

Fulgent Sun: Proposed to distribute cash dividends of NT \$3.3 per share, Cash dividend yield of 5.28 %

The Board of directors determined to implement the Treasury stocks which will be repurchased 500 thousand shares for the purpose of transferring to employees within three years

2017/03/08, Douliu

Key Points:

- Net profit attributed to parent company arrived at NT\$702 million, EPS arrived at NT\$5.23, and the cash flow from operating was NT\$1,233 million in fiscal 2016. The Board of directors determined to distribute cash dividends of NT \$3.3 per share.
- In order to motivate employees and enhance employee cohesiveness, the board of directors determined to repurchase stocks to employees according to Securities and Exchange Act and the relevant procedures of Financial Supervisory Committee. The implementation period from 3/15 to 4/14, the purchase prices are between NT \$60 to NT \$70 per share, a total purchase of 500 thousand shares, and it will be transferred to the employee once or several times within three years from the date of the purchase.
- Affected by working days and the gap between production capacity and sales, unaudited sales for February 2017 were the lowest sales in the first half of 2017. According to the order strategy and capacity configuration situation, estimated the sales for the first quarter of 2017 has not yet increased significantly, but the relevant operating profit trend will continue from 2016 that profit growth is better than the sales. The second quarter will begin autumn and winter shoes of the shipment, production capacity and sales will be significantly warming.

The Fulgent Sun International (Holding) Co., Ltd. ("Fulgent Sun", TWSE: 9802) Board of Directors today approved the 2016 Financial report and the appropriation of the earnings. Fulgent Sun committed to the 3 key strategy of stable capacity expansion, raising of production efficiency and product mix improvement in 2016. Initial benefits show that the operating profit reached peak and also reached 4th consecutive quarter of historical high. The gross profit margin of 4th quarter also jumped to 19.4% and reached

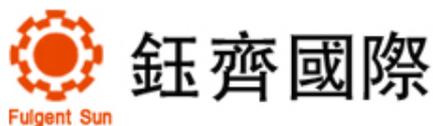
Fulgent Sun (9802) Announces Annual Report 2016 and Monthly Sales for February 2017

historical high. Return on stockholders' equity in 2016 was 12.36%. Net profit attributed to parent company arrived at NT\$702 million, EPS arrived at NT\$5.23, increased 5x compared to last year. The cash flow from operating was NT\$1,233 million. The results reached historical high since listing. Fulgent Sun took into consideration the Company's financial structure, capital reserves, and retained earnings, the Board of directors determined to distribute cash dividends of NT \$3.3 per share, the distribution rate of more than 60%. The operation results can be shared with all the shareholders. Based on the closing price of NT \$62.5 per Share of the Company as at 08 Mar 2017, the cash dividend yield of about 5.28%.

Unaudited sales for February 2017 was NT\$498 million on a consolidated basis. Due to the impact of working days, the gap between production capacity and sales, and New Taiwan dollar appreciation, a decrease of 29.43 percent from February 2016. Unaudited consolidated sales for January through February 2017 totaled NT\$1,703 million, a decrease of 10.19% from the same periods in 2016(In dollar terms, reduced by 4.25%). Unaudited sales for February 2017 were the lowest sales in the first half of 2017. According to the order strategy and capacity configuration situation, estimated the sales for the first quarter of 2017 has not yet increased significantly, but the profit growth is better than the sales. Outlook for the first half of 2017, Fulgent Sun hold an optimistic view. Because spring and summer of 2017 new shoes performance has been warming over the same period last year, 2017 autumn and winter shoes have also begun to enter the peak season, and the second quarter of the overall operation and sales momentum will be optimistic expectations.

In order to motivate employees, enhance employee cohesiveness, and increase the diversity of remuneration conditions, the board of directors determined to repurchase stocks to employees according to Securities and Exchange Act Article 28-2, paragraph 1(1) and "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" issued by the Financial Supervisory Committee. The implementation period from 3/15 to 4/14, the purchase prices are between NT \$60 to NT \$70 per share, a total purchase of 500 thousand shares, and it will be transferred to the employee once or several times within three years from the date of the purchase.

According to Euromonitor latest report, Footwear continued to perform well in 2016, with current value growth of 6%, to reach USD79.7 billion. Footwear is expected to increase by a value CAGR of 3% at constant 2016 prices over the forecast period. The growth is mainly attributable to consumers' demand for outdoor athletic. The sports footwear brands launch new products which with a blend of fashion and functionality. Whilst sports footwear represented 41% of total sales of footwear in 2016, sports footwear also grew at faster pace, of 8% in the same period. Fulgent Sun indicated outdoor sports brand which the style with a blend of fashion and functionality is the mainstream. New and innovative products are expected to continue to be introduced by brands to appeal to consumers. It makes the order visibility maintain at one season level, and also counts on functional shoes-making as an advantage. Fulgent Sun will establish partnership with more brands customers. In the long-term, operation of growth momentum



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without fear, the Group will become more stable and mature, and the overall production and marketing momentum can also be expected.

Outlook for future, Fulgent Sun hold an optimistic view on production and marketing structure. Most of our factories had the GORE-TEX certification and got the British SATRA members and certified laboratories. Keep the leader on the basis of the industry to continue improving production efficiency and create profitability. Fulgent Sun continues to be committed to taking small-volume, large-variety production with flexible orders. Fulgent Sun works together with international brands on a mutually beneficial basis. Company continues to remain committed to the 3 key strategy of stable capacity expansion in non-Chinese plant, raising of production efficiency and product mix improvement. In the same time, Fulgent Sun will strengthen employee training and also exercise strict control on the costs. Fulgent Sun expects to develop operating results more stable and remarkable.

Fulgent Sun consolidated sales report

(In NTD '000)

Year Period	2017	2016	YOY
February	497,524	704,963	-29.43
January to February	1,702,620	1,895,898	-10.19

About Fulgent Sun

Fulgent Sun International (Holding) Co., Ltd. ("Fulgent Sun", TWSE: 9802) was established in 1995, principally engaged in foundry production and distribution of sports shoes and outdoor shoes. There are more than 40 international well-known brand customers. Its headquarters is located at Douliu City, Yunlin County, Taiwan. There are six factories which spread throughout China, Vietnam, and Cambodia.

Forward Looking Statements

Some of the statements contained in this press release may be considered forward-looking statements. These statements identify prospective information. Forward-looking statements are based on information available at the time and/or management's good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. These forward-looking statements are subject to a number of factors that may cause actual results to differ materially from the expectations described, which include but are not limited to economic, competitive, market, currency, governmental and financial factors. Fulgent Sun International (Holding) Co., Ltd. assumes no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information except to the extent required by applicable securities laws.