

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Financial Statements and
Independent Auditor's Review Report
For the Three Months Ended March 31, 2025, and 2024
(Stock Code: 9802)

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Independent Auditors' Review Report

To the Board of Directors and Shareholders of 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 March 31, 2025 and 2024, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant 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 March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the three 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.

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

PricewaterhouseCoopers

Taipei, Taiwan

Republic of China

May 8, 2025

Notes to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
March 31, 2025, December 31, 2024, and March 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Assets		Note	March 31, 2025		December 31, 2024		March 31, 2024	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6 (1)	\$ 3,394,238	16	\$ 3,378,425	16	\$ 3,268,709	17
1170	Accounts receivable, net	6 (3)	2,639,351	12	3,673,067	17	1,610,525	8
1200	Other receivables		390,417	2	360,198	2	505,352	3
130X	Inventories	6 (4)	3,499,786	16	2,466,239	11	2,596,495	14
1410	Prepayments		71,063	-	70,071	-	48,709	-
1470	Other current assets	6 (7) and 8	69,421	-	191,237	1	236,312	1
11XX	Total current assets		10,064,276	46	10,139,237	47	8,266,102	43
Non-current assets								
1600	Property, plant and equipment	6 (5) and 8	9,897,242	45	9,536,332	44	8,681,354	46
1755	Right-of-use assets	6 (6)	1,710,088	8	1,719,290	8	1,784,818	10
1780	Intangible assets		38,328	-	39,373	-	16,724	-
1840	Deferred tax assets	6 (23)	262,947	1	243,728	1	250,264	1
1900	Other non-current assets	6 (7) and 8	99,133	-	87,223	-	67,327	-
15XX	Total non-current assets		12,007,738	54	11,625,946	53	10,800,487	57
1XXX	Total assets		\$ 22,072,014	100	\$ 21,765,183	100	\$ 19,066,589	100

(Continued)

Liabilities and Equity		Note	March 31, 2025		December 31, 2024		March 31, 2024	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	6 (8) and 8	\$ 955,000	4	\$ 1,510,000	7	\$ 1,350,000	7
2130	Current contract liabilities	6 (17)	17,470	-	29,059	-	15,698	-
2170	Accounts payable		2,349,880	11	2,039,801	9	1,524,073	8
2200	Other payables	6 (9)	2,044,533	9	1,517,174	7	1,768,780	10
2230	Current tax liabilities		357,009	2	311,332	2	515,282	3
2280	Current lease liabilities		74,009	-	67,588	-	45,423	-
2399	Other current liabilities, others		69,524	-	60,549	-	47,248	-
21XX	Total current liabilities		5,867,425	26	5,535,503	25	5,266,504	28
Non-Current liabilities								
2500	Non-current financial liabilities at fair value through profit or loss	6(2)	100	-	1,800	-	-	-
2530	Bonds payable	6(10)	941,415	4	936,237	4	-	-
2560	Non-current tax liabilities		25,066	-	64,752	-	181,662	1
2570	Deferred tax liabilities	6 (23)	153,668	1	159,356	1	167,218	1
2580	Non-current lease liabilities		787,181	4	791,235	4	846,256	4
2600	Other non-current liabilities	6 (11)	208,557	1	205,405	1	205,097	1
25XX	Total non-current liabilities		2,115,987	10	2,158,785	10	1,400,233	7
2XXX	Total liabilities		7,983,412	36	7,694,288	35	6,666,737	35
Equity attributable to owners of the parent company								
	Share capital	6 (14)						
3110	Ordinary share		2,009,917	9	1,909,899	9	1,909,899	10
3140	Advance receipts for share capital		-	-	625,798	3	-	-
	Capital surplus	6 (15)						
3200	Capital surplus		6,605,628	30	5,905,340	27	5,701,867	30
	Retained earnings	6 (16)						
3310	Legal reserve		1,318,803	6	1,318,803	6	1,209,683	6
3320	Special reserve		380,450	2	380,450	2	474,813	2
3350	Unappropriated retained earnings		3,865,349	18	4,236,542	19	3,537,529	19
	Other equity							
3400	Other equity		(110,952)	(1)	(269,057)	(1)	(376,356)	(2)
3500	Treasury shares	6 (14)	-	-	(57,583)	-	(57,583)	-
31XX	Total equity attributable to owners of the parent company		14,069,195	64	14,050,192	65	12,399,852	65
36XX	Non-controlling interests	6(25)	19,407	-	20,703	-	-	-
3XXX	Total equity		14,088,602	64	14,070,895	65	12,399,852	65
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9						
	Significant Events after the Balance Sheet Date	11						
3X2X	Total liabilities and equity		\$ 22,072,014	100	\$ 21,765,183	100	\$ 19,066,589	100

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

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

Consolidated Statements of Comprehensive Income

For the Three Months ended March 31, 2025 and 2024

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

Item	Notes	For the Three Months Ended March 31, 2025		For the Three Months Ended March 31, 2024	
		Amount	%	Amount	%
4000 Operating revenue	6 (17)	\$ 3,667,587	100	\$ 2,659,213	100
5000 Operating costs	6 (4)	(2,968,640)	(81)	(2,178,369)	(82)
5950 Gross profit from operations		698,947	19	480,844	18
Operating expenses	6 (22)				
6100 Selling expenses		(50,043)	(1)	(49,723)	(2)
6200 Administrative expenses		(294,785)	(8)	(239,653)	(9)
6300 Research and development expenses		(76,593)	(2)	(47,541)	(1)
6450 Expected credit Impairment gain	12 (2)	165	-	5,081	-
6000 Total operating expenses		(421,256)	(11)	(331,836)	(12)
6900 Net operating income		277,691	8	149,008	6
Non-operating income and expenses					
7100 Interest income	6 (18)	16,756	-	24,451	1
7010 Other income	6 (19)	26,145	1	46,240	2
7020 Other gains and losses	6 (20)	12,310	-	150,224	5
7050 Finance costs	6 (21)	(12,343)	-	(8,841)	-
7000 Total non-operating income and expenses		42,868	1	212,074	8
7900 Profit before income tax		320,559	9	361,082	14
7950 Income tax expenses	6 (23)	(69,992)	(2)	(79,052)	(3)
8200 Profit for the period		\$ 250,567	7	\$ 282,030	11
Other comprehensive income (loss), net					
Items that may be subsequently reclassified to profit or loss					
8361 Exchange differences on translation of foreign financial statements		\$ 158,118	4	\$ 317,219	12
8300 Other comprehensive income (loss), net		\$ 158,118	4	\$ 317,219	12
8500 Total comprehensive income for the period		\$ 408,685	11	\$ 599,249	23
Profit (loss) attributable to:					
8610 Owners of the parent company		\$ 251,876	7	\$ 282,030	11
8620 Non-controlling interests		(\$ 1,309)	-	\$ -	-
Comprehensive income (loss) attributable to:					
8710 Owners of the parent		\$ 409,981	11	\$ 599,249	23
8720 Non-controlling interests		(\$ 1,296)	-	\$ -	-
Basic earnings per share	6 (24)				
9750 Total basic earnings per share		\$ 1.26		\$ 1.48	
Diluted earnings per share					
9850 Total diluted earnings per share		\$ 1.23		\$ 1.48	

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 Three Months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

		Equity attributable to owners of the parent company											
		Share capital			Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total	Non-controlling interests	Total equity
Note	Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings							
Balance at January 1, 2024		\$ 1,909,899	\$ -	\$ 5,701,867	\$ 1,209,683	\$ 474,813	\$ 3,826,489	(\$ 693,575)	(\$ 57,583)	\$ 12,371,593	\$ -	\$ 12,371,593	
Profit for the period		-	-	-	-	-	282,030	-	-	282,030	-	282,030	
Other comprehensive income for the period		-	-	-	-	-	-	317,219	-	317,219	-	317,219	
Total comprehensive income for the period		-	-	-	-	-	282,030	317,219	-	599,249	-	599,249	
Distribution of earnings for the second half year of 2023	6(16)												
Cash dividends of ordinary shares		-	-	-	-	-	(570,990)	-	-	(570,990)	-	(570,990)	
Balance at March 31, 2024		<u>\$ 1,909,899</u>	<u>\$ -</u>	<u>\$ 5,701,867</u>	<u>\$ 1,209,683</u>	<u>\$ 474,813</u>	<u>\$ 3,537,529</u>	<u>(\$ 376,356)</u>	<u>(\$ 57,583)</u>	<u>\$ 12,399,852</u>	<u>\$ -</u>	<u>\$ 12,399,852</u>	
Balance at January 1, 2025		\$ 1,909,899	\$ 625,798	\$ 5,905,340	\$ 1,318,803	\$ 380,450	\$ 4,236,542	(\$ 269,057)	(\$ 57,583)	\$ 14,050,192	\$ 20,703	\$ 14,070,895	
Profit (loss) for the period		-	-	-	-	-	251,876	-	-	251,876	(1,309)	250,567	
Other comprehensive income for the period		-	-	-	-	-	-	158,105	-	158,105	13	158,118	
Total comprehensive income (loss) for the period		-	-	-	-	-	251,876	158,105	-	409,981	(1,296)	408,685	
Distribution of earnings for the second half year of 2024	6(16)												
Cash dividends of ordinary shares		-	-	-	-	-	(623,069)	-	-	(623,069)	-	(623,069)	
Conversion of convertible bonds	6(10)(14)(15)(26)	18	-	170	-	-	-	-	-	188	-	188	
Issue of shares	6(14)(15)	100,000	(625,798)	657,361	-	-	-	-	-	131,563	-	131,563	
Share-based payments	6(13)(15)	-	-	50,167	-	-	-	-	-	50,167	-	50,167	
Treasury shares sold to employees	6(14)(15)	-	-	(7,410)	-	-	-	-	57,583	50,173	-	50,173	
Balance at March 31, 2025		<u>\$ 2,009,917</u>	<u>\$ -</u>	<u>\$ 6,605,628</u>	<u>\$ 1,318,803</u>	<u>\$ 380,450</u>	<u>\$ 3,865,349</u>	<u>(\$ 110,952)</u>	<u>\$ -</u>	<u>\$ 14,069,195</u>	<u>\$ 19,407</u>	<u>\$ 14,088,602</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 Three Months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Note	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
<u>Cash flows from operating activities</u>			
Profit before income tax		\$ 320,559	\$ 361,082
Adjustments items			
Adjustments to reconcile profit and loss			
Depreciation expense	6(5)(6)(22)	236,609	256,064
Amortization expense	6(22)	4,767	4,817
Expected credit impairment gain	12(2)	(165)	(5,081)
Gain on financial assets and liabilities at fair value through profit or loss, net	6(2)(20)	(1,700)	-
Interest expense	6(21)	12,343	8,841
Interest income	6(18)	(16,756)	(24,451)
Share-based payments	6(13)	50,167	-
(Gain) loss on disposal of property, plant and equipment	6(20)	(1,202)	5,195
Profit from lease modification	6(6)	(10)	(949)
Changes in operating assets and liabilities			
Net changes in operating assets			
Accounts receivable		1,051,889	1,166,422
Other receivables		(28,563)	7,617
Inventories		(1,006,372)	(370,552)
Prepayments		(129)	18,978
Other current assets		(8,324)	(6,753)
Net changes in operating liabilities			
Contract liability		7,498	3,728
Accounts payable		278,602	172,569
Other payables		(131,190)	(71,601)
Other current liabilities		8,124	(12,962)
Other non-current liabilities		(802)	(776)
Cash flows generated from operations		775,345	1,512,188
Interest received		16,485	24,066
Interest paid		(5,519)	(5,673)
Income tax paid		(92,501)	(134,943)
Net cash flows generated from operating activities		693,810	1,395,638

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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 Three Months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Note	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		(\$ 8,800)	(\$ 132,756)
Proceeds from disposal of financial assets at amortized cost		135,063	180,315
Acquisition of property, plant and equipment	6(26)	(480,291)	(392,437)
Proceeds from disposal of property, plant and equipment		2,005	6,431
Increase in refundable deposits		(364)	(10,315)
Acquisition of intangible assets		(260)	(4,748)
Acquisition of use-of-right assets	6(6)	(362)	-
Increase in other non-current assets		(184)	(304)
Net cash flows used in investing activities		(353,193)	(353,814)
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	6(27)	2,646,643	1,959,590
Decrease in short-term borrowings	6(27)	(3,215,656)	(2,358,609)
Payments of lease liabilities	6(6)(27)	(8,066)	(5,534)
Proceeds from issuing shares	6(14)	134,202	-
Treasury shares sold to employees		50,173	-
Net cash flows used in financing activities		(392,704)	(404,553)
Effects of exchange rate changes		67,900	22,117
Net increase in cash and cash equivalents		15,813	659,388
Cash and cash equivalents at beginning of period		3,378,425	2,609,321
Cash and cash equivalents at end of period		\$ 3,394,238	\$ 3,268,709

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 Three Months ended March 31, 2025 and 2024,
(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 Authorization for Issuance of the Financial Statements and Procedures for Authorization

The consolidated financial statements were authorized for issuance by the Board of Directors and published on May 8, 2025.

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®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
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.	

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Specific provisions of Amendments to IFRS9 and IFRS7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
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) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
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
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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. The quantitative impact will be disclosed when the assessment is complete.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies are the same as Note 4 of the 2024 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 of the Group 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 the FSC.
- B. The consolidated financial statements should be read along with the consolidated financial statements for the year ended December 31, 2024.

(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 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 2024 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership			Notes
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Capital Concord Enterprises Limited (Capital Concord)	Holding company; Sports Leisure Outdoor Footwear Sales	100.00	100.00	100.00	
The Company	Wisesquare Enterprise Limited (Wisesquare)	-	-	100.00	100.00	Note 1
Capital Concord	Fujian Laya Outdoor Products Co., Ltd. (Fujian Laya)	Import/export trading	100.00	100.00	100.00	
Capital Concord	Fujian Sunshine Footwear Co., Ltd. (Sunshine)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Sunny Footwear Co., Ltd. (Sunny)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Hubei Sunsmile Footwear Co., Ltd. (Sunsmile)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Lin Wen Chih Sunbow Enterprises Co., Ltd. (Sunbow)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Lin Wen Chih Sunstone Enterprises Co., Ltd. (Sunstone)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Lin Wen Chih Sunzeal Enterprises Co., Ltd. (Sunzeal)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Fulgent Sun Footwear Co., Ltd. (Fulgent Sun)	Sports Leisure Outdoor Footwear Production	100.00	100.00	100.00	
Capital Concord	NGOC Hung Footwear Co., Ltd. (NGOC HUNG)	Sports Leisure Outdoor Footwear Production	100.00	100.00	100.00	
Capital Concord	Eversun Footwear Co., Ltd. (Eversun)	Sports Leisure Outdoor Footwear Production	100.00	100.00	100.00	
Capital Concord	Sunglory Footwear Co., Ltd. (Sunglory)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	PT. SUN BRIGHT LESTARI	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Laya Technology Co., Ltd. (Laya Technology)	Shoes Material and Equipment Production and Sales	70.12	70.12	100.00	Note 2
Sunbow	Lin Wen Chih Sunlit Enterprises Co., Ltd. (Sunlit)	Land lease	100.00	100.00	100.00	Note 3
-	Medao Trading Co., Ltd. (Medao Trading)	Import/export trading	-	-	-	Note 4

Note 1: The cancellation of registration was completed in March 2025.

Note 2: Laya Chemical Engineering Co., Ltd. changed its name to Laya Technology Co., Ltd.; Laya Technology increased its capital by issuing 2,450 thousand new shares on April 2024, based on the technology from unrelated parties, with a total amount of \$24,500. And Laya Technology increased its capital by issuing 3,200 thousand new shares on June 2024, with a total amount of \$32,000, all of which were subscribed by Capital Concord. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 70.12% from 100%, please refer to Note 6 (25).

Note 3: 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 preservation measures.

Note 4: The Group has de facto control over Medao Trading, and has included it in the consolidated financial statements since Q2 2024. Upon the Board of Directors' resolution on February 25, 2025 intends to acquire 100% equity of Medao Trading from related parties.

- 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, 2024.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and revolving funds	\$ 6,374	\$ 5,345	\$ 3,817
Checking deposits & demand deposits	1,312,377	2,113,107	1,287,486
Time deposits	2,075,487	1,259,973	1,977,406
Total	<u>\$ 3,394,238</u>	<u>\$ 3,378,425</u>	<u>\$ 3,268,709</u>

- A. The financial institutions of the Group have good credit quality, and the Group has dealings with several financial institutions to diversify 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 (liabilities) at fair value through profit or loss

Item	March 31, 2025	December 31, 2024	March 31, 2024
Non-current items:			
Financial liabilities mandatorily measured at fair value through profit or loss			
- Convertible corporate bond redemption and sale rights	(\$ 100)	(\$ 1,800)	\$ -

The financial liabilities mandatorily measured at fair value through profit or loss for the three months ended March 31, 2025, with recognized gain was \$1,700.

(3) Accounts receivable, net

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable	\$ 2,647,198	\$ 3,680,980	\$ 1,620,448
Less: Allowance for impairment	(7,847)	(7,913)	(9,923)
	<u>\$ 2,639,351</u>	<u>\$ 3,673,067</u>	<u>\$ 1,610,525</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
Current	\$ 2,599,810	\$ 3,626,208	\$ 1,521,316
Overdue 0 to 90 days	38,400	47,115	82,722
Overdue 91 to 180 days	1,243	21	5,447
Overdue 181 to 365 days	17	6	3,357
Over 365 days past due	7,728	7,630	7,606
Total	<u>\$ 2,647,198</u>	<u>\$ 3,680,980</u>	<u>\$ 1,620,448</u>

The above ageing analysis was based on the number of overdue days.

B. The balances of accounts receivable of March 31, 2025, December 31, 2024 and March 31, 2024 were generated by the customer contracts. The balances of accounts receivable from the customer contract as of January 1, 2024 was \$2,706,739.

C. The amount of the maximum credit risk of the Group's accounts receivables as of March 31, 2025, December 31, 2024 and March 31, 2024 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

	March 31, 2025		
	Cost	Allowance for inventory market decline and obsolescence	Book value
Raw materials	\$ 814,162	(\$ 40,269)	\$ 773,893
Work in process	824,208	(5,630)	818,578
Finished goods	1,432,902	(28,201)	1,404,701
Inventory in transit	502,614	-	502,614
Total	<u>\$ 3,573,886</u>	<u>(\$ 74,100)</u>	<u>\$ 3,499,786</u>

	December 31, 2024		
	Cost	Allowance for inventory market decline and obsolescence	Book value
Raw materials	\$ 533,165	(\$ 35,835)	\$ 497,330
Work in process	762,832	(4,909)	757,923
Finished goods	861,559	(21,738)	839,821
Inventory in transit	371,165	-	371,165
Total	<u>\$ 2,528,721</u>	<u>(\$ 62,482)</u>	<u>\$ 2,466,239</u>

	March 31, 2024		
	Cost	Allowance for inventory market decline and obsolescence	Book value
Raw materials	\$ 658,732	(\$ 55,944)	\$ 602,788
Work in process	573,423	(5,649)	567,774
Finished goods	1,168,924	(39,472)	1,129,452
Inventory in transit	296,481	-	296,481
Total	<u>\$ 2,697,560</u>	<u>(\$ 101,065)</u>	<u>\$ 2,596,495</u>

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

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Cost of inventories sold	\$ 2,958,693	\$ 2,173,416
Inventory valuation losses from price recovery	11,618	9,223
Inventory scrap losses	-	1
Others	(1,671)	(4,271)
	<u>\$ 2,968,640</u>	<u>\$ 2,178,369</u>

(5) Property, Plant and Equipment

For the Three Months Ended March 31, 2025

Cost	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Land	\$ 389,700	\$ -	\$ -	\$ -	\$ 4,993	\$ 394,693
Buildings	5,798,654	1,916	-	174,881	75,511	6,050,962
Machinery equipment	5,793,402	5,542	(13,936)	31,952	71,335	5,888,295
Transportation equipment	96,747	1,689	-	3,404	1,058	102,898
Office equipment	75,326	1,720	(446)	73	1,016	77,689
Others	2,642,713	31,089	(10,691)	3,926	34,086	2,701,123
Construction in progress and to-be-inspected equipment	1,781,223	443,457	-	(205,852)	(3,483)	2,015,345
	<u>\$ 16,577,765</u>	<u>\$ 485,413</u>	<u>(\$ 25,073)</u>	<u>\$ 8,384</u>	<u>\$ 184,516</u>	<u>\$ 17,231,005</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	(\$ 2,133,022)	(\$ 66,673)	\$ -	\$ -	(\$ 32,688)	(\$ 2,232,383)
Machinery equipment	(2,616,191)	(73,579)	13,511	-	(36,693)	(2,712,952)
Transportation equipment	(66,562)	(1,721)	-	-	(796)	(69,079)
Office equipment	(58,399)	(1,969)	446	-	(821)	(60,743)
Others	(2,167,259)	(72,696)	10,313	-	(28,964)	(2,258,606)
	<u>(\$ 7,041,433)</u>	<u>(\$ 216,638)</u>	<u>\$ 24,270</u>	<u>\$ -</u>	<u>(\$ 99,962)</u>	<u>(\$ 7,333,763)</u>
	<u>\$ 9,536,332</u>					<u>\$ 9,897,242</u>

For the Three Months Ended March 31, 2024						
Cost	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Land	\$ 338,956	\$ -	\$ -	\$ -	\$ 14,295	\$ 353,251
Buildings	5,524,545	4,455	-	35,031	160,672	5,724,703
Machinery equipment	5,547,612	10,384	(15,783)	10,173	152,450	5,704,836
Transportation equipment	90,741	148	-	1,440	2,343	94,672
Office equipment	65,505	1,813	-	313	1,937	69,568
Others	2,406,688	48,012	(7,838)	6,871	79,763	2,533,496
Construction in progress and to-be-inspected equipment	301,587	337,656	-	(56,172)	8,697	591,768
	<u>\$ 14,275,634</u>	<u>\$ 402,468</u>	<u>(\$ 23,621)</u>	<u>(\$ 2,344)</u>	<u>\$ 420,157</u>	<u>\$ 15,072,294</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	(\$ 1,795,658)	(\$ 62,637)	\$ -	\$ -	(\$ 49,675)	(\$ 1,907,970)
Machinery equipment	(2,275,736)	(79,559)	5,759	-	(63,086)	(2,412,622)
Transportation equipment	(60,864)	(1,747)	-	-	(1,718)	(64,329)
Office equipment	(48,483)	(1,928)	-	-	(1,453)	(51,864)
Others	(1,808,988)	(89,370)	6,236	-	(62,033)	(1,954,155)
	<u>(\$ 5,989,729)</u>	<u>(\$ 235,241)</u>	<u>\$ 11,995</u>	<u>\$ -</u>	<u>(\$ 177,965)</u>	<u>(\$ 6,390,940)</u>
	<u>\$ 8,285,905</u>					<u>\$ 8,681,354</u>

A. For the three months ended March 31, 2025 and 2024, the Group had no interest capitalized.

B. For property, plant and equipment provided by the Group as collateral as of March 31, 2025, December 31, 2024 and March 31, 2024, please refer to Note 8.

(6) Lease arrangements - Lessee

- A. The Group leases various assets including land and buildings. 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 book value of the right-of-use assets and the depreciation charge are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
	Book value	Book value	Book value
Land	\$ 1,041,466	\$ 1,046,923	\$ 1,072,201
Buildings	668,622	672,367	712,617
	<u>\$ 1,710,088</u>	<u>\$ 1,719,290</u>	<u>\$ 1,784,818</u>

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
	Depreciation charge	Depreciation charge
Land	\$ 8,968	\$ 8,872
Buildings	11,003	11,951
	<u>\$ 19,971</u>	<u>\$ 20,823</u>

- C. The Group's right-of-use assets for the three months ended March 31, 2025 and 2024 increased to \$2,107 and \$0, respectively.

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

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
<u>Items affecting profit and loss:</u>		
Interest expense on lease liabilities	\$ 2,112	\$ 2,272
Expense on short-term lease contracts	2,693	127
Profit from lease modification (10)	(949)

- E. The Group's total cash outflow for leases were \$10,759 and \$5,661 for the three months ended March 31, 2025, and 2024, respectively.

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

Item	March 31, 2025	December 31, 2024	March 31, 2024
Current:			
Financial assets at amortized cost -			
Restricted bank deposits	\$ 2,418	\$ 4,089	\$ 1,689
Financial assets at amortized cost -			
Time deposits	41,102	166,696	203,786
Others	25,901	20,452	30,837
Total	<u>\$ 69,421</u>	<u>\$ 191,237</u>	<u>\$ 236,312</u>

Item	March 31, 2025	December 31, 2024	March 31, 2024
Non-current:			
Prepayments for equipment	\$ 46,615	\$ 35,644	\$ 10,576
Refundable deposits	48,834	48,117	50,817
Others	3,684	3,462	5,934
Total	<u>\$ 99,133</u>	<u>\$ 87,223</u>	<u>\$ 67,327</u>

For other current assets and other non-current assets provided by the Group as collateral as of March 31, 2025, December 31, 2024 and March 31, 2024, please refer to Note 8.

(8) Short-term borrowings

Loans Type	March 31, 2025	Interest rate range	Collateral
Credit loans	\$ 955,000	1.720%~1.800%	Note
Loans Type	December 31, 2024	Interest rate range	Collateral
Credit loans	\$ 1,510,000	1.730%~1.816%	Note
Loans Type	March 31, 2024	Interest rate range	Collateral
Credit loans	\$ 1,350,000	1.590%~1.770%	Note

Note: For property, plant and equipment provided by the Group as collateral as of March 31, 2025, December 31, 2024 and March 31, 2024, please refer to Note 8.

(9) Other payables

	March 31, 2025	December 31, 2024	March 31, 2024
Accrued salaries	\$ 598,980	\$ 732,496	\$ 503,967
Dividends payable	1,003,729	380,660	951,650
Payables on equipment	243,168	218,691	143,511
Others	198,656	185,327	169,652
	<u>\$ 2,044,533</u>	<u>\$ 1,517,174</u>	<u>\$ 1,768,780</u>

(10) Bonds payable

Item	March 31, 2025	December 31, 2024	March 31, 2024
Domestic sixth unsecured convertible corporate bonds	\$ 999,800	\$ 1,000,000	\$ -
Less: Discount on corporate bonds payable	(58,385)	(63,763)	-
Total	<u>\$ 941,415</u>	<u>\$ 936,237</u>	<u>\$ -</u>

The issuance of domestic sixth unsecured convertible corporate bonds by the Company, as approved by the regulatory authority:

A. The terms are as follows:

- (A) The totaling \$1,000,000, with a par value of \$100 and a coupon interest rate of 0%. The convertible corporate bond was issued for 3 years and circulated from November 15, 2024, to November 15, 2027. 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 on the Taipei Exchange on November 15, 2024.
- (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 \$112.9 (in dollars) 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 Company's common stock exceeds (or includes) 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. 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 balance on March 31, 2025, was \$145,593. 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 2.32%.

C. On March 3, 2025, the conversion price was adjusted to \$109.6 (in dollars) per share with the approval of the Chairman.

D. As of March 31, 2025, the bonds totaling \$200 had been converted into 1,801 shares of common stock.

(11) Other non-current liabilities

Item	March 31, 2025	December 31, 2024	March 31, 2024
Deferred government grant income (Note)	\$ 112,580	\$ 111,245	\$ 112,159
Other non-current liabilities, others	95,977	94,160	92,938
Total	<u>\$ 208,557</u>	<u>\$ 205,405</u>	<u>\$ 205,097</u>

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

(12) Pension

A. Since November 9, 2009, 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 ended March 31, 2025, and 2024, the pensions recognized by the Group in accordance with the above regulations were \$1,823 and \$1,716, 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 ended March 31, 2025, and 2024, the pensions recognized by the Group in accordance with the above regulations were \$21,801 and \$21,393, 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 ended March 31, 2025, and 2024, the pensions recognized by the Group in accordance with the above regulations were \$54,469 and \$35,630, 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 ended March 31, 2025, and 2024, the pensions recognized by the Group in accordance with the above regulations were \$5,067 and \$3,771, respectively.

(13) Share-based payment

- A. For the three months ended March 31, 2025, the Group's share-based payment arrangement was as follows:

Type of agreement	Grant date	Quantity granted	Contract period	Vesting Conditions
Treasury shares sold to employees	2025.02.25	660,000 shares	-	Vested immediately

- B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Unit : NT\$								
Type of agreement	Grant date	Stock price	Exercise price	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free Interest Rate	Fair value per unit
Treasury shares sold to employees	2025.02.25	\$152	\$76.02	35.78%	0.03 year	\$-	1.28%	\$76.01

Note: Expected price volatility refers to the volatility of stock prices in a period of time in the future, and is estimated based on the standard deviation of stock returns in a specific period.

- C. Expenses incurred on share-based payment transactions are showing below:

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
	\$	\$
Equity-settled	50,167	-

(14) Share capital

- A. On August 19, 2024, the Company's Board of Directors approved to conduct a cash capital increase by issuing 10,000 thousand common shares with a par value of \$10 (in dollars) per share. The capital increase was approved by the FSC on September 26, 2024. The issuance price was \$76 (in dollars) per share, with the capital increase record date set on January 7, 2025. The total amount raised was \$760,000, of which \$625,798 and \$134,202 were collected in December 2024 and January 2025, respectively.

- B. On March 31, 2025, the Company's rated capital was \$3,000,000, divided into 300 million shares, the paid-in-capital was \$2,009,917 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	
	2025	2024
January 1	190,330	190,330
Issue of shares	10,000	-
Conversion of convertible bonds	2	-
Treasury shares sold to employees	660	-
March 31	200,992	190,330

C. Treasury shares

(A) Reason and quantity of share recovery

The Company had no treasury shares as of March 31, 2025.

		December 31, 2024	
Shareholder	Reason for Buyback	Number of Shares (in Thousands)	Book value
The Company	Transfer to employees	660	\$ 57,583
		March 31, 2024	
Shareholder	Reason for Buyback	Number of Shares (in Thousands)	Book value
The Company	Transfer to employees	660	\$ 57,583

(B) The changes in the number of treasury shares held by the Company at the beginning and end of the period were as follows:

		Unit: Thousand Shares	
		2025	2024
January 1		660	660
Transfer to employees	(660)	-
March 31		-	660

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

(15) 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:

	2025						
	Share Premium	Share Options	Employee Share Options	Treasury share transaction	Changes in ownership interests in subsidiaries	Others	Total
January 1	\$ 5,701,321	\$ 145,622	\$ 55,740	\$ -	\$ 2,111	\$ 546	\$ 5,905,340
Cash capital increase	713,101	-	(55,740)	-	-	-	657,361
Conversion of convertible bonds	199	(29)	-	-	-	-	170
Share-based payments	-	-	50,167	-	-	-	50,167
Treasury shares sold to employees	-	-	(50,167)	42,757	-	-	(7,410)
March 31	<u>\$ 6,414,621</u>	<u>\$ 145,593</u>	<u>\$ -</u>	<u>\$ 42,757</u>	<u>\$ 2,111</u>	<u>\$ 546</u>	<u>\$ 6,605,628</u>

	2024			
	Share Premium	Share Options	Others	Total
January 1 and March 31	<u>\$ 5,701,321</u>	<u>\$ -</u>	<u>\$ 546</u>	<u>\$ 5,701,867</u>

(16) Retained Earnings

- A. Under the Company's Articles of Association, 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 Association, 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. 1090150022 issued by the FSC on March 31, 2021 is to be reversed when the Company subsequently uses, disposes of or reclassifies the related assets.

E. The appropriations of earnings for 2023 which have been resolved in the shareholders' meeting on May 27, 2024, respectively, were as follows:

	For the second half year of 2023	For the first half year of 2023
Board resolution date	February 26, 2024	December 28, 2023
Legal reserve appropriated	\$ 40,143	\$ 112,776
Special reserve appropriated	\$ 218,762	\$ 71,512
Cash dividends	\$ 570,990	\$ 380,660
Dividends per share (NT\$)	\$ 3.00	\$ 2.00

F. The appropriations of earnings for 2024 which have been resolved by the Company's Board of Directors, were as follows:

	For the second half year of 2024	For the first half year of 2024
Board resolution date	February 25, 2025	December 26, 2024
Legal reserve appropriated	\$ 68,670	\$ 68,977
Reversal for special reserve	(\$ 111,393)	(\$ 313,125)
Cash dividends	\$ 623,069	\$ 380,660
Dividends per share (NT\$)	\$ 3.10	\$ 2.00

Before the record date of the appropriations of interim earnings for the first half year of 2024, due to the Company's cash capital increase and the conversion of convertible corporate bonds, on December 26, 2024, the Board of Directors resolved to authorize the Chairman to implement the adjustment of the dividend rate for shareholders. On March 3, 2025, the dividend rate was adjusted to \$1.90 (in dollars) per share.

Before the record date of the appropriations of interim earnings for the first half year of 2024, the ex-dividend date of the declared cash dividends not yet paid \$380,660 is March 24, 2025. The distribution date is April 18, 2025.

Before the record date of the appropriations of interim earnings for the second half year of 2024, if the number of outstanding shares is affected by the conversion of convertible corporate bonds, or other legal factors, resulting in a change in shareholders' dividends and a need for modification, it should be reported to the Board of Directors, which should authorize the Chairman to act at his/her own discretion.

The appropriation of legal reserve and the reversal of special reserve for the year 2024 will be decided by the shareholders' meeting on May 28, 2025.

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

(17) Operating revenue

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Revenue from contracts with customers	\$ 3,667,587	\$ 2,659,213

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major geographical regions:

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Domestic sales (Note)	\$ 205,798	\$ 73,519
Asia	470,585	325,780
America	1,393,202	885,120
Europe	1,550,354	1,320,372
Africa	12,066	3,199
Australia	35,582	51,223
	<u>\$ 3,667,587</u>	<u>\$ 2,659,213</u>

Note: Domestic sales refer to sales in China.

B. Contract liabilities

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

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract liabilities:				
- Advance sales receipts	<u>\$ 17,470</u>	<u>\$ 29,059</u>	<u>\$ 15,698</u>	<u>\$ 36,938</u>

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

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Revenue recognized that was included in the contract liability balance at the beginning of the period - Advance sales receipts	<u>\$ 19,361</u>	<u>\$ 26,130</u>

(18) Interest income

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Interest on bank deposits	<u>\$ 16,756</u>	<u>\$ 24,451</u>

(19) Other income

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Government grants	\$ 2,610	\$ 1,179
Mold	14,966	35,898
Other income - others	8,569	9,163
	<u>\$ 26,145</u>	<u>\$ 46,240</u>

(20) Other gains and losses

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Gain (loss) on disposal of property, plant and equipment	\$ 1,202	(\$ 5,195)
Foreign exchange gain	21,012	158,149
Gain on financial assets and liabilities measured at fair value through profit and loss	1,700	-
Other losses	(11,604)	(2,730)
	<u>\$ 12,310</u>	<u>\$ 150,224</u>

(21) Finance Costs

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Bank borrowings	\$ 4,858	\$ 6,569
Convertible bonds	5,366	-
Lease liabilities	2,112	2,272
Others	7	-
	<u>\$ 12,343</u>	<u>\$ 8,841</u>

(22) Expenses Expressed by Nature

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Employee benefits		
Salary	\$ 1,374,391	\$ 864,000
Labor and health insurance	38,315	33,349
Pension	83,160	62,510
Others	14,405	13,105
	<u>1,510,271</u>	<u>972,964</u>
Depreciation expense	236,609	256,064
Amortization expense	4,767	4,817
	<u>\$ 1,751,647</u>	<u>\$ 1,233,845</u>

A. According to the Articles of Association, 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' compensation for the employees of the Company and subsidiaries.

B. For the three months ended March 31, 2025 and 2024, the estimated amounts of employees' compensation were both \$5,000, while the estimated amounts of directors' remuneration were \$3,750 and \$5,000, respectively. The above employees' compensation and directors' remuneration are assessed on the basis of the ratio set forth in the Articles of Association, taking into account such factors as net income for the period after consideration of the legal surplus reserve.

The employees' compensation and directors' remuneration for the year ended December 31, 2024, approved by the Board of Directors are consistent with those recognized in the financial statements for the year ended December 31, 2024.

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

(23) Income tax

A. Income tax expenses

Components of income tax expense:

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Current tax:		
Current tax on profits for the period	\$ 91,306	\$ 77,322
Underestimated income tax in prior periods	3,593	237
Total current tax	<u>94,899</u>	<u>77,559</u>
Deferred tax:		
Origination and reversal of temporary differences	(24,907)	1,493
Total deferred tax	<u>(24,907)</u>	<u>1,493</u>
Income tax expenses	<u>\$ 69,992</u>	<u>\$ 79,052</u>

B. The profit-seeking enterprise income tax returns of Capital Concord Enterprises Limited (H.K.), Taiwan Branch, for the year ended December 31, 2022, and of Laya Technology Co., Ltd. for the year ended December 31, 2023, have been approved by the tax authorities.

(24) Earnings per share

For the Three Months Ended March 31, 2025			
	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	\$ 251,876	199,587	\$ 1.26
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	251,876	199,587	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	5,366	9,123	
Employee compensation	-	217	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	\$ 257,242	208,927	\$ 1.23
For the Three Months Ended March 31, 2024			
	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	\$ 282,030	190,330	\$ 1.48
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	282,030	190,330	
Effect of dilutive potential ordinary shares			
Employee compensation	-	210	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	\$ 282,030	190,540	\$ 1.48

(25) Transactions with non-controlling interest

The Group's subsidiary, Laya Technology, increased its capital by issuing 2,450 thousand new shares on April 2024, based on the technology from unrelated parties, with a total amount of \$24,500. And Laya Technology increased its capital by issuing 3,200 thousand new shares on June 2024, with a total amount of \$32,000, all of which were subscribed by Capital Concord Enterprises Limited. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 70.12% from 100%. The transaction increased non-controlling interest by \$22,389 and increased the capital surplus attributable to owners of the parent by \$2,111.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Additions to property, plant and equipment	\$ 493,797	\$ 400,124
Less: Prepayments for equipment, beginning of period	(35,644)	(13,362)
Add: Prepayments for equipment, end of period	46,615	10,576
Add: Payables on equipment, beginning of period	218,691	138,610
Less: Payables on equipment, end of period	(243,168)	(143,511)
Cash paid during the period	<u>\$ 480,291</u>	<u>\$ 392,437</u>

B. Financing activities with no cash flow effects:

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Share capital converted from convertible corporate bonds	<u>\$ 188</u>	<u>\$ -</u>
Declared cash dividends not yet paid	<u>\$ 1,003,729</u>	<u>\$ 951,650</u>

(27) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Convertible corporate bonds</u>	<u>Dividends payable</u>	<u>Total liabilities from financing activities</u>
January 1, 2025	\$ 1,510,000	\$ 858,823	\$ 936,237	\$ 380,660	\$ 3,685,720
Changes in cash flows from financing	(569,013)	(8,066)	-	-	(577,079)
Changes in other non-cash items	-	3,847	5,178	623,069	632,094
Impact of changes in foreign exchange rate	14,013	6,586	-	-	20,599
March 31, 2025	<u>\$ 955,000</u>	<u>\$ 861,190</u>	<u>\$ 941,415</u>	<u>\$ 1,003,729</u>	<u>\$ 3,761,334</u>

	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Dividends payable</u>	<u>Total liabilities from financing activities</u>
January 1, 2024	\$ 1,685,000	\$ 902,318	\$ 380,660	\$ 2,967,978
Changes in cash flows from financing	(399,019)	(5,534)	-	(404,553)
Changes in other non-cash items	-	(21,729)	570,990	549,261
Impact of changes in foreign exchange rate	64,019	16,624	-	80,643
March 31, 2024	<u>\$ 1,350,000</u>	<u>\$ 891,679</u>	<u>\$ 951,650</u>	<u>\$ 3,193,329</u>

7. Related Party Transactions

Key management compensation

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Short-term employee benefits	\$ 19,918	\$ 21,763
Share-based payments	50,167	-
Total	\$ 70,085	\$ 21,763

8. Pledged Assets

Assets	Book value			Guarantee use
	March 31, 2025	December 31, 2024	March 31, 2024	
Land	\$ 118,711	\$ 117,209	\$ 114,403	Short-term borrowings
Buildings	157,937	157,045	156,524	Short-term borrowings
Financial assets at amortized cost (recognized in other current assets and other non-current assets)	5,578	7,220	7,018	Performance guarantee of the power supply agreement, performance bond and others
Refundable deposits (recognized in other non-current assets)	48,834	48,117	50,817	Plants lease deposits and others
	<u>\$ 331,060</u>	<u>\$ 329,591</u>	<u>\$ 328,762</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		
	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	<u>\$ 3,495,536</u>	<u>\$ 2,864,789</u>	<u>\$ 1,519,638</u>

	Outstanding amount		
	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	<u>\$ 1,591,350</u>	<u>\$ 1,283,460</u>	<u>\$ 1,000,889</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

In order to meet the future development and business needs of the Group, Capital Concord Enterprises Limited (H.K.), Taiwan Branch, a subsidiary of the Group, obtained the approval of the Board of Directors on April 24, 2025 to sign a real estate sales contract with a non-related party. The total contract amount was \$503,400, and the contract was signed on the same day.

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, 2024.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial assets</u>			
Financial assets at amortized cost/ loans and receivables			
Cash and cash equivalents	\$ 3,394,238	\$ 3,378,425	\$ 3,268,709
Accounts receivable	2,639,351	3,673,067	1,610,525
Other receivables	390,417	360,198	505,352
Financial assets at amortized cost - current	43,520	170,785	205,475
Refundable deposits	48,834	48,117	50,817
Financial assets at amortized cost - non-current	3,160	3,131	5,329
	<u>\$ 6,519,520</u>	<u>\$ 7,633,723</u>	<u>\$ 5,646,207</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit and loss			
Non-current financial liabilities mandatorily measured at fair value through profit or loss	\$ <u>100</u>	\$ <u>1,800</u>	\$ <u>-</u>
Financial liabilities at amortized cost			
Short-term borrowings	\$ 955,000	\$ 1,510,000	\$ 1,350,000
Accounts payable	2,349,880	2,039,801	1,524,073
Other payables	2,044,533	1,517,174	1,768,780
Bonds payable	941,415	936,237	-
	<u>\$ 6,290,828</u>	<u>\$ 6,003,212</u>	<u>\$ 4,642,853</u>
Lease liabilities (current and non-current)	<u>\$ 861,190</u>	<u>\$ 858,823</u>	<u>\$ 891,679</u>

B. Risk management policy

- (A) The Group's financial risk management objectives are to manage foreign exchange 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 audited 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 NTD. 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)

March 31, 2025										
(Foreign currency: functional currency)				Sensitivity Analysis						
	Foreign currency (in thousands)	Exchange rate	Book value	Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income				
<u>Financial assets</u>										
<u>Monetary items</u>										
USD: RMB	\$	123,828	7.2605	\$	4,111,698	1%	\$	41,117	\$	-
USD: VND		44,357	0.000039		1,472,861	1%		14,729		-
<u>Financial liabilities</u>										
<u>Monetary items</u>										
NTD: USD	\$	1,036,632	0.0301	\$	1,036,632	1%	\$	10,366	\$	-
December 31, 2024										
(Foreign currency: functional currency)				Sensitivity Analysis						
	Foreign currency (in thousands)	Exchange rate	Book value	Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income				
<u>Financial assets</u>										
<u>Monetary items</u>										
USD: RMB	\$	125,140	7.3070	\$	4,102,727	1%	\$	41,027	\$	-
<u>Financial liabilities</u>										
<u>Monetary items</u>										
NTD: USD	\$	1,596,842	0.0305	\$	1,596,842	1%	\$	15,968	\$	-
March 31, 2024										
(Foreign currency: functional currency)				Sensitivity Analysis						
	Foreign currency (in thousands)	Exchange rate	Book value	Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income				
<u>Financial assets</u>										
<u>Monetary items</u>										
USD: RMB	\$	114,779	7.2258	\$	3,672,917	1%	\$	36,729	\$	-
<u>Financial liabilities</u>										
<u>Monetary items</u>										
NTD: USD	\$	1,437,707	0.0313	\$	1,437,707	1%	\$	14,377	\$	-

- d. The Group's monetary items were significantly impacted by the exchange rate changes, and the total exchange gain and loss (including realized and unrealized) for the three months ended March 31, 2025, and 2024, with recognized gain were \$21,012 and \$158,149, respectively.

Cash flow and fair value interest rate risk

- a. The Group's interest rate risk arises primarily from the short-term borrowings issued at floating rates, which expose the Group to the cash flow interest rate risk. For the three months ended March 31, 2025, and 2024, 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 by 0.1%, with all other variables held constant, net income for the three months ended March 31, 2025, and 2024, would have decreased or increased \$191 and \$270, 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 loss 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 March 31, 2025, December 31, 2024, and March 31, 2024.

- h. The Group first assesses and recognizes impairment loss 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 March 31, 2025, December 31, 2024, and March 31, 2024, were as follows:

March 31, 2025	Expected Loss Rate	Total Book Value	Allowance for Loss
Current	0.00%	\$ 2,599,810	\$ -
Overdue 0 to 90 days	0.22%	38,400	84
Overdue 91 to 180 days	2.65%	1,243	33
Overdue 181 to 365 days	11.76%	17	2
Over 365 days past due	100.00%	7,728	7,728
Total		<u>\$ 2,647,198</u>	<u>\$ 7,847</u>

December 31, 2024	Expected Loss Rate	Total Book Value	Allowance for Loss
Current	0.00%	\$ 3,626,208	\$ -
Overdue 0 to 90 days	0.59%	47,115	279
Overdue 91 to 180 days	9.52%	21	2
Overdue 181 to 365 days	33.33%	6	2
Over 365 days past due	100.00%	7,630	7,630
Total		<u>\$ 3,680,980</u>	<u>\$ 7,913</u>

March 31, 2024	Expected Loss Rate	Total Book Value	Allowance for Loss
Current	0.00%	\$ 1,521,316	\$ -
Overdue 0 to 90 days	0.94%	82,722	778
Overdue 91 to 180 days	10.91%	5,447	594
Overdue 181 to 365 days	28.15%	3,357	945
Over 365 days past due	100.00%	7,606	7,606
Total		<u>\$ 1,620,448</u>	<u>\$ 9,923</u>

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

	2025	2024
	Accounts receivable	Accounts receivable
January 1	\$ 7,913	\$ 14,483
Reversal of impairment loss	(165)	(5,081)
Effect of foreign exchange	99	521
March 31	<u>\$ 7,847</u>	<u>\$ 9,923</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 March 31, 2025, December 31, 2024, and March 31, 2024, the Group had unused borrowing facilities of \$8,055,533, \$10,020,314, and \$9,839,000, 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:

	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
March 31, 2025				
Short-term borrowings	\$ 957,030	\$ -	\$ -	\$ -
Accounts payable	2,349,880	-	-	-
Other payables	2,044,533	-	-	-
Bonds payable	-	-	999,800	-
Lease liabilities	81,511	56,054	179,258	650,645

Non-derivative financial liabilities:

	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2024				
Short-term borrowings	\$ 1,513,683	\$ -	\$ -	\$ -
Accounts payable	2,039,801	-	-	-
Other payables	1,517,174	-	-	-
Bonds payable	-	-	1,000,000	-
Lease liabilities	75,118	55,300	175,330	660,654

Non-derivative financial liabilities:

	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
March 31, 2024				
Short-term borrowings	\$ 1,354,357	\$ -	\$ -	\$ -
Accounts payable	1,524,073	-	-	-
Other payables	1,763,780	5,000	-	-
Lease liabilities	51,317	47,071	169,703	703,192

(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 Group'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.
- 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 book value of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable and other payables are a reasonable approximation of their fair values (except those stated in the following table):

		March 31, 2025	
		Fair Value	
	Book value	Level 3	
Bonds payable	\$ 941,415	\$ 946,410	

		December 31, 2024	
		Fair Value	
	Book value	Level 3	
Bonds payable	\$ 936,237	\$ 938,822	

The Group had no bonds payable as of March 31, 2024.

- (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 book value.

- 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:

March 31, 2025	Level 1	Level 2	Level 3	Total
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit and loss				
- Redemption right of convertible corporate bonds	\$ -	\$ -	(\$ 100)	(\$ 100)

December 31, 2024	Level 1	Level 2	Level 3	Total
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit and loss				
- Redemption right of convertible corporate bonds	\$ -	\$ -	(\$ 1,800)	(\$ 1,800)

The Group had no such situation as of March 31, 2024.

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

The cash flow expected to be received by the 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 three months ended March 31, 2025, and 2024.

F. The following table shows the changes for the three months ended March 31, 2025:

	2025
	Embedded derivative instruments
January 1	(\$ 1,800)
Gain recognized in profit and loss (Note)	1,700
March 31	(\$ 100)

Note: Recognized in other gains and losses.

The Group had no such situation for the three months ended March 31, 2024.

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:

	Fair value as of March 31, 2025	Evaluation techniques	Significant unobservab le inputs	Interval (weighted average)	Relationship of inputs to fair value
Redemption right of corporate bonds (\$ 100)		Binomial tree evaluation model	Volatility	36.68%	The higher the volatility, the higher the fair value.
	Fair value as of December 31, 2024	Evaluation techniques	Significant unobservab le inputs	Interval (weighted average)	Relationship of inputs to fair value
Redemption right of corporate bonds (\$ 1,800)		Binomial tree evaluation model	Volatility	30.64%	The higher the volatility, the higher the fair value.

The Group had no such situation as of March 31, 2024.

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:

			March 31, 2025	
			Recognized in Profit or Loss	
Input value	Change		Favorable change	Unfavorable change
Financial Liabilities				
Redemption right of corporate bonds	Volatility	±5%	\$ 600	(\$ 400)
			December 31, 2024	
			Recognized in Profit or Loss	
Input value	Change		Favorable change	Unfavorable change
Financial Liabilities				
Redemption right of corporate bonds	Volatility	±5%	\$ 500	(\$ 500)

The Group had no such situation as of March 31, 2024.

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 significant marketable securities at the end of the period (Not including subsidiaries, associates, and joint ventures): None.
- D. 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 3.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Appendix 4.
- F. Significant inter-company transactions during the reporting period: Please refer to Appendix 5.

(2) Information on investees

Name, locations and other information of investee companies (not including investees in Mainland China): Please refer to Appendix 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to Appendix 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in Mainland Area: Please refer to Note 13(1).

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.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Loans to Others
For the Three Months Ended March 31, 2025

Appendix 1

Unit: NTS Thousand (Unless Otherwise Specified)																	
No. (Note 1)	Creditor	Borrower	General ledger account	Related Party	Maximum Balance for the period	Ending Balance	Amount Actually Drawn	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	\$ 749,611	\$ 749,611	\$ 749,611	1.50%	Short-term financing	\$ -	Operating capital	\$ -	- None	\$ -	\$ 1,201,789	\$ 1,602,385	Notes 4 & 5
2	Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Other receivables	Y	846,728	846,728	846,728	3.50%	Short-term financing	-	Operating capital	-	- None	-	1,340,228	1,786,970	Notes 4 & 5
3	Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Other receivables	Y	116,218	116,218	116,218	3.50%	Short-term financing	-	Operating capital	-	- None	-	242,494	323,325	Notes 4 & 5
4	Capital Concord Enterprises Limited	Sunglory Footwear Co., Ltd.	Other receivables	Y	326,850	-	-	0.00%	Short-term financing	-	Build factory	-	- None	-	9,352,322	12,469,763	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 60% of the lender's net worth.

Note 3: Loaning funds to others, provided that such financing amount shall not exceed 80% of the lender's net worth.

Note 4: In Q1 2025, the exchange rates for assets and profit or loss were USD:NTD=33.2050 and USD:NTD=32.8968, 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 Three Months Ended March 31, 2025

Unit: NT\$ 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 for the Period	Outstanding Endorsement/ Guarantee Amount	Amount Actually Drawn	Amount of Endorsements /Guarantees Secured with Collateral	Ratio of Accumulated Endorsement/ Guarantee Amount to Net Asset Value of the Endorser/ Guarantor Company (%)	Ceiling on Total Amount of Endorsements/ Guarantees Provided (Note 4)	Provision of Endorsements/ Guarantees by Parent Company to Subsidiary	Provision of Endorsements/ Guarantees by Subsidiary to Parent Company	Provision of Endorsements/ Guarantees to the Party in Mainland China	Note
				Endorsements/ Guarantees Provided for a Single Party (Note 3)	Endorsement/ Guarantee Amount for the Period										
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	4	\$ 9,352,322	\$ 332,050	\$ 332,050	\$ -	\$ -		2.36%	\$ 12,469,763	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 Q1 2025, the exchange rates for assets and profit or loss were USD:NTD=33.2050 and USD:NTD=32.8968, respectively.

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 Three Months Ended March 31, 2025

Appendix 3

											Unit NT\$ thousand (Unless Otherwise Specified)	
Purchaser/Seller	Name of the Counterparty	Relationship with the counterparty	Transaction Details				Unusual Trade Conditions and Its Reasons		Notes and Accounts Receivable (Payable)			
			Purchases /Sales	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	Purchases	\$ 261,966	8.82%	180 days after purchase	Note 1	Note 1	(\$ 587,267)	-25.95%	Note 2 & 3	
Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	Subsidiary	Purchases	111,743	3.76%	180 days after purchase	Note 1	Note 1	(356,858)	-15.77%	Note 2 & 3	
Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	Subsidiary	Purchases	200,575	6.76%	90 days after purchase	Note 1	Note 1	(270,669)	-11.96%	Note 2 & 3	
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Purchases	659,615	22.22%	120 days after purchase	Note 1	Note 1	(1,128,952)	-49.88%	Note 2 & 3	
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Subsidiary	Purchases	864,476	29.12%	120 days after invoices issued	Note 1	Note 1	(993,274)	-43.89%	Note 2 & 3	
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Subsidiary	Purchases	156,684	5.28%	120 days after invoices issued	Note 1	Note 1	(477,993)	-21.12%	Note 2 & 3	
Fulgent Sun Footwear Co., Ltd.	Eversun Footwear Co., Ltd.	Sister company	Purchases	100,326	3.38%	120 days after invoices issued	Note 1	Note 1	(105,824)	-4.68%	Note 2 & 3	
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Sales	(445,279)	-12.14%	135 days after shipment	Note 1	Note 1	198,944	7.54%	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 Q1 2025, the exchange rates for assets and profit or loss were USD:NTD=33.2050 and USD:NTD=32.8968, 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
March 31, 2025

Appendix 4

										Unit NT\$ thousand (Unless Otherwise Specified)
Creditor	Name of the Counterparty	Relationship with the Counterparty	Accounts Receivable		Turnover Rate	Overdue Receivable		Amount Collected Subsequent to the Reporting Period (Note 1)	Allowance for Bad Debt	Note
			Balance from Related Party			Amount	Actions Taken			
Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	\$ 587,267	1.64		\$ 7,197	Collection after reporting period	\$ 43,176	\$ -	Note 2 & 3
Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	846,728	-		-	-	-	-	Note 2, 3 & 4
Sunny Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	356,858	1.19		88,540	Collection after reporting period	98,951	-	Note 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	270,669	2.62		58,618	Collection after reporting period	66,742	-	Note 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	116,218	-		-	-	-	-	Note 2, 3 & 4
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	749,611	-		-	-	-	-	Note 2, 3 & 4
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	121,355	1.09		92,239	Collection after reporting period	92,310	-	Note 2 & 3
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Capital Concord Enterprises Limited	Parent company	1,128,952	2.15		110,789	Collection after reporting period	373,879	-	Note 2 & 3
Fulgent Sun Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	993,274	3.58		-	-	346,992	-	Note 2 & 3
NGOC HUNG Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	477,993	1.29		234,918	Collection after reporting period	122,859	-	Note 2 & 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	198,944	3.04		-	-	93,848	-	Note 2 & 3
Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	Subsidiary	417,661	-		-	-	343,718	-	Note 2, 3 & 5
Eversun Footwear Co., Ltd.	Fulgent Sun Footwear Co., Ltd.	Sister company	105,824	4.71		-	-	32,515	-	Note 2 & 3

Note 1: The subsequent collections represent collections from the balance sheet date to May 8, 2025.

Note 2: In Q1 2025, the exchange rates for assets and profit or loss were USD:NTD=33.2050 and USD:NTD=32.8968, respectively.

Note 3: Offset in consolidated financial statements.

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

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

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Significant inter-company transactions
For the Three Months Ended March 31, 2025

Appendix 5

Unit NT\$ thousand
(Unless Otherwise Specified)

No. (Note 1)	Name of Trading Partner	Counterparty	Relationship (Note 2)	Transaction Status			
				General Ledger Account	Amount (Note 5)	Trade terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	1	Other receivables	\$ 417,661	Note 4	1.89%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Accounts receivables	198,944	Note 4	0.90%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Accounts payable	587,267	Note 4	2.66%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Accounts payable	356,858	Note 4	1.62%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Accounts payable	270,669	Note 4	1.23%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Accounts payable	1,128,952	Note 4	5.11%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Accounts payable	993,274	Note 4	4.50%
1	Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	1	Accounts payable	477,993	Note 4	2.17%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Other payables	846,728	Note 4	3.84%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Other payables	749,611	Note 4	3.40%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Purchases	261,966	Note 4	7.14%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Purchases	200,575	Note 4	5.47%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Purchases	659,615	Note 4	17.98%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Purchases	864,476	Note 4	23.57%
1	Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	1	Purchases	156,684	Note 4	4.27%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Sales	445,279	Note 4	12.14%

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 Q1 2025, the exchange rates for assets and profit or loss were USD:NTD=33.2050 and USD:NTD=32.8968, 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
Name, Locations and Other Information of Investee Companies (Not Including Investees in Mainland China)
For the Three Months Ended March 31, 2025

Appendix 6

Unit NT\$ thousand (Unless Otherwise Specified)											
Investee Company	Investor Company	Place of Registration	Main Businesses	Original Investment Amount (Note 2)		Shares Held as of period ended			Investee company current profit or loss (Note 3)	Investment gain and loss recognized in the current period (Note 3&4)	Note
				End of Period	End of Last Year	Number of Shares (Note 1)	Ratio	Book value (Note 3)			
Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	Hong Kong	Holding company and Sports Leisure Outdoor Footwear Sales	\$ 8,432,973	\$ 7,661,627	2,173,000,000	100.00	\$ 15,587,204	\$ 303,689	\$ 303,689	Subsidiary
Fulgent Sun International (Holding) Co., Ltd.	Wisesquare Enterprise Limited	Hong Kong	-	-	413	-	-	-	-	-	Subsidiary (Note 5)
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	-	100.00	3,739,543	63,320	63,320	Subsidiary
Capital Concord Enterprises Limited	Lin Wen Chih Sunstone Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	445,848	445,848	-	100.00	227,581	(288)	(288)	Subsidiary
Capital Concord Enterprises Limited	Lin Wen Chih Sunzeal Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	181,266	180,635	-	100.00	173,620	(674)	(674)	Subsidiary
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	2,189,341	2,177,881	-	100.00	3,130,486	48,369	48,369	Subsidiary
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	1,406,394	1,402,639	-	100.00	1,389,999	(11,369)	(11,369)	Subsidiary
Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	1,151,492	1,139,429	-	100.00	1,169,135	3,752	3,752	Subsidiary
Capital Concord Enterprises Limited	Sunglory Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production and Sales	876,883	498,346	-	100.00	940,960	(413)	(413)	Subsidiary
Capital Concord Enterprises Limited	PT. SUN BRIGHT LESTARI	Indonesia	Sports Leisure Outdoor Footwear Production and Sales	1,416,318	1,177,242	-	100.00	1,288,313	(7,026)	(7,026)	Subsidiary
Capital Concord Enterprises Limited	Laya Technology Co., Ltd.	Taiwan	Shoes Material and Equipment Production and Sales	57,500	57,500	5,750,000	70.12	56,824	(4,560)	(3,198)	Subsidiary
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd.	Cambodia	Land lease	232,402	232,402	-	100.00	263,159	741	741	Subsidiary

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

Note 2: The historical exchange rate was adopted.

Note 3: In Q1 2025, the exchange rates for assets and profit or loss were USD:NTD=33.2050 and USD:NTD=32.8968, respectively.

Note 4: Investment income (loss) recognized in current period is based on the financial statements reviewed by the parent company's CPAs.

Note 5: The cancellation of registration was completed in March 2025.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Information on Investments in Mainland China
For the three months ended March 31, 2025

Appendix 7

													Unit NT\$ thousand (Unless Otherwise Specified)	
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)	Accumulated	Note	
					Remitted to Mainland China	Remitted back to Taiwan						Amount of Investment Income Remitted Back to Taiwan, as of End of Period		
Fujian Sunshine Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	\$ 723,826	2	\$ -	\$ -	\$ -	\$ -	(\$ 25,395)	100.00	(\$ 24,132)	\$ 2,223,133	\$ -	Note 1	
Hubei Sunsmile Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	1,825,033	2	-	-	-	-	(15,393)	100.00	(26,133)	2,009,042	-	-	
Sunny Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	130,680	2	-	-	-	-	7,197	100.00	7,197	529,745	-	-	
Fujian Laya Outdoor Products Co., Ltd.	Import/export trading	40,656	2	-	-	-	-	11,386	100.00	7,596	394,172	-	-	

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 \$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 Q1 2025, the exchange rates for assets and profit or loss were USD:NTD=33.2050 and USD:NTD=32.8968, 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 \$2,565,826 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.