it in the consolidated financial statements since then.

Note 5: The Group acquired 100% equity interest in Sunglory from unrelated parties in May, 2023. The entire transaction consideration has been fully settled, and it has been included in the consolidated financial statements since the date of obtaining control.

Note 6: Investment income (loss) recognized in current period is based on the financial statements reviewed by the parent company's CPAs

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

Information on Investments in Mainland China

For the Nine Months Ended September 30, 2023

Appendix 8

Investee Company in China	Main Businesses	Paid-in Capital (Note 3)	Investment Method (Note 2)	Accumulated Amount Remitted from Taiwan to Mainland China, as of beginning of period (Note 5)	Amount of investment Remitted or Recovered in Current Period (Note 5)		Amount Remitted from Taiwan to Mainland China, as of End of Period (Note 5)	Net Income (Loss) of the Investee in Current Period (Note 4)	Ownership Held by the Company	Investment Income (Loss) Recognized in Current Period (Notes 4 and 6)	Book Value of Investments in Mainland China, as of End of Period (Note 4)	Unit NT\$ thousand (Unless Otherwise Specified)	
					Remitted to Mainland China	Remitted back to Taiwan						Accumulated Amount of Investment Income Remitted Back to Taiwan, as of End of Period	Note
Fujian Sunshine Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	\$ 723,826	2	\$ -	\$ -	\$ -	\$ -	\$ 191,219	100	\$ 196,938	\$ 2,883,977	\$ -	Note 1
Hubei Sunsmile Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	1,825,033	2	-	-	-	-	145,926	100	145,953	2,020,593	-	-
Sunny Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	130,680	2	-	-	-	-	50,644	100	50,644	488,133	-	-
Fujian Laya Outdoor Products Co., Ltd.	Import/export trading	40,656	2	-	-	-	-	45,722	100	52,220	316,413	-	-

Note 1: Fujian Sunshine Footwear Co., Ltd. had merged Hang Cheng Company and Yue Chen Company with the approval of the local competent authority on May 17, 2011. The initial investment amount included the original investment of US\$4,000 thousand (equivalent to NT\$120,000 thousand) in Hang Cheng Company and Yue Chen Company.

Note 2: Investment methods are classified into the following three categories (fill in the category number):

- (1) Investment in Mainland China companies by remittance through a third region;
- (2) Investment in Mainland China companies through a company established in a third region; or
- (3) Investment in Mainland China companies through an existing investee company in a third region.

Note 3: The historical exchange rate was adopted.

Note 4: In Q3 2023, the exchange rates for assets and profit or loss were USD:NTD=32.2700 and USD:NTD=30.9555, 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\$2,605,976 thousand through re-investment in Hong Kong.

Note 6: Investment income (loss) recognized in current period is based on the financial statements reviewed by the parent company's CPAs.

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

Major Shareholders Information

September 30, 2023

Appendix 9

Name of Major Shareholder	Shares	
	Number of shares	Percentage of Ownership(%)
Custodial Account (LASPORTIVA INT'L CO., LTD.) Used by CTBC Bank	24,120,151	12.62
Custodial Account (MEINDL INT'L CO., LTD.) Used by CTBC Bank	21,712,465	11.36
Fubon Life Insurance Co., Ltd	10,800,000	5.65

Note: If the company applies to Taiwan Depository & Clearing Corporation for the information in the table, an explanation of the following may be made in the note:

- (1) The table lists the shareholders holding more than 5% of the company's ordinary shares and preference shares delivered in non-physical form (including treasury shares) as of the last business day of the end of each quarter, as calculated by Taiwan Depository & Clearing Corporation. The share capital recorded in the company's financial statements and the company's shares delivered in non-physical form may vary due to different calculation bases.
- (2) If shareholders have their shares in trust of the bank, a trustee's investment account should be indicated individually; for the declaration of an insider's equity exceeding 10% of the company's total equity in accordance with the Securities and Exchange Act, shareholding includes the shares held by a shareholder plus the shares in trust and with the right to decide on their use. For information on the declaration of an insider's equity, please refer to the Market Observation Post System.