

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Financial Statements  
With Independent Auditors' Review Report  
For the Nine Months Ended September 30, 2021 and 2020  
(Stock Code: 9802)

Address: Ugland House, Grand Cayman, KY 1-1104, Cayman Islands  
Telephone: (886)-5-5514619

## Independent Auditors' Review Report

To the Board 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 September 30, 2021 and 2020, the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of 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 Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, and of its consolidated financial performance for the nine months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by 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

November 5, 2021

### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
As of September 30, 2021 and 2020 reviewed only, not audited in accordance with the generally accepted auditing standards  
 Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
 Consolidated Balance Sheets  
 September 30, 2021, December 31, 2020, and September 30, 2020  
 (Expressed in Thousands of New Taiwan Dollars)

Assets		Note	September 30, 2021		December 31, 2020		September 30, 2020	
			Amount	%	Amount	%	Amount	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6 (1)	\$ 1,323,670	8	\$ 1,567,828	11	\$ 2,080,036	15
1170	Accounts receivable, net	6 (3)	2,833,897	17	2,270,550	16	2,170,699	16
1200	Other receivables		148,608	1	184,911	1	153,982	1
130X	Inventories	6 (4)	3,384,257	21	2,730,221	19	2,136,142	15
1410	Prepayments		163,021	1	128,846	1	109,590	1
1470	Other current assets	6 (7) and 8	140,304	1	164,384	1	96,051	1
11XX	<b>Total current assets</b>		<u>7,993,757</u>	<u>49</u>	<u>7,046,740</u>	<u>49</u>	<u>6,746,500</u>	<u>49</u>
<b>Non-current assets</b>								
1510	Non-current financial assets at fair value through profit or loss	6 (2)	6,171	-	9,289	-	6,036	-
1600	Property, plant and equipment	6 (5) and 8	6,967,164	42	5,920,768	41	5,800,605	42
1755	Right-of-use assets	6 (6)	1,039,377	6	946,346	7	872,384	6
1780	Intangible assets		12,205	-	13,637	-	14,034	-
1840	Deferred tax assets	6 (24)	74,127	1	69,738	1	51,647	1
1900	Other non-current assets	6 (7) and 8	348,943	2	343,539	2	281,777	2
15XX	<b>Total non-current assets</b>		<u>8,447,987</u>	<u>51</u>	<u>7,303,317</u>	<u>51</u>	<u>7,026,483</u>	<u>51</u>
1XXX	<b>Total assets</b>		<u>\$ 16,441,744</u>	<u>100</u>	<u>\$ 14,350,057</u>	<u>100</u>	<u>\$ 13,772,983</u>	<u>100</u>

(Continued)

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 (Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		Note	September 30, 2021		December 31, 2020		September 30, 2020	
			Amount	%	Amount	%	Amount	%
<b>Current liabilities</b>								
2100	Current borrowings	6 (8) and 8	\$ 2,764,175	17	\$ 1,322,960	9	\$ 1,542,850	11
2130	Current contract liabilities	6 (18)	52,355	-	52,618	1	47,212	-
2170	Accounts payable		1,971,653	12	1,666,662	12	1,488,219	11
2200	Other payables	6 (9)	1,373,738	8	1,391,483	10	776,276	6
2230	Current tax liabilities		95,290	1	160,141	1	103,708	1
2280	Current lease liabilities		13,648	-	40,864	-	38,213	-
2300	Other current liabilities		20,762	-	16,256	-	15,183	-
21XX	<b>Total current liabilities</b>		<u>6,291,621</u>	<u>38</u>	<u>4,650,984</u>	<u>33</u>	<u>4,011,661</u>	<u>29</u>
<b>Non-Current liabilities:</b>								
Non-current financial liabilities at fair value through profit or loss								
2500		6 (2)	1,050	-	250	-	750	-
2530	Bonds payable	6 (10)	488,402	3	483,820	3	482,780	3
2540	Long-term loans	6 (11)	100,000	1	-	-	-	-
2570	Deferred tax liabilities	6 (24)	954	-	786	-	893	-
2580	Non-current lease liabilities		478,825	3	486,855	3	425,329	3
2600	Other non-current liabilities	6 (12)	207,625	1	212,045	2	208,294	2
25XX	<b>Total non-current liabilities</b>		<u>1,276,856</u>	<u>8</u>	<u>1,183,756</u>	<u>8</u>	<u>1,118,046</u>	<u>8</u>
2XXX	<b>Total liabilities</b>		<u>7,568,477</u>	<u>46</u>	<u>5,834,740</u>	<u>41</u>	<u>5,129,707</u>	<u>37</u>
<b>Equity attributable to owners of the parent company</b>								
<b>Share capital</b>								
		6 (15)						
3110	Ordinary share		1,861,950	11	1,861,950	13	1,761,846	13
3140	Advance receipts for share capital		-	-	-	-	675,000	5
<b>Capital surplus</b>								
		6 (16)						
3200	Capital surplus		5,256,344	32	5,256,344	36	4,608,676	33
<b>Retained earnings</b>								
		6 (17)						
3310	Legal reserve		638,832	4	601,681	4	549,075	4
3320	Special reserve		837,187	5	852,629	6	683,175	5
3350	Unappropriated retained earnings		1,255,473	8	795,740	6	1,220,546	9
Other equity								
3400	Other equity interest		( 936,757)	( 6)	( 837,187)	( 6)	( 839,806)	( 6)
3500	Treasury shares	6 (15)	( 57,583)	-	( 57,583)	-	( 57,583)	-
31XX	<b>Total equity attributable to owners of the parent company</b>		<u>8,855,446</u>	<u>54</u>	<u>8,473,574</u>	<u>59</u>	<u>8,600,929</u>	<u>63</u>
36XX	<b>Non-controlling interests</b>		<u>17,821</u>	<u>-</u>	<u>41,743</u>	<u>-</u>	<u>42,347</u>	<u>-</u>
3XXX	<b>Total Equity</b>		<u>8,873,267</u>	<u>54</u>	<u>8,515,317</u>	<u>59</u>	<u>8,643,276</u>	<u>63</u>
<b>Significant Contingent Liabilities and Unrecognized Contractual Commitments</b>								
		9						
3X2X	<b>Liabilities and total equity</b>		<u>\$ 16,441,744</u>	<u>100</u>	<u>\$ 14,350,057</u>	<u>100</u>	<u>\$ 13,772,983</u>	<u>100</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
 Reviewed only, not audited in accordance with the generally accepted auditing standards

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

Consolidated Statements of Comprehensive Income

For the nine months ended September 30, 2021 and 2020

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

Item	Note	From July 1 to September 30, 2021		From July 1 to September 30, 2020		From January 1 to September 30, 2021		From January 1 to September 30, 2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 <b>Operating revenue</b>	6(18)	\$ 4,149,813	100	\$ 3,217,219	100	\$ 11,046,030	100	\$ 8,366,414	100
5000 <b>Operating costs</b>	6(4)	( 3,411,872)	( 82)	( 2,570,856)	( 80)	( 9,103,634)	( 82)	( 6,586,489)	( 79)
5950 <b>Net gross profit from operations</b>		<u>737,941</u>	<u>18</u>	<u>646,363</u>	<u>20</u>	<u>1,942,396</u>	<u>18</u>	<u>1,779,925</u>	<u>21</u>
<b>Operating expenses</b>	6(23)								
6100 Selling expenses		( 75,921)	( 2)	( 49,605)	( 2)	( 225,616)	( 2)	( 161,742)	( 2)
6200 Administrative expenses		( 205,408)	( 5)	( 224,986)	( 7)	( 613,969)	( 6)	( 574,722)	( 7)
6300 Research and Development expenses		( 52,667)	( 1)	( 39,995)	( 1)	( 150,326)	( 1)	( 122,896)	( 1)
6000 <b>Total operating expenses</b>		<u>( 333,996)</u>	<u>( 8)</u>	<u>( 314,586)</u>	<u>( 10)</u>	<u>( 989,911)</u>	<u>( 9)</u>	<u>( 859,360)</u>	<u>( 10)</u>
6900 <b>Net operating income</b>		<u>403,945</u>	<u>10</u>	<u>331,777</u>	<u>10</u>	<u>952,485</u>	<u>9</u>	<u>920,565</u>	<u>11</u>
<b>Non-operating income and expenses</b>									
7100 Interest income	6(19)	2,355	-	2,337	-	7,047	-	7,383	-
7010 Other income	6(20)	21,326	-	10,450	1	75,329	1	40,834	-
7020 Other gains and losses	6(21)	( 17,120)	-	( 122,481)	( 4)	( 96,179)	( 1)	( 121,193)	( 1)
7050 Finance costs	6(22)	( 8,421)	-	( 5,516)	-	( 21,562)	-	( 19,898)	-
7000 <b>Total non-operating income and expenses</b>		<u>( 1,860)</u>	<u>-</u>	<u>( 115,210)</u>	<u>( 3)</u>	<u>( 35,365)</u>	<u>-</u>	<u>( 92,874)</u>	<u>( 1)</u>
<b>Profit from continuing operations</b>									
7900 <b>before tax</b>		402,085	10	216,567	7	917,120	9	827,691	10
7950 Tax expenses	6(24)	( 60,517)	( 2)	( 32,259)	( 1)	( 120,659)	( 1)	( 118,353)	( 1)
8200 <b>Profit</b>		<u>\$ 341,568</u>	<u>8</u>	<u>\$ 184,308</u>	<u>6</u>	<u>\$ 796,461</u>	<u>8</u>	<u>\$ 709,338</u>	<u>9</u>
<b>Other comprehensive income (loss), net</b>									
<b>Items that may be reclassified subsequently to profit or loss</b>									
8361 Exchange differences on translation		\$ 38,502	1	\$ 12,906	-	(\$ 100,538)	( 1)	(\$ 157,414)	( 2)
8300 <b>Other comprehensive income (loss), net</b>		<u>\$ 38,502</u>	<u>1</u>	<u>\$ 12,906</u>	<u>-</u>	<u>(\$ 100,538)</u>	<u>( 1)</u>	<u>(\$ 157,414)</u>	<u>( 2)</u>
8500 <b>Total comprehensive income</b>		<u>\$ 380,070</u>	<u>9</u>	<u>\$ 197,214</u>	<u>6</u>	<u>\$ 695,923</u>	<u>7</u>	<u>\$ 551,924</u>	<u>7</u>
<b>Profit attributable to:</b>									
8610 Owners of the parent		<u>\$ 341,651</u>	<u>8</u>	<u>\$ 184,632</u>	<u>6</u>	<u>\$ 796,852</u>	<u>8</u>	<u>\$ 710,698</u>	<u>9</u>
8620 Non-controlling interests		<u>(\$ 83)</u>	<u>-</u>	<u>(\$ 324)</u>	<u>-</u>	<u>(\$ 391)</u>	<u>-</u>	<u>(\$ 1,360)</u>	<u>-</u>
<b>Comprehensive income attributable to:</b>									
8710 Owners of the parent		<u>\$ 380,160</u>	<u>9</u>	<u>\$ 197,455</u>	<u>6</u>	<u>\$ 697,282</u>	<u>7</u>	<u>\$ 554,067</u>	<u>7</u>
8720 Non-controlling interests		<u>(\$ 90)</u>	<u>-</u>	<u>(\$ 241)</u>	<u>-</u>	<u>(\$ 1,359)</u>	<u>-</u>	<u>(\$ 2,143)</u>	<u>-</u>
<b>Basic Earnings per share</b>	6(25)								
9750 <b>Basic earnings per share total</b>		<u>\$ 1.84</u>	<u>\$ 1.05</u>	<u>\$ 4.29</u>	<u>\$ 4.06</u>				
<b>Diluted earnings per share</b>									
9850 <b>Diluted earnings per share total</b>		<u>\$ 1.80</u>	<u>\$ 1.04</u>	<u>\$ 4.21</u>	<u>\$ 4.03</u>				

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

Note	Equity Attributable to Owners of Parent										
	Ordinary Share	Advance Receipts for Share Capital	Capital Surplus	Legal Reserve	Retained Earnings		Exchange Differences on Translation of Foreign Financial Statements	Treasury Shares	Total	Non-Controlling Interests	Total Equity
					Special Reserve	Unappropriated Retained Earnings					
Balance at January 1, 2020	\$ 1,747,566	\$ -	\$ 4,459,672	\$ 421,155	\$ 420,541	\$ 1,863,461	(\$ 683,175)	\$ -	\$ 8,229,220	\$ 44,490	\$ 8,273,710
Profit for the period	-	-	-	-	-	710,698	-	-	710,698	(1,360)	709,338
Other comprehensive income	-	-	-	-	-	-	(156,631)	-	(156,631)	(783)	(157,414)
Total comprehensive income	-	-	-	-	-	710,698	(156,631)	-	554,067	(2,143)	551,924
Distribution of earnings for 2019	6(17)										
Legal capital reserve	-	-	-	127,920	-	(127,920)	-	-	-	-	-
Special capital reserve	-	-	-	-	262,634	(262,634)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(963,059)	-	-	(963,059)	-	(963,059)
Issue of shares	6(14) (15)	-	675,000	45,570	-	-	-	-	720,570	-	720,570
Due to recognition of equity component of convertible bonds issued	-	-	48,201	-	-	-	-	-	48,201	-	48,201
Conversion of convertible bonds	6(10)(16) (26)	14,280	-	55,233	-	-	-	-	69,513	-	69,513
Purchase of treasury shares	6(15)	-	-	-	-	-	-	(57,583)	(57,583)	-	(57,583)
Balance at September 30, 2020	\$ 1,761,846	\$ 675,000	\$ 4,608,676	\$ 549,075	\$ 683,175	\$ 1,220,546	(\$ 839,806)	(\$ 57,583)	\$ 8,600,929	\$ 42,347	\$ 8,643,276
Balance at January 1, 2021	\$ 1,861,950	\$ -	\$ 5,256,344	\$ 601,681	\$ 852,629	\$ 795,740	(\$ 837,187)	(\$ 57,583)	\$ 8,473,574	\$ 41,743	\$ 8,515,317
Profit for the period	-	-	-	-	-	796,852	-	-	796,852	(391)	796,461
Other comprehensive income	-	-	-	-	-	-	(99,570)	-	(99,570)	(968)	(100,538)
Total comprehensive income	-	-	-	-	-	796,852	(99,570)	-	697,282	(1,359)	695,923
Distribution of earnings for the second half year of 2020	6(17)										
Legal capital reserve	-	-	-	37,151	-	(37,151)	-	-	-	-	-
Special capital reserve	-	-	-	-	(15,442)	15,442	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(315,410)	-	-	(315,410)	-	(315,410)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(22,563)	(22,563)
Balance at September 30, 2021	\$ 1,861,950	\$ -	\$ 5,256,344	\$ 638,832	\$ 837,187	\$ 1,255,473	(\$ 936,757)	(\$ 57,583)	\$ 8,855,446	\$ 17,821	\$ 8,873,267

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with the generally accepted auditing standards  
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the nine months ended September 30, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars)

	Note	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 917,120	\$ 827,691
Adjustments			
Adjustments to reconcile profit and loss			
Net loss (gain) on financial assets or liabilities at fair value through profit and loss	6(2)(21)	3,918	( 1,031 )
Depreciation expense	6(5)(6)(23)	563,495	515,592
Amortization expense	6(23)	14,503	29,899
Expected credit loss (gain)	12(2)	16,358	( 3,648 )
Loss on disposal of property, plant and equipment	6(21)	3,538	7,610
Interest income	6(19)	( 7,047 )	( 7,383 )
Interest expenses	6(22)	21,562	19,898
Share-based payments	6(14)	-	45,570
Changes in operating assets and liabilities			
Net changes in operating assets			
Accounts receivable		( 682,879 )	103,224
Other receivables		34,923	69,616
Inventories		( 727,404 )	( 43,890 )
Prepayments		( 36,205 )	15,167
Other current assets		( 12,218 )	107
Changes in operating liabilities			
Contract liability		52,510	19,910
Accounts payable		333,250	121,665
Other payables		71,894	( 14,869 )
Other current liabilities		4,784	3,005
Other non-current liabilities		( 2,308 )	( 2,267 )
Cash flow generated from operating		569,794	1,705,866
Interest received		6,468	7,238
Interest paid		( 12,726 )	( 15,784 )
Income tax paid		( 155,104 )	( 123,034 )
Net cash flows from operating activities		<u>408,432</u>	<u>1,574,286</u>

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Consolidated Statements of Cash Flows  
For the nine months ended September 30, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars)

	Note	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		( \$ 6,765 )	( \$ 925 )
Acquisition of property, plant and equipment	6(26)	( 1,646,765 )	( 923,250 )
Proceeds from disposal of property, plant and equipment		2,012	1,342
Acquisition of use-of-right assets	6(6)	( 126,446 )	( 1,421 )
Acquisition of intangible assets		( 1,117 )	( 771 )
Increase in other non-current assets		( 27,126 )	( 31,287 )
Increase in refundable deposits		( 6,163 )	( 168 )
Net cash flows used in investing activities		( 1,812,370 )	( 956,480 )
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term loans	6(27)	1,481,383	( 78,924 )
Proceeds from long-term debt	6(27)	100,741	-
Payments of lease liabilities	6(6) (27)	( 42,669 )	( 37,443 )
Proceeds from issuing convertible bonds	6(27)	-	532,744
Cash dividends paid	6(17)(27)	( 389,623 )	( 963,059 )
Advance receipts from issuing shares	6(15)	-	675,000
Payments to acquire treasury shares	6(15)	-	( 57,583 )
Change in non-controlling interests		( 22,563 )	-
Net cash flows from financing activities		1,127,269	70,735
Effect of exchange rate changes		32,511	18,021
Net (decrease) increase in cash and cash equivalents		( 244,158 )	706,562
Cash and cash equivalents at beginning of period		1,567,828	1,373,474
Cash and cash equivalents at end of period		\$ 1,323,670	\$ 2,080,036

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Reviewed only, not audited in accordance with the generally accepted auditing standards  
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Notes to the Consolidated Financial Statements  
September 30, 2021 and 2020  
(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. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors and published on November 5, 2021.

3. New Standards, Amendments and Interpretations Adopted

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

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective Date Set by the IASB
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

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 IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective Date Set by the IASB
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendment to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date Set by the IASB</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

4. Summary of Significant Accounting Policies

The significant accounting policies are the same as Note 4 of the 2020 consolidated financial statements except for the statement of compliance, basis of preparation, basis of consolidation and newly added parts are explained below. These policies apply consistently during all reporting periods, unless otherwise specified.

(1) Statement of compliance

- A. These consolidated financial statements have been prepared in accordance with the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China, and guideline of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC.
- B. The consolidated financial statements should be read with 2020 consolidated financial statements.

(2) Basis of preparation

- A. Except for the following important items, this consolidated financial report is prepared based on historical cost:  
Fair value measurement through profit or loss, and financial assets and liabilities measured at fair value.
- B. The preparation of financial reports conforming to the International Financial Reporting Standards, International Accounting Standards (IAS), IFRICs Interpretations and SICs Interpretations (hereinafter referred to “IFRSs”) recognized by the Financial Supervisory Commission (FSC), requires the use of some important accounting estimates. In the application of the Group’s accounting policies, it is also necessary for the management to use their judgments, and involvement of items which requires profound judgment or complexity, or major assumptions and estimates with regards to consolidated financial statements. Please to note 5 for details.

(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 2020 consolidated financial statements.

B. List of subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Nature of business	Percentage of ownership			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Capital Concord Enterprises Limited (Capital Concord Enterprises Limited H.K.)	Holding company; Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Fujian Laya Outdoor Products Co., Ltd. (Fujian Laya Co., Ltd.)	Distribution Agent and Import and Export Trade	100	100	100	
Capital Concord Enterprises Limited H.K.	Laya Max Trading Co., Ltd. (Taiwan Laya)	Distribution Agent and Import and Export Trade	100	100	100	Note1
Capital Concord Enterprises Limited H.K.	Hong Kong Laya Outdoor Products (Hong Kong Laya)	Holding company	100	100	100	Note1
Capital Concord Enterprises Limited H.K.	Fujian Sunshine Footwear Co., Ltd. (Sunshine)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Sunny Footwear Co., Ltd. (Sunny)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Hubei Sunsmile Footwear Co., Ltd. (Sunsmile)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Fulgent Sun Footwear Co., Ltd. (Fulgent Sun)	Sports Leisure Outdoor Footwear Production	100	100	100	
Capital Concord Enterprises Limited H.K.	Lin Wen Chih Sunbow Enterprises Co., Ltd. (Sunbow)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Lin Wen Chih Sunstone Garment Enterprises Co., Ltd. (Sunstone)	Processing and Sale of Clothing	91.27	91.27	91.27	
Capital Concord Enterprises Limited H.K.	NGOC HUNG Footwear Co., Ltd. (NGOC HUNG)	Sports Leisure Outdoor Footwear Production	100	100	100	
Capital Concord Enterprises Limited H.K.	Eversun Footwear Co., Ltd. (Eversun)	Sports Leisure Outdoor Footwear Production	100	-	-	Note2
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd. (Sunlit)	Land lease	100	100	100	
Hong Kong Laya Outdoor Products	Fujian La Sportiva Co., Ltd. (La Sportiva)	Distribution Agent and Import and Export Trade	-	60	60	Note3

Note1: Liquidated soon.

Note2: The Group obtained the control of Eversun in August, 2021, and has included it in the consolidated financial report since the date of obtaining the control.

Note3: Liquidated in May 2021.

- C. Subsidiaries not included in the consolidated financial report: None.
- D. Subsidiaries' different adjustment and treatment during accounting period: None.
- E. Major Restrictors: None.
- F. Subsidiaries with significant non-controlling interests in the Group: None.

(4) Income tax

- A. 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.
- B. If a change in tax rate is enacted or substantively enacted in an interim period, recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

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

There are no significant changes in this period, please refer to Note 5 of 2020 consolidated financial statements.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand and revolving funds	\$ 32,072	\$ 4,906	\$ 4,342
Checking deposits & demand deposits	973,600	1,117,222	1,646,158
Time deposits	317,998	445,700	429,536
Total	<u>\$ 1,323,670</u>	<u>\$ 1,567,828</u>	<u>\$ 2,080,036</u>

- A. The financial institutions of the Group have good credit quality, and the Group has dealings with several financial institutions to distract credit risk; so the possibility of default is very unlikely.
- B. The Group presents time deposits with an original maturity of more than 3 months and not meeting short-term cash commitments under "Other Current Assets". Amount of September 30, 2021, December 31, 2020 and September 30, 2020 were \$86,362, \$43,617 and \$42,690, respectively.
- C. Restricted Bank deposits of the Group. Please to note 6 (7) for details.

(2) Financial asset (liabilities) at fair value through profit or loss

Item	September 30, 2021	December 31, 2020	September 30, 2020
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
- Listed company stock	\$ 6,171	\$ 9,289	\$ 6,035
Financial assets designated at fair value through profit or loss			
- Convertible bonds redemption and sale rights	-	-	1
Total	<u>\$ 6,171</u>	<u>\$ 9,289</u>	<u>\$ 6,036</u>

Item	September 30, 2021	December 31, 2020	September 30, 2020
Non-current items:			
Financial liabilities designated at fair value through profit or loss			
- Convertible bonds redemption and sale rights	(\$ 1,050)	(\$ 250)	(\$ 750)

- A. The convertible bonds that the Group held the right to redeem and sell for the three months ended September 30, 2021 and 2020, with recognized gains and (losses) were (\$1,000) and (\$502), respectively. For the nine months ended September 30, 2021 and 2020, with recognized gains and (losses) were (\$800) and (\$378), respectively.
- B. The shares of listed OTC companies that the Group held for the three months ended September 30, 2021 and 2020, with recognized gains and (losses) were (\$37) and \$2,363, respectively. For the nine months ended September 30, 2020 and 2019, with recognized gains and (losses) were (\$3,118) and \$1,409, respectively.
- C. The Group has not pledged financial assets to be measured at fair value through gains and losses.

(3) Accounts receivable, net

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable	\$ 2,853,616	\$ 2,275,370	\$ 2,175,637
Less: Allowance for impairment	( 19,719)	( 4,820)	( 4,938)
	<u>\$ 2,833,897</u>	<u>\$ 2,270,550</u>	<u>\$ 2,170,699</u>

- A. The age analysis of accounts receivable is as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Current	\$ 2,710,635	\$ 2,209,713	\$ 2,084,292
Overdue 0 to 90 days	120,959	55,215	82,798
Overdue 91 to 180 days	4,304	3,632	2,774
Overdue 181 to 365 days	16,912	3,650	1,958
Over 365 days past due	806	3,160	3,815
Total	<u>\$ 2,853,616</u>	<u>\$ 2,275,370</u>	<u>\$ 2,175,637</u>

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

- B. The balance of accounts receivable of September 30, 2021, December 31, 2020 and September 30, 2020 were generated by the customer contract. The balance of accounts receivable from the customer contract as of January 1, 2020 was \$2,329,423.
- C. The Group's accounts receivables are best represented on September 30, 2021, December 31, 2020 and September 30, 2020 regardless of the collateral or other credit enhancements held. The risk exposure amount of the maximum credit risk is the book value of each type of accounts receivables.
- D. For relevant credit risk information, please refer to Note 12(2).

(4) Inventories

September 30, 2021			
	Cost	Allowance for inventory market decline and obsolescence	Carrying amounts
Merchandise inventory	\$ 3,504	\$ -	\$ 3,504
Raw material	834,735	( 34,528)	800,207
Work in process	1,055,392	( 29,504)	1,025,888
Finished goods	975,727	( 26,558)	949,169
Inventory in-transit	605,489	-	605,489
Total	<u>\$ 3,474,847</u>	<u>(\$ 90,590)</u>	<u>\$ 3,384,257</u>
December 31, 2020			
	Cost	Allowance for inventory market decline and obsolescence	Carrying amounts
Merchandise inventory	\$ 9,152	(\$ 2,192)	\$ 6,960
Raw material	503,558	( 38,320)	465,238
Work in process	673,418	( 11,234)	662,184
Finished goods	1,086,168	( 42,178)	1,043,990
Inventory in-transit	551,849	-	551,849
Total	<u>\$ 2,824,145</u>	<u>(\$ 93,924)</u>	<u>\$ 2,730,221</u>
September 30, 2020			
	Cost	Allowance for inventory market decline and obsolescence	Carrying amounts
Merchandise inventory	\$ 50,948	(\$ 13,876)	\$ 37,072
Raw material	619,394	( 40,997)	578,397
Work in process	510,449	( 6,012)	504,437
Finished goods	726,227	( 25,239)	700,988
Inventory in-transit	315,248	-	315,248
Total	<u>\$ 2,222,266</u>	<u>(\$ 86,124)</u>	<u>\$ 2,136,142</u>

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

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020
Cost of inventories sold	\$ 3,439,384	\$ 2,577,278
Inventory gain from price recovery	( 25,634)	( 5,709)
Stock gain	( 932)	( 244)
Recognized as expenses	( 691)	( 572)
Effect of exchange rate changes	( 255)	103
	<u>\$ 3,411,872</u>	<u>\$ 2,570,856</u>
	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Cost of inventories sold	\$ 9,105,827	\$ 6,589,111
Inventory (gain from price recovery)valuation loss	( 3,334)	1,453
Inventory scrap loss	4,461	69
Stock gain	( 3,649)	( 4,081)
Recognized as expenses	( 1,451)	( 1,897)
Effect of exchange rate changes	1,780	1,834
	<u>\$ 9,103,634</u>	<u>\$ 6,586,489</u>

The Group recognized a reduction in the cost of goods sold due to a rebound in the net realizable value of inventory due to the degraded part of the inventory that had been listed as loss of price for the three months and nine months ended September 30, 2021 and 2020.

(5) Property, plant and equipment

For the Nine Months Ended September 30, 2021

Cost	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Land	\$ 283,615	\$ -	\$ -	\$ 6,773	(\$ 6,324)	\$ 284,064
Buildings	4,051,113	122,886	( 10,381)	67,745	( 54,244)	4,177,119
Machinery equipment	3,304,171	627,466	( 32,424)	73,800	( 38,828)	3,934,185
Transportation equipment	76,776	12,445	( 4,214)	-	( 814)	84,193
Office equipment	41,854	3,581	( 773)	125	( 538)	44,249
Others	1,441,162	199,711	( 47,829)	25,711	( 23,416)	1,595,339
Construction in progress and to-be-inspected equipment	396,630	620,155	-	( 99,359)	( 3,779)	913,647
	<u>\$ 9,595,321</u>	<u>\$ 1,586,244</u>	<u>(\$ 95,621)</u>	<u>\$ 74,795</u>	<u>(\$ 127,943)</u>	<u>\$ 11,032,796</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	(\$ 1,152,227)	(\$ 135,121)	\$ 8,033	\$ -	\$ 13,603	(\$ 1,265,712)
Machinery equipment	( 1,462,164)	( 208,332)	29,365	-	16,885	( 1,624,246)
Transportation equipment	( 51,290)	( 6,053)	4,214	-	582	( 52,547)
Office equipment	( 34,655)	( 2,519)	771	-	444	( 35,959)
Others	( 974,217)	( 177,025)	47,688	-	16,386	( 1,087,168)
	<u>(\$ 3,674,553)</u>	<u>(\$ 529,050)</u>	<u>\$ 90,071</u>	<u>\$ -</u>	<u>\$ 47,900</u>	<u>(\$ 4,065,632)</u>
	<u>\$ 5,920,768</u>					<u>\$ 6,967,164</u>



For the Nine Months Ended September 30, 2020

Cost	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Land	\$ 294,826	\$ 626	\$ -	\$ 3,079	(\$ 8,742)	\$ 289,789
Buildings	3,536,434	140,063	( 19,441)	461,965	( 81,949)	4,037,072
Machinery equipment	3,066,318	227,197	( 86,007)	83,314	( 37,169)	3,253,653
Transportation equipment	98,181	15,020	( 4,280)	( 30,254)	( 1,626)	77,041
Office equipment	41,732	2,346	( 4,407)	242	1,363	41,276
Others	1,315,524	126,539	( 89,409)	44,849	27,361	1,424,864
Construction in progress and to-be-inspected equipment	630,715	103,315	-	( 506,163)	( 9,441)	218,426
	<u>\$ 8,983,730</u>	<u>\$ 615,106</u>	<u>(\$ 203,544)</u>	<u>\$ 57,032</u>	<u>(\$ 110,203)</u>	<u>\$ 9,342,121</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	(\$ 1,002,398)	(\$ 125,455)	\$ 15,769	\$ -	\$ 14,986	(\$ 1,097,098)
Machinery equipment	( 1,328,739)	( 186,765)	82,983	-	5,934	( 1,426,587)
Transportation equipment	( 59,332)	( 5,581)	4,280	-	873	( 59,760)
Office equipment	( 35,106)	( 2,333)	4,387	-	( 910)	( 33,962)
Others	( 830,799)	( 163,415)	87,173	-	( 17,068)	( 924,109)
	<u>(\$ 3,256,374)</u>	<u>(\$ 483,549)</u>	<u>\$ 194,592</u>	<u>\$ -</u>	<u>\$ 3,815</u>	<u>(\$ 3,541,516)</u>
	<u>\$ 5,727,356</u>					<u>\$ 5,800,605</u>

- A. On September 30, 2021, December 31, 2020 and September 30, 2020, the Group provides guarantees information with property, plant and equipment, please refer to Note 8.
- B. For the three months and nine months ended September 30, 2021 and 2020 the Group no interest capitalized.

(6) Lease arrangements

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

	September 30, 2021	December 31, 2020	September 30, 2020
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 700,651	\$ 595,584	\$ 511,781
Buildings	338,552	350,762	360,603
Transportation Equipment (company car)	174	-	-
	<u>\$ 1,039,377</u>	<u>\$ 946,346</u>	<u>\$ 872,384</u>

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 6,032	\$ 4,760
Buildings	5,647	5,910
Transportation Equipment (company car)	29	-
	<u>\$ 11,708</u>	<u>\$ 10,670</u>

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 17,641	\$ 16,967
Buildings	16,746	15,035
Transportation Equipment (company car)	58	41
	<u>\$ 34,445</u>	<u>\$ 32,043</u>

- C. The Group's right-of-use assets for the three months ended September 30, 2021 and 2020, with increased to \$132,358 and \$1,590, respectively. For the nine months ended September 30, 2021 and 2020, with increased to \$133,568 and \$184,240, respectively.
- D. The profit and loss item related to the lease contract is as follows:

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020
Items affecting current profit and loss:		
Interest expense on lease liability	\$ 1,177	\$ 1,114
Cost relates to short-term lease contract	3,830	945

	<u>For the Nine Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2020</u>
Items affecting current profit and loss:		
Interest expense on lease liability	\$ 3,608	\$ 3,100
Cost relates to short-term lease contract	7,864	1,454
E. The Group's lease cash outflow for the nine months ended September 30, 2021 and 2020 were \$50,533 and \$38,897, respectively.		

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

<u>Item</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current:			
Financial assets at amortized cost - Restricted bank deposit	\$ 382	\$ 39,106	\$ 19,226
Financial assets at amortized cost - Time deposits	86,362	43,617	42,690
Others	53,560	81,661	34,135
Total	<u>\$ 140,304</u>	<u>\$ 164,384</u>	<u>\$ 96,051</u>
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Non-current:			
Prepaid for land and equipment	\$ 305,238	\$ 328,604	\$ 229,957
Refundable deposits	9,003	2,884	4,895
Others	34,702	12,051	46,925
Total	<u>\$ 348,943</u>	<u>\$ 343,539</u>	<u>\$ 281,777</u>

Note: As of September 30, 2021, December 31, 2020 and September 30, 2020, the group provided guarantees for other non-current assets, please refer to Note 8.

(8) Current borrowings

<u>Loan Type</u>	<u>September 30, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	\$ 2,764,175	0.420%~0.800%	Note
<u>Loan Type</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	\$ 1,322,960	0.597%~0.736%	Note
<u>Loan Type</u>	<u>September 30, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	\$ 1,542,850	0.580%~0.755%	Note

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

(9) Other payables

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accrued salaries	\$ 555,398	\$ 523,900	\$ 452,196
Dividends	315,410	389,623	-
Payables on equipment	328,531	337,623	192,047
Others	174,399	140,337	132,033
Total	<u>\$ 1,373,738</u>	<u>\$ 1,391,483</u>	<u>\$ 776,276</u>

(10) Bonds payable

	September 30, 2021	December 31, 2020	September 30, 2020
Domestic fourth unsecured convertible corporate bonds	\$ -	\$ -	\$ 500
Domestic fifth unsecured convertible corporate bonds	500,000	500,000	500,000
Less: discount on bonds payable	( 11,598)	( 16,180)	( 17,720)
Total	<u>\$ 488,402</u>	<u>\$ 483,820</u>	<u>\$ 482,780</u>

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

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

- a. With the approval of the competent authority, the Company raised and issued the 4th unsecured convertible corporate bonds in Taiwan, totaling NT\$1,000,000, with a par value of NT\$100,000 and a coupon interest rate of 0%. The convertible bonds were issued for 3 years and circulated from October 2, 2018 to October 2, 2021. When the convertible bonds matured, they will be repaid in cash at the face value of the bonds. The convertible bonds were listed at Taipei Exchange on October 2, 2018.
- b. The convertible bonds holder may at any time request the Company for conversion to its common stock from the next 3 months after the issuance of the bond to the expiration date, except for the period of suspension of the transfer according to the regulations or decrees. The rights and obligations of the convertible bonds holder are the same as those of the original common stock.
- c. The conversion price of the convertible bonds was set at NT\$54.5 per share at the time of issuance, and the conversion price of the convertible bonds was determined according to the prescribed model stipulated in the conversion method, and the conversion price will be in case of the Company's anti-dilution clause. It will be adjusted according to the model set out in the conversion method.
- d. Within forty days before the convertible bonds are issued by two full years, the bonds holders may require the Company to redeem the convertible bonds in cash at 101.0025% of the face value of the bonds.
- e. When the convertible bonds are issued 3 months from the next day to the first 40 days after the expiration of the issuance period, the 30 consecutive business days of the closing price of the common stock of the Company will exceed 30% of the conversion price at that time; the Company will notify the creditors within 30 business days thereafter and withdraw the outstanding bonds in cash on the basis of the day of recovery based on the bond value. When the convertible bonds is issued 3 months from the next day to the first 40 days after the expiration of the issuance period, the balance of the convertible bonds are less than 10% of the total issued amount, the Company will have to withdraw all its bonds in cash at any time thereafter based on the denomination of the bonds.
- f. As per the conversion method, all of the Company's recovery (including purchased from the Securities Merchants Business Offices), repayment, or converted the convertible bonds will be revoked, no longer be sold or issued, the attached conversion rights will be revoked accordingly.

- (B) As of September 30, 2021, the convertible corporate bond of NT\$100,000 was fully converted to 19,257 thousand shares of common stock. After the issuance of the convertible corporate bond, when the common stock issued by the Company has increased or the Company distributes cash dividends on the common stock, the Company should adjust the conversion price of this bond based on the ratio of current price per share on the ex-dividend date according to the prescribed formula. The convertible corporate bond was fully converted on October 6, 2020 and delisted on October 14, 2020.
- (C) When issuing the convertible corporate bond, the Company will, in accordance with the International Accounting Standards No.32, separate the conversion rights of equity from the constituent elements of the liabilities, and account for the “capital surplus - stock options.” The balance on September 30, 2021 was NT\$0. The other is the right to buy back and sell back. According to the International Financial Reporting Standard No. 9, because of the economic characteristics of the goods that are in debt with the principal contract, the relationship between economic characteristics and risk is not closely related, so it is separated and list as the net account of “financial assets or financial liabilities at fair value through profit or loss.” The effective interest rate of the principal contract obligation after separation is 1.066%.
- B. The fifth unsecured convertible corporate bonds in the Republic of China, issued by the Board of Directors of the Company on April 30, 2020, are as follows:
- (A) The conditions for issuing the fifth unsecured convertible corporate bonds of the Company are as follows:
- a. With the approval of the competent authority, the Company raised and issued the 5th unsecured convertible corporate bonds in Taiwan, totaling NT\$500,000, with a par value of NT\$100,000 and a coupon interest rate of 0%. The convertible bonds were issued for 3 years and circulated from August 17, 2020 to August 17, 2023. When the convertible bonds matured, they will be repaid in cash at the face value of the bonds. The convertible bonds were listed at Taipei Exchange on August 17, 2020.
  - b. The convertible bonds holders may at any time request the Company for conversion to its common stock from the next 3 months after the issuance of the bonds 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 bonds holders are the same as those of the original common stock.
  - c. The conversion price of the convertible bonds was set at NT\$112 per share at the time of issuance, and the conversion price of the convertible bonds was determined according to the prescribed model stipulated in the conversion method, and the conversion price will be in case of the Company’s anti-dilution clause. It will be adjusted according to the model set out in the conversion method.
  - d. Within forty days before the convertible bonds are issued by two full years, the bondholder may require the Company to redeem the convertible bonds in cash at 101.0025% of the face value of the bonds.
  - e. When the convertible bonds are issued 3 months from the next day to the first 40 days after the expiration of the issuance period, the 30 consecutive business days of the closing price of the common stock of the Company will exceed 30% of the conversion price at that time; the Company will notify the creditors within 30 business days thereafter and withdraw the outstanding bonds in cash on the basis of the day of recovery based on the bond value. When the convertible bonds are issued 3 months from the next day to the first 40 days after the expiration of the issuance period, the balance of the convertible bonds is less than 10% of the total issued amount, the Company will have to withdraw all its bonds in cash at any time thereafter based on the denomination of the bonds.
  - f. As per the conversion method, all of the Company’s recovery (including purchased from the Securities Merchants Business Offices), repayment, or converted the convertible bonds will be revoked, no longer be sold or issued, the attached conversion rights will be revoked accordingly.

(B) As of September 30, 2021, the convertible bonds denomination \$500,000 have not yet been converted to shares of common stock. After the issuance of the convertible bonds, when the common stock issued by the Company has increased or pay out cash dividends, the company shall adjust the conversion price on the ex-dividend record date in accordance with the provisions of the terms of issue, current conversion price of the convertible bonds is NT\$107.8 per share.

(C) When issuing the convertible bonds, 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 warrants ". The balance as of September 30, 2021 was \$48,201. The other is the right to buy back and sell back, according to the International Financial Reporting Standard No. 9, because of the economic characteristics of the goods that are in debt with the principal contract, the relationship between economy characteristics and risk is not closely related, so it is separated and list as net account of "Financial asset or financial liability at fair value through profit or loss". The effective interest rate of the principal contract obligation after separation is 1.066%.

(11) Long-term loans

Loan Type	Loan period and repayment method	Interest rate range	Collateral	September 30, 2021
Credit loans	From June 7, 2021 to June 7, 2023, with monthly interest payment, the principal can be paid at any time.	0.7376%	None	<u>\$ 100,000</u>

As of December 31, 2020 and September 30, 2020 the Group has no long-term loan.

(12) Other non-current liabilities

Item	September 30, 2021	December 31, 2020	September 30, 2020
Non-Current:			
Deferred government grant income	\$ 117,024	\$ 120,529	\$ 118,723
Other non-current liabilities - Other	90,601	91,516	89,571
Total	<u>\$ 207,625</u>	<u>\$ 212,045</u>	<u>\$ 208,294</u>

(13) Pension

A. Since July 1, 2005, the Group's subsidiary Capital Concord Enterprises (H.K.) Taiwan Branch and Laya Max Trading have set up a defined retirement scheme according to the "Labor Pension Act", which is applicable to employees of this nationality. The Group has paid the labor pension to 6% of the Monthly salary of the labor pension system applicable to the employee's choice of the "Labor Pension Act" the personal accounts of the labor insurance bureau and the payment of employees' pensions are collected on the basis of the pensions of employees' personal pensions and the amount of accumulated income or by a pensions. For the three months and nine months ended September 30, 2021 and 2020, the above-mentioned pension measures of the Group recognized under pension were \$1,763, \$1,551, \$5,137, \$4,843, respectively.

- B. The Group's subsidiary in China in accordance with the regulations of the People's Republic of China government pension system (on May 1, 2019, the rate of pension insurance in all provinces and cities in China was reduced to 16%), based on a monthly 16% to 20% of the total local staff salaries set aside pension (Sunny Footwear and Fujian Sunshine Footwear are 16% to 18%; Hubei Sunsmile Footwear are 16% to 19%; Fujian Laya Outdoor Products and Fujian La Sportiva are 16% to 20%). Each employee's monthly pension is arranged by the government, and the Group has a monthly contribution, but no further obligation. For the three months and nine months ended September 30, 2021 and 2020, the Group's second-tier subsidiary in China in accordance with the above-mentioned pension measures recognized under pension were \$22,982, \$8,966, \$65,003, \$20,872, respectively. The decrease of pension for the three months and nine months ended September 30, 2020 in China area was due to COVID-19 local government provides preferential policy.
- C. The Group's subsidiary Fulgent Sun Footwear (Vietnam), NGOC HUNG Footwear (Vietnam) and Eversun Footwear (Vietnam) are subject to the relevant local regulations, according to the local government regulations; the pension fund for employees' retirement pension is payable on a monthly basis at a certain percentage of the total wage and paid to the relevant competent authorities. The Group has no further obligation except monthly payment. For the three months and nine months ended September 30, 2021 and 2020, the above-mentioned pension measures of the Group recognized under pension were \$37,911 \$28,654, \$105,322, \$85,620, respectively.

(14) Share-based payment

- A. For the nine months ended September 30, 2020, the Group's share-based payment transaction were as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Quantity (thousand shares)</u>	<u>Contract period</u>	<u>Vesting Conditions</u>
Share issuance reserved for employee subscription	2020.08.04	1,500 units	-	Vested immediately

- B. For the share-based payment transaction granted by the Group, its fair value on the grant date is estimated using the Black-Scholes option-pricing model. The weighted-average parameters used in the estimation of the fair value are as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Share price</u>	<u>Exercise price</u>	<u>Expected price volatility (Note)</u>	<u>Expected lifetime</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Share issuance reserved for employee subscription	2020.08.04	\$ 105	\$ 75	52.58%	0.15 years	-	0.24%	\$ 30.38

Unit: NT\$

Note: Price volatility refers to the volatility of stock prices in the coming period and is calculated based on the standard deviation of stock returns over a specific period.

- C. The expense arising from the share-based payment transaction is as follows:

	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Three Months Ended September 30, 2020</u>
Equity delivery	\$ -	\$ 45,570
	<u>For the Nine Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2020</u>
Equity delivery	\$ -	\$ 45,570

(15) Share Capital

- A. On September 30, 2021, the Company's rated capital was \$3,000,000, divided into 300 million shares, the paid in capital was \$1,861,950, the denomination of \$10 per share.

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

	2021	Unit: Thousand Shares 2020
January 1	185,535	174,757
Convertible bonds execution conversion	-	1,428
Shares recovery	-	( 660)
September 30	<u>185,535</u>	<u>175,525</u>

- B. The Company adopted a cash capital increase plan by the Board of Directors, which issued 10,000 thousand common stock with cash capital increase and declared to the FSC on August 4, 2020; the issue price was NT\$75 per share, NT\$750,000, the base date of capital increase was October 5, 2020 and the payments for shares were fully received on October 5, 2020. On September 30, 2021, the advance receipts for share capital were NT\$675,000.

- C. Treasury shares

- (A) Reason and quantity of share purchase:

		September 30, 2021	
		Share	
Shareholder	Reason for Buyback	(Thousand shares)	Carrying amount
The Company	Transfer to employees	660	\$ 57,583
		December 31, 2020	
		Share	
Shareholder	Reason for Buyback	(Thousand shares)	Carrying amount
The Company	Transfer to employees	660	\$ 57,583
		September 30, 2020	
		Share	
Shareholder	Reason for Buyback	(Thousand shares)	Carrying amount
The Company	Transfer to employees	660	\$ 57,583

- (B) According to the Securities and Exchange Act, the number of shares bought back under shall not exceed 10% of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back shall not exceed the amount of retained earnings plus premium on capital stock plus realized capital surplus.
- (C) According to the Securities and Exchange Act, treasury stocks held by the Company shall not be pledged; before the transfer, the shareholder's rights shall not be enjoyed.
- (D) According to the Securities and Exchange Act, the shares bought back by the Company shall be transferred to employees within 5 years from the date of buyback. The shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration shall be processed for cancellation. Where the buyback is required to maintain the company's credit and shareholders' rights and interests, amendment registration for cancellation shall be effected within six months from the date of buyback.



(16) 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 Exchange Act, each of the above open capital surplus is limited to 10% of the total amount of capital collected. If the Company is not in surplus reserve to fill the capital loss is still insufficient, it should not be supplemented by capital surplus.
- B. The changes in capital surplus are as follows:

	2021			
	<u>Issue Premium</u>	<u>Stock Options</u>	<u>Others</u>	<u>Total</u>
January 1 and September 30	<u>\$ 5,207,597</u>	<u>\$ 48,201</u>	<u>\$ 546</u>	<u>\$ 5,256,344</u>

  

	2020			
	<u>Issue Premium</u>	<u>Stock Options</u>	<u>Others</u>	<u>Total</u>
January 1	\$ 4,457,016	\$ 2,110	\$ 546	\$ 4,459,672
Share issuance by cash	-	45,570	-	45,570
Due to recognition of equity component of convertible bonds issued	-	48,201	-	48,201
Conversion of convertible bonds to ordinary shares	57,328	( 2,095)	-	55,233
September 30	<u>\$ 4,514,344</u>	<u>\$ 93,786</u>	<u>\$ 546</u>	<u>\$ 4,608,676</u>

(17) Retained earnings

- A. In the shareholders' meeting held on June 12, 2020, the Company passed a resolution to amend the Articles of Incorporation, stipulating that the Company may, at the end of each semi-fiscal year, distribute earnings in the form of stock dividends upon supermajority resolution in the shareholders' meeting or in the form of cash dividends upon the Board of Directors' resolution. In accordance with the amended Articles of Incorporation, 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; and (3) may set aside less than 3% 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.
- B. When the Company's earnings are distributed, dividends distributed to shareholders should not be less than the balance of the remaining earnings net of 20% of the amounts in the preceding (1) (2), wherein the cash dividend issued should not be less than 20% of the dividends.
- C. In accordance with the Articles of Incorporation, the Company shall not distribute dividends or assign dividends or other assignments in respect of the realized or unrealized benefits of the Company, the premium account for the issuance of shares, or other payments permitted by the Cayman Company Act; provided that the legal surplus reserve is more than 25% of paid-in-capital, only the legal surplus reserve shall be accumulated as the above allocation and shall be limited to the portion of the legal surplus reserve in excess of 25% of the paid-in-capital.
- D. (A)When the Company distributes earnings, it should make special surplus reserve accumulated in respect of the debit balance of other equity on the balance sheet date in accordance with the

provisions of the laws. When the debit balance of subsequent other equity is reversed, the amount reversed may be included in the earnings available for distribution

(B) Upon the first application of the IFRSs, a special surplus reserve set aside in letter No. 1010012865 issued by the FSC on April 6, 2012 is to be reversed when the Company subsequently uses, disposes of or reclassifies the related assets.

- E. The appropriations of earnings for 2019 which have been resolved in the shareholders' meeting on June 12, 2020 and respectively, was as follows:

	2019	
	Amount	Dividends per share (NT\$)
Legal capital reserve	\$ 127,920	
Special capital reserve	262,634	
Cash dividends	963,059	\$ 5.5

Regarding the dividends per share on the distribution of earnings for the year ended December 31, 2019, the Company converted the convertible corporate bonds and did not transfer the redeemed treasury stocks to employees, the Board of Directors resolved on June 12, 2020 to authorize the Chairman to adjust the dividend rate to NT\$5.52 respectively.

- F. On August 27, 2021, the Company passed the 2020 earnings distribution case by resolution of the shareholders' meeting, The details are as follows:

	For the second half year of 2020	For the first half year of 2020
Board resolution date	February 26, 2021	December 28, 2020
Legal surplus reserve	\$ 37,151	\$ 52,606
Special surplus reserve	(\$ 15,442)	\$ 169,454
Cash dividends	\$ 315,410	\$ 389,623
Dividends per share (NT\$)	\$ 1.70	\$ 2.10

In accordance with the FSC Letter No.1010012865 dated April 6, 2012, for the net deduction to other shareholders' equity, the special surplus reserve of the same amount that is set aside from profit or loss and undistributed earnings should not be distributed; however, the Company has set aside special surplus reserve upon the first application of the IFRSs, and should therefore set aside a special surplus reserve to make up the difference between the amount already set aside and the net deduction to other shareholders' equity.

Before the record date of the appropriations of interim earnings for the second half year of 2020, if the number of outstanding shares is affected by the conversion of convertible corporate bonds, the issuance of restricted stock for employees, or other 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.

For more information on the distribution of earnings proposed by the Board of Directors and resolved in the shareholders' meeting, refer to the "Market Observation Post System" of Taiwan Stock Exchange Corporation.

(18) Operating revenue

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020
Revenue from Contracts with Customers	\$ 4,149,813	\$ 3,217,219
	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Revenue from Contracts with Customers	\$ 11,046,030	\$ 8,366,414

A. Breakdown of customer contract income

The income of the group originates from the transfer of goods at a certain point, the income can be broken down according to the type of business, for relevant disclosed information, please refer to Note 14(2).

B. Contract liability

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

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Contract liability				
- Advance sales receipts	\$ 52,355	\$ 52,618	\$ 47,212	\$ 28,538
Contract liability opening recognized income in current period				
		For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	
Contract liability opening balance recognized income in current period - Advance sales receipts		\$ 193	\$ 1,193	
		For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020	
Contract liability opening balance recognized income in current period - Advance sales receipts		\$ 51,616	\$ 26,170	
(19) <u>Interest income</u>				
		For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	
Interest on bank deposits		\$ 2,355	\$ 2,337	
		For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020	
Interest on bank deposits		\$ 7,047	\$ 7,383	
(20) <u>Other income</u>				
		For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	
Government subsidy income		\$ 6,015	\$ 3,766	
Other income - Other		15,311	6,684	
		\$ 21,326	\$ 10,450	
		For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020	
Government subsidy income		\$ 40,224	\$ 8,623	
Other income - Other		35,105	32,211	
		\$ 75,329	\$ 40,834	

(21) Other gains and losses

	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Three Months Ended September 30, 2020</u>
Gains (losses) on disposals of property, plant and equipment	\$ 365	(\$ 859)
Foreign exchange loss	( 6,903)	( 121,101)
Losses(gains) on financial assets and liabilities measured at fair value through profit and loss	( 1,037)	1,861
Other losses	( 9,545)	( 2,382)
	<u>(\$ 17,120)</u>	<u>(\$ 122,481)</u>
	<u>For the Nine Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2020</u>
Losses on disposals of property, plant and equipment	(\$ 3,538)	(\$ 7,610)
Foreign exchange loss	( 67,709)	( 101,866)
Losses(gains) on financial assets and liabilities measured at fair value through profit and loss	( 3,918)	1,031
Other losses	( 21,014)	( 12,748)
	<u>(\$ 96,179)</u>	<u>(\$ 121,193)</u>

(22) Finance costs

	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Three Months Ended September 30, 2020</u>
Bank borrowing	\$ 5,695	\$ 3,592
Convertible bonds	1,549	810
Lease liabilities	1,177	1,114
	<u>\$ 8,421</u>	<u>\$ 5,516</u>
	<u>For the Nine Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2020</u>
Bank borrowing	\$ 13,372	\$ 15,688
Convertible bonds	4,582	1,110
Lease liabilities	3,608	3,100
	<u>\$ 21,562</u>	<u>\$ 19,898</u>

(23) Expenses expressed by nature

	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Three Months Ended September 30, 2020</u>
Employee benefits		
Salary	\$ 1,190,995	\$ 919,096
Labor and health insurance	38,362	29,530
Pension	62,656	39,171
Others	21,825	18,855
	<u>1,313,838</u>	<u>1,006,652</u>
Depreciation	193,113	183,541
Amortization	5,333	6,132
	<u>\$ 1,512,284</u>	<u>\$ 1,196,325</u>

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Employee benefits		
Salary	\$ 3,383,681	\$ 2,581,423
Labor and health insurance	111,408	75,824
Pension	175,462	111,335
Others	64,705	52,367
	<u>3,735,256</u>	<u>2,820,949</u>
Depreciation	563,495	515,592
Amortization	14,503	29,899
	<u>\$ 4,313,254</u>	<u>\$ 3,366,440</u>

- A. According to the Articles of Incorporation, the Company may allocate a surplus not exceeding 3% of the remaining surplus as the directors' remuneration and 3% of the remaining profits as employees' bonuses for the employees of the Company and subsidiaries.
- B. The employee bonus estimates of the Company for the three months and nine months ended September 30, 2021 and 2020 were both \$2,500 and \$7,500, and the director remuneration estimates were \$2,500 and \$7,500. The above employees' bonus and directors' remuneration are assessed on the basis of the ratio set out in the Articles of Incorporation, taking into account such factors as net income of the current period after consideration of the legal surplus reserve.

The employees' bonus and directors' remuneration for the year ended December 31, 2020 approved by the Board of Directors are consistent with those recognized in the financial statements for the year ended December 31, 2020.

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

(24) Tax expense

A. Tax expense

Components of income tax expense:

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020
Current income tax:		
Income tax on current income	\$ 42,828	\$ 42,517
Underestimated (overestimated) income tax in prior periods	2,115	(14,798)
Total current income tax	<u>44,943</u>	<u>27,719</u>
Deferred income tax:		
The primitive generation and turn of temporary differences	15,574	4,540
Total deferred income tax	<u>15,574</u>	<u>4,540</u>
Tax expenses	<u>\$ 60,517</u>	<u>\$ 32,259</u>

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Current income tax:		
Income tax on current income	\$ 125,850	\$ 129,260
Overestimated income tax in prior periods	( 970)	( 13,192)
Total current income tax	<u>124,880</u>	<u>116,068</u>
Deferred income tax:		
The primitive generation and turn of temporary differences	( 4,221)	2,285
Total deferred income tax	( 4,221)	2,285
Tax expenses	<u>\$ 120,659</u>	<u>\$ 118,353</u>

B. Subsidiary-Capital Concord (H.K.) Taiwan Branch and Second-tier Subsidiary-Laya Max Trading Co., Ltd. for profit income tax settlement declaration, have been approved by the taxes reprioritizing authority to 2018 and 2019.

(25) Earnings per share

	<u>For the Three Months Ended September 30, 2021</u>		
	<u>After-tax amount</u>	<u>Weighted average number of shares in circulation (thousand shares)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	<u>\$ 341,651</u>	<u>185,535</u>	<u>\$ 1.84</u>
<u>Diluted earnings per share</u>			
Profit attributable to equity holders of the Company	341,651	185,535	
Effect of dilutive potential ordinary shares			
Convertible bonds	1,549	4,638	
Employee bonus	-	155	
Profit attributable to ordinary shareholders assuming the effect of potential ordinary shares	<u>\$ 343,200</u>	<u>190,328</u>	<u>\$ 1.80</u>
	<u>For the Three Months Ended September 30, 2020</u>		
	<u>After-tax amount</u>	<u>Weighted average number of shares in circulation (thousand shares)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	<u>\$ 184,632</u>	<u>175,068</u>	<u>\$ 1.05</u>
<u>Diluted earnings per share</u>			
Profit attributable to equity holders of the Company	184,632	175,068	
Effect of dilutive potential ordinary shares			
Convertible bonds	810	2,699	
Employee bonus	-	70	
Profit attributable to ordinary shareholders assuming the effect of potential ordinary shares	<u>\$ 185,442</u>	<u>177,837</u>	<u>\$ 1.04</u>

	<u>For the Nine Months Ended September 30, 2021</u>		
	<u>After-tax amount</u>	<u>Weighted average number of shares in circulation (thousand shares)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	\$ 796,852	185,535	\$ 4.29
<u>Diluted earnings per share</u>			
Profit attributable to equity holders of the Company	795,852	185,535	
Effect of dilutive potential ordinary shares			
Convertible bonds	4,582	4,638	
Employee bonus	-	188	
Profit attributable to ordinary shareholders assuming the effect of potential ordinary shares	\$ 801,434	190,361	\$ 4.21

	<u>For the Nine Months Ended September 30, 2020</u>		
	<u>After-tax amount</u>	<u>Weighted average number of shares in circulation (thousand shares)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	\$ 710,698	174,883	\$ 4.06
<u>Diluted earnings per share</u>			
Profit attributable to equity holders of the Company	710,698	174,883	
Effect of dilutive potential ordinary shares			
Convertible bonds	1,110	1,651	
Employee bonus	-	130	
Profit attributable to ordinary shareholders assuming the effect of potential ordinary shares	\$ 711,808	176,664	\$ 4.03

(26) Supplementary information on cash flow

A. Investing activities with partial cash payments:

	<u>For the Nine Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2020</u>
Additions to property, plant and equipment	\$ 1,661,039	\$ 672,138
Less: Prepayments for land and equipment at the beginning of the period	( 328,604)	( 57,686)
Add: Prepayments for land and equipment at the end of the period	305,238	229,957
Add: Payables for equipment at the beginning of the period	337,623	270,888
Less: Payables for equipment at the end of the period	( 328,531)	( 192,047)
Cash paid in the period	\$ 1,646,765	\$ 923,250

B. Financing activities that do not affect cash flow:

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Share capital converted from convertible bonds	\$ -	\$ 14,280
Declared cash dividends not yet paid	\$ 315,410	\$ -
(27) <u>Changes in liabilities arising from financing activities</u>		

	Short-term loans and Long-term loans	Lease liabilities	Convertible bonds	Total liabilities from financing activities
January 1, 2021	\$ 1,322,960	\$ 527,719	\$ 389,623	\$ 2,240,302
Changes in cash flows from financing	1,582,124	( 42,669)	( 389,623)	1,149,832
Other non-cash flows	-	10,730	315,410	326,140
Effects of exchange rate changes	( 40,909)	( 3,307)	-	( 44,216)
September 30, 2021	<u>\$ 2,864,175</u>	<u>\$ 492,473</u>	<u>\$ 315,410</u>	<u>\$ 3,672,058</u>

	Short-term loans and short-term notes	Lease liabilities	Convertible bonds (Note)	Total liabilities from financing activities
January 1, 2020	\$ 1,669,050	\$ 362,261	\$ 69,780	\$ 2,101,091
Changes in cash flows from financing	( 78,924)	( 37,443)	532,744	416,377
Other non-cash flows	-	150,986	( 119,744)	31,242
Effects of exchange rate changes	( 47,276)	( 12,262)	-	( 59,538)
September 30, 2020	<u>\$ 1,542,850</u>	<u>\$ 463,542</u>	<u>\$ 482,780</u>	<u>\$ 2,489,172</u>

Note : Including portion due within one year

7. Related-Party Transactions

Key Management Compensation

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020
Short-term employee benefits	\$ 16,392	\$ 13,260
Share-based payment	-	12,334
Total	<u>\$ 16,392</u>	<u>\$ 25,594</u>

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Short-term employee benefits	\$ 59,373	\$ 39,234
Share-based payment	-	12,334
Total	<u>\$ 59,373</u>	<u>\$ 51,568</u>



8. Pledged Assets

Assets	Carrying amounts			Guarantee use
	September 30, 2021	December 31, 2020	September 30, 2020	
Land	\$ 99,566	\$ 101,818	\$ 104,035	Current borrowings
Buildings	147,546	154,051	158,484	Current borrowings
Financial assets at amortized cost (recognized in other current assets and other non-current assets)	2,558	40,850	19,617	Performance bond for power supply contract
Refundable deposits (recognized in other non-current assets)	9,003	2,884	4,895	Deposits for leased land and other
	<u>\$ 258,673</u>	<u>\$ 299,603</u>	<u>\$ 287,031</u>	

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Commitments

(1) Capital expenditure contracted but not yet incurred:

	Contract Price		
	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment	<u>\$ 1,324,440</u>	<u>\$ 1,158,583</u>	<u>\$ 483,590</u>

	Unpaid Price		
	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment	<u>\$ 450,553</u>	<u>\$ 630,024</u>	<u>\$ 159,430</u>

(2) Outstanding letter of credit amount:

	September 30, 2021	December 31, 2020	September 30, 2020
Outstanding letter of credit	<u>\$ -</u>	<u>\$ 35,485</u>	<u>\$ 16,076</u>

10. Significant Disaster Losses

None.

11. Significant Events After The Reporting Period

None.

12. Others

(1) Capital management

There are no significant changes in this period, please refer to Note 12 consolidated financial statements in 2020.

(2) Financial instruments

A. Categories of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial Assets</u>			
Financial assets at fair value through profit and loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 6,171	\$ 9,289	\$ 6,035
Financial assets designated at fair value through profit or loss	-	-	1
	<u>\$ 6,171</u>	<u>\$ 9,289</u>	<u>\$ 6,036</u>
Financial assets/loans and receivables measured at amortized cost			
Cash and cash equivalents	\$ 1,323,670	\$ 1,567,828	\$ 2,080,036
Accounts receivable	2,833,897	2,270,550	2,170,699
Other receivables	148,608	184,911	153,982
Financial assets at amortized cost -Current	86,744	82,723	61,916
Refundable deposits	9,003	2,884	4,895
Financial assets at amortized cost - Non-current	2,609	1,744	-
	<u>\$ 4,404,531</u>	<u>\$ 4,110,640</u>	<u>\$ 4,471,528</u>
<u>Financial Liabilities</u>			
Financial liabilities at fair value through profit and loss			
Financial liabilities designated at fair value through profit or loss	\$ 1,050	\$ 250	\$ 750
Financial liabilities measured at amortized cost			
Short-term loans	\$ 2,764,175	\$ 1,322,960	\$ 1,542,850
Accounts payable	1,971,653	1,666,662	1,488,219
Other payables	1,373,738	1,391,483	776,276
Long-term loans	100,000	-	-
Corporate bonds payable	488,402	483,820	482,780
	<u>\$ 6,697,968</u>	<u>\$ 4,864,925</u>	<u>\$ 4,290,125</u>
Lease liabilities (current and non-current)	\$ 492,473	\$ 527,719	\$ 463,542

B. Risk Management Policy

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

- (B) The Group's important financial activities are reviewed by the Board of Directors and the Audit Committee according to relevant regulations and the internal control system. During the implementation of the financial plan, the Group must comply with the relevant financial operations procedures in relation to the overall financial risk management and segregation of duties.
- C. Nature and Degree of Significant Financial Risks
- (A) Market risk
- Exchange Rate Risk
- a. The Group is a multinational operation and is exposed to exchange rate risk arising from transactions with different functional currencies by the Company and its subsidiaries, which are mainly the USD and RMB, and partially the Vietnamese Dong. 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 instruments 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 and VND); as a consequence, it is subject to exchange rates fluctuation. Assets and liabilities that are denominated in foreign currencies and significantly affected by exchange rates fluctuation and market risk are as follows:

September 30, 2021

(Foreign currency: functional currency)				Sensitivity Analysis		
	Foreign currency (in thousands)	Exchange rate	Carrying amount	Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income
<u>Financial Assets</u>						
<u>Monetary items</u>						
USD: RMB	\$ 12,231	6.4496	\$ 340,621	5%	\$ 17,031	\$ -
RMB: USD	55,565	0.1550	239,934	5%	11,997	-
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
USD: RMB	\$ 526	6.4496	\$ 14,654	5%	\$ 733	\$ -
NTD: USD	1,155,738	0.0359	1,155,738	5%	57,787	-

December 31, 2020

(Foreign currency: functional currency)				Sensitivity Analysis		
	Foreign currency (in thousands)	Exchange rate	Carrying amount	Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income
<u>Financial Assets</u>						
<u>Monetary items</u>						
USD: RMB	\$ 13,649	6.5295	\$ 388,726	5%	\$ 19,436	\$ -
RMB: USD	55,307	0.1532	241,236	5%	12,062	-
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
USD: RMB	\$ 289	6.5295	\$ 8,220	5%	\$ 411	\$ -
NTD: USD	1,049,304	0.0351	1,049,304	5%	52,465	-

September 30, 2020

(Foreign currency: functional currency)					Sensitivity Analysis	
	Foreign currency (in thousands)	Exchange rate	Carrying amount	Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income
<u>Financial Assets</u>						
<u>Monetary items</u>						
USD: RMB	\$ 11,731	6.8166	\$ 341,371	5%	\$ 17,069	\$ -
RMB: USD	55,244	0.1467	235,835	5%	11,792	-
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
USD: RMB	\$ 817	6.8166	\$ 23,772	5%	\$ 1,189	\$ -
NTD: USD	1,243,669	0.0344	1,243,669	5%	62,183	-

- d. The Group's monetary items were significantly impacted by the exchange rate changes, and the total exchange gains and (losses) (including realized and unrealized) for the three months ended September 30, 2021 and 2020 were (NT\$6,903) and (NT\$121,101), respectively. For the nine months ended September 30, 2021 and 2020 were (NT\$67,709) and (NT\$101,866), respectively.

#### Price Risk

- a. The Group's equity instruments exposed to price risk are financial assets at fair value through profit or loss. To manage the price risk of investment in equity instruments, the Group diversifies its portfolio based on the limits set by the Group.
- b. The Group's investments in equity instruments comprise domestic publicly quoted entities, and the prices of these equity instruments are affected by uncertainties in the future value of the investment targets. If the prices of these equity instruments were 5% higher or lower, with all other variables held constant, the Group's net income for the nine months ended September 30, 2021 and 2020 from gains or losses on equity instruments mandatorily measured at fair value through profit or loss would have increase or decrease NT\$309 and NT\$302, respectively.

#### Cash Flow and Fair Value Interest Rate Risk

- a. The Group's interest rate risk arises primarily from the short-term loans, short-term notes payable, and long-term loans issued at floating rates, which expose the Group to the cash flow interest rate risk. For the nine months ended September 30, 2021 and 2020, 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 has been increased or decreased by 0.1%, with all other variables held constant, net income for the nine months ended September 30, 2021 and 2020 would have decreased or increased NT\$1,719 and NT\$926, 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 obligation. 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 more than 30 days according to the agreed payment terms, the credit risk is increased significantly since the financial assets are initially recognized.
- d. When the investment target for the independent credit rating has been lower for two grades, the Group will determine that the credit risk of the investment target is increased significantly.

- e. Based on the internally specified accounting policies of the Group, it is deemed as a breach of contract when the contractual payments are overdue for more than 365 days in accordance with stipulated payment terms.
- f. The Group has classified customers' accounts receivable on the characteristics of customers' ratings and adopts a simplified approach to estimate expected credit losses based on reserve matrix.
- g. After recourse procedures, the Group writes off the recoverable financial assets that cannot be reasonably expected; nonetheless, the Group will keep legal recourse to secure its creditor's rights the Group had no creditors' rights that had been written off but still could be recourse as of September 30, 2021, December 31, 2020 and September 30, 2020.
- h. The Group adjusted the loss rate established on the history of certain period and current information for perspective consideration to estimate the loss allowance for account receivable. The reserve matrix as of September 30, 2021, December 31, 2020 and September 30, 2020 were as follows:

September 30, 2021	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	\$ 2,710,635	\$ -
Overdue 0 to 90 days	3.62%	120,959	4,373
Overdue 91 to 180 days	19.77%	4,304	851
Overdue 181 to 365 days	80.94%	16,912	13,689
Over 365 days past due	100.00%	806	806
Total		<u>\$ 2,853,616</u>	<u>\$ 19,719</u>

December 31, 2020	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	\$ 2,209,713	\$ -
Overdue 0 to 90 days	0.85%	55,215	471
Overdue 91 to 180 days	5.95%	3,632	216
Overdue 181 to 365 days	26.66%	3,650	973
Over 365 days past due	100.00%	3,160	3,160
Total		<u>\$ 2,275,370</u>	<u>\$ 4,820</u>

September 30, 2020	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	\$ 2,084,292	\$ -
Overdue 0 to 90 days	0.50%	82,798	412
Overdue 91 to 180 days	4.18%	2,774	116
Overdue 181 to 365 days	30.39%	1,958	595
Over 365 days past due	100.00%	3,815	3,815
Total		<u>\$ 2,175,637</u>	<u>\$ 4,938</u>

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

	2021	
	Accounts receivable	
January 1	\$	4,820
Allowance for Impairment loss		16,358
Write-offs due to uncollectible	(	1,261)
Effect of exchange rate changes	(	198)
September 30	\$	19,719

  

	2020	
	Accounts receivable	
January 1	\$	8,715
Reversal for Impairment loss	(	3,648)
Effect of exchange rate changes	(	129)
September 30	\$	4,938

(C) Liquidity risk

- a. The cash flow forecast is performed by each operating entity of the Group and compiled by the Group's treasury. The Group's treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- b. The Group's treasury invests surplus cash in interest-bearing demand deposits and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasts.
- c. As of September 30, 2021, December 31, 2020 and September 30, 2020 the Group has unused borrowing facilities of \$2,464,650, \$3,776,320 and \$3,234,250, 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:

September 30, 2021	Less than 6 Months	7 to 12 Months	1 to 2 years	2 to 5 years	More than 5 years
Short-term loans	\$ 2,395,425	\$ 371,802	\$ -	\$ -	-
Accounts payable	1,971,653	-	-	-	-
Other payables	1,362,159	11,579	-	-	-
Long-term loans	-	-	101,243	-	-
Bonds payable	-	-	500,000	-	-
Lease liabilities	8,542	9,799	17,890	67,132	431,113



Non-derivative financial liabilities:

December 31, 2020	Less than 6 Months	7 to 12 Months	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowing	\$ 1,143,613	\$ 180,888	\$ -	\$ -	\$ -
Accounts payable	1,666,662	-	-	-	-
Other payables	1,342,832	48,651	-	-	-
Bonds payable	-	-	-	500,000	-
Lease liabilities	13,864	14,165	19,110	57,289	455,181

Non-derivative financial liabilities:

September 30, 2020	Less than 6 Months	7 to 12 Months	1 to 2 years	2 to 5 years	More than 5 years
Short-term loans	\$ 1,123,950	\$ 422,646	\$ -	\$ -	-
Accounts payable	1,488,219	-	-	-	-
Other payables	756,592	19,684	-	-	-
Bonds payable	-	-	500	500,000	-
Lease liabilities	17,758	6,524	18,952	48,711	389,925

(3) Fair value information

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

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

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

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

B. Financial Instruments not Measured at Fair Value

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

	September 30, 2021	
	Carrying amount	Fair Value
		Level 3
Bonds payable	\$ 488,402	\$ 490,406

  

	December 31, 2020	
	Carrying amount	Fair Value
		Level 3
Bonds payable	\$ 483,820	\$ 487,857

September 30, 2020

	Carrying amount	Fair Value
		Level 3
Bonds payable	\$ 482,780	\$ 486,302

(B) The methods and assumptions used to estimate fair value are as follows:

Convertible bonds payable: The coupon rate of convertible bonds issued by the Group is similar to the market rate, so the fair value is measured at the discounted value of expected cash flows, which is equivalent to the carrying amount.

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

September 30, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Listed company stock	\$ 6,171	\$ -	\$ -	\$ 6,171
Liabilities				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Redemption right of convertible bonds	\$ -	\$ -	(\$ 1,050)	(\$ 1,050)
December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Listed company stock	\$ 9,289	\$ -	\$ -	\$ 9,289
Liabilities				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Redemption right of convertible bonds	\$ -	\$ -	(\$ 250)	(\$ 250)

September 30, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Listed company stock	\$ 6,035	\$ -	\$ -	\$ 6,035
- Redemption right of convertible bonds	-	-	1	1
Total	<u>\$ 6,035</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 6,036</u>
Liabilities				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Redemption right of convertible bonds	\$ -	\$ -	(\$ 750)	(\$ 750)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 750)</u>	<u>(\$ 750)</u>

- D. The methods and assumptions the Group used to measure fair value are as below:
- (A) For the Level 1 instruments which the Group used market quoted prices as their fair values and which are listed stocks by characteristics, their closing prices were used as market quoted prices.
- (B) 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 nine month ended September 30, 2021 and 2020.
- F. The following table shows the changes for the nine months ended September 30, 2021 and 2020:

	2021	2020
	Non-derivative equity instruments	Non-derivative equity instruments
January 1	(\$ 250)	\$ 28
Gains or losses on the recognized profit or loss (Note)	( 800)	( 378)
Current conversion	-	( 149)
Current issue	-	( 250)
September 30	<u>(\$ 1,050)</u>	<u>(\$ 749)</u>

Note: Recognized in other gains and losses.

- G. Evaluation process regarding fair value Level 3 is conducted by the Group's treasury, by which the independence of fair value of financial instruments is verified through use of independent data source in order that such valuation results are close to market conditions, and that the data source is independent, reliable, consistent with other resources, and representative of the exercisable price. In addition, multiple actions are regularly taken to ensure the reasonableness of the fair value valuation, e.g. calibrating the valuation model, conducting retrospective testing, updating the inputs and data for the valuation model, and making any necessary fair value adjustments.
- H. Below states the quantitative information about the significant unobservable inputs of the valuation model used in the measurements categorized within Level 3 of the fair value hierarchy, as well as the sensitivity analysis of changes in significant unobservable inputs:

	<u>Fair value as of September 30, 2021</u>	<u>Evaluation techniques</u>	<u>Significant unobservable input value</u>	<u>Interval (weighted average)</u>	<u>Relationship between input value and fair value</u>
Hybrid Instruments:					
Corporate bond redemption right	(\$ 1,050)	Binomial Tree Evaluation Model	Volatility	39.05%	The higher the volatility, the higher the fair value
	<u>Fair value as of December 31, 2020</u>	<u>Evaluation techniques</u>	<u>Significant unobservable input value</u>	<u>Interval (weighted average)</u>	<u>Relationship between input value and fair value</u>
Hybrid Instruments:					
Corporate bond redemption right	(\$ 250)	Binomial Tree Evaluation Model	Volatility	51.07%	The higher the volatility, the higher the fair value
	<u>Fair value as of September 30, 2020</u>	<u>Evaluation techniques</u>	<u>Significant unobservable input value</u>	<u>Interval (weighted average)</u>	<u>Relationship between input value and fair value</u>
Hybrid Instruments:					
Corporate bond redemption right	(\$ 749)	Binomial Tree Evaluation Model	Volatility	54.61%	The higher the volatility, the higher the fair value

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

		<u>September 30, 2021</u>			
		<u>Recognized in Profit or Loss</u>			
	<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	
Financial Liabilities					
Hybrid instruments	Volatility	±5%	\$ 200	(\$ 150)	
		<u>December 31, 2020</u>			
		<u>Recognized in Profit or Loss</u>			
	<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	
Financial Liabilities					
Hybrid instruments	Volatility	±5%	\$ 150	(\$ 250)	
		<u>September 30, 2020</u>			
		<u>Recognized in Profit or Loss</u>			
	<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	
Financial Liabilities					
Hybrid instruments	Volatility	±5%	\$ 401	(\$ 150)	

(4) Other Matter

The COVID-19 has been prevalent since 2020. The Group has adopted corresponding measures and continues to manage related matters, and its impact has been taken into consideration in corporate operations. During the Chinese New Year in 2020, the Group's subsidiary adjusted the start date in response to the local competent authority's anti-epidemic policy, and resumed work in February and early March. And in second quarter of 2021, the Group's subsidiary, Vietnam and Cambodia, suspended operations for 11 working days based on taking care of the health of all employees as the first priority.

The third quarter in 2021, the group's sales rose 29.0% year-on-year, or 19.27% quarter-on-quarter. Over the first nine months of 2021, cumulative revenue climbed 32.03%. In terms of US\$, cumulative revenue in the first nine months of 2021 already surpassed the total revenue of 2020. Greater Europe region sequentially ranked the highest at 49.1% of revenue. Greater America region continues to show growth over the years, reaching 39.3% of revenue over the period. At the group's operation scale keeps improving, and as long as COVID situation eases, performances the second half of 2021 are expected to outpace those in the first half of 2021. Outlook for the group's operation is also expected to improve and climb up obviously.

COVID's impacts on producers and suppliers are in fact more serious in 2021 than 2020. Fulgent Sun Group's facilities were influenced by COVID at an early stage compared with industry counterparts; however, the group also takes the lead in recovering thanks to planning and effective deployment in advance. The group's operation and managing results have been back on track of profits and growth. After assessment the suspension of operations did not have a significant impact on the finance and business of the Group.

13. Supplementary Disclosures

(1) Information on significant transactions

- A. Loans to others: refer to Appendix 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities (Not including subsidiaries, associates, and joint ventures): refer to Appendix 2.
- D. Accumulated acquisition or disposal of the same securities reaching NT\$300 million or 20% of paid-in capital or more: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to Appendix 3.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to Appendix 4.
- I. Derivatives transactions: None.
- J. Parent-subsidiary and subsidiary-subsidiary business relations and significant transactions and amounts thereof: Refer to Appendix 5.

(2) Information on reinvested business

Information on invested companies (Not including investee companies in Mainland China): Refer to Appendix 6.

(3) Information on investment in China

- A. Basic information: Refer to Appendix 7.
- B. Significant transactions with investee companies in Mainland China directly or indirectly through entities in a third Area: Refer to Note 13(1).

(4) Information of major shareholder

Information on major shareholder: Refer to Appendix 8.

14. Segment Information

(1) General information

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

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

(2) Department information

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

	For the Three Months Ended September 30, 2021			
	Production and sales of shoes	Retail business	Other businesses	Total
Revenue				
Revenue from external customers	\$ 4,148,709	\$ 1,104	\$ -	\$ 4,149,813
Inter-segment revenue	3,023,774	261,550	455	3,285,779
Total revenue	<u>\$ 7,172,483</u>	<u>\$ 262,654</u>	<u>\$ 455</u>	<u>\$ 7,435,592</u>
Segment profit (loss)	<u>\$ 391,817</u>	<u>\$ 15,556</u>	<u>(\$ 3,761)</u>	<u>\$ 403,612</u>

	For the Three Months Ended September 30, 2020			
	Production and sales of shoes	Retail business	Other businesses	Total
Revenue				
Revenue from external customers	\$ 3,204,751	\$ 12,468	\$ -	\$ 3,217,219
Inter-segment revenue	2,062,986	356,117	320	2,419,423
Total revenue	<u>\$ 5,267,737</u>	<u>\$ 368,585</u>	<u>\$ 320</u>	<u>\$ 5,636,642</u>
Segment profit (loss)	<u>\$ 290,135</u>	<u>\$ 5,694</u>	<u>(\$ 47,621)</u>	<u>\$ 248,208</u>

	For the Nine Months Ended September 30, 2021			
	Production and sales of shoes	Retail business	Other businesses	Total
Revenue				
Revenue from external customers	\$ 10,985,247	\$ 60,783	\$ -	\$ 11,046,030
Inter-segment revenue	8,178,117	999,001	1,377	9,178,495
Total revenue	<u>\$ 19,163,364</u>	<u>\$ 1,059,784</u>	<u>\$ 1,377</u>	<u>\$ 20,224,525</u>
Segment profit (loss)	<u>\$ 866,779</u>	<u>\$ 55,227</u>	<u>(\$ 15,477)</u>	<u>\$ 906,529</u>

	For the Nine Months Ended September 30, 2020			
	Production and sales of shoes	Retail business	Other businesses	Total
Revenue				
Revenue from external customers	\$ 8,344,611	\$ 21,771	\$ 32	\$ 8,366,414
Inter-segment revenue	<u>5,667,573</u>	<u>831,779</u>	<u>975</u>	<u>6,500,327</u>
Total revenue	<u>\$ 14,012,184</u>	<u>\$ 853,550</u>	<u>\$ 1,007</u>	<u>\$ 14,866,741</u>
Segment profit (loss)	<u>\$ 816,509</u>	<u>\$ 37,706</u>	<u>(\$ 55,522)</u>	<u>\$ 798,693</u>

(3) Reconciliation of segment revenue and profit or loss

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

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020
Revenue after adjustment from reportable operating segments	\$ 7,435,137	\$ 5,636,322
Revenue after adjustment from other operating segments	<u>455</u>	<u>320</u>
Total income before tax from operating segments	7,435,592	5,636,642
Elimination of intersegment revenue	( 3,285,779)	( 2,419,423)
Total consolidated operating revenue	<u>\$ 4,149,813</u>	<u>\$ 3,217,219</u>
	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Revenue after adjustment from reportable operating segments	\$ 20,223,148	\$ 14,865,734
Revenue after adjustment from other operating segments	<u>1,377</u>	<u>1,007</u>
Total income before tax from operating segments	20,224,525	14,866,741
Elimination of intersegment revenue	( 9,178,495)	( 6,500,327)
Total consolidated operating revenue	<u>\$ 11,046,030</u>	<u>\$ 8,366,414</u>

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

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020
Revenue after adjustment from reportable operating segments	\$ 407,373	\$ 295,829
Revenue after adjustment from other operating segments	( 3,761)	( 47,621)
Total income before tax from operating segments	403,612	248,208
Elimination of intersegment revenue	( 1,527)	( 31,641)
Total consolidated operating revenue	<u>\$ 402,085</u>	<u>\$ 216,567</u>

	<u>For the Nine Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2020</u>
Revenue after adjustment from reportable operating segments	\$ 922,006	\$ 854,215
Revenue after adjustment from other operating segments	( 15,477)	( 55,522)
Total income before tax from operating segments	906,529	798,693
Elimination of intersegment revenue	<u>10,591</u>	<u>28,998</u>
Total consolidated operating revenue	<u>\$ 917,120</u>	<u>\$ 827,691</u>

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

Loans to others

For the Nine Months Ended September 30, 2021

1In Thousands of New Taiwan Dollars

No. (Note 1)	Creditor	Borrower	General ledger account	Related Party	Maximum Balance for the period	Ending Balance (Note 4)	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	\$ 441,587	\$ 432,445	\$ 432,445	1.80%	Short-term financing	\$ -	Operating capital	\$ -	-	None	\$ -	715,312	\$ 894,140	Notes 4 and 5

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

(1) The Company is '0'.

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

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

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

Note 4: In Q3 2021, the exchange rates for assets and profit or loss were USD: NTD=27.85 and USD:NTD=28.0565, respectively.

Note 5: Offset in consolidated statements.

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

Holding of marketable securities (not including subsidiaries, associates and joint ventures)

September 30, 2021

Appendix 2

Unit NTD thousand  
(Unless Otherwise Specified)

Securities Held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	At ending			Fair value	Note
				Number of Shares	Book value	Ratio of Shareholding		
Fulgent Sun International (Holding) Co., Ltd.	Stock – Tainan Enterprises (CAYMAN) Co., Ltd.	None	Financial Assets at Fair Value through Profit or Loss - Non-current	181,774	\$ 6,171	0.61	\$ 6,171	-

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

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

Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More

For the Nine Months Ended September 30, 2021

Appendix 3

Unit NTD thousand  
(Unless Otherwise Specified)

Purchaser/Seller	Name of the Counterparty	Relationship with the counterparty	Transaction Details				Unusual trade conditions and its reasons (Note)		Notes and Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases (sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	Subsidiaries	Purchase	\$ 1,932,526	0.21	180 days after purchase	Note 1	Note 1	(\$ 1,567,886)	(0.80)	Notes 2 and 3
Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	Subsidiaries	Purchase	208,262	0.02	180 days after purchase	Note 1	Note 1	(139,431)	(0.07)	Notes 2 and 3
Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	Subsidiaries	Purchase	413,597	0.05	180 days after purchase	Note 1	Note 1	(349,290)	(0.18)	Notes 2 and 3
Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	Subsidiaries	Purchase	691,959	0.08	90 days after purchase	Note 1	Note 1	(400,153)	(0.20)	Notes 2 and 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiaries	Purchase	2,379,973	0.26	120 days after purchase	Note 1	Note 1	(277,997)	(0.14)	Notes 2 and 3
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Subsidiaries	Purchase	1,634,406	0.18	120 days after billing	Note 1	Note 1	(42,105)	(0.02)	Notes 2 and 3
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Subsidiaries	Purchase	533,999	0.06	120 days after billing	Note 1	Note 1	-	-	Notes 2 and 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd	Subsidiaries	Sales	(882,420)	(0.08)	135 days after Sales	Note 1	Note 1	-	-	Notes 2 and 3
Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd	Subsidiaries	Sales	(306,819)	(0.03)	90 days after Sales	Note 1	Note 1	70,770	0.02	Notes 2 and 3
Capital Concord Enterprises Limited Taiwan Branch (H.K.)	Lin Wen Chih Sunbow Enterprises Co., Ltd	Subsidiaries	Sales	(202,291)	(0.02)	135 days after Sales	Note 1	Note 1	72,479	0.03	Notes 2 and 3

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

Note 2: In Q3 2021, the exchange rates for assets and profit or loss were USD:NTD=27.85 and USD:NTD=28.0565, respectively.

Note 3: Offset in consolidated statements.

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

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

September 30, 2021

Appendix 4

Unit NTD thousand  
(Unless Otherwise Specified)

Creditor	Name of the Counterparty	Relationship with the counterparty	Accounts receivable balance from related party	Turnover Rate	Overdue Receivable		Amount collected subsequent to the reporting period(Note 1)	Allowance for bad debt	Note
					Amount	Actions Taken			
Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	\$ 1,567,886	1.76	\$ -	- \$	260,351	-	Notes 2 and 3
Sunny Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	349,290	1.68	-	-	56,247	-	Notes 2 and 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	400,153	2.24	-	-	83,038	-	Notes 2 and 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	101,958	-	-	-	497	-	Notes 2、3 and 5
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	139,431	2.34	-	-	75,182	-	Notes 2 and 3
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	432,445	-	-	-	-	-	Notes 2、3 and 4
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Capital Concord Enterprises Limited	Parent company	277,997	31.71	-	-	52,309	-	Notes 2 and 3
NGOC HUNG Footwear Co., Ltd.	Eversun Footwear Co., Ltd	Fellow subsidiary	464,368	-	-	-	127	-	Notes 2、3 and 5

Note 1: The subsequent collections represent collections from the balance sheet date to November 5, 2021.

Note 2: In Q3 2021, the exchange rates for assets and profit or loss were USD: NTD=27.85 and USD: NTD=28.0565, respectively.

Note 3: Offset in consolidated statements.

Note 4: The amount of the fund loan does not intend to calculate the turnover rate.

Note 5: The amount of the other receivables does not intend to calculate the turnover rate.

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

Parent-subsidiary and subsidiary-subsidiary business relations and significant transactions and amounts thereof

For the Nine Months Ended September 30, 2021

Unit NTD thousand  
(Unless Otherwise Specified)

Appendix 5

No. (Note 1)	Name of Trading Partner	Counterparty	Relationship (Note 2)	General Ledger Account	Transaction Status		Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount (Note 5)	Trade terms	
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Accounts payable	\$ 1,567,886	Note 4	9.54%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Accounts payable	349,290	Note 4	2.12%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Accounts payable	400,153	Note 4	2.43%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Accounts payable	277,997	Note 4	1.69%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Other payables	432,445	Note 4	2.63%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Sales	882,420	Note 4	7.99%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Purchase	1,932,526	Note 4	17.50%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Purchase	208,262	Note 4	1.89%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Purchase	413,597	Note 4	3.74%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Purchase	691,959	Note 4	6.26%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Purchase	2,379,973	Note 4	21.55%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Purchase	1,634,406	Note 4	14.80%
1	Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	1	Purchase	533,999	Note 4	4.83%
2	Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	3	Sales	306,819	Note 4	2.78%
3	Capital Concord Enterprises Limited H.K., Taiwan Branch	Lin Wen Chih Sunbow Enterprises Co., Ltd.	3	Sales	202,291	Note 4	1.83%
4	NGOC HUNG Footwear Co., Ltd.	Eversun Footwear Co., Ltd.	3	Other Receivables	464,368	Note 4	2.82%

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

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

Note 2: Relationships are categorized into the following three types. Please specify the type. (The same transaction shall not be disclosed repetitively. For example, if the transaction between the parent company and a subsidiary has been disclosed by the parent company, it need not be disclosed by the subsidiary.)

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

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

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

Note 5 In Q3 2021, the exchange rates for assets and profit or loss were USD: NTD=27.85 and USD: NTD=28.0565, respectively.

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

Note 7: Offset in consolidated statements.

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

Information on Invested Companies (not including investee companies in Mainland China)

For the Nine Months Ended September 30, 2021

Appendix 6

Investee Company	Investor Company	Place of Registration	Main Businesses	Original Investment Amount (Note 2)		Shares Held as of year ended			Investee company current profit or loss (Note 3)	Unit NTD thousand (Unless Otherwise Specified) Investment gains and losses recognized in the current period (Note 3)		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	Production and sale of sports and outdoor shoes	\$ 6,585,827	\$ 6,585,827	1,733,000,000	100	\$ 9,229,842	\$ 811,179	\$ 811,179	Subsidiaries	
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	1,518,038	1,518,038	-	100	2,575,855	290,740	290,740	Subsidiaries	
Capital Concord Enterprises Limited	Lin Wen Chih Sunstone Garment Enterprises Co., Ltd.	Cambodia	Processing and Sale of Clothing	427,675	427,675	-	91.27	186,311	( 2,631)	( 2,401)	Subsidiaries	
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	1,710,462	1,378,493	-	100	1,910,916	165,919	165,919	Subsidiaries	
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	1,317,477	1,271,442	-	100	1,210,056	( 6,853)	( 6,853)	Subsidiaries	
Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd	Vietnam	Sports Leisure Outdoor Footwear Production	287,089	-	-	100	270,514	( 6,673)	( 6,673)	Subsidiaries	
Capital Concord Enterprises Limited	Laya Outdoor Products Limited	Hong Kong	Holding company	7,017	40,449	10,618,000	100	-	( 1,707)	( 1,707)	Subsidiaries (Note 4)	
Capital Concord Enterprises Limited	Laya Max Trading Co., Ltd.	Taiwan	Distribution Agent and Import and Export Trade	12,395	12,395	-	100	14,142	( 2,046)	( 2,101)	Subsidiaries (Note 4)	
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd.	Cambodia	Land lease	184,611	184,611	-	100	174,420	674	674	Subsidiaries	

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

Note 2: The historical exchange rate was adopted.

Note 3: In Q3 2021, the exchange rates for assets and profit or loss were USD: NTD=27.85 and USD:NTD=28.0565, respectively.

Note4: Liquidated soon.

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

Subsidiaries Information on Investments in Mainland China

For the Nine Months Ended September 30, 2021

Appendix 7

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/ Amount remitted back to Taiwan for the year ended (Note 5)	Net income (loss) of the investee in the current period	Ownership held by the Company	Investment income (loss) recognize in the current period (Note 4)	Book value of investments in Mainland China for the year ended (Note 4)	Unit NTD thousand (Unless Otherwise Specified)	
					Remitted to Mainland China	Remitted back to Taiwan						Accumulated amount of investment income remitted back to Taiwan for the year ended	Note
Fujian Sunshine Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	\$ 723,826	2	\$ -	\$ -	\$ -	\$ -	(\$ 3,541)	100	\$ 11,267	\$ 2,073,910	\$ -	Note 1
Hubei Sunsmile Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	1,825,033	2	-	-	-	-	( 5,881)	100	( 5,620)	1,787,599	-	
Sunny Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	130,680	2	-	-	-	-	11,621	100	11,621	420,480	-	
Fujian Laya Outdoor Products Co., Ltd.	Distribution Agent and Import and Export Trade	40,656	2	-	-	-	-	46,763	100	43,672	285,249	-	
Fujian La Sportiva Co., Ltd.	Distribution Agent and Import and Export Trade	-	2	-	-	-	-	( 404)	-	( 243)	-	-	Note 7

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

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

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

Note 3: The historical exchange rate was adopted.

Note 4: In Q3 2021, the exchange rates for assets and profit or loss were USD: NTD=27.85 and USD:NTD=28.0565, respectively.

Note 5: The Company was established on the Cayman Islands, which is not subject to the limits on the principle limit in the "Principles for Conducting Investment or Technical Cooperation" of the Ministry of Economic Affairs. The Group has re-funded the investment in the amount of NT\$2,605,976 thousand through re-investment in Hong Kong.

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

Note 7: Liquidated in May 2021.

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

Information of major shareholders

September 30, 2021

Appendix 8

Name of Major Shareholder	Shares	
	Number of shares	Percentage of Ownership(%)
Custodial Account (LASPORTIVA INT'L CO., LTD.) Used by CTBC Bank	23,955,151	12.86
Custodial Account (MEINDL INT'L CO., LTD.) Used by CTBC Bank	21,522,465	11.55
Fubon Life Insurance Co., Ltd	14,892,964	7.99

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

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