



Fulgent Sun International

Fulgent Sun

A statement of Fulgent Sun group in July, 2015

Fulgent Sun Sun Group (**Ticker Symbol: 9802**) has strong and sustain profit results every year since the company list in Taiwan stock market. Fulgent Sun emphasize the healthy financial and strong cash flow which supports company pay 80% earning as major stock dividend policy. In past three years, Fulgent Sun distribution cash dividend to share holders are \$2.0, \$2.0 and \$2.47 per share. Due to second quarter of 2015, Fulgent Sun book value remains \$40 NTD.

Meanwhile, Fulgent Sun faced profit lose in 2nd fiscal quarter which impact by the new factory still need to work on production learning curve. The new customer brand which produce by Fulgent Sun also need times to catch up the performance. It's similar situation like the factory at HuBei between 2011 to 2012.

Fulgent Sun's Chairman Mr. Lin Wen Chih apologize to the lost which not reach the expectation of shareholders. "Due to the experience of pass years, Fulgent Sun is facing a normal manufactory transition which shortly suffering by new factory production and new customer brand performance." He also said "We have highly confident Fulgent Sun will get through it in very short period and do better jobs in the future." Lin emphasize the business growth is important, but company management is more important. Fulgent Sun always based on moral, wisdom, hard working and patient to reach all the goals. "And trying to create best benefit to all relationships with Fulgent Sun." Lin said.

Based on shareholder's benefit and rights, Fulgent Sun made clearly statement on following subjects :

First, Fulgent Sun is foreign issuer of Taiwan listing companies. All the major management members are Taiwanese and senior who worked in this industry over 30 years. Fulgent Sun's headquarter also based at Yunlin in Taiwan, which take responsible for financial structure, fund dispatching, business order dealing, purchasing, fiscal financial report, auditing, board of directors, board of shareholders. Fulgent Sun headquarter also the main operator of all five factories in three countries.

Second, the board of directors stock holding is stable increasing from 36,660,824 to 41,902,254 shares since company listing. The stock share of board of directors increase steady every year to 31.6%. Fulgent Sun's management team members steady increase their stock share holding as well which can be revealed in Market Observation Post System. Both facts shows Fulgent Sun has steady ownership and management rights.

Third, For personal financial needed, one of internal person of Fulgent Sun declared and sold



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69,000 shares in June. But the rest internal person of Fulgent Sun keep increasing share holding from 44,768,000 in July, 2014 to 45,835,000 in June, 2015. (Revealed in Market Observation Post System, and the % dropped because convertible company bonds converted.) Fulgent Sun serious declare the internal persons are not selling stocks as rumors. Also, the total of share holding will increasing again in July which declare in Market Observation Post System by law.

Last, about the impact of new factory and new customer brand performance which Fulgent Sun clearly explained at public presentation meeting hold by TWSE (Taiwan stock exchange) in 21st May. Relevant press releases also public at investor section on company's website. The press release at 8th June, 8th July also emphasized the situations and our history experiences. Based on Fulgent Sun never announce fiscal report prediction or monthly fiscal report, so Fulgent Sun can't public the actual monthly profit by regulations of TWSE. The fiscal report before accounting of April and May still in reasonable historical range. And fiscal report before accounting of June was badly damaged by new factory and new customer brand performance. Fulgent Sun immediately ask accountant to check the fiscal report of 2nd quarter while we noticed it in 13th July. Considering company information consistently and immediately announcement, Fulgent Sun public fiscal report of 2nd quarter in 20th July. Fulgent Sun chosen to face investors with honest and earlier than regulation which trying to raise information disclosure transparency. Fulgent Sun will keep do it at 3rd and 4th fiscal report period.

Above all, Fulgent Sun is on a normal path of the manufactory and business running. Based on the production diversity of manufactory, Fulgent Sun will keep increase the production capacity 10% to 15% every year in the future. We expect to provide more diversification order requirement to all our brand customers. Based on the historical experience and the monitoring for now, 2nd fiscal result is the worst of this year. We optimal expect our profit ability will back to normal at 4th quarter. Fulgent Sun will keep our growth momentum in the future with better product mix and management benefit ambition.

The management of Fulgent Sun respect the market reaction and never comment with stock price. Fulgent Sun always focus on the business and keep trying to make better benefit. But the 2nd fiscal report and lots of untruthful rumors has lead to differing opinions among investors which caused unreasonable market value decline to under book value. We believe reputation is of utmost importance and therefore issue this press release to stress managements confidence in the business. We believe Fulgent Sun's market value has already diverged from fundamental performance and have begun buying back our own shares to protect shareholders' interest and corporate reputation.