

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Financial Statements  
and Independent Auditors' Review Report  
For the Nine Months Ended September 30, 2022 and 2021  
(Stock Code: 9802)

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## 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, 2022 and 2021, the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, 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, 2022 and 2021, and of its consolidated financial performance for the nine months ended September 30, 2022 and 2021, 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 Mei-Lan Liu.

**PricewaterhouseCoopers**

Taipei, Taiwan  
Republic of China

November 7, 2022

### **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, 2022 and 2021 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, 2022, December 31, 2021, and September 30, 2021  
 (Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2022		December 31, 2021		September 30, 2021		
		Amount	%	Amount	%	Amount	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6 (1)	\$ 1,679,747	7	\$ 1,114,952	7	\$ 1,323,670	8
1110	Current financial assets at fair value through profit or loss	6 (2)	79	-	-	-	-	-
1170	Accounts receivable, net	6 (3)	5,337,420	22	3,335,859	19	2,833,897	17
1200	Other receivables		403,242	2	212,600	1	148,608	1
130X	Inventories	6 (4)	5,152,932	22	3,897,515	22	3,384,257	21
1410	Prepayments		88,007	-	181,074	1	163,021	1
1470	Other current assets	6 (7) and 8	219,430	1	153,917	1	140,304	1
11XX	<b>Total current assets</b>		<u>12,880,857</u>	<u>54</u>	<u>8,895,917</u>	<u>51</u>	<u>7,993,757</u>	<u>49</u>
<b>Non-current assets</b>								
1510	Non-current financial assets at fair value through profit or loss	6 (2)	5,978	-	7,607	-	6,171	-
1600	Property, plant and equipment	6 (5) and 8	9,031,049	38	7,320,208	41	6,967,164	42
1755	Right-of-use assets	6 (6)	1,699,938	7	1,168,839	7	1,039,377	6
1780	Intangible assets		16,891	-	11,468	-	12,205	-
1840	Deferred tax assets	6 (23)	61,156	-	58,378	-	74,127	1
1900	Other non-current assets	6 (7) and 8	122,629	1	138,249	1	348,943	2
15XX	<b>Total non-current assets</b>		<u>10,937,641</u>	<u>46</u>	<u>8,704,749</u>	<u>49</u>	<u>8,447,987</u>	<u>51</u>
1XXX	<b>Total assets</b>		<u>\$ 23,818,498</u>	<u>100</u>	<u>\$ 17,600,666</u>	<u>100</u>	<u>\$ 16,441,744</u>	<u>100</u>

(Continued)

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 September 30, 2022, December 31, 2021, and September 30, 2021  
 (Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			Amount	%	Amount	%	Amount	%
	<b>Current liabilities</b>							
2100	Short-term borrowings	6 (8) and 8	\$ 3,675,625	15	\$ 3,122,600	18	\$ 2,764,175	17
2110	Short-term notes and bills payable		149,873	1	-	-	-	-
2130	Current contract liabilities	6 (17)	109,178	-	76,092	-	52,355	-
2170	Accounts payable		3,271,179	14	2,512,476	14	1,971,653	12
2200	Other payables	6 (9)	2,332,290	10	1,374,273	8	1,373,738	8
2230	Current tax liabilities		591,614	3	158,029	1	95,290	1
2280	Current lease liabilities		12,364	-	14,704	-	13,648	-
2320	Current portion of other long-term liabilities	6 (10)	97,337	-	489,956	3	-	-
2399	Other current liabilities, others		40,514	-	21,358	-	20,762	-
21XX	<b>Total current liabilities</b>		<u>10,279,974</u>	<u>43</u>	<u>7,769,488</u>	<u>44</u>	<u>6,291,621</u>	<u>38</u>
	<b>Non-Current liabilities:</b>							
2500	Non-current financial liabilities at fair value through profit or loss	6 (2)	-	-	700	-	1,050	-
2530	Bonds payable	6 (10)	-	-	-	-	488,402	3
2540	Long-term borrowings	6 (11)	-	-	100,000	1	100,000	1
2570	Deferred tax liabilities	6 (23)	7,531	-	1,595	-	954	-
2580	Non-current lease liabilities		943,606	4	477,801	3	478,825	3
2600	Other non-current liabilities	6 (12)	211,197	1	208,606	1	207,625	1
25XX	<b>Total non-current liabilities</b>		<u>1,162,334</u>	<u>5</u>	<u>788,702</u>	<u>5</u>	<u>1,276,856</u>	<u>8</u>
2XXX	<b>Total liabilities</b>		<u>11,442,308</u>	<u>48</u>	<u>8,558,190</u>	<u>49</u>	<u>7,568,477</u>	<u>46</u>
	<b>Equity attributable to owners of the parent company</b>							
	Share capital	6 (14)						
3110	Ordinary share		1,900,323	8	1,861,950	10	1,861,950	11
	Capital surplus	6 (15)						
3200	Capital surplus		5,613,691	24	5,256,344	30	5,256,344	32
	Retained earnings	6 (16)						
3310	Legal reserve		757,349	3	684,352	4	638,832	4
3320	Special reserve		927,442	4	975,266	5	837,187	5
3350	Unappropriated retained earnings		3,443,787	14	1,231,980	7	1,255,473	8
	Other equity							
3400	Other equity interest		( 208,819)	( 1)	( 927,442)	( 5)	( 936,757)	( 6)
3500	Treasury shares	6 (14)	( 57,583)	-	( 57,583)	-	( 57,583)	-
31XX	<b>Total equity attributable to owners of the parent company</b>		<u>12,376,190</u>	<u>52</u>	<u>9,024,867</u>	<u>51</u>	<u>8,855,446</u>	<u>54</u>
36XX	<b>Non-controlling interests</b>		<u>-</u>	<u>-</u>	<u>17,609</u>	<u>-</u>	<u>17,821</u>	<u>-</u>
3XXX	<b>Total Equity</b>		<u>12,376,190</u>	<u>52</u>	<u>9,042,476</u>	<u>51</u>	<u>8,873,267</u>	<u>54</u>
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9						
3X2X	<b>Liabilities and total equity</b>		<u>\$ 23,818,498</u>	<u>100</u>	<u>\$ 17,600,666</u>	<u>100</u>	<u>\$ 16,441,744</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, 2022 and 2021

(Expressed in thousands of New Taiwan dollars, except for Earnings Per Common Share)

Item	Note	From July 1 to September 30, 2022		From July 1 to September 30, 2021		From January 1 to September 30, 2022		From January 1 to September 30, 2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(17)	\$ 7,238,216	100	\$ 4,149,813	100	\$ 17,965,182	100	\$ 11,046,030	100
5000 Operating costs	6(4)	( 5,483,449)	( 76)	( 3,411,872)	( 82)	( 13,832,671)	( 77)	( 9,103,634)	( 82)
5950 Gross profit from operations		<u>1,754,767</u>	<u>24</u>	<u>737,941</u>	<u>18</u>	<u>4,132,511</u>	<u>23</u>	<u>1,942,396</u>	<u>18</u>
Operating expenses	6(22)								
6100 Selling expenses		( 122,432)	( 2)	( 75,921)	( 2)	( 320,212)	( 2)	( 225,616)	( 2)
6200 Administrative expenses		( 334,047)	( 4)	( 205,408)	( 5)	( 800,642)	( 4)	( 613,969)	( 6)
6300 Research and Development expenses		( 61,355)	( 1)	( 52,667)	( 1)	( 159,753)	( 1)	( 150,326)	( 1)
6000 Total operating expenses		<u>( 517,834)</u>	<u>( 7)</u>	<u>( 333,996)</u>	<u>( 8)</u>	<u>( 1,280,607)</u>	<u>( 7)</u>	<u>( 989,911)</u>	<u>( 9)</u>
6900 Operating income		<u>1,236,933</u>	<u>17</u>	<u>403,945</u>	<u>10</u>	<u>2,851,904</u>	<u>16</u>	<u>952,485</u>	<u>9</u>
Non-operating income and expenses									
7100 Interest income	6(18)	2,198	-	2,355	-	6,627	-	7,047	-
7010 Other income	6(19)	19,956	-	21,326	-	53,959	-	75,329	1
7020 Other gains and losses	6(20)	406,124	6	( 17,120)	-	702,285	4	( 96,179)	( 1)
7050 Finance costs	6(21)	( 27,196)	-	( 8,421)	-	( 53,347)	-	( 21,562)	-
7000 Total non-operating income and expenses		<u>401,082</u>	<u>6</u>	<u>( 1,860)</u>	<u>-</u>	<u>709,524</u>	<u>4</u>	<u>( 35,365)</u>	<u>-</u>
<b>Profit from continuing operations</b>									
7900 <b>before tax</b>		1,638,015	23	402,085	10	3,561,428	20	917,120	9
7950 Tax expenses	6(23)	( 342,132)	( 5)	( 60,517)	( 2)	( 767,878)	( 4)	( 120,659)	( 1)
8200 <b>Profit</b>		<u>\$ 1,295,883</u>	<u>18</u>	<u>\$ 341,568</u>	<u>8</u>	<u>\$ 2,793,550</u>	<u>16</u>	<u>\$ 796,461</u>	<u>8</u>
<b>Other comprehensive income (loss), net</b>									
<b>Items that may be subsequently reclassified to profit or loss</b>									
8361 Exchange differences on translation		\$ 346,039	5	\$ 38,502	1	\$ 718,714	4	(\$ 100,538)	( 1)
8300 <b>Other comprehensive income (loss), net</b>		<u>\$ 346,039</u>	<u>5</u>	<u>\$ 38,502</u>	<u>1</u>	<u>\$ 718,714</u>	<u>4</u>	<u>(\$ 100,538)</u>	<u>( 1)</u>
8500 <b>Total comprehensive income</b>		<u>\$ 1,641,922</u>	<u>23</u>	<u>\$ 380,070</u>	<u>9</u>	<u>\$ 3,512,264</u>	<u>20</u>	<u>\$ 695,923</u>	<u>7</u>
Profit attributed to:									
8610 Owners of the parent company		<u>\$ 1,295,883</u>	<u>18</u>	<u>\$ 341,651</u>	<u>8</u>	<u>\$ 2,793,585</u>	<u>16</u>	<u>\$ 796,852</u>	<u>8</u>
8620 Non-controlling interests		<u>\$ -</u>	<u>-</u>	<u>(\$ 83)</u>	<u>-</u>	<u>(\$ 35)</u>	<u>-</u>	<u>(\$ 391)</u>	<u>-</u>
Comprehensive income attributable to:									
8710 Owners of the parent company		<u>\$ 1,641,922</u>	<u>23</u>	<u>\$ 380,160</u>	<u>9</u>	<u>\$ 3,512,208</u>	<u>20</u>	<u>\$ 697,282</u>	<u>7</u>
8720 Non-controlling interests		<u>\$ -</u>	<u>-</u>	<u>(\$ 90)</u>	<u>-</u>	<u>\$ 56</u>	<u>-</u>	<u>(\$ 1,359)</u>	<u>-</u>
Basic Earnings per share	6(24)								
9750 Total basic earnings per share		<u>\$ 6.85</u>		<u>\$ 1.84</u>		<u>\$ 14.94</u>		<u>\$ 4.29</u>	
Diluted earnings per share									
9850 Total diluted earnings per share		<u>\$ 6.81</u>		<u>\$ 1.80</u>		<u>\$ 14.69</u>		<u>\$ 4.21</u>	

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

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

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

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

		Equity Attributable to Owners of Parent									
		Retained earnings					Exchange Differences on Translation of Foreign Financial Statements	Treasury shares	Total	Non-controlling interests	Total Equity
Notes	Ordinary share	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings						
	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 six-month period ended December 31, 2020	6(16)									
	Legal reserve appropriated	-	-	37,151	-	( 37,151)	-	-	-	-	-
	Reversal of special reserve	-	-	-	( 15,442)	15,442	-	-	-	-	-
	Cash dividends of ordinary shares	-	-	-	-	( 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
	Balance at January 1, 2022	\$ 1,861,950	\$ 5,256,344	\$ 684,352	\$975,266	\$ 1,231,980	( \$ 927,442)	(\$57,583)	\$9,024,867	\$ 17,609	\$ 9,042,476
	Profit for the period	-	-	-	-	2,793,585	-	-	2,793,585	( 35)	2,793,550
	Other comprehensive income	-	-	-	-	-	718,623	-	718,623	91	718,714
	Total comprehensive income	-	-	-	-	2,793,585	718,623	-	3,512,208	56	3,512,264
	Distribution of earnings for the six-month period ended December 31, 2021	6(16)									
	Legal reserve appropriated	-	-	72,997	-	( 72,997)	-	-	-	-	-
	Reversal of special reserve	-	-	-	( 47,824)	47,824	-	-	-	-	-
	Cash dividends of ordinary shares	-	-	-	-	( 556,605)	-	-	( 556,605)	-	( 556,605)
	Conversion of convertible bonds	6(14)(15)(25)	38,373	357,347	-	-	-	-	395,720	-	395,720
	Changes in non-controlling interests	-	-	-	-	-	-	-	-	( 17,665)	( 17,665)
	Balance at September 30, 2022	\$ 1,900,323	\$ 5,613,691	\$ 757,349	\$927,442	\$ 3,443,787	( \$ 208,819)	(\$57,583)	\$12,376,190	\$ -	\$ 12,376,190

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 Cash Flows  
For the nine months ended September 30, 2022 and 2021  
(Expressed in thousands of New Taiwan dollars)

	Note	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 3,561,428	\$ 917,120
Adjustments			
Adjustments to reconcile profit and loss			
Depreciation expense	6(5)(6)(22)	688,450	563,495
Amortization expense	6(22)	12,309	14,503
Expected credit (gain) loss	12(2)	( 598 )	16,358
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(20)	568	3,918
Interest expenses	6(21)	53,347	21,562
Interest income	6(18)	( 6,627 )	( 7,047 )
(Gain) loss on disposal of property, plant and equipment	6(20)	( 588 )	3,538
Changes in operating assets and liabilities			
Net changes in operating assets			
Accounts receivable		( 1,505,802 )	( 682,879 )
Other receivables		( 165,033 )	34,923
Inventories		( 761,898 )	( 727,404 )
Prepayments		103,998	( 36,205 )
Other current assets		( 1,418 )	( 12,218 )
Changes in operating liabilities			
Contract liability		91,884	52,510
Accounts payable		504,718	333,250
Other payables		199,339	71,894
Other current liabilities		16,286	4,784
Other non-current liabilities		( 2,362 )	( 2,308 )
Cash flows generated from operating		2,788,001	569,794
Interest received		6,916	6,468
Interest paid		( 40,403 )	( 12,726 )
Income tax paid		( 363,159 )	( 155,104 )
Net cash flows from operating activities		<u>2,391,355</u>	<u>408,432</u>

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Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the nine months ended September 30, 2022 and 2021  
(Expressed in thousands of New Taiwan dollars)

	Note	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		( \$ 52,658 )	( \$ 6,765 )
Acquisition of property, plant and equipment	6(25)	( 1,230,395 )	( 1,646,765 )
Proceeds from disposal of property, plant and equipment		10,436	2,012
Acquisition of use-of-right assets	6(6)	( 11,851 )	( 126,446 )
Increase in refundable deposits		( 18,112 )	( 6,163 )
Acquisition of intangible assets		( 6,577 )	( 1,117 )
Decrease (increase) in other non-current assets		22,284	( 27,126 )
Net cash flows used in investing activities		( 1,286,873 )	( 1,812,370 )
<u>Cash flows from financing activities</u>			
Increase in short-term loans	6(26)	86,733	1,481,383
Increase in short-term notes and bills payable	6(26)	138,456	-
Proceeds from long-term debt		-	100,741
Repayments of long-term debt		( 105,966 )	-
Payments of lease liabilities	6(6) (26)	( 16,642 )	( 42,669 )
Cash dividends paid	6(16)(26)	( 228,208 )	( 389,623 )
Changes in non-controlling interests		( 17,665 )	( 22,563 )
Net cash flows from financing activities		( 143,292 )	1,127,269
Effects of exchange rate changes		( 396,395 )	32,511
Increase (decrease) in cash and cash equivalents		564,795	( 244,158 )
Cash and cash equivalents at beginning of period		1,114,952	1,567,828
Cash and cash equivalents at end of period		\$ 1,679,747	\$ 1,323,670

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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  
Notes to the Consolidated Financial Statements  
September 30, 2022 and 2021  
(Expressed in thousands of New Taiwan dollars, Unless otherwise specified)

1. Company History

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

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

The consolidated financial statements were reported to the Board of Directors on November 7, 2022.

3. Application of the New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by 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
Amendments 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.

(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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective Date Set by the IASB
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

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

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

The Group recognize a deferred tax asset and liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities as of January 1, 2022. The potential impacts of these amendments are an increase in deferred tax assets by \$99,500 and \$192,121 and deferred tax liabilities by \$67,477 and \$161,723, and an increase in retained earnings by \$32,023 and \$30,398 as of January 1, 2022 and September 30, 2022, respectively. And a (decrease) and an increase in income tax expense by (\$3,259) and \$1,625, and earnings per share by \$0.02 and (\$0.01) (in dollars) for the three months ended September 30, 2022, and the nine months ended September 30, 2022, respectively.

(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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	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 2021 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) Compliance Statement

- 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 2021 consolidated financial statements.

(2) Basis of preparation

- A. Except for the following important items, this consolidated financial report is prepared based on historical cost:  
Financial assets and financial liabilities at fair value through profit or loss.
- 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 2021 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			Notes
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	Capital Concord Enterprises Limited (Capital Concord Enterprises Limited H.K.)	Holding company; Sports Leisure Outdoor	100	100	100	
Capital Concord Enterprises Limited H.K.	Fujian Laya Outdoor Products Co., Ltd. (Fujian Laya)	Import/export trading	100	100	100	
Capital Concord Enterprises Limited H.K.	Laya Max Trading Co., Ltd. (Taiwan Laya)	Distribution Agent and Import and Export Trade	-	-	100	Note1
Capital Concord Enterprises Limited H.K.	Hong Kong Laya Outdoor Products (Hong Kong Laya)	Holding company	-	100	100	Note2
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 and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Lin Wen Chih Sunbow Enterprises Co., Ltd. (Sunbow)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Lin Wen Chih Sunstone Enterprises Co., Ltd. (Sunstone)	Sports Leisure Outdoor Footwear Production and Sales	100	91.27	91.27	Note3
Capital Concord Enterprises Limited H.K.	NGOC HUNG Footwear Co., Ltd. (NGOC HUNG)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Eversun Footwear Co., Ltd. (Eversun)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	Note4
Capital Concord Enterprises Limited H.K.	PT. SUN BRIGHT LESTARI	Start-up stage not yet in operation	100	100	-	Note5
Capital Concord Enterprises Limited H.K.	Laya Chemical Engineering Co., Ltd. (Laya Chemical)	Start-up stage not yet in operation	100	-	-	Note6
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd. (Sunlit)	Land lease	100	100	100	Note7

Note 1: The liquidation process was completed in December 2021.

Note 2: The liquidation process was completed in April 2022.

Note 3: The Group purchased 8.73% equity of Sunstone from unrelated parties in January 2022.

Note 4: The Group obtained the control of Eversun in August 2021, and has included it in the consolidated financial statements since the date of obtaining the control.

Note 5: The Group had established PT. SUN BRIGHT LESTARI in Indonesia in 2021, and has included it in the consolidated financial statements since then.

Note 6: The Group had established Laya Chemical in Taiwan in 2022, and has included it in the consolidated financial statements since then.

Note 7: A total of 51% of the equity is registered in the name of a related party who is a Cambodian in response to the local law and regulations. The Group has already taken relevant preservation measures.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustment for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

#### (4) Income Tax

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

There are no significant changes in this period, please refer to Note 5 of 2021 consolidated financial statements.

#### 6. Explanation of Significant Accounts

##### (1) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand and revolving funds	\$ 5,267	\$ 10,062	\$ 32,072
Checking deposits & demand deposits	1,398,190	784,622	973,600
Time deposits	276,290	320,268	317,998
Total	<u>\$ 1,679,747</u>	<u>\$ 1,114,952</u>	<u>\$ 1,323,670</u>

A. The financial institutions of the Group have good credit quality, and the Group has dealings with several financial institutions to distract credit risk; therefore, the default is almost unlikely.

B. The Group classifies time deposits with an original maturity of more than 3 months and not meeting short-term cash commitments as financial assets at amortized cost and presents them under "other current assets".

C. For restricted bank deposits of the Group, refer to Note 6(7).

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

Item	September 30, 2022	December 31, 2021	September 30, 2021
Current items:			
Financial assets designated at fair value through profit or loss			
- Convertible corporate bond redemption and sale rights	\$ 79	\$ -	\$ -
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
- Listed company stock	\$ 5,978	\$ 7,607	\$ 6,171
Item	September 30, 2022	December 31, 2021	September 30, 2021
Non-current items:			
Financial liabilities designated at fair value through profit or loss			
- Convertible corporate bond redemption and sale rights	\$ -	(\$ 700)	(\$ 1,050)

- A. The convertible corporate bonds the Group held the right to redeem and sell for the three months ended September 30, 2022 and 2021, with recognized gains and (losses) were \$22 and (\$1,000), respectively. For the nine months ended September 30, 2022 and 2021, with recognized gains and (losses) were \$1,061 and (\$800), respectively.
- B. The shares of listed OTC companies the Group held for the three months ended September 30, 2022 and 2021, with recognized gains and (losses) were \$187 and (\$37), respectively. For the nine months ended September 30, 2022 and 2021, with recognized losses were (\$1,629) and (\$3,118), respectively.
- C. The Group has not pledged any financial assets at fair value through profit or loss.

(3) Accounts receivable, net

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable	\$ 5,367,913	\$ 3,363,009	\$ 2,853,616
Less: Allowance for impairment	( 30,493)	( 27,150)	( 19,719)
	\$ 5,337,420	\$ 3,335,859	\$ 2,833,897

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

	September 30, 2022	December 31, 2021	September 30, 2021
Current	\$ 4,988,484	\$ 3,079,004	\$ 2,710,635
Overdue 0 to 90 days	332,842	261,485	120,959
Overdue 91 to 180 days	24,390	5,577	4,304
Overdue 181 to 365 days	3,429	896	16,912
Over 365 days past due	18,768	16,047	806
Total	\$ 5,367,913	\$ 3,363,009	\$ 2,853,616

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

- B. The balance of accounts receivable as of September 30, 2022, December 31, 2021 and September 30, 2021 were generated by the customer contract. The balance of accounts receivable from the customer contract as of January 1, 2021 was \$2,270,550.

C. The amount of the maximum credit risk of the Group's accounts receivables as of September 30, 2022, December 31, 2021 and September 30, 2021 regardless of the collateral or other credit enhancements held, was 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, 2022			
	Cost	Allowance for inventory market decline and obsolescence	Carrying amounts
Merchandise inventory	\$ 5,390	(\$ 9)	\$ 5,381
Raw material	1,449,763	( 28,640)	1,421,123
Work in process	1,785,526	( 61,923)	1,723,603
Finished goods	1,331,652	( 21,826)	1,309,826
Inventory in-transit	692,999	-	692,999
Total	<u>\$ 5,265,330</u>	<u>(\$ 112,398)</u>	<u>\$ 5,152,932</u>

  

December 31, 2021			
	Cost	Allowance for inventory market decline and obsolescence	Carrying amounts
Merchandise inventory	\$ 1,521	\$ -	\$ 1,521
Raw material	904,972	( 37,119)	867,853
Work in process	1,181,198	( 19,550)	1,161,648
Finished goods	1,129,632	( 21,266)	1,108,366
Inventory in-transit	758,127	-	758,127
Total	<u>\$ 3,975,450</u>	<u>(\$ 77,935)</u>	<u>\$ 3,897,515</u>

  

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>

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

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021
Cost of inventories sold	\$ 5,479,288	\$ 3,439,384
Inventory valuation losses (gain from price recovery)	1,810	( 25,634)
Inventory scrap loss	82	-
Stock loss (gain)	9,778	( 932)
Recognized as expenses	( 1,867)	( 691)
Effect of exchange rate changes	( 5,642)	( 255)
	<u>\$ 5,483,449</u>	<u>\$ 3,411,872</u>

	For the Nine Months Ended September 30, 2022		For the Nine Months Ended September 30, 2021
Cost of inventories sold	\$ 13,795,698	\$	9,105,827
Inventory valuation losses (gain from price recovery)	34,463	(	3,334)
Inventory scrap loss	1,834		4,461
Stock loss (gain)	16,462	(	3,649)
Recognized as expenses	( 4,059)	(	1,451)
Effect of exchange rate changes	( 11,727)		1,780
	<u>\$ 13,832,671</u>	\$	<u>9,103,634</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.



(5) Property, plant and equipment

For the Nine Months Ended September 30, 2022

Cost	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Land	\$ 282,330	\$ 24,618	\$ -	\$ -	\$ 43,544	\$ 350,492
Buildings	4,469,900	91,739	-	356,212	413,166	5,331,017
Machinery equipment	3,995,352	613,636	( 39,413)	279,970	374,367	5,223,912
Transportation equipment	85,753	9,945	( 5,564)	721	7,618	98,473
Office equipment	46,373	9,357	( 1,039)	-	4,051	58,742
Others	1,692,739	310,805	( 37,271)	8,561	189,028	2,163,862
Construction in progress and to-be-inspected equipment	975,269	512,369	-	( 650,459)	89,329	926,508
	<u>\$ 11,547,716</u>	<u>\$ 1,572,469</u>	<u>(\$ 83,287)</u>	<u>(\$ 4,995)</u>	<u>\$ 1,121,103</u>	<u>\$ 14,153,006</u>
Accumulated depreciation	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Buildings	(\$ 1,317,524)	(\$ 161,026)	\$ -	\$ -	(\$ 80,610)	(\$ 1,559,160)
Machinery equipment	( 1,677,192)	( 234,245)	38,342	-	( 116,415)	( 1,989,510)
Transportation equipment	( 54,734)	( 6,112)	5,500	-	( 4,313)	( 59,659)
Office equipment	( 36,828)	( 4,098)	1,018	-	( 2,816)	( 42,724)
Others	( 1,141,230)	( 229,646)	28,579	-	( 128,607)	( 1,470,904)
	<u>(\$ 4,227,508)</u>	<u>(\$ 635,127)</u>	<u>\$ 73,439</u>	<u>\$ -</u>	<u>(\$ 332,761)</u>	<u>(\$ 5,121,957)</u>
	<u>\$ 7,320,208</u>					<u>\$ 9,031,049</u>

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>

- A. For the three months and nine months ended September 30, 2022 and 2021 the Group no interest capitalized.
- B. For property, plant, and equipment provided by the Group as collateral as September 30, 2022, December 31, 2021 and September 30, 2021, refer to Note 8.

(6) Lease arrangements - Lessee

- A. The Group's leased assets include land, buildings, and official vehicles. The lease contract usually lasts from 3 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 carrying amount of the right-of-use assets and the depreciation charges recognized were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 897,014	\$ 837,416	\$ 700,651
Buildings	802,924	331,279	338,552
Transportation Equipment (official vehicles)	-	144	174
	<u>\$ 1,699,938</u>	<u>\$ 1,168,839</u>	<u>\$ 1,039,377</u>

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 6,853	\$ 6,032
Buildings	11,956	5,647
Transportation Equipment (official vehicles)	-	29
	<u>\$ 18,809</u>	<u>\$ 11,708</u>

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 20,164	\$ 17,641
Buildings	33,130	16,746
Transportation Equipment (official vehicles)	29	58
	<u>\$ 53,323</u>	<u>\$ 34,445</u>

- C. The Group's right-of-use assets for the three months ended September 30, 2022 and 2021 increased to \$8,126 and \$132,358, respectively. For the nine months ended September 30, 2022 and 2021 increased to \$464,878 and \$133,568, respectively.
- D. The profit and loss item related to the lease contract is as follows:

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021
Items affecting profit and loss:		
Interest expense on lease liability	\$ 2,274	\$ 1,177
Cost relates to short-term lease contract	656	3,830

	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Items affecting profit and loss:		
Interest expense on lease liability	\$ 6,208	\$ 3,608
Cost relates to short-term lease contract	3,997	7,864

E. The Group's total cash outflow for leases were \$20,639 and \$50,533 for the nine months ended September 30, 2022 and 2021, respectively.

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

<u>Item</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current:			
Financial assets at amortized cost - Restricted bank deposits	\$ 5,242	\$ 1,725	\$ 382
Financial assets at amortized cost - Time deposits	156,037	87,092	86,362
Others	58,151	65,100	53,560
Total	<u>\$ 219,430</u>	<u>\$ 153,917</u>	<u>\$ 140,304</u>
<u>Item</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Non-current:			
Prepaid land and equipment	\$ 83,189	\$ 72,811	\$ 305,238
Refundable deposits	28,855	8,965	9,003
Others	10,585	56,473	34,702
Total	<u>\$ 122,629</u>	<u>\$ 138,249</u>	<u>\$ 348,943</u>

Note: For other current assets and other non-current assets provided by the Group as collateral as of September 30, 2022, December 31, 2021 and September 30, 2021, refer to Note 8.

(8) Short-term borrowings

<u>Loan Type</u>	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	\$ 3,675,625	1.078%~3.900%	Note
<u>Loan Type</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	\$ 3,122,600	0.530%~0.741%	Note
<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

Note: For property, plant, and equipment provided by the Group as collateral as September 30, 2022, December 31, 2021 and September 30, 2021, refer to Note 8.

(9) Other payables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accrued salaries	\$ 829,969	\$ 654,264	\$ 555,398
Payables on equipment	660,933	313,476	328,531
Dividends	556,605	228,208	315,410
Others	284,783	178,325	174,399
Total	<u>\$ 2,332,290</u>	<u>\$ 1,374,273</u>	<u>\$ 1,373,738</u>

(10) Bonds payable

	September 30, 2022	December 31, 2021	September 30, 2021
Domestic fifth unsecured convertible corporate bonds	\$ 98,400	\$ 500,000	\$ 500,000
Less: Discount on corporate bonds payable	( 1,063)	( 10,044)	( 11,598)
Subtotal	97,337	489,956	488,402
Less: Current bonds payable (Current portion of long-term liabilities)	( 97,337)	( 489,956)	-
Total	\$ -	\$ -	\$ 488,402

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

- (A) The conditions for issuing the fifth unsecured convertible corporate bonds of the Company were as follows:
- a. With the approval of the competent authority, the Company raised and issued the 5th unsecured convertible corporate bonds in Taiwan, totaling NT\$500,000, with a par value of NT\$100,000 and a coupon interest rate of 0%. The convertible corporate bond was issued for 3 years and circulated from August 17, 2020 to August 17, 2023. When the convertible corporate bond matures, it will be repaid in cash at the face value of the bond. The convertible corporate bond was listed at Gre Tai Securities Market Exchange on August 17, 2020.
  - b. The convertible corporate bondholder may at any time request the Company for conversion to its common stock from the next 3 months after the issuance of the bond to the expiration date, except for the period of suspension of the transfer according to the regulations or decrees. The rights and obligations of the convertible corporate bondholder are the same as those of the original common stock.
  - c. The conversion price of the convertible corporate bond is set at NT\$112 per share at the time of issue, and the conversion price of the convertible corporate bond is determined according to the prescribed model stipulated in the conversion method, and the conversion price will be in case of the Company's anti-dilution clause. It will be adjusted according to the model set out in the conversion method.
  - d. Within 40 days before the convertible corporate bond is issued 2 full years, the bondholder may require the Company to redeem the convertible corporate bond in cash at 101.0025% of the face value of the bond.
  - e. When the convertible corporate bond is issued 3 months from the next day to the first 40 days after the expiration of the issuance period, the 30 consecutive business days of the closing price of the common stock of the Company will exceed 30% of the conversion price at that time; the Company will notify the creditors within 30 business days thereafter and withdraw the outstanding bonds in cash on the basis of the day of recovery based on the bond value. When the convertible corporate bond is issued 3 months, When the balance of the convertible corporate bond is less than 10% of the total issued in the first 40 days before the expiration of the issuance period, the Company will have to withdraw all its bonds in cash at any time thereafter based on the denomination of the bonds.
  - f. As per the conversion method, all of the Company's recovered (including purchased from the Securities Merchants Business Offices), repaid or converted convertible corporate bond will be revoked, no longer be sold or issued, and the attached conversion rights will be revoked accordingly.

(B) As of September 30, 2022, the convertible corporate bond of NT\$401,600 was converted to 3,837 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. At present, the conversion price for the convertible corporate bond is NT\$103 per share.

(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, 2022 was NT\$9,486. The other is the right to buy back and sell back. According to the International Financial Reporting Standard No. 9, because of the economic characteristics of the goods that are in debt with the principal contract, the relationship between economic characteristics and risk is not closely related, so it is separated and list as the net account of “financial assets or financial liabilities at fair value through profit or loss.” The effective interest rate of the principal contract obligation after separation is 1.261%.

(11) Long-term borrowings

The Group had no long-term borrowings as of September 30, 2022.

Loan Type	Loan period and repayment method	Interest rate range	Collateral	December 31, 2021
Credit loan	Monthly interest payment from June 7, 2021 to June 7, 2023; principal can be repaid at any time	0.7413%	None	<u>\$ 100,000</u>

Loan Type	Loan period and repayment method	Interest rate range	Collateral	September 30, 2021
Credit loan	Monthly interest payment from June 7, 2021 to June 7, 2023; principal can be repaid at any time	0.7376%	None	<u>\$ 100,000</u>

(12) Other non-current liabilities

Item	September 30, 2022	December 31, 2021	September 30, 2021
Non-Current:			
Deferred government grant income	\$ 117,657	\$ 117,240	\$ 117,024
Other non-current liabilities, others	93,540	91,366	90,601
Total	<u>\$ 211,197</u>	<u>\$ 208,606</u>	<u>\$ 207,625</u>

(13) Pension

A. Since July 1, 2005, the Group’s subsidiary Capital Concord Enterprises Limited H.K., Taiwan Branch and Laya Chemical Engineering Co., Ltd. have set up a defined retirement scheme according to the “Labor Pension Act,” which is applicable to employees of this nationality. The Group has paid the labor pension to 6% of the monthly salary of the labor pension system applicable to the employee's choice of the “Labor Pension Act,” the personal accounts of the Bureau of Labor Insurance, and the payment of employees' pensions are collected on the basis of the pensions of employees' personal pensions and the amount of accumulated income or by a pension. For the three months and nine months ended September 30, 2022 and 2021, the pensions recognized by the Group in accordance with the above regulations were NT\$1,963, NT\$1,763, NT\$5,657 and NT\$5,137 respectively.

- B. In accordance with the regulations of the People's Republic of China, the Group's second-tier subsidiaries in China set aside the pension monthly at 16%~19% of the total local staff's salaries (Sunny and Sunshine: 16%~18%; Sunsmile: 16%~19%; Fujian Laya: 16%). Each employee's pension is managed and arranged by the government, and the Group is solely obliged to set aside the pension. For the three months and nine months ended September 30, 2022 and 2021, the pensions recognized by the Group's second-tier subsidiaries in China in accordance with the above regulations were NT\$29,738, NT\$22,982, NT\$82,705 and NT\$65,003 respectively.
- C. The Group's subsidiaries, Fulgent Sun, NGOC HUNG and Eversun are subject to the relevant local regulations. According to the local government regulations, the pension fund for employees' retirement pension is payable monthly at a certain percentage of the total wage and paid to the relevant competent authorities. The Group has no further obligation except monthly payment. For the three months and nine months ended September 30, 2022 and 2021, the pensions recognized by the Group in accordance with the above regulations were NT\$56,399, NT\$37,911, NT\$144,730 and NT\$105,322 respectively.

(14) Share capital

- A. On September 30, 2022, the Company's rated capital was \$3,000,000, divided into 300 million shares, the paid-in-capital was \$1,900,323, 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 were as follows:

	2022	Unit: Thousand Shares 2021
January 1	185,535	185,535
Conversion of convertible corporate bonds	3,837	-
September 30	189,372	185,535

B. Treasury stock

- (A) Reason for buyback and number of treasury stocks bought back:

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

		December 31, 2021	
		Number of Shares	
Shareholder	Reason for Buyback	(in Thousands)	Carrying Amount
The Company	Transfer to employees	660	\$ 57,583

		September 30, 2021	
		Number of Shares	
Shareholder	Reason for Buyback	(in Thousands)	Carrying Amount
The Company	Transfer to employees	660	\$ 57,583

- (B) According to the Securities and Exchange Act, the number of shares bought back under shall not exceed 10% of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back shall not exceed the amount of retained earnings plus premium on capital stock plus realized capital surplus.
- (C) According to the Securities and Exchange Act, treasury stocks held by the Company shall not be pledged; before the transfer, the shareholder's rights shall not be enjoyed.

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

(15) Capital surplus

- A. According to the Company Act, the excess of the income from the issuance of shares in excess of the coupon amount and the capital surplus of the received gift shall, in addition to being used to make up for the loss, be issued to new shares or cash in proportion to the original shares of the shareholders when the Company has no accumulated losses. In accordance with the relevant provisions of the Securities and Exchange Act, the above capital surplus is limited to 10% of the total amount of paid-in-capital. The Company shall not use the capital surplus to make good its capital loss unless the surplus reserve is insufficient to make good such loss.
- B. The changes in capital surplus are as follows:

	2022			
	<u>Issue Premium</u>	<u>Stock Options</u>	<u>Others</u>	<u>Total</u>
January 1	\$ 5,207,597	\$ 48,201	\$ 546	\$ 5,256,344
Convertible corporate bonds converted to common stocks	396,062	( 38,715)	-	357,347
September 30	<u>\$ 5,603,659</u>	<u>\$ 9,486</u>	<u>\$ 546</u>	<u>\$ 5,613,691</u>
	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>

(16) 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 0.1%~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 2020 which have been resolved in the shareholders' meeting on August 27, 2021 respectively, were as follows:

	<u>For the second half year of 2020</u>	<u>For the first half year of 2020</u>
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

- F. The appropriations of earnings for 2021 which have been resolved in the shareholders' meeting on May 27, 2022 respectively, were as follows:

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

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 2021, because the conversion of convertible corporate bonds, changing in shareholders' dividends rate to NT\$2.94 per share, which authorized the Chairman to act at his/her own discretion by the Board of Directors on February 25, 2022.

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.

(17) Operating revenue

	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>
Revenue from Contracts with Customers	<u>\$ 7,238,216</u>	<u>\$ 4,149,813</u>
	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Revenue from Contracts with Customers	<u>\$ 17,965,182</u>	<u>\$ 11,046,030</u>

A. Breakdown of customer contract income

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

B. Contract liabilities

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	<u>January 1, 2021</u>
Contract liabilities				
- Advance sales receipts	<u>\$ 109,178</u>	<u>\$ 76,092</u>	<u>\$ 52,355</u>	<u>\$ 52,618</u>

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

	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>
Revenue recognized that was included in the contract liability balance at the beginning of the period - Advance sales receipts	<u>\$ 7,296</u>	<u>\$ 193</u>

	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Revenue recognized that was included in the contract liability balance at the beginning of the period - Advance sales receipts	<u>\$ 71,637</u>	<u>\$ 51,616</u>

(18) Interest revenue

	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>
Interest on bank deposits	<u>\$ 2,198</u>	<u>\$ 2,355</u>
	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Interest on bank deposits	<u>\$ 6,627</u>	<u>\$ 7,047</u>

(19) Other revenue

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021
Government grant	\$ 2,968	\$ 6,015
Other revenue - others	16,988	15,311
	<u>\$ 19,956</u>	<u>\$ 21,326</u>
	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Government grant	\$ 12,102	\$ 40,224
Other revenue - others	41,857	35,105
	<u>\$ 53,959</u>	<u>\$ 75,329</u>

(20) Other gains and losses

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021
(Losses) gains on disposals of property, plant and equipment	(\$ 176)	\$ 365
Foreign exchange gains (losses)	409,986	( 6,903)
Gains (losses) on financial assets and liabilities measured at fair value through profit and loss	209	( 1,037)
Other losses	( 3,895)	( 9,545)
	<u>\$ 406,124</u>	<u>(\$ 17,120)</u>
	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Gains (losses) on disposals of property, plant and equipment	\$ 588	(\$ 3,538)
Foreign exchange gains (losses)	712,989	( 67,709)
Losses on financial assets and liabilities measured at fair value through profit and loss	( 568)	( 3,918)
Other losses	( 10,724)	( 21,014)
	<u>\$ 702,285</u>	<u>(\$ 96,179)</u>

(21) Finance costs

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021
Bank borrowings	\$ 24,479	\$ 5,695
Convertible bonds	443	1,549
Lease liabilities	2,274	1,177
	<u>\$ 27,196</u>	<u>\$ 8,421</u>
	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Bank borrowings	\$ 43,757	\$ 13,372
Convertible bonds	3,382	4,582
Lease liabilities	6,208	3,608
	<u>\$ 53,347</u>	<u>\$ 21,562</u>

(22) Expenses expressed by Nature

	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>
Employee benefits		
Salary	\$ 1,881,802	\$ 1,190,995
Labor and health insurance	51,048	38,362
Pension	88,100	62,656
Others	28,633	21,825
	<u>2,049,583</u>	<u>1,313,838</u>
Depreciation	245,316	193,113
Amortization	4,293	5,333
	<u>\$ 2,299,192</u>	<u>\$ 1,512,284</u>
	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Employee benefits		
Salary	\$ 4,799,892	\$ 3,383,681
Labor and health insurance	137,615	111,408
Pension	233,092	175,462
Others	79,632	64,705
	<u>5,250,231</u>	<u>3,735,256</u>
Depreciation	688,450	563,495
Amortization	12,309	14,503
	<u>\$ 5,950,990</u>	<u>\$ 4,313,254</u>

- A. According to the Articles of Incorporation, the Company may allocate a surplus not exceeding 3% of the remaining surplus as the directors' remuneration and 0.1%~3% of the remaining profits as employees' bonuses for the employees of the Company and subsidiaries.
- B. The employee bonus estimates of the Company for the three months and nine months ended September 30, 2022 and 2021 were both \$7,500 and \$12,500, and the director remuneration estimates were both \$2,500 and \$7,500. The above amounts were accounted for as operating expenses. The above employees' bonuses and directors' remuneration are assessed on the basis of the ratio set out in the Articles of Incorporation, taking into account such factors as net income as of the current period after consideration of the legal surplus reserve.

The employees' bonuses and directors' remuneration for the year ended December 31, 2021 approved by the Board of Directors are consistent with those recognized in the financial statements for the year ended December 31, 2021.

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

(23) Income tax

A. Income tax expense

Components of income tax expense:

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021
Current tax:		
Current tax on profits for the period	\$ 331,747	\$ 42,828
Underestimated income tax in prior periods	2,910	2,115
Total current tax	<u>334,657</u>	<u>44,943</u>
Deferred tax:		
Generation and reversal of temporary differences	7,475	15,574
Total deferred tax	<u>7,475</u>	<u>15,574</u>
Income tax expense	<u>\$ 342,132</u>	<u>\$ 60,517</u>

  

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Current tax:		
Current tax on profits for the period	\$ 757,986	\$ 125,850
Underestimated (Overestimated) income tax in prior periods	6,734	(970)
Total current tax	<u>764,720</u>	<u>124,880</u>
Deferred tax:		
Generation and reversal of temporary differences	3,158	(4,221)
Total deferred tax	<u>3,158</u>	<u>(4,221)</u>
Income tax expense	<u>\$ 767,878</u>	<u>\$ 120,659</u>

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

(24) Earnings per share

	For the Three Months Ended September 30, 2022		
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,295,883	189,071	\$ 6.85
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,295,883	189,071	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	443	1,256	
Employee bonus	-	81	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	<u>\$ 1,296,326</u>	<u>190,408</u>	<u>\$ 6.81</u>

<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 ordinary shareholders of the parent	\$ 341,651	185,535	\$ 1.84
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	341,651	185,535	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	1,549	4,638	
Employee bonus	-	155	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	<u>\$ 343,200</u>	<u>190,328</u>	<u>\$ 1.80</u>
<u>For the Nine Months Ended September 30, 2022</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 ordinary shareholders of the parent	\$ 2,793,585	186,982	\$ 14.94
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,793,585	186,982	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	3,382	3,345	
Employee bonus	-	122	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	<u>\$ 2,796,967</u>	<u>190,449</u>	<u>\$ 14.69</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 ordinary shareholders of the parent	\$ 796,852	185,535	\$ 4.29
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	796,852	185,535	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	4,582	4,638	
Employee bonus	-	188	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	<u>\$ 801,434</u>	<u>190,361</u>	<u>\$ 4.21</u>

(25) Supplementary information on cash flows

## A. Investing activities with partial cash payments:

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Additions to property, plant and equipment	\$ 1,567,474	\$ 1,661,039
Less: Prepayments for land and equipment, beginning of period	( 72,811)	( 328,604)
Add: Prepayments for land and equipment, end of period	83,189	305,238
Add: Payables on equipment beginning of period	313,476	337,623
Less: Payables on equipment, end of period	( 660,933)	( 328,531)
Cash paid during the period	<u>\$ 1,230,395</u>	<u>\$ 1,646,765</u>

## B. Financing activities that do not affect cash flow:

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Share capital converted from convertible bonds	\$ 38,373	\$ -
Declared cash dividends not yet paid	<u>\$ 556,605</u>	<u>\$ 315,410</u>

(26) Changes in liabilities from financing activities

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

Note : The portion due within one year is included.

	Long and short term borrowings	Lease liabilities	Convertible corporate bonds	Dividends payable	Total liabilities from financing activities
January 1, 2021	\$ 1,322,960	\$ 527,719	\$ 483,820	\$ 389,623	\$ 2,724,122
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>\$ 483,820</u>	<u>\$ 315,410</u>	<u>\$ 4,155,878</u>

## 7. Related-Party Transactions

### Key management compensation

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021
Short-term employee benefits	\$ 29,562	\$ 16,392
	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Short-term employee benefits	\$ 69,316	\$ 59,373

## 8. Pledged Assets

Assets	Carrying amounts			Collateral
	September 30, 2022	December 31, 2021	September 30, 2021	
Land	\$ 113,509	\$ 98,958	\$ 99,566	Short-term borrowings
Buildings	163,498	145,619	147,546	Short-term borrowings
Financial assets at amortized cost (recognized in other current assets and other non-current assets)	6,661	5,352	2,558	Performance bond and performance guarantee of the power supply agreement
Refundable deposits (recognized in other non-current assets)	28,855	8,965	9,003	Land lease deposits and others
	<u>\$ 312,523</u>	<u>\$ 258,894</u>	<u>\$ 258,673</u>	

## 9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

### Commitments

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

	Total contract price		
	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment	\$ 632,652	\$ 1,254,836	\$ 1,324,440
	Outstanding amount		
	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment	\$ 227,110	\$ 337,532	\$ 450,553

## 10. Significant Disaster Losses

None.

## 11. Significant Events after the End of 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 2021.



(2) Financial instruments

A. Categories of financial instruments

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
<u>Financial Assets</u>			
Financial assets at fair value through profit and loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 5,978	\$ 7,607	\$ 6,171
Financial assets designated at fair value through profit or loss	79	-	-
	<u>\$ 6,057</u>	<u>\$ 7,607</u>	<u>\$ 6,171</u>
Financial assets at amortized cost/ loans and receivables			
Cash and cash equivalents	\$ 1,679,747	\$ 1,114,952	\$ 1,323,670
Accounts receivable	5,337,420	3,335,859	2,833,897
Other receivables	403,242	212,600	148,608
Financial assets at amortized cost -current	161,279	88,817	86,744
Refundable deposits	28,855	8,965	9,003
Financial assets at amortized cost - non-current	1,419	3,627	2,609
	<u>\$ 7,611,962</u>	<u>\$ 4,764,820</u>	<u>\$ 4,404,531</u>
<u>Financial Liabilities</u>			
Financial liabilities at fair value through profit and loss			
Financial liabilities designated at fair value through profit or loss	\$ -	\$ 700	\$ 1,050
Financial liabilities at amortized cost			
Short-term borrowings	\$ 3,675,625	\$ 3,122,600	\$ 2,764,175
Short-term notes and bills payable	149,873	-	-
Accounts payable	3,271,179	2,512,476	1,971,653
Other payables	2,332,290	1,374,273	1,373,738
Long-term borrowings	-	100,000	100,000
Corporate bonds payable (current and non-current)	97,337	489,956	488,402
	<u>\$ 9,526,304</u>	<u>\$ 7,599,305</u>	<u>\$ 6,697,968</u>
Lease liabilities (current and non-current)	<u>\$ 955,970</u>	<u>\$ 492,505</u>	<u>\$ 492,473</u>

B. Risk Management Policy

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

- (B) The Group's important financial activities are reviewed by the Board of Directors and the Audit Committee according to relevant regulations and the internal control system. During the implementation of the financial plan, the Group must comply with the relevant financial operations procedures in relation to the overall financial risk management and segregation of duties.

C. 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 VND. The relevant exchange rate risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.
- b. To avoid the decrease in foreign currency assets and future fluctuations in cash flows caused by exchange rate movements, the Group uses derivative financial instruments to hedge the exchange rate risk. This kind of derivative financial instrument can be used to assist the Group in reducing but not entirely eliminating the impact of foreign currency exchange rate movements.
- c. The Group's business involves the use of various non-functional currencies (the Company and some subsidiaries' functional currency is NTD, whereas some subsidiaries' functional currencies are RMB, USD 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 the exchange rates fluctuation and market risk were as follows:

September 30, 2022

(Foreign currency: Functional currency)	Foreign currency (in thousands)	Exchange rate	Carrying amount	Sensitivity Analysis		
				Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income
<u>Financial Assets</u>						
<u>Monetary items</u>						
USD: RMB	\$ 133,906	7.1217	\$ 4,251,524	1%	\$ 42,515	\$ -
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
NTD: USD	\$ 1,671,286	0.0315	\$ 1,671,286	1%	\$ 16,713	\$ -

December 31, 2021

(Foreign currency: Functional currency)	Foreign currency (in thousands)	Exchange rate	Carrying amount	Sensitivity Analysis		
				Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income
<u>Financial Assets</u>						
<u>Monetary items</u>						
USD: RMB	\$ 123,621	6.3565	\$ 3,421,818	1%	\$ 34,218	\$ -
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
NTD: USD	\$ 1,569,581	0.0361	\$ 1,569,581	1%	\$ 15,696	\$ -

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	\$ 111,302	6.4496	\$ 3,099,750	1%	\$ 30,998	\$ -
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
NTD: USD	\$ 1,355,644	0.0359	\$ 1,355,644	1%	\$ 13,556	\$ -

- 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, 2022 and 2021 were NT\$409,986 and (NT\$6,903), respectively. For the nine months ended September 30, 2022 and 2021 were NT\$712,989 and (NT\$67,709), 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, 2022 and 2021 from gains or losses on equity instruments mandatorily measured at fair value through profit or loss would have increased or decreased NT\$299 and NT\$309, respectively.

Cash flow and fair value interest rate risk

- a. The Group's interest rate risk arises primarily from the short-term borrowings, short-term notes and bills payable, and long-term borrowings issued at floating rates, which exposes the Group to the cash flow interest rate risk. For the nine months ended September 30, 2022 and 2021, the Group's loans issued at floating rates were mainly denominated in NTD and USD.
- b. The Group's loans are measured at amortized cost and re-priced based on the contractual interest rates, which expose the Group to the risk of changes in future market interest rates.
- c. If the loan interest rate increased or decreased 0.1%, with all other variables held constant, net income for the nine months ended September 30, 2022 and 2021 would have decreased or increased NT\$2,295 and NT\$1,719, respectively, due to the changes in interest expenses caused by the loans issued at floating rates.

(B) Credit risk

- a. The Group's credit risk is primarily attributable to the Group's financial loss from customers' or financial instruments' counterparties' failure to fulfill contractual obligations. The main reason is that the counterparties are unable to settle the accounts receivable per payment terms.
- b. The Group has established a management and credit risk analysis for each new customer, before making the payment and delivery of the Company's individual business within the stipulated payment and delivery of delivery policies according to the internal defined credit policy. The internal risk control is evaluated by considering its financial situation, past experience and other factors to assess the credit quality of customers. The limits of individual risks are formulated by the Board of Directors based on internal or external ratings, and the utilization of credit line is regularly monitored. The main credit risks come from cash and cash equivalents, derivative financial instruments, deposits at banks and financial institutions, as well as credit risks from customers, including uncollected accounts receivable. For banks and financial institutions, only institutions with good credit ratings will be accepted as trading partners.
- c. The Group adopts the IFRS 9 to provide the following assumptions whether the credit risk of financial instruments has increased significantly since their initial recognition: When the contract payments are overdue for more than 30 days according to the agreed payment terms, the credit risk is increased significantly since the financial assets are initially recognized.
- d. When the investment target for the independent credit rating has been lower for two grades, the Group will determine that the credit risk of the investment target is increased significantly.

- e. Based on the internally specified accounting policies of the Group, it is deemed as a breach of contract when the contractual payments are overdue for more than 365 days in accordance with stipulated payment terms.
- f. The Group has classified customers' accounts receivable on the characteristics of customers' ratings and adopts a simplified approach to estimate expected credit losses based on the reserve matrix.
- g. After recourse procedures, the Group writes off the recoverable financial assets that cannot be reasonably expected; nonetheless, the Group will keep legal recourse to secure its creditor's rights the Group had no creditors' rights that had been written off but still could be recourse as of September 30, 2022, December 31, 2021 and September 30, 2021.
- h. The Group adjusts the loss rate established on the history of certain periods and current information for prospective considerations to estimate the loss allowance for accounts receivable. The reserve matrixes as of September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

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

December 31, 2021	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	\$ 3,079,004	\$ -
Overdue 0 to 90 days	3.46%	261,485	9,042
Overdue 91 to 180 days	26.36%	5,577	1,470
Overdue 181 to 365 days	65.96%	896	591
Over 365 days past due	100.00%	16,047	16,047
Total		<u>\$ 3,363,009</u>	<u>\$ 27,150</u>

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>

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

	2022	2021
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$ 27,150	\$ 4,820
Allowance for Impairment loss	-	16,358
Reversal for Impairment loss	( 598 )	-
Write-offs due to uncollectible	-	( 1,261 )
Effect of exchange rate changes	3,941	( 198 )
September 30	<u>\$ 30,493</u>	<u>\$ 19,719</u>

(C) Liquidity risk

- a. The cash flow forecast is performed by each operating entity of the Group and compiled by the Group's treasury. The Group's treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- b. The Group's treasury invests surplus cash in interest-bearing demand deposits and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasts.
- c. As of September 30, 2022, December 31, 2021 and September 30, 2021 the Group had unused borrowing facilities of \$3,657,125, \$2,626,520 and \$2,464,650, 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, 2022	Less than 6 Months	7 to 12 Months	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowings	\$ 3,524,286	\$ 161,557	\$ -	\$ -	-
Short-term notes and bills payable	150,126	-	-	-	-
Accounts payable	3,271,179	-	-	-	-
Other payables	2,316,237	16,053	-	-	-
Corporate bonds payable	-	98,400	-	-	-
Lease liabilities	9,046	13,575	42,936	168,071	801,019

Non-derivative financial liabilities:

December 31, 2021	Less than 6 Months	7 to 12 Months	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowings	\$ 2,890,122	\$ 236,332	\$ -	\$ -	-
Accounts payable	2,512,476	-	-	-	-
Other payables	1,359,934	14,339	-	-	-
Long-term borrowings	-	-	101,062	-	-
Corporate bonds payable	-	500,000	-	-	-
Lease liabilities	9,718	9,651	17,289	70,704	421,261

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 borrowings	\$ 2,395,425	\$ 371,802	\$ -	\$ -	-
Accounts payable	1,971,653	-	-	-	-
Other payables	1,362,159	11,579	-	-	-
Long-term borrowings	-	-	101,243	-	-
Corporate bonds payable	-	-	500,000	-	-
Lease liabilities	8,542	9,799	17,890	67,132	431,113

(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, accounts receivable, other receivables, short-term borrowings, short-term notes and bills payable, accounts payable, and other payables are a reasonable approximation of their fair values (except those stated in the following table). The interest rate of long-term borrowings (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:

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

	<u>December 31, 2021</u>	
	<u>Carrying amount</u>	<u>Fair Value</u>
		<u>Level 3</u>
Corporate bonds payable	\$ 489,956	\$ 490,627

	<u>September 30, 2021</u>	
	<u>Carrying amount</u>	<u>Fair Value</u>
		<u>Level 3</u>
Corporate bonds payable	\$ 488,402	\$ 490,406

(B) The methods and assumptions used to estimate fair value were as follows:  
 Convertible bonds payable: The coupon rate of convertible corporate bonds issued by the Group is similar to the market rate, so the fair value is measured at the discounted value of expected cash flows, which is equivalent to the carrying amount.



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

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

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Listed company stock	<u>\$ 7,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,607</u>
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit and loss				
- Redemption right of convertible corporate bond	<u>\$ -</u>	<u>\$ -</u>	<u>( \$ 700)</u>	<u>( \$ 700)</u>

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

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

- (A) For the Level 1 instruments which the Group uses market quoted prices as their fair values and which are listed stocks by characteristics, their closing prices are used as market quoted prices.

- (B) The cash flow expected to be received by the corporate bonds payable according to the underlying assets are measured by the discounted present value of the market interest rate at the balance sheet date.
- E. There was no transfer between Level 1 and Level 2 for the nine months ended September 30, 2022 and 2021.
- F. The following table shows the changes in Level 3 for the nine months ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
January 1	(\$ 700)	(\$ 250)
Gains or losses recognized in profit or loss (Note)	1,061	( 800)
Current conversion	( 282)	-
September 30	<u>\$ 79</u>	<u>(\$ 1,050)</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, 2022</u>	<u>Evaluation techniques</u>	<u>Significant Unobservable Inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship between input value and fair value</u>
Hybrid instruments:					
Redemption right of corporate bonds	\$ 79	Binomial tree evaluation model	Volatility	35.85%	The higher the volatility, the higher the fair value
	<u>Fair value as of December 31, 2021</u>	<u>Evaluation techniques</u>	<u>Significant Unobservable Inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship between input value and fair value</u>
Hybrid instruments:					
Redemption right of corporate bonds	(\$ 700)	Binomial tree evaluation model	Volatility	39.17%	The higher the volatility, the higher the fair value

	Fair value as of September 30, 2020	Evaluation techniques	Significant Unobservable Inputs	Interval (weighted average)	Relationship between input value and fair value
Hybrid instruments:					
Redemption right of corporate bonds (\$	1,050)	Binomial tree evaluation model	Volatility	39.05%	The higher the volatility, the higher the fair value

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

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

				December 31, 2021	
				Recognized in Profit or Loss	
	Input value	Change	Favorable change	Unfavorable change	
Financial Liabilities					
Hybrid instruments	Volatility	±5%	\$ 100	(\$ 300)	

				September 30, 2021	
				Recognized in Profit or Loss	
	Input value	Change	Favorable change	Unfavorable change	
Financial Liabilities					
Hybrid instruments	Volatility	±5%	\$ 200	(\$ 150)	

### 13. Supplementary Disclosures

#### (1) Information on significant transactions

- A. Loans to Others: Refer to Appendix 1.
- B. Provision of Endorsements and Guarantees to Others: Refer to Appendix 2.
- C. Holding of Marketable Securities (Not Including Subsidiaries, Associates, and Joint Ventures): Refer to Appendix 3.
- 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 4.
- H. Receivables from Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More: Refer to Appendix 5.
- I. Derivatives transactions: Refer to Note 6(2).
- J. Parent-subsidiary and Subsidiary-subsidiary Business Relations and Significant Transactions and Amounts Thereof: Refer to Appendix 6.

(2) Information on reinvested business

Information on Invested Companies (Not Including Investee Companies in Mainland China): Refer to Appendix 7.

(3) Information on investment in China

A. Information: Refer to Appendix 8.

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 on Major Shareholders

Information on Major Shareholders: Refer to Appendix 9.

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 organization, the basis of department segmentation and principles for measuring segment information for the period were not significantly changed.

(2) Segment information

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

	For the Three Months Ended September 30, 2022			
	Production and sales of shoes	Retail business	Other businesses	Total
Revenue				
Revenue from external customers	\$ 7,238,216	\$ -	\$ -	\$ 7,238,216
Inter-segment revenue	4,793,713	437,361	499	5,231,573
Total revenue	<u>\$ 12,031,929</u>	<u>\$ 437,361</u>	<u>\$ 499</u>	<u>\$ 12,469,789</u>
Segment profit (loss)	<u>\$ 1,528,687</u>	<u>\$ 78,184</u>	<u>\$ 25,796</u>	<u>\$ 1,632,667</u>
Segment total assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Segment total liabilities (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	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>
Segment total assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Segment total liabilities (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	For the Nine Months Ended September 30, 2022			
	Production and sales of shoes	Retail business	Other businesses	Total
Revenue				
Revenue from external customers	\$ 17,965,182	\$ -	\$ -	\$ 17,965,182
Inter-segment revenue	11,945,522	1,318,694	1,440	13,265,656
Total revenue	\$ 29,910,704	\$ 1,318,694	\$ 1,440	\$ 31,230,838
Segment profit (loss)	\$ 3,350,609	\$ 176,616	\$ 24,929	\$ 3,552,154
Segment total assets (Note)	\$ -	\$ -	\$ -	\$ -
Segment total liabilities (Note)	\$ -	\$ -	\$ -	\$ -

	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	\$ 19,163,364	\$ 1,059,784	\$ 1,377	\$ 20,224,525
Segment profit (loss)	\$ 866,779	\$ 55,227	(\$ 15,477)	\$ 906,529
Segment total assets (Note)	\$ -	\$ -	\$ -	\$ -
Segment total liabilities (Note)	\$ -	\$ -	\$ -	\$ -

Note: Since the Group has not provided the measured amount of assets and liabilities to the chief operating decision maker, the segment information of total assets and liabilities is not disclosed.

(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, 2022	For the Three Months Ended September 30, 2021
Revenue after adjustment from reportable operating segments	\$ 12,469,290	\$ 7,435,137
Revenue after adjustment from other operating segments	499	455
Total revenue from operating segments	12,469,789	7,435,592
Elimination of inter-segment revenue	( 5,231,573)	( 3,285,779)
Total consolidated operating revenue	\$ 7,238,216	\$ 4,149,813

	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Revenue after adjustment from reportable operating segments	\$ 31,229,398	\$ 20,223,148
Revenue after adjustment from other operating segments	<u>1,440</u>	<u>1,377</u>
Total revenue from operating segments	31,230,838	20,224,525
Elimination of inter-segment revenue	<u>(13,265,656)</u>	<u>(9,178,495)</u>
Total consolidated operating revenue	<u>\$ 17,965,182</u>	<u>\$ 11,046,030</u>

- B. A reconciliation of reportable segments income or loss to income before tax from continuing are adjusted below:

	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>
Income before tax after adjustment from reportable operating segments	\$ 1,229,076	\$ 403,167
Non-operating income and expenses	<u>403,591</u>	<u>445</u>
Total income before tax from operating segments	1,632,667	403,612
Elimination of inter-segment revenue	<u>5,348</u>	<u>(1,527)</u>
Income before tax from continuing operations	<u>\$ 1,638,015</u>	<u>\$ 402,085</u>

	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Reportable operating segments income	\$ 2,835,328	\$ 934,825
Non-operating income and expenses	<u>716,826</u>	<u>(28,296)</u>
Total income after tax from operating segments	3,552,154	906,529
Elimination of inter-segment revenue	<u>9,274</u>	<u>10,591</u>
Income before tax from continuing operations	<u>\$ 3,561,428</u>	<u>\$ 917,120</u>

(Blank Below)

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

Loans to others

For the Nine Months Ended September 30, 2022

Appendix 1

Unit: NT\$ Thousand																		
No. (Note 1)	Creditor	Borrower	General ledger account	Related Party	Maximum Balance for the period	Ending Balance	Amount Actually Drawn	Interest rate	Nature of loan	Transaction Amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing Limits for each borrowing company (Note 2)	Financing company's total financing Amount Limits (Note 3)	Notes	
													Item	Value				
1	Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Other receivables	Y	\$ 467,451	\$ 467,451	\$ 467,451	1.5%-1.8%	Short-term financing	\$ -	Operating capital	\$ -	-	None	\$ -	\$ 872,320	\$ 1,090,401	Notes 4 & 5
2	NGOC Hung Footwear Co., Ltd..	Eversun Footwear Co., Ltd.	Other receivables	Y	449,956	419,318	419,318	3.2%	Short-term financing	-	Build factory for sister company	-	-	None	-	611,791	764,739	Notes 4 & 5

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

(1) The Company is '0'.

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

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

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

Note 4: In Q3 2022, the exchange rates for assets and profit or loss were USD: NTD=31.7500 and USD: NTD =29.3313, respectively.

Note 5: Offset in consolidated statements.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Provision of Endorsements and Guarantees to Others  
For the Nine Months Ended September 30, 2022

Unit: NT\$ Thousand  
(Unless Otherwise Specified)

Appendix 2

No. (Note 1)	Endorser/ Guarantor	Party Being Endorsed/Guaranteed		Limit on Endorsements/ Guarantees Provided for a Single Party (Note 3)	Maximum Outstanding Endorsement/ Guarantee Amount for the Period	Outstanding Endorsement/ Guarantee Amount	Amount Actually Drawn	Amount of Endorsements /Guarantees Secured with Collateral	Ratio of Accumulated Endorsement/ Guarantee Amount to Net Asset Value of the Endorser/ Guarantor Company (%)	Ceiling on Total Amount of Endorsements/ Guarantees Provided (Note 4)	Provision of Endorsements/ Guarantees by Parent Company to Subsidiary	Provision of Endorsements/ Guarantees by Parent Subsidiary to Parent Company	Provision of Endorsements/ Guarantees to the Party in Mainland China	Notes
		Company Name	Relation (Note 2)											
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Subsidiary	\$ 7,737,118	\$ 158,750	\$ 158,750	\$ -	\$ -	1.28%	\$ 10,316,157	Y	N	N	Note 5 & 6

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 6: In Q3 2022, the exchange rates for assets and profit or loss were USD:NTD=31.7500 and USD:NTD = 29.3313, respectively.



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

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

September 30, 2022

Appendix 3

Unit: NT\$ Thousand  
(Unless Otherwise Specified)

Securities Held by	Marketable Securities (Note 1)	Relationship with the Securities Issuer	General Ledger Account	End of Period			Fair Value	Notes
				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	196,315	\$ 5,978	0.61	\$ 5,978	-

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, 2022

Appendix 4

Unit: NT\$ 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)		
			Purchase/Sale	Amount	Percentage of Total Purchases (Sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Notes
Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	Subsidiaries	Purchase	\$ 2,680,653	19%	180 days after purchase	Note 1	Note 1	( \$ 2,215,438)	-68%	Notes 2 & 3
Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	Subsidiaries	Purchase	860,419	6%	180 days after purchase	Note 1	Note 1	( 479,435)	-15%	Notes 2 & 3
Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	Subsidiaries	Purchase	407,690	3%	180 days after purchase	Note 1	Note 1	( 252,304)	-8%	Notes 2 & 3
Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	Subsidiaries	Purchase	879,663	6%	90 days after purchase	Note 1	Note 1	( 490,855)	-15%	Notes 2 & 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiaries	Purchase	3,055,893	22%	120 days after purchase	Note 1	Note 1	( 334,222)	-10%	Notes 2 & 3
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Subsidiaries	Purchase	2,513,009	18%	120 days after invoices issued	Note 1	Note 1	( 521,408)	-16%	Notes 2 & 3
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Subsidiaries	Purchase	771,776	6%	120 days after invoices issued	Note 1	Note 1	( 185,628)	-6%	Notes 2 & 3
Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	Subsidiaries	Purchase	236,692	2%	120 days after invoices issued	Note 1	Note 1	-	-	Notes 2 & 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiaries	Sale	( 1,460,458)	-8%	135 days after shipment	Note 1	Note 1	113,481	2%	Notes 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Sister company	Sale	( 438,456)	-2%	90 days after shipment	Note 1	Note 1	197,275	4%	Notes 2 & 3
Capital Concord Enterprises Limited H.K. (Taiwan Branch)	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiaries	Sale	( 310,848)	-2%	135 days after shipment	Note 1	Note 1	128,176	2%	Notes 2 & 3

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

Note 2: In Q3 2022, the exchange rates for assets and profit or loss were USD:NTD=31.7500 and USD:NTD=29.3313, 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 or More

September 30, 2022

Appendix 5

Unit: NT\$ 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 Deb	Note
					Amount	Actions Taken			
Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	\$ 2,215,438	1.93	\$ 19,506	Collection after reporting period	\$ 290,756	\$ -	Notes 2 & 3
Sunny Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	252,304	1.89	-	-	58,014	-	Notes 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	490,855	2.32	221,817	Collection after reporting period	145,035	-	Notes 2 & 3
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	479,435	3.49	-	-	80,575	-	Notes 2 & 3
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	467,451	-	-	-	-	-	Notes 2 & 3 & 4
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Capital Concord Enterprises Limited	Parent company	334,222	15.13	-	-	334,222	-	Notes 2 & 3
NGOC HUNG Footwear Co., Ltd.	Eversun Footwear Co., Ltd.	Sister company	419,318	-	-	-	-	-	Notes 2 & 3 & 4
Fulgent Sun Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	521,408	11.89	-	-	332,614	-	Notes 2 & 3
NGOC HUNG Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	185,628	12.00	-	-	99,945	-	Notes 2 & 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiaries	113,481	2.86	-	-	113,481	-	Notes 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Sister company	197,275	3.65	-	-	60,491	-	Notes 2 & 3
Capital Concord Enterprises Limited (Taiwan Branch)	H.K.Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiaries	128,176	3.68	-	-	16,621	-	Notes 2 & 3
Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	Subsidiaries	589,759	-	-	-	589,759	-	Notes 2 & 3 & 5

Note 1: The subsequent collections represent collections from the balance sheet date to November 7, 2022.

Note 2: In Q3 2022, the exchange rates for assets and profit or loss were USD: NTD=31.7500 and USD: NTD=29.3313, respectively.

Note 3: Offset in consolidated statements.

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

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

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

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

For the Nine Months Ended September 30, 2022

Appendix 6

Unit: NT\$ Thousand  
(Unless Otherwise Specified)

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	
0	Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	1	Other Receivables	\$ 589,759	Note 4	2.48%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Accounts payable	2,215,438	Note 4	9.30%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Accounts payable	479,435	Note 4	2.01%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Accounts payable	252,304	Note 4	1.06%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Accounts payable	490,855	Note 4	2.06%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Accounts payable	334,222	Note 4	1.40%
1	Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	1	Accounts payable	185,628	Note 4	0.78%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Accounts payable	521,408	Note 4	2.19%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd..	1	Other payables	467,451	Note 4	1.96%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Sales	1,460,458	Note 4	8.13%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Purchase	2,680,653	Note 4	14.92%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Purchase	860,419	Note 4	4.79%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Purchase	407,690	Note 4	2.27%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Purchase	879,663	Note 4	4.90%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Purchase	3,055,893	Note 4	17.01%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Purchase	2,513,009	Note 4	13.99%
1	Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	1	Purchase	771,776	Note 4	4.30%
1	Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	1	Purchase	236,692	Note 4	1.32%
2	Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	3	Accounts Receivables	197,275	Note 4	0.83%
2	Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	3	Sales	438,456	Note 4	2.44%
3	Capital Concord Enterprises Limited H.K. (Taiwan Branch)	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Sales	310,848	Note 4	1.73%
4	NGOC HUNG Footwear Co., Ltd.	Eversun Footwear Co., Ltd	3	Other Receivables	419,318	Note 4	1.76%

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 2022, the exchange rates for assets and profit or loss were USD: NTD=31.7500 and USD: NTD=29.3313, 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 Investee Companies (Not Including Investee Companies in Mainland China)

For the Nine Months Ended September 30, 2022

Appendix 7

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: NT\$ 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	Holding company and Sports Leisure Outdoor Footwear Production and Sales Sports Leisure	\$ 6,585,827	\$ 6,585,827	1,733,000,000	100	\$ 12,895,196	\$ 2,766,105	\$ 2,766,105	Subsidiaries
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Cambodia	Outdoor Footwear Production and Sales Sports Leisure	1,518,038	1,518,038	-	100	3,155,755	105,591	105,591	Subsidiaries
Capital Concord Enterprises Limited	Lin Wen Chih Sunstone Enterprises Co., Ltd.	Cambodia	Outdoor Footwear Production and Sales Sports Leisure	445,848	427,675	-	100	226,437	( 4,544)	( 4,509)	Subsidiaries (Note 4)
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Vietnam	Outdoor Footwear Production Sports Leisure	1,950,359	1,761,845	-	100	2,654,604	241,468	241,468	Subsidiaries
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Vietnam	Outdoor Footwear Production Sports Leisure	1,381,264	1,342,187	-	100	1,529,477	36,055	36,055	Subsidiaries
Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd	Vietnam	Outdoor Footwear Production	522,867	302,388	-	100	520,112	( 21,912)	( 21,912)	Subsidiaries
Capital Concord Enterprises Limited	Laya Outdoor Products Limited	Hong Kong	Holding company	-	7,017	-	100	-	241	241	Subsidiaries (Note 5)
Capital Concord Enterprises Limited	PT. SUN BRIGHT LESTARI	Indonesia	Start-up stage not yet in operation.	402,936	23,726	-	100	402,770	( 186)	( 186)	Subsidiaries
Capital Concord Enterprises Limited	Laya Chemical Engineering Co., Ltd..	Taiwan	Start-up stage not yet in operation.	25,500	-	-	100	25,339	( 161)	( 161)	Subsidiaries
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd.	Cambodia	Land lease	210,447	184,611	-	100	226,648	791	791	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 2022, the exchange rates for assets and profit or loss were USD: NTD=31.7500 and USD:NTD=29.3313, respectively.

Note 4: The Group purchased 8.73% equity of Lin Wen Chih Sunstone Garment Enterprises Co., Ltd. from unrelated parties in January 2022.

Note 5: The liquidation process was completed in April 2022.

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

Subsidiaries Information on Investments in Mainland China

For the Nine Months Ended September 30, 2022

Unit: NT\$ Thousand  
(Unless Otherwise Specified)

Appendix 8

Investee Company in China	Main Businesses	Paid-in Capital (Note 3)	Investment Method (Note 2)	Accumulated Amount Remitted from Taiwan to Mainland China, as of beginning of period (Note 5)	Amount of investment remitted or recovered in current period (Note 5)		Amount Remitted from Taiwan to Mainland China, as of End of Period (Note 5)	Net income (loss) of the investee in the current period	Ownership held by the Company	Investment income (loss) Recognize in the Current period (Notes 4 & 6)	Book value of Investments in Mainland China, as of End of Period (Note 4)	Accumulated Amount of Investment Income Remitted Back to Taiwan , as of End of Period	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Fujian Sunshine Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	\$ 723,826	2	\$ -	\$ -	\$ -	\$ -	\$ 430,055	100	\$ 440,331	\$ 2,578,421	\$ -	Note 1
Hubei Sunsmile Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	1,825,033	2	-	-	-	-	304,135	100	304,874	2,180,455	-	-
Sunny Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	130,680	2	-	-	-	-	49,385	100	49,385	424,708	-	-
Fujian Laya Outdoor Products Co., Ltd.	Import/export trading	40,656	2	-	-	-	-	125,712	100	123,895	261,620	-	-

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 2022, the exchange rates for assets and profit or loss were USD: NTD=31.7500 and USD:NTD=29.3313, respectively.

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

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

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

Information of Major Shareholders

September 30, 2022

Appendix 9

Name of Major Shareholder	Shares	
	Number of shares	Percentage of Ownership(%)
Custodial Account (LASPORTIVA INT'L CO., LTD.) Used by CTBC Bank	24,060,151	12.66
Custodial Account (MEINDL INT'L CO., LTD.) Used by CTBC Bank	21,682,465	11.40
Fubon Life Insurance Co., Ltd.	10,978,000	5.77

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.