Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent Auditors' Report
For the Six Months Ended June 30, 2023 and 2022
(Stock Code: 9802)

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pwc 資誠 Independent Auditors' Report

To the Board of Fulgent Sun International (Holding) Co., Ltd.:

Opinion

We have audited the accompanying consolidated balance sheets of Fulgent Sun International (Holding) Co., Ltd. and its subsidiaries (collectively, the "Group") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022 and its consolidated financial performance for the three months and six months then ended and consolidated cash flows for the six 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" that came into effect as endorsed by the Financial Supervisory Commission of the Republic of China.

Basis of Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter paragraph

As stated in the consolidated financial statements (Note 3(1)), as a result of the amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction' effective from January 1, 2023, the Group retroactively applied the aforementioned amendments to the standard and adjusted the affected items in the previous financial statements. We did not revise the audit opinion because of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on those matters.

Key audit matters for the Group's consolidated financial statements for the six months ended June 30, 2023, are stated as follows:

Sales Revenue Recognition

Description

Sales Revenue Recognition Description Please refer to the consolidated financial statements (Note 4 (4)) for the accounting policy on sales revenue. The Group is engaged in the production and sale of sports and leisure outdoor shoes. For the six months ended June 30, 2023, the sales revenue for exporting business accounted for 94% of the total consolidated sales revenue. In terms of the trading conditions of sales revenue, control over the goods is transferred when the exported goods are delivered to the forwarders designated by the customers. The sales revenue recognition date for the export business will impact the financial statements significantly and involves manual control;

therefore, we considered that the accuracy and timing of income recognition is one of the key audit matters.

Corresponding Audit Procedures

Our audit procedures for the specific aspects described in the key audit matter above are summarized as follows:

1. We understood and evaluated the operating procedures and internal controls for the sale of goods, so as to evaluate the effectiveness of management's control over the recognition of sales revenue.
2. We examined the income recognition of the export business and checked the supporting documents and invoices to ensure the correctness of the sales.
3. We examined the significant export sales returns and checked the sales return documents (credit memos) to confirm the accuracy of income recognition of the export business.

Allowance for Inventory Valuation Losses

Description

Please refer to the consolidated financial statements for the accounting policy on inventory evaluation (Note 4(4)), the uncertainty of accounting estimates and assumptions on inventory evaluation (Note 5(2)), and the description of the allowance for inventory valuation losses (Note 6(4)).

The Group measures inventories that are aged over a certain period of time and individually identified as having impairment at the lower of cost or net realizable value. The net realizable value used in the evaluation of such inventories often involves subjective judgment. Considering that the Group's allowance for inventory valuation losses has a significant impact on the financial statements, we considered the allowance for inventory valuation losses as one of the key audit matters.

Corresponding Audit Procedures

Our audit procedures for the specific aspects described in the key audit matter above are summarized as follows:

1. We understood and evaluated the reasonableness of the Group's subsequent inventory evaluation and provision of obsolescence losses.
2. We reviewed the Group's inventory plans and observed the inventory checks to assess the effectiveness of management's differentiation and control over obsolete inventory.
3. We obtained the inventory aging report and checked it against the relevant supporting documents of the inventory change date, and verified whether the aging range of the inventory was correctly classified.
4. We obtained the net realizable value report of various inventories to verify whether the calculation logic was used consistently; we also tested the reference data of the estimated net realizable value of the inventory, including checking the supporting documents such as sales prices and purchase prices, and recalculated and evaluated the reasonableness of the allowance for inventory valuation losses.

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

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" that came into effect as endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management deems necessary to enable the preparation of the consolidated financial statements to be free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going pwc 資誠

concern, and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2023, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hua-Ling, Liang

Mei-Lan, Liu

For and on behalf of PricewaterhouseCoopers, Taiwan
August 18 , 2023

Notes to Readers

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

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

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

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

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, June 30, 2022, and January 1, 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	Note	June 30, 2023		(adjusted) December 31, 2022		(adjusted) June 30, 2022		(adjusted) January 1,2022	
			Amount	%	Amount	%	Amount	%	Amount	%
	Current assets									
1100	Cash and cash equivalents	6 (1)	$ 1,886,476	9	$ 2,195,379	10	$ 1,644,224	7	$ 1,114,952	6
1110	Current financial assets at fair value through profit or loss	6 (2)	-	-	27	-	101	-	-	-
1170	Accounts receivable, net	6 (3)	3,629,011	18	4,229,321	18	4,681,617	21	3,335,859	19
1200	Other receivables		463,119	2	433,399	2	318,561	2	212,600	1
130X	Inventories	6 (4)	3,151,689	16	4,985,071	22	5,229,409	23	3,897,515	22
1410	Prepayments		92,476	1	83,047	-	244,246	1	181,074	1
1470	Other current assets	6 (7) and 8	273,907	1	211,448	1	55,894	-	153,917	1
11XX	**Total current assets**		9,496,678	47	12,137,692	53	12,174,052	54	8,895,917	50
	Non-current assets									
1510	Non-current financial assets at fair value through profit or loss	6 (2)	17,374	-	5,938	-	5,791	-	7,607	-
1600	Property, plant and equipment	6 (5) and 8	8,555,995	42	8,748,836	38	8,267,870	37	7,320,208	41
1755	Right-of-use assets	6 (6)	1,919,052	10	1,800,651	8	1,654,757	7	1,168,839	7
1780	Intangible assets		14,321	-	16,132	-	12,897	-	11,468	-
1840	Deferred tax assets	6 (23)	251,502	1	245,894	1	247,996	1	157,878	1
1900	Other non-current assets	6 (7) and 8	49,655	-	111,898	-	156,897	1	138,249	1
15XX	**Total non-current assets**		10,807,899	53	10,929,349	47	10,346,208	46	8,804,249	50
1XXX	**Total assets**		$ 20,304,577	100	$ 23,067,041	100	$ 22,520,260	100	$ 17,700,166	100

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

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

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, June 30, 2022, and January 1, 2022

(Expressed in Thousands of New Taiwan Dollars)

			June 30, 2023		(adjusted) December 31, 2022		(adjusted) June 30, 2022		(adjusted) January 1,2022	
	Liabilities and Equity	Note	Amount	%	Amount	%	Amount	%	Amount	%
	Current liabilities									
2100	Short-term borrowings	6 (8) and 8	$ 2,023,940	10	$ 3,476,180	15	$ 3,988,820	18	$ 3,122,600	18
2110	Short-term notes and bills payable		99,978	1	-	-	149,837	1	-	-
2130	Current contract liabilities	6 (17)	80,103	-	76,777	-	84,167	-	76,092	-
2170	Accounts payable		1,403,687	7	2,942,863	13	3,566,564	16	2,512,476	14
2200	Other payables	6 (9)	2,070,921	10	1,906,178	8	2,099,588	9	1,374,273	8
2230	Current tax liabilities		371,302	2	602,312	3	360,655	2	158,029	1
2280	Current lease liabilities		31,811	-	19,614	-	8,586	-	14,704	-
2320	Current portion of other long-term liabilities	6 (10)(11)	18,475	-	26,992	-	265,953	1	489,956	3
2399	Other current liabilities, others		51,383	-	43,752	-	24,410	-	21,358	-
21XX	**Total current liabilities**		6,151,600	30	9,094,668	39	10,548,580	47	7,769,488	44
	Non-Current liabilities:									
2500	Non-current financial liabilities at fair value through profit or loss		-	-	-	-	-	-	700	-
2540	Long-term borrowings	6 (11)	-	-	-	-	-	-	100,000	1
2560	Non-current tax liabilities		294,597	1	-	-	-	-	-	-
2570	Deferred tax liabilities	6 (23)	163,457	1	159,180	1	159,757	1	69,072	-
2580	Non-current lease liabilities		942,936	5	944,426	4	908,705	4	477,801	3
2600	Other non-current liabilities	6 (12)	200,902	1	209,974	1	210,826	1	208,606	1
25XX	**Total non-current liabilities**		1,601,892	8	1,313,580	6	1,279,288	6	856,179	5
2XXX	**Total liabilities**		7,753,492	38	10,408,248	45	11,827,868	53	8,625,667	49
	Equity attributable to owners of the parent company									
	Share capital	6 (14)								
3110	Ordinary share		$ 1,908,087	9	$ 1,907,235	8	$ 1,893,631	8	$ 1,861,950	11
	Capital surplus	6 (15)								
3200	Capital surplus		5,685,184	28	5,677,352	25	5,551,368	25	5,256,344	29
	Retained earnings	6 (16)								
3310	Legal reserve		1,096,907	5	907,119	4	757,349	3	684,352	4
3320	Special reserve		403,301	2	554,857	2	927,442	4	975,266	5
3350	Unappropriated retained earnings		3,990,002	20	4,073,113	18	2,175,043	10	1,264,003	7
	Other equity									
3400	Other equity interest		(474,813)	(2)	(403,300)	(2)	(554,858)	(3)	(927,442)	(5)
3500	Treasury shares	6 (14)	(57,583)	-	(57,583)	-	(57,583)	-	(57,583)	-
31XX	**Total equity attributable to owners of the parent company**		12,551,085	62	12,658,793	55	10,692,392	47	9,056,890	51
36XX	**Non-controlling interests**		-	-	-	-	-	-	17,609	-
3XXX	**Total Equity**		12,551,085	62	12,658,793	55	10,692,392	47	9,074,499	51
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9								
3X2X	**Liabilities and total equity**		$ 20,304,577	100	$ 23,067,041	100	$ 22,520,260	100	$ 17,700,166	100

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

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

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

Consolidated Statements of Comprehensive Income

For the six Months ended June 30, 2023 and 2022

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

Code	Item	Note	For the Three Months Ended June 30, 2023 Amount	%	(adjusted) For the Three Months Ended June 30, 2022 Amount	%	For the Six Months Ended June 30, 2023 Amount	%	(adjusted) For the Six Months Ended June 30, 2022 Amount	%
4000	Operating revenue	6 (17)	$ 4,616,288	100	$ 6,199,851	100	$ 9,669,852	100	$ 10,726,966	100
5000	Operating costs	6 (4)	(3,749,214)	(81)	(4,802,714)	(77)	(7,734,274)	(80)	(8,349,222)	(78)
5950	Gross profit from operations		867,074	19	1,397,137	23	1,935,578	20	2,377,744	22
	Operating expenses	6 (22)								
6100	Selling expenses		(60,459)	(2)	(110,987)	(2)	(146,082)	(2)	(191,540)	(2)
6200	Administrative expenses		(240,465)	(5)	(249,498)	(4)	(460,914)	(5)	(466,595)	(4)
6300	Research and development expenses		(46,722)	(1)	(50,035)	(1)	(98,230)	(1)	(98,398)	(1)
6450	Impairment gain (loss)	12(2)	3,541	-	(7,288)	-	(32,638)	-	(6,240)	-
6000	Total operating expenses		(344,105)	(8)	(417,808)	(7)	(737,864)	(8)	(762,773)	(7)
6900	Net operating income		522,969	11	979,329	16	1,197,714	12	1,614,971	15
	Non-operating income and expenses									
7100	Interest income	6 (18)	12,062	-	2,267	-	18,018	-	4,429	-
7010	Other income	6 (19)	26,670	1	18,374	-	45,964	1	34,003	-
7020	Other gains and losses	6 (20)	254,882	6	248,495	4	205,963	3	296,161	3
7050	Finance costs	6 (21)	(26,887)	(1)	(16,250)	-	(57,181)	(1)	(26,151)	-
7000	Total non-operating income and expenses		266,727	6	252,886	4	212,764	3	308,442	3
7900	**Profit before tax**		789,696	17	1,232,215	20	1,410,478	15	1,923,413	18
7950	Income tax expenses	6 (23)	(168,617)	(3)	(275,644)	(5)	(314,935)	(4)	(430,630)	(4)
8200	**Profit**		$ 621,079	14	$ 956,571	15	$ 1,095,543	11	$ 1,492,783	14
	Other comprehensive income, net									
	Items that may be subsequently reclassified to profit or loss									
8361	Exchange differences on translation		($ 24,384)	-	$ 33,405	1	($ 71,513)	(1)	$ 372,675	3
8300	**Other comprehensive income, net**		($ 24,384)	-	$ 33,405	1	($ 71,513)	(1)	$ 372,675	3
8500	**Total comprehensive income**		$ 596,695	14	$ 989,976	16	$ 1,024,030	10	$ 1,865,458	17
	Profit attributable to:									
8610	Owners of the parent company		$ 621,079	14	$ 956,571	15	$ 1,095,543	11	$ 1,492,818	14
8620	Non-controlling interests		$ -	-	$ -	-	$ -	-	($ 35)	-
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 596,695	14	$ 989,976	16	$ 1,024,030	10	$ 1,865,402	17
8720	Non-controlling interests		$ -	-	$ -	-	$ -	-	$ 56	-
	Basic earnings per share	6 (24)								
9750	Total basic earnings per share		$	3.27	$	5.13	$	5.76	$	8.03
	Diluted earnings per share									
9850	Total diluted earnings per share		$	3.26	$	5.03	$	5.75	$	7.86

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 Six Months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of Parent									
				Retained earnings							
	Note	Ordinary share	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Treasury shares	Total	Non-controlling interests	Total Equity
Balance at January 1, 2022 (adjusted)		$ 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
Effects of retrospective application to IAS 12	3(1)	-	-	-	-	32,023	-	-	32,023	-	32,023
Equity at beginning of period after adjustments		1,861,950	5,256,344	684,352	975,266	1,264,003	(927,442)	(57,583)	9,056,890	17,609	9,074,499
Profit for the period		-	-	-	-	1,492,818	-	-	1,492,818	(35)	1,492,783
Other comprehensive income		-	-	-	-	-	372,584	-	372,584	91	372,675
Total comprehensive income		-	-	-	-	1,492,818	372,584	-	1,865,402	56	1,865,458
Distribution of earnings for the second half year of 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(10)(14)(15)(25)	31,681	295,024	-	-	-	-	-	326,705	-	326,705
Changes in non-controlling interests		-	-	-	-	-	-	-	-	(17,665)	(17,665)
Balance at June 30, 2022		$ 1,893,631	$ 5,551,368	$ 757,349	$927,442	$2,175,043	($ 554,858)	($57,583)	$10,692,392	$ -	$ 10,692,392
Balance at January 1, 2023 (adjusted)		$ 1,907,235	$ 5,677,352	$ 907,119	$554,857	$4,073,113	($ 403,300)	($57,583)	$12,658,793	$ -	$ 12,658,793
Profit for the period		-	-	-	-	1,095,543	-	-	1,095,543	-	1,095,543
Other comprehensive income		-	-	-	-	-	(71,513)	-	(71,513)	-	(71,513)
Total comprehensive income (loss)		-	-	-	-	1,095,543	(71,513)	-	1,024,030	-	1,024,030
Distribution of earnings for the second half year of 2022	6(16)										
Legal reserve appropriated		-	-	189,788	-	(189,788)	-	-	-	-	-
Reversal of special reserve		-	-	-	(151,556)	151,556	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(1,140,422)	-	-	(1,140,422)	-	(1,140,422)
Conversion of convertible bonds	6(10)(14)(15)(25)	852	7,832	-	-	-	-	-	8,684	-	8,684
Balance at June 30, 2023		$ 1,908,087	$ 5,685,184	$1,096,907	$403,301	$3,990,002	($ 474,813)	($57,583)	$12,551,085	$ -	$ 12,551,085

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Note	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Cash flows from operating activities			
Profit before tax		$ 1,410,478	$ 1,923,413
Adjustments			
Adjustments to reconcile profit and loss			
Depreciation expense	6(5)(6)(22)	523,319	443,134
Amortization expense	6(22)	10,337	8,016
Expected credit loss	12(2)	32,638	6,240
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(20)	(11,409)	777
Interest expenses	6(21)	57,181	26,151
Interest income	6(18)	(18,018)	(4,429)
Loss (gain) on disposal of property, plant and equipment	6(20)	278	(764)
Changes in operating assets and liabilities			
Net changes in operating assets			
Accounts receivable		540,044	(1,154,790)
Other receivables		(26,603)	(94,324)
Inventories		1,840,006	(1,073,687)
Prepayments		(9,309)	(54,563)
Other current assets		9,567	393
Changes in operating liabilities			
Contract liability		71,206	66,741
Accounts payable		(1,521,990)	918,383
Other payables		(469,268)	36,453
Other current liabilities		7,398	2,092
Other non-current liabilities		(1,564)	(1,574)
Cash flows generated from operating		2,444,291	1,047,662
Interest received		18,776	5,304
Interest paid		(55,637)	(18,103)
Income tax paid		(258,980)	(230,561)
Net cash flows generated from operating activities		2,148,450	804,302

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Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Note	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Cash flows from investing activities			
Acquisition of financial assets at amortized cost		($ 76,545)	$ -
Proceeds from disposal of financial assets at amortized cost		-	90,474
Acquisition of property, plant and equipment	6(25)	(452,554)	(699,668)
Proceeds from disposal of property, plant and equipment		2,263	2,049
Increase in refundable deposits		(180)	(17,803)
Acquisition of intangible assets		(213)	(2,349)
Acquisition of right-of-use assets	6(6)	(97,645)	-
Decrease in other non-current assets		418	7,478
Net cash flows used in investing activities		(624,456)	(619,819)
Cash flows from financing activities			
(Decrease) increase in short-term borrowings	6(26)	(1,472,881)	615,439
Increase in short-term notes and bills payable	6(26)	98,111	144,973
Payments of lease liabilities	6(6) (26)	(31,733)	(12,654)
Cash dividends paid	6(16) (26)	(227,705)	(228,208)
Change in non-controlling interests		-	(17,665)
Net cash flows (used in) generated from financing activities		(1,634,208)	501,885
Effects of exchange rate changes		(198,689)	(157,096)
Net (decrease) increase in cash and cash equivalents		(308,903)	529,272
Cash and cash equivalents at beginning of period		2,195,379	1,114,952
Cash and cash equivalents at end of period		$ 1,886,476	$ 1,644,224

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the six months ended June 30, 2023 and 2022,
(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 Authorisation for Issuance of the Financial Statements and Procedures for Authorization

The consolidated financial statements were approved by the Board of Directors and published on Aug. 18, 2023.

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") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by 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.

Upon adoption, the Group expects to recognize a deferred tax asset and liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities retrospectively as of January 1, 2022. These amendments resulted to an increase in deferred tax assets by $190,763, $99,500, $184,338 and $188,369 and deferred tax liabilities by $158,801, $67,477, $157,199 and $156,153 and an increase in retained earnings by $31,962, $32,023, $27,139 and $32,216 as of June 30, 2023, January 1, 2022, June 30, 2022, and December 31, 2022, respectively. For the three months and the six months ended June 30, 2023 and 2022, respectively, income tax expense increase $1,432, decrease ($2,251), increase $254 and increase $4,884, and earnings per share decrease ($0.01), increase $0.01, decrease ($0.001) and ($0.03) (in dollars).

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

None.

(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:

New Standards, Interpretations and Amendments	Effective Date Set by the IASB
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, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 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 2022 consolidated financial statements except for the statement of compliance, basis of preparation, basis of consolidation and newly added accounting policies are explained below. These policies apply consistently during all reporting periods, unless otherwise specified.

(1) Compliance statement

A. These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the FSC.

B. The consolidated financial statements should be read together with 2022 consolidated financial statements.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

Financial assets and financial liabilities at fair value through profit or loss.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of Consolidation

A. Principles of preparation of consolidated financial statements

The principles for preparing the consolidated financial statements are the same as those for the 2022 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main business activities	Percentage of ownership June 30, 2023	December 31, 2022	June 30, 2022	Notes
The Company	Capital Concord Enterprises Limited (Capital Concord Enterprises Limited H.K.)	Holding company; Sports Leisure Outdoor Footwear Sales	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.	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.	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	100	100	Note 1
Capital Concord Enterprises Limited H.K.	Lin Wen Chih Sunzeal Enterprises Co., Ltd (Sunzeal)	Sports Leisure Outdoor Footwear Production and Sales	100	-	-	Note 2
Capital Concord Enterprises Limited H.K.	Fulgent Sun Footwear Co., Ltd. (Fulgent Sun)	Sports Leisure Outdoor Footwear Production	100	100	100	
Capital Concord Enterprises Limited H.K.	NGOC Hung Footwear Co., Ltd. (NGOC HUNG)	Sports Leisure Outdoor Footwear Production	100	100	100	
Capital Concord Enterprises Limited H.K.	Eversun Footwear Co., Ltd. (Eversun)	Sports Leisure Outdoor Footwear Production	100	100	100	
Capital Concord Enterprises Limited H.K.	Sunglory Footwear Co., Ltd. (Sunglory)	Sports Leisure Outdoor Footwear Production	100	-	-	Note 3
Capital Concord Enterprises Limited H.K.	PT. SUN BRIGHT LESTARI	Sports Leisure Outdoor Footwear Production and Sales	100	100	100	
Capital Concord Enterprises Limited H.K.	Laya Chemical Engineering Co., Ltd.(Laya Chemical)	Shoes material production	100	100	-	Note 4
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd.(Sunlit)	Land lease	100	100	100	Note 5

Note 1: The Group purchased 8.73% equity of Sunstone from unrelated parties in January 2022.

Note 2: The Group had established Sunzeal in 2023 in Cambodia, and has included it in the consolidated financial statements since then.

Note 3: The Group acquired 100% equity interest in Sunglory from unrelated parties in May, 2023. As of June 30, 2023, the entire transaction consideration has been fully settled, and it has been included in the consolidated financial statements since the date of obtaining control. The assets acquired in the aforementioned transactions do not meet the definition of a business; therefore, the accounting treatment for asset acquisition is applied.

Note 4:The Group had established Laya Chemical in Taiwan in 2022, and has included it in the consolidated financial statements since then.

Note 5: A total of 51% of the equity is registered in the name of a related party who is a Cambodian in compliance with the local law and regulations. The Group has already taken relevant measures to safeguard its interests.

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

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

E. Significant restrictions: None.

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

(4) Accounting Policies Of Key Audit Matters

A. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

B. Revenue recognition

(A) Product sales

a. The Group is engaged in the production and sale of sports and leisure outdoor shoes. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

b. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(B) Financial components

The Group has contracts signed with customers to have the promised commodity or service delivered and the payment made within one year or shorter; therefore, the Group has not adjusted the transaction price to reflect the time value of money.

(5) 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, the Group recognized 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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Except for the following explanations about major accounting judgments, estimates and assumptions of the key audit matters please refer to Note 5 of 2022.

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and revolving funds	$ 4,204	$ $ 4,910	$ 4,092
Checking deposits & demand deposits	1,399,726	1,628,836	1,456,370
Time deposits	482,546	561,633	183,762
Total	$ 1,886,476	$ $ 2,195,379	$ 1,644,224

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 very unlikely.

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

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

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

Item	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Financial assets designated at fair value through profit or loss			
- Convertible corporate bond redemption and sale rights	$ -	$ 27	$ 101
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
- Listed company stock	$ 17,374	$ 5,938	$ 5,791

A. The convertible corporate bonds the Group held the right to redeem and sell for the three months ended June 30, 2023 and 2022, with recognized losses were ($8) and ($111), respectively. For the six months ended June 30, 2023 and 2022, with recognized (losses) and gains were ($ 27) and $1,039, respectively.

B. The shares of listed OTC companies the Group held for the three months ended June 30, 2023 and 2022, with recognized gains and (losses) were $10,405 and ($1,531), respectively. For the six months ended June 30, 2023 and 2022, with recognized gains and (losses) were $11,436 and ($1,816), respectively.

C. The Group has not pledged any financial assets at fair value through profit or loss.

(3) Accounts receivable, net

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	$ 3,678,639	$ 4,245,464	$ 4,717,213
Less: Allowance for impairment	(49,628)	(16,143)	(35,596)
	$ 3,629,011	$ 4,229,321	$ 4,681,617

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current	$ 3,492,761	$ 3,869,409	$ 4,233,875
Overdue 0 to 90 days	128,192	350,406	423,030
Overdue 91 to 180 days	45,756	14,408	34,850
Overdue 181 to 365 days	4,491	2,681	7,539
Over 365 days past due	7,439	8,560	17,919
Total	$ $3,678,639	$ $4,245,464	$ $4,717,213

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

B. The balances of accounts receivable of June 30, 2023, December 31, 2022 and June 30, 2022 were generated by the customer contracts. The balances of accounts receivable from the customer contract as of January 1, 2022 was $3,335,859.

C. The amount of the maximum credit risk of the Group's accounts receivables as of June 30, 2023, December 31, 2022 and June 30, 2022 regardless of the collateral or other credit enhancements held, was the book value of each type of accounts receivable.

D. For relevant credit risk information, please refer to Note 12(2).

(4) Inventories

	June 30, 2023		
	Cost	Allowance for inventory market decline and obsolescence	Carrying amounts
Merchandise inventory	$ 818	$ -	$ 818
Raw material	783,777	(36,555)	747,222
Work in process	747,642	(9,144)	738,498
Finished goods	1,546,886	(27,031)	1,519,855
Inventory in-transit	145,296	-	145,296
Total	$ $3,224,419	($ $72,730)	$ 3,151,689

	December 31, 2022		
	Cost	Allowance for inventory market decline and obsolescence	Carrying amounts
Merchandise inventory	$ 13	($ 1)	$ 12
Raw material	1,216,850	(27,799)	1,189,051
Work in process	1,621,349	(31,224)	1,590,125
Finished goods	1,741,646	(32,753)	1,708,893
Inventory in-transit	496,990	-	496,990
Total	$ 5,076,848	($ 91,777)	$ 4,985,071

	June 30, 2022		
	Cost	Allowance for inventory market decline and obsolescence	Carrying amounts
Merchandise inventory	$ 333	$ -	$ 333
Raw material	1,493,780	(25,586)	1,468,194
Work in process	1,846,590	(51,165)	1,795,425
Finished goods	1,201,104	(33,837)	1,167,267
Inventory in-transit	798,190	-	798,190
Total	$ 5,339,997	($ 110,588)	$ 5,229,409

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

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
Cost of inventories sold	$ 3,768,809	$ 4,788,298
Inventory valuation (gains from price recovery) losses	(28,408)	10,809
Inventory scrap losses	367	1,356
Others	8,446	2,251
	$ 3,749,214	$ 4,802,714

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Cost of inventories sold	$ 7,734,005	$ 8,316,410
Inventory valuation (gains from price recovery) losses	(19,047)	32,653
Inventory scrap losses	3,411	1,752
Others	15,905	(1,593)
	$ 7,734,274	$ 8,349,222

The Group recognized a reduction in the cost of goods sold due to an increase 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 the six months ended June 30, 2023.

(5) Property, Plant and Equipment

	For the Six Months Ended June 30, 2023					
Cost	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Land	$ 339,011	$ -	$ -	$ -	$ 4,747	$ 343,758
Buildings	5,504,936	37,448	-	41,458	(3,249)	5,580,593
Machinery equipment	5,404,819	71,332	(20,851)	138,834	(894)	5,593,240
Transportation equipment	96,145	-	(893)	-	277	95,529
Office equipment	59,049	3,621	(49)	-	(307)	62,314
Others	2,182,228	93,156	(21,217)	27,683	4,375	2,286,225
Construction in progress and to-be-inspected equipment	415,201	41,955	-	(220,487)	5,866	242,535
	$ 14,001,389	$ $247,512	($ 43,010)	($ 12,512)	$ 10,815	$ $14,204,194

Accumulated depreciation	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Buildings	($ 1,599,923)	($ 112,406)	$ -	$ -	$ 26,278	($ 1,686,051)
Machinery equipment	(2,038,727)	(172,006)	20,582	-	21,243	(2,168,908)
Transportation equipment	(57,473)	(4,390)	893	-	44	(60,926)
Office equipment	(43,371)	(3,158)	46	-	387	(46,096)
Others	(1,513,059)	(189,222)	18,948	-	(2,885)	(1,686,218)
	($ 5,252,553)	($ 481,182)	$ 40,469	$ -	$ $45,067	($ 5,648,199)
	$ 8,748,836					$ $8,555,995

For the Six Months Ended June 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	$ -	$ -	$ -	$ 20,808	$ 303,138
Buildings	4,469,900	78,640	-	244,153	216,515	5,009,208
Machinery equipment	3,995,352	388,482	(20,026)	264,538	192,792	4,821,138
Transportation equipment	85,753	4,162	(4,964)	713	4,001	89,665
Office equipment	46,373	5,966	(249)	-	2,072	54,162
Others	1,692,739	183,310	(17,536)	4,846	94,789	1,958,148
Construction in progress and to-be-inspected equipment	975,269	309,050	-	(521,470)	40,066	802,915
	$ 11,547,716	$ 969,610	($ 42,775)	($ 7,220)	$ 571,043	$ 13,038,374

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)	($ 104,485)	$ -	$ -	($ 44,917)	($ 1,466,926)
Machinery equipment	(1,677,192)	(151,467)	19,315	-	(63,045)	(1,872,389)
Transportation equipment	(54,734)	(4,122)	4,901	-	(2,311)	(56,266)
Office equipment	(36,828)	(1,904)	228	-	(1,477)	(39,981)
Others	(1,141,230)	(146,642)	17,046	-	(64,116)	(1,334,942)
	($ 4,227,508)	($ 408,620)	$ 41,490	$ -	($ 175,866)	($ 4,770,504)
	$ 7,320,208					$ 8,267,870

A. For the six months ended June 30, 2023 and 2022, the Group had no interest capitalized.

B. For property, plant and equipment provided by the Group as collateral as of June 30, 2023, December 31, 2022 and June 30, 2022, please refer to Note 8.

(6) Lease arrangements - Lessee

A. The Group leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods of 3 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There are no restrictions except that the leased assets may not be used as loan guarantees.

B. The carrying amount of the right-of-use assets and the depreciation charge are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
	Carrying amount	Carrying amount	Carrying amount
Land	$ 1,121,957	$ 998,700	$ 874,106
Buildings	797,095	801,951	780,651
	$ 1,919,052	$ 1,800,651	$ 1,654,757

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
	Depreciation charge	Depreciation charge
Land	$ 8,390	$ 6,765
Buildings	12,800	11,688
	$ 21,190	$ 18,453

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
	Depreciation charge	Depreciation charge
Land	$ 16,714	$ 13,311
Buildings	25,423	21,174
Transportation Equipment (Business vehicles)	-	29
	$ 42,137	$ 34,514

C. The Group's right-of-use assets for the three months ended June 30, 2023 and 2022 increased to $118,530 and $9,050, respectively. For the six months ended June 30, 2023 and 2022 increased to $132,791 and $456,752, respectively.

D. The profit and loss item related to the lease contract is as follows:

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
Items affecting profit and loss:		
Interest expense on lease liabilities	$ 2,368	$ 2,240
Expense on short-term lease contracts	64	825

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Items affecting profit and loss:		
Interest expense on lease liabilities	$ 4,708	$ 3,934
Expense on short-term lease contracts	403	3,341

E. The Group's total cash outflow for leases were $32,136 and $15,995 for the six months ended June 30, 2023 and 2022, respectively.

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

Item	June 30, 2023	December 31, 2022	June 30, 2022
Current:			
Financial assets at amortized cost - Restricted bank deposits	$ 5,464	$ 5,410	$ 1,812
Financial assets at amortized cost - Time deposits	235,899	155,716	-
Others	32,544	50,322	54,082
Total	$ 273,907	$ 211,448	$ 55,894

Item	June 30, 2023	December 31, 2022	June 30, 2022
Non-current:			
Prepayments for land and equipment	$ 17,434	$ 70,313	$ 114,071
Refundable deposits	29,230	28,692	27,574
Others	2,991	12,893	15,252
Total	$ 49,655	$ 111,898	$ 156,897

Note: For other current assets and other non-current assets provided by the Group as collateral as of June 30, 2023, December 31, 2022 and June 30, 2022, please refer to Note 8.

(8) Short-term borrowings

Loans Type	June 30, 2023	Interest rate range	Collateral
Credit loans	$ 2,023,940	1.480%~5.680%	Note

Loans Type	December 31, 2022	Interest rate range	Collateral
Credit loans	$ 3,476,180	1.403%~4.890%	Note

Loans Type	June 30, 2022	Interest rate range	Collateral
Credit loans	$ 3,988,820	0.940%~2.470%	Note

Note: For property, plant and equipment provided by the Group as collateral as of June 30, 2023, December 31, 2022 and June 30, 2022, please refer to Note 8.

(9) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Accrued salaries	$ 515,198	$ 934,168	$ 677,983
Dividends	1,140,422	227,705	556,605
Payables on equipment	227,724	498,157	617,458
Others	187,577	246,148	247,542
	$ 2,070,921	$ 1,906,178	$ 2,099,588

(10) Bonds payable

	June 30, 2023	December 31, 2022	June 30, 2022
Domestic fifth unsecured convertible corporate bonds	$ 18,500	$ 27,200	$ 168,300
Less: Discount on corporate bonds payable	(25)	(208)	(2,347)
Subtotal	18,475	26,992	165,953
Less: Current bonds payable(Current portion of long-term liabilities)	(18,475)	(26,992)	(165,953)
Total	$ -	$ -	$ -

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 $500,000, with a par value of $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 $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 June 30, 2023, the convertible corporate bond of $481,500 was converted to 4,614 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 $102.1 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 June 30, 2023 was $1,783. 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 June 30, 2023 and 2022.

Loans Type	Loans period and repayment method	Interest rate range	Collateral	June 30, 2022
Credit loans	Monthly interest payment from June 7, 2021 to June 7, 2023; principal can be repaid at any time.	0.9898%	None	$ 100,000
Less: Current portion of long-term liabilities				(100,000)
				$ -

(12) Other non-current liabilities

Item	June 30, 2023	December 31, 2022	June 30, 2022
Non-Current:			
Deferred government grant income(Note)	$ 110,910	$ 116,626	$ 117,799
Other non-current liabilities, others	89,992	93,348	93,027
Total	$ 200,902	$ 209,974	$ 210,826

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

(13) Pension

A. Since July 1, 2005, the Group's subsidiaries in Taiwan have set up a defined retirement scheme according to the "Labor Pension Act," which is applicable to employees of this nationality. The Group has paid the labor pension to 6% of the monthly salary of the labor pension system applicable to the employee's choice of the "Labor Pension Act," the personal accounts of the Bureau of Labor Insurance, and the payment of employees' pensions are collected on the basis of the pensions of employees' personal pensions and the amount of accumulated income or by a pension. For the three months and the six months ended June 30, 2023 and 2022, the pensions recognized by the Group in accordance with the above regulations were $1,907, $1,894, $3,970 and $3,694, respectively.

B. In accordance with the regulations of the People's Republic of China, the Group's subsidiaries in China set aside the pension, monthly at 16%~19% of the total local staff's salaries (Sunny and Sunshine: 16%~18%; Sunsmile: 16%~19%; Fujian Laya 16%). Each employee's monthly pension is managed and arranged by the government, and the Group is solely obliged to set aside the pension. For the three months and the six months ended June 30, 2023 and 2022, the pensions recognized by the Group in accordance with the above regulations were $26,084, $27,129, $56,151 and $52,967, respectively.

C. The Group's subsidiaries in Vietnam are subject to the relevant local regulations. According to the local government regulations, the pension fund for employees' retirement pension is payable monthly at a certain percentage of the total wage and paid to the relevant competent authorities. The Group has no further obligation except monthly payment. For the three months and the six months ended June 30, 2023 and 2022, the pensions recognized by the Group in accordance with the above regulations were $49,198, $46,623, $106,270 and $88,331, respectively.

D. The Group's subsidiaries in Cambodia are subject to the relevant local regulations. According to the local government regulations, the pension fund for employees' retirement pension is payable monthly at a certain percentage of the total wage and paid to the relevant competent authorities. The Group has no further obligation except monthly payment. For the three months and the six months ended June 30, 2023, the pensions recognized by the Group in accordance with the above regulations were $5,899 and $12,014, respectively.

(14) Share capital

A. On June 30, 2023, the Company's rated capital was $3,000,000, divided into 300 million shares, the paid-in-capital was $1,908,087 with a par value of $10 (in dollars) per share.

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

Unit: Thousand Shares

	2023	2022
January 1	190,064	185,535
Conversion of convertible bonds	85	3,168
June 30	190,149	188,703

B. Treasury Stock

(A) Reason and quantity of share recovery

		June 30, 2023	
Shareholder	Reason for Buyback	Number of Shares (in Thousands)	Carrying Amount
The Company	Transfer to employees	660	$ 57,583

		December 31, 2022	
Shareholder	Reason for Buyback	Number of Shares (in Thousands)	Carrying Amount
The Company	Transfer to employees	660	$ 57,583

		June 30, 2022	
Shareholder	Reason for Buyback	Number of Shares (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 retired 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 each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The changes in capital surplus were as follows:

	2023			
	Issue Premium	Stock Options	Others	Total
January 1	$ 5,674,184	$ 2,622	$ 546	$ 5,677,352
Convertible corporate bonds converted to common stocks	8,671	(839)	-	7,832
June 30	$ 5,682,855	$ 1,783	$ 546	$ 5,685,184

	2022			
	Issue Premium	Stock Options	Others	Total
January 1	$ 5,207,597	$ 48,201	$ 546	$ 5,256,344
Convertible corporate bonds converted to common stocks	327,000	(31,976)	-	295,024
June 30	$ 5,534,597	$ 16,225	$ 546	$ 5,551,368

(16) Retained Earnings

A. Under the Company's 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. The company shall not set aside exceeding than 3% and lower than 0.1% of the remaining earnings as directors' remuneration and less than 3% of the remaining profits as bonuses to the employees of the Company and subsidiaries. The Company shall make up the loss when company still has accumulated losses. The Company shall (1) first make up the loss over the years, set aside a legal surplus reserve at 10% of the remaining earnings until the accumulated legal surplus reserve equals the Company's paid-in-capital; (2) set aside a special surplus reserve in accordance with the rules of the public offering company or at the request of the competent authority.

B. When the Company's earnings are distributed, dividends distributed to shareholders should not be less than the balance of the remaining earnings net of 20% of the amounts in the preceding (1) (2), wherein the cash dividend issued should not be less than 20% of the dividends.

C. In accordance with the Articles of 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 2021 which have been resolved in the shareholders' meeting on May 27, 2022 respectively, were as follows:

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

F. The appropriations of earnings for 2022 which have been resolved in the shareholders' meeting on May 30, 2023 respectively, were as follows:

	For the second half year of 2022		For the first half year of 2022	
Board resolution date	February 23, 2023		December 28, 2022	
Legal reserve appropriated	$	189,788	$	149,770
Reversal for Special reserve	($	151,556)	($	372,585)
Cash dividends	$	1,140,422	$	227,705
Dividends per share (NT$)	$	6.00	$	1.20

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, due to the conversion of convertible corporate bonds, on February 25, 2022, the Board of Directors resolved to authorize the chairman to implement the adjustment of the dividend rate for shareholders to NT$2.94 per share.

Before the record date of the appropriations of interim earnings for the first half year of 2022, due to the conversion of convertible corporate bonds, on December 28, 2022, the Board of Directors resolved to authorize the chairman to implement the adjustment of the dividend rate for shareholders to NT$1.198 per share.

Before the record date of the appropriations of interim earnings for the second half year of 2022, if the number of outstanding shares is affected by the conversion of convertible corporate bonds, the issuance of restricted stock for employees, or other factors, resulting in a change in shareholders' dividends and a need for modification, it should be reported to the Board of Directors, which should authorize the Chairman to act at his/her own discretion.

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

(17) Operating revenue

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
Revenue from Contracts with Customers	$ 4,616,288	$ 6,199,851

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Revenue from Contracts with Customers	$ 9,669,852	$ 10,726,966

A. Breakdown of Customer Contract Income

The income of the Group originates from the transfer of goods at a certain point. For relevant information, please refer to Note 14(3).

B. Contract liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Contract liabilities - Advance sales receipts	$ 80,103	$ 76,777	$ 84,167	$ 76,092

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

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
Revenue recognized that was included in the contract liability balance at the beginning of the period - Advance sales receipts	$ 12,253	$ 13,152

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Revenue recognized that was included in the contract liability balance at the beginning of the period - Advance sales receipts	$ 68,997	$ 64,341

(18) Interest revenue

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
Interest on bank deposits	$ 12,062	$ 2,267

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Interest on bank deposits	$ 18,018	$ 4,429

(19) Other income

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
Government grant	$ 5,616	$ 7,255
Other revenue - others	21,054	11,119
	$ 26,670	$ 18,374

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Government grant	$ 11,838	$ 9,134
Other revenue - others	34,126	24,869
	$ 45,964	$ 34,003

(20) Other gains and losses

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
Gains on disposal of property, plant and equipment	$ 1,220	$ 718
Foreign exchange gains	245,491	253,049
Gains (losses) on financial assets and liabilities measured at fair value through profit and loss	10,397	(1,642)
Other losses	(2,226)	(3,630)
	$ 254,882	$ 248,495

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
(Losses) gains on disposal of property, plant and equipment	($ 278)	$ 764
Foreign exchange gains	203,290	303,003
Gains (losses) on financial assets and liabilities measured at fair value through profit and loss	11,409	(777)
Other losses	(8,458)	(6,829)
	$ 205,963	$ 296,161

(21) Finance Costs

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
Bank borrowings	$ 24,435	$ 12,596
Convertible bonds	84	1,414
Lease liabilities	2,368	2,240
	$ 26,887	$ 16,250

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Bank borrowings	$ 52,306	$ 19,278
Convertible bonds	167	2,939
Lease liabilities	4,708	3,934
	$ 57,181	$ 26,151

(22) Expenses Expressed by Nature

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
Employee benefits		
Salary	$ 1,135,917	$ 1,636,148
Labor and health insurance	44,442	45,389
Pension	83,088	75,646
Others	19,549	26,195
	1,282,996	1,783,378
Depreciation	258,857	229,576
Amortization	5,279	4,180
	$ 1,547,132	$ 2,017,134

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Employee benefits		
Salary	$ 2,432,980	$ 2,918,090
Labor and health insurance	95,989	86,567
Pension	178,405	144,992
Others	41,354	50,999
	2,748,728	3,200,648
Depreciation	523,319	443,134
Amortization	10,337	8,016
	$ 3,282,384	$ 3,651,798

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 employees' compensation and directors' remuneration estimate of the Company for the three months and the six months ended June 30, 2023 and 2022 were $5,000, $2,500, $10,000 and $5,000, respectively. 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, 2022 approved by the Board of Directors are consistent with those recognized in the financial statements for the year ended December 31, 2022.

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 June 30, 2023	For the Three Months Ended June 30, 2022
Current tax:		
Current tax on profits for the period	$ 157,088	$ 278,954
Underestimated income tax in prior periods	19,941	6,090
Total current tax	177,029	285,044
Deferred tax:		
Origination and reversal of temporary differences	(8,412)	(9,400)
Total deferred tax	(8,412)	(9,400)
Income tax expense	$ 168,617	$ 275,644

	For the Six Months Ended June, 2023	For the Six Months Ended June, 2022
Current tax:		
Current tax on profits for the period	$ 295,996	$ 426,239
Underestimated income tax in prior periods	20,270	3,824
Total current tax	316,266	430,063
Deferred tax:		
Origination and reversal of temporary differences	(1,331)	567
Total deferred tax	(1,331)	567
Income tax expense	$ 314,935	$ 430,630

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 June 30, 2023		
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 621,079	190,087	$ 3.27
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	621,079	190,087	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	84	243	
Employee bonus	-	186	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	$ 621,163	190,516	$ 3.26

	For the Three Months Ended June 30, 2022		
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 956,571	186,301	$ 5.13
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	956,571	186,301	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	1,414	4,009	
Employee bonus	-	74	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	$ 957,985	190,384	$ 5.03

	For the Six Months Ended June 30, 2023		
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,095,543	190,077	$ 5.76
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	1,095,543	190,077	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	167	252	
Employee bonus	-	216	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	$ 1,095,710	190,545	$ 5.75

	For the Six Months Ended June 30, 2022		
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,492,818	185,920	$ 8.03
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	1,492,818	185,920	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	2,939	4,390	
Employee bonus	-	87	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	$ 1,495,757	190,397	$ 7.86

(25) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Additions to property, plant and equipment	$ 235,000	$ 962,390
Less: Prepayments for land and equipment, beginning of period	(70,313)	(72,811)
Add: Prepayments for land and equipment, end of period	17,434	114,071
Add: Payables on equipment, beginning of period	498,157	313,476
Less: Payables on equipment, end of period	(227,724)	(617,458)
Cash paid during the period	$ 452,554	$ 699,668

B. Financing activities with no cash flow effects:

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Share capital converted from convertible corporate bonds	$ 852	$ 31,681
Declared cash dividends not yet paid	$ 1,140,422	$ 556,605

(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, 2023	$ 3,476,180	$ -	$ 964,040	$ 26,992	$ 227,705	$ 4,694,917
Changes in cash flows from financing	(1,472,881)	98,111	(31,733)	-	(227,705)	(1,634,208)
Changes in other non-cash items	-	-	30,270	(8,517)	1,140,422	1,162,175
Impact of changes in foreign exchange rate	20,641	1,867	12,170	-	-	34,678
June 30, 2023	$ 2,023,940	$ 99,978	$ 974,747	$ 18,475	$ 1,140,422	$ 4,257,562

	Long and short-term borrowings	Lease liabilities	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	615,439	144,973	(12,654)	-	(228,208)	519,550
Changes in other non-cash items	-	-	405,872	(324,003)	556,605	638,474
Impact of changes in foreign exchange rate	250,781	4,864	31,568	-	-	287,213
June 30, 2022	$ 4,088,820	$ 149,837	$ 917,291	$ 165,953	$ 556,605	$ 5,878,506

Note：The portion due within one year is included.

7. Related Party Transactions

Key management compensation

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
Short-term employee benefits	$ 21,610	$ 24,677

	For the Six Months ended June 30, 2023	For the Six Months ended June 30, 2022
Short-term employee benefits	$ 43,775	$ 39,754

8. Pledged Assets

Assets	Book amount June 30, 2023	December 31, 2022	June 30, 2022	Guarantee use
Land	$ 111,328	$ 109,791	$ 106,251	Short-term borrowings
Buildings	155,468	155,393	154,147	Short-term borrowings
Financial assets at amortized cost (recognized in other current assets and other non-current assets)	7,887	7,800	5,610	Performance bond and performance guarantee of the power supply agreement
Refundable deposits (recognized in other non-current assets)	29,230	28,692	27,574	Plants lease deposits and others
	$ 303,913	$ 301,676	$ 293,582	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

Commitments

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

	Total contract price June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment	$ 368,531	$ 635,865	$ 1,022,607

	Outstanding amount June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment	$ 250,277	$ 159,449	$ 199,209

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

There are no significant changes in this period, please refer to Note 12 consolidated financial statements in 2022.

(2) Financial instruments

A. Financial instruments by category

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets			
Financial assets at fair value through profit and loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 17,374	$ 5,938	$ 5,791
Financial assets designated at fair value through profit or loss	-	27	101
	$ 17,374	$ 5,965	$ 5,892
Financial assets at amortized cost/ loans and receivables			
Cash and cash equivalents	$ 1,886,476	$ 2,195,379	$ 1,644,224
Accounts receivable	3,629,011	4,229,321	4,681,617
Other receivables	463,119	433,399	318,561
Financial assets at amortized cost - current	241,363	161,126	1,812
Refundable deposits	29,230	28,692	27,574
Financial assets at amortized cost - non-current	2,423	2,390	3,798
	$ 6,251,622	$ 7,050,307	$ 6,677,586
Financial liabilities			
Financial liabilities at amortized cost			
Short-term borrowings	$ 2,023,940	$ 3,476,180	$ 3,988,820
Short-term notes and bills payable	99,978	-	149,837
Accounts payable	1,403,687	2,942,863	3,566,564
Other payables	2,070,921	1,906,178	2,099,588
Long-term borrowings(Current portion of long-term liabilities)	-	-	100,000
Corporate bonds payable	18,475	26,992	165,953
	$ 5,617,001	$ 8,352,213	$ 10,070,762
Lease liabilities (current and non-current)	$ 974,747	$ 964,040	$ 917,291

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. Significant financial risks and degrees of financial risks

(A) Market risk

Foreign exchange risk

a. The Group is a multinational operation and is exposed to exchange rate risk arising from transactions with different functional currencies by the Company and its subsidiaries, which are mainly the USD and RMB, and partially the VND and IDR. The relevant exchange rate risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

b. To avoid the decrease in foreign currency assets and future fluctuations in cash flows caused by exchange rate movements, the Group uses derivative financial instruments to hedge the exchange rate risk. This kind of derivative financial instrument can be used to assist the Group in reducing but not entirely eliminating the impact of foreign currency exchange rate movements.

c. The Group's business involves the use of various non-functional currencies (the Company and some subsidiaries' functional currency is NTD, whereas some subsidiaries' functional currencies are RMB, USD, VND and IDR); as a consequence, it is subject to exchange rates fluctuation. Assets and liabilities that are denominated in foreign currencies and significantly affected by the exchange rates fluctuation and market risk were as follows:

(Blank Below)

	June 30, 2023					
				Sensitivity Analysis		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Carrying amount	Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income
Financial assets						
Monetary items						
USD: RMB	$ 125,405	7.2603	$ 3,905,124	1%	$ 39,051	$ -
Financial liabilities						
Monetary items						
NTD: USD	$ 1,562,652	0.0321	$ 1,562,652	1%	$ 15,627	$ -

	December 31, 2022					
				Sensitivity Analysis		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Carrying amount	Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income
Financial assets						
Monetary items						
USD: RMB	$ 136,483	6.9026	$ 4,191,390	1%	$ 41,914	$ -
Financial liabilities						
Monetary items						
NTD:USD	$ 1,915,207	0.0326	$ 1,915,207	1%	$ 19,152	$ -

	June 30, 2022					
				Sensitivity Analysis		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Carrying amount	Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income
Financial assets						
Monetary items						
USD: RMB	$ 127,857	6.7031	$ 3,799,902	1%	$ 37,999	$ -
Financial liabilities						
Monetary items						
NTD: USD	$ 1,905,679	0.0336	$ 1,905,679	1%	$ 19,057	$ -

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 and the six months ended June 30, 2023 and 2022 were \$245,491, \$253,049, \$203,290 and \$303,003, 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 six months ended June 30, 2023 and 2022 from gains or losses on equity instruments mandatorily measured at fair value through profit or loss would have increased or decreased \$869 and \$290, 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 six months ended June 30, 2023 and 2022, 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 six months ended June 30, 2023 and 2022 would have decreased or increased \$850 and \$1,695, 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 June 30, 2023, December 31, 2022 and June 30, 2022.

h. The Group first assesses and recognizes impairment losses on individual receivables for which there is objective evidence of non-recoverability. For the remaining receivables, the Group adjusts the loss rate established on the history of certain periods and current information for prospective considerations to estimate the loss allowance for accounts receivable. The reserve matrixes as of June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

June 30, 2023	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	$ 3,492,761	$ -
Overdue 0 to 90 days	1.69%	128,192	2,164
Overdue 91 to 180 days	13.56%	10,642	1,443
Overdue 181 to 365 days	52.20%	2,140	1,117
Over 365 days past due	100.00%	7,439	7,439
Individual assessment	100.00%	37,465	37,465
Total		$ $3,678,639	$ $49,628

December 31, 2022	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	$ 3,869,409	$ -
Overdue 0 to 90 days	1.13%	350,406	3,946
Overdue 91 to 180 days	16.40%	14,408	2,363
Overdue 181 to 365 days	47.52%	2,681	1,274
Over 365 days past due	100.00%	8,560	8,560
Total		$ 4,245,464	$ 16,143

June 30, 2022	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	$ 4,233,875	$ -
Overdue 0 to 90 days	1.74%	423,030	7,358
Overdue 91 to 180 days	19.12%	34,850	6,665
Overdue 181 to 365 days	48.47%	7,539	3,654
Over 365 days past due	100.00%	17,919	17,919
Total		$ 4,717,213	$ 35,596

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

	2023		2022	
	Accounts receivable		Accounts receivable	
January 1	$	$16,143	$	$27,150
Allowance of impairment loss		32,638		6,240
Effect of foreign exchange		847		2,206
June 30	$	$49,628	$	35,596

(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 June 30, 2023, December 31, 2022 and June 30, 2022, the Group had unused borrowing facilities of $8,009,170, $3,990,200 and $2,799,940, 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:

June 30, 2023	Less than 6 Months	7 to 12 Months	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowings	$2,030,338	$101,280	$ -	$ -	$ -
Short-term notes and bills payable	100,000	-	-	-	-
Accounts payable	1,403,687	-	-	-	-
Other payables	2,014,906	56,015	-	-	-
Corporate bonds payable	18,500	-	-	-	-
Lease liabilities	18,019	22,893	48,162	181,446	779,695

Non-derivative financial liabilities:

December 31, 2022	Less than 6 Months	7 to 12 Months	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowings	$ 2,981,279	$ 505,580	$ -	$ -	$ -
Accounts payable	2,942,863	-	-	-	-
Other payables	1,857,116	49,062	-	-	-
Corporate bonds payable	-	27,200	-	-	-
Lease liabilities	11,434	18,056	46,087	178,046	784,450

Non-derivative financial liabilities:

June 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	$ 3,795,521	$ 201,573	$ -	$ -	$ -
Short-term notes and bills payable	150,163	-	-	-	-
Accounts payable	3,566,564	-	-	-	-
Other payables	2,054,521	45,067	-	-	-
Long-term borrowings	-	100,927	-	-	-
Corporate bonds payable	-	168,300	-	-	-
Lease liabilities	8,308	9,092	37,255	156,304	784,548

(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 included in Level 2.

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

B. Financial instruments not measured at fair value

(A) The 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:

	June 30, 2023	
		Fair Value
	Carrying amount	Level 3
Corporate bonds payable	$ 18,475	$ 18,500

	December 31, 2022	
		Fair Value
	Carrying amount	Level 3
Corporate bonds payable	$ 26,992	$ 27,016

	June 30, 2022	
		Fair Value
	Carrying amount	Level 3
Corporate bonds payable	$ 165,953	$ 165,963

(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:

June 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit and loss				
- Listed company stock	$ 17,374	$ -	$ -	$ 17,374
Total	$ 17,374	$ -	$ -	$ 17,374

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit and loss				
- Listed company stock	$ 5,938	$ -	$ -	$ 5,938
- Redemption right of convertible corporate bonds	-	-	27	27
Total	$ 5,938	$ -	$ 27	$ 5,965

June 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit and loss				
- Listed company stock	$ 5,791	$ -	$ -	$ 5,791
- Redemption right of convertible corporate bonds	-	-	101	101
Total	$ 5,791	$ -	$ 101	$ 5,892

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 six months ended June 30, 2023 and 2022.

F. The following table shows the changes for the six months ended June 30, 2023 and 2022:

	2023	2022
	Non-derivative equity instruments	Non-derivative equity instruments
January 1	$ 27	($ 700)
Gains or losses recognized in profit or loss (Note)	(27)	1,039
Period transfer	-	(238)
June 30	$ -	$ 101

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 rétrospective testing, updating the inputs and data for the valuation model, and making any necessary fair value adjustments.

H. Below states the quantitative information about the significant unobservable inputs of the valuation model used in the measurements categorized within Level 3 of the fair value hierarchy, as well as the sensitivity analysis of changes in significant unobservable inputs:

	Fair value as of June 30, 2023	Evaluation techniques	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs to fair value
Hybrid Instruments:					
Redemption right of corporate bonds	$ -	Binomial tree evaluation model	Volatility	41.95%	The higher the volatility, the higher the fair value.

	Fair value as of December 31, 2022	Evaluation techniques	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs to fair value
Hybrid Instruments:					
Redemption right of corporate bonds	$ 27	Binomial tree evaluation model	Volatility	41.71%	The higher the volatility, the higher the fair value.

	Fair value as of June 30, 2022	Evaluation techniques	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs to fair value
Hybrid Instruments:					
Redemption right of corporate bonds	$ 101	Binomial tree evaluation model	Volatility	30.52%	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:

			June 30, 2023	
			Recognized in Profit or Loss	
	Input value	Change	Favorable change	Unfavorable change
Financial Liabilities				
Hybrid instruments	Volatility	±5%	$ 2	$ -

			December 31, 2022	
			Recognized in Profit or Loss	
	Input value	Change	Favorable change	Unfavorable change
Financial Liabilities				
Hybrid instruments	Volatility	±5%	$ 11	($ 8)

			June 30, 2022	
			Recognized in Profit or Loss	
	Input value	Change	Favorable change	Unfavorable change
Financial Liabilities				
Hybrid instruments	Volatility	±5%	$ 101	($ 67)

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to Others: Please refer to Appendix 1.

B. Provision of endorsements and guarantees to others: Please refer to Appendix 2.

C. Holding of marketable securities at the end of the period (Not including subsidiaries, associates, and joint ventures): Please refer to Appendix 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Appendix 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Appendix 5.

I. Derivatives transactions: Please refer to Note 6(2).

J. Parent-subsidiary and Subsidiary-subsidiary business relations and significant transactions and amounts thereof: Please refer to Appendix 6.

(2) Information on reinvested business

Information on invested companies (not including investee companies in Mainland China): Please refer to Appendix 7.

(3) Information on investments in Mainland China

A Basic information: Please refer to Appendix 8.

B Significant transactions with investee companies in Mainland China directly or indirectly through entities in a third area: Please refer to Note 13(1).

(4) Major shareholders information:

Major shareholders information: Please refer to Appendix 9.

14. Segment Information

(1) General information

The principal business of the Group is the production and sale of sports and leisure outdoor shoes. The Group's Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Department information

The Board of Directors evaluates the performance of the operating segments based on each quarter financial statements.

(3) Reconciliation of segment revenue and profit or loss

The Group has only one reportable operating segment. There was no reconciliation, since the segment revenue and profit are reported to the financial statements by revenue and profit.

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

Loans to others

For the Six Months Ended June 30, 2023

Appendix 1

Unit: NT$ Thousand
(Unless Otherwise Specified)

No. (Note 1)	Creditor	Borrower	General ledger account	Related Party	Maximum Balance for the period	Ending Balance	Amount Actually Drawn	Interest rate	Nature of loan	Transaction Amounts	Reason for short- term financing	Allowance for bad debt	Collateral Item	Collateral Value	Financing Limits for each borrowing company (Note 2)	Financing company's total financing Amount Limits (Note 3)	Note
1	Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Other receivables	Y	$ 459,547	$ 453,879	$ 453,879	1.50%	Short-term financing	$ -	Operating capital	$ -	None	$ -	$ 771,720	$ 964,651	Notes 4 &5
2	NGOC HUNG Footwear Co., Ltd.	Eversun Footwear Co., Ltd.	Other receivables	Y	392,176	391,151	391,151	3.20%	Short-term financing	-	Build factory for sister company	-	None	-	613,087	766,359	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 Q2 2023, the exchange rates for assets and profit or loss were USD:NTD=31.1400 and USD:NTD=30.5584, respectively.
Note 5: Offset in consolidated financial statements.

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

Provision of Endorsements and Guarantees to Others

For the Six Months Ended June 30, 2023

Appendix 2

Unit: NT$ Thousand
(Unless Otherwise Specified)

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 Subsidiary to Parent Company	Provision of Endorsements/ Guarantees to the Party in Mainland China	Note
		Company Name	Relation (Note 2)											
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	4	$ 8,214,616	$ 155,700	$ 155,700	$ -	$ -	1.24%	$ 10,952,822	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 Q2 2023, the exchange rates for assets and profit or loss were USD:NTD=31.1400 and USD:NTD = 30.5584, respectively.

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

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

June 30, 2023

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				Note
				Number of Shares	Book Value	Ratio of Shareholding	Fair Value	
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	$ 17,374	0.61	$ 17,374	-

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 $100 Million or 20% of Paid-in Capital or More

For the Six Months Ended June 30, 2023

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)		Note
			Purchase/ Sale	Amount	Percentage of Total Purchases (Sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	Subsidiary	Purchase	$ 1,266,275	16.37%	180 days after purchase	Note 1	Note 1	($ 1,752,179)	-124.83%	Note 2 & 3
Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	Subsidiary	Purchase	609,037	7.87%	180 days after purchase	Note 1	Note 1	(583,349)	-41.56%	Note 2 & 3
Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	Subsidiary	Purchase	181,790	2.35%	180 days after purchase	Note 1	Note 1	(203,978)	-14.53%	Note 2 & 3
Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	Subsidiary	Purchase	190,752	2.47%	90 days after purchase	Note 1	Note 1	(158,807)	-11.31%	Note 2 & 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Purchase	2,289,370	29.60%	120 days after purchase	Note 1	Note 1	(481,516)	-34.30%	Note 2 & 3
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Subsidiary	Purchase	1,258,615	16.27%	120 days after invoices issued	Note 1	Note 1	(453,447)	-32.30%	Note 2 & 3
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Subsidiary	Purchase	290,121	3.75%	120 days after invoices issued	Note 1	Note 1	(201,396)	-14.35%	Note 2 & 3
Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	Subsidiary	Purchase	205,479	2.66%	120 days after invoices issued	Note 1	Note 1	-	-	Note 2 & 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Sale	(550,616)	-5.69%	135 days after shipment	Note 1	Note 1	-	-	Note 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Sister	Sale	(137,676)	-1.42%	90 days after shipment	Note 1	Note 1	66,770	1.84%	Note 2 & 3

Note 1: Sales transactions between the Group and related parties are valuated 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 Q2 2023, the exchange rates for assets and profit or loss were USD:NTD=31.1400 and USD:NTD=30.5584, respectively.
Note 3: Offset in consolidated financial statements.

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

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

June 30, 2023

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 Debt	Note
					Amount	Actions Taken			
Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	$ 1,752,179	1.25	$ 400,486	Collection after reporting period	$ 656,440	$ -	Note 2 & 3
Sunny Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	203,978	1.69	18,728	Collection after reporting period	18,995	-	Note 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	158,807	1.22	69,878	Collection after reporting period	71,622	-	Note 2 & 3
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	583,349	2.16	-	-	140,130	-	Note 2 & 3
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	453,879	-	-	-	-	-	Note 2, 3 & 4
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Capital Concord Enterprises Limited	Parent company	481,516	12.90	-	-	281,319	-	Note 2 & 3
NGOC HUNG Footwear Co., Ltd.	Eversun Footwear Co., Ltd..	Sister company	391,151	-	-	-	-	-	Note 2, 3 & 4
Fulgent Sun Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	453,447	5.37	-	-	211,067	-	Note 2 & 3
NGOC HUNG Footwear Co., Ltd.	Capital Concord Enterprises Limited.	Parent company	201,396	2.85	-	-	57,298	-	Note 2 & 3

Note 1: The subsequent collections represent collections from the balance sheet date to Aug. 18, 2023.
Note 2: In Q2 2023, the exchange rates for assets and profit or loss were USD:NTD=31.1400 and USD:NTD=30.5584, respectively.
Note 3: Offset in consolidated financial statements.
Note 4: This amount is a loaning of funds 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 Six Months Ended June 30, 2023

Appendix 6

Unit NT$ thousand
(Unless Otherwise Specified)

No. (Note 1)	Name of Trading Partner	Counterparty	Relationship (Note 2)	Transaction Status			
				General Ledger Account	Amount (Note 5)	Trade terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd	1	Accounts payable	$ 1,752,179	Note4	8.64%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Accounts payable	583,349	Note4	2.88%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Accounts payable	203,978	Note4	1.01%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Accounts payable	158,807	Note4	0.78%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Accounts payable	481,516	Note4	2.37%
1	Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	1	Accounts payable	201,396	Note4	0.99%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Accounts payable	453,447	Note4	2.24%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Other payables	453,879	Note4	2.24%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Purchase	1,266,275	Note4	13.10%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Purchase	609,037	Note4	6.30%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Purchase	181,790	Note4	1.88%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Purchase	190,752	Note4	1.97%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd	1	Purchase	2,289,370	Note4	23.68%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Purchase	1,258,615	Note4	13.02%
1	Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	1	Purchase	290,121	Note4	3.00%
1	Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	1	Purchase	205,479	Note4	2.12%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd	1	Sale	550,616	Note4	5.69%
2	NGOC HUNG Footwear Co., Ltd.	Eversun Footwear Co., Ltd.	3	Other receivables	391,151	Note4	1.93%

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 Q2 2023, the exchange rates for assets and profit or loss were USD:NTD=31.1400 and USD:NTD=30.5584, respectively.

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

Note 7: Offset in consolidated financial statements.

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

Information on Investee Companies (Not Including Investee Companies in Mainland China)

For the Six Months Ended June 30, 2023

Appendix 7

Unit NT$ thousand
(Unless Otherwise Specified)

Investee Company	Investor Company	Place of Registration	Main Businesses	Original Investment Amount (Note 2)		Shares Held as of period ended			Investee company current profit or loss (Note 3)	Investment gains and losses recognized in the current period (Note 3&5)	Note
				End of Period	End of Last Year	Number of Shares (Note 1)	Ratio	Book value (Note 3)			
Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	Hong Kong	Holding company and Sports Leisure Outdoor Footwear Sales	$ 6,585,827	$ 6,585,827	1,733,000,000	100	$13,691,027	$1,095,957	$1,095,957	Subsidiaries
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	1,518,038	1,518,038	-	100	3,333,659	153,375	152,772	Subsidiaries
Capital Concord Enterprises Limited	Lin Wen Chih Sunstone Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	445,848	445,848	-	100	217,096	(1,361)	(1,361)	Subsidiaries
Capital Concord Enterprises Limited	Lin Wen Chih Sunzeal Enterprises Co., Ltd	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	138,415	-	-	100	137,132	(4,301)	(4,301)	Subsidiaries (Note 4)
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	2,038,732	1,997,207	-	100	2,888,893	50,711	50,711	Subsidiaries
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	1,381,849	1,381,735	-	100	1,532,717	(15,821)	(15,821)	Subsidiaries
Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	793,661	655,133	-	100	759,353	(17,594)	(17,594)	Subsidiaries
Capital Concord Enterprises Limited	Sunglory Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	101,009	-	-	100	101,009	-	-	Subsidiaries (Note 5)
Capital Concord Enterprises Limited	PT. SUN BRIGHT LESTARI	Indonesia	Sports Leisure Outdoor Footwear Production and Sales	413,633	407,543	-	100	413,744	(4,168)	(4,168)	Subsidiaries
Capital Concord Enterprises Limited	Laya Chemical Engineering Co., Ltd.	Taiwan	Shoes material production	25,500	25,500	-	100	21,496	(2,761)	(2,761)	Subsidiaries
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd.	Cambodia	Land lease	210,447	210,447	-	100	223,676	1,052	1,052	Subsidiaries

Note 1: The companies with "-" in the blank had no shares issued.
Note 2: The historical exchange rate was adopted.
Note 3: In Q2 2023, the exchange rates for assets and profit or loss were USD:NTD=31.1400 and USD:NTD=30.5584, respectively.
Note 4: The Group had established Sunzeal in 2023 in Cambodia, and has included it in the consolidated financial statements since then.
Note 5: The Group acquired 100% equity interest in Sunglory from unrelated parties in May, 2023. As of June 30, 2023, the entire transaction consideration has been fully settled, and it has been included in the consolidated financial statements since the date of obtaining control.
Note 6: The basis for recognition in the column of investment gains and losses recognized in the current period is the financial statement reported by the parent company's certified accountant.

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

Subsidiaries Information on Investments in Mainland China

For the Six Months Ended June 30, 2023

Appendix 8

Unit NT$ thousand
(Unless Otherwise Specified)

Investee Company in China	Main Businesses	Paid-in Capital (Note 3)	Investment Method (Note 2)	Accumulated Amount Remitted from Taiwan to Mainland China, as of beginning of period (Note 5)	Amount of investment Remitted or Recovered in Current Period (Note 5)		Amount Remitted from Taiwan to Mainland China, as of End of Period (Note 5)	Net Income (Loss) of the Investee in Current Period (Note4)	Ownership Held by the Company	Investment Income (Loss) Recognized in Current Period (Notes 4 and 6)	Book Value of Investments in Mainland China, as of End of Period (Note 4)	Accumulated 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	$ -	$ -	$ -	$ -	$ 185,403	100	$ 186,051	$ 2,788,655	$ -	Note 1
Hubei Sunsmile Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	1,825,033	2	-	-	-	-	112,913	100	112,876	1,929,111	-	-
Sunny Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	130,680	2	-	-	-	-	38,761	100	38,761	462,208	-	-
Fujian Laya Outdoor Products Co., Ltd.	Import/export trading	40,656	2	-	-	-	-	34,032	100	42,383	297,714	-	-

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 Q2 2023, the exchange rates for assets and profit or loss were USD:NTD=31.1400 and USD:NTD=30.5584, 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 audited by the parent company's CPAs.

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

Information on Major Shareholders

June 30, 2023

Appendix 9

Name of Major Shareholder	Shares	
	Number of shares	Percentage of Ownership(%)
Custodial Account (LASPORTIVA INT'L CO., LTD.) Used by CTBC Bank	24,120,151	12.64
Custodial Account (MEINDL INT'L CO., LTD.) Used by CTBC Bank	21,712,465	11.37
Fubon Life Insurance Co., Ltd	11,424,000	5.98

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.