

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Review Report
For the Three Months Ended March 31, 2021 and 2020
(Stock Code: 9802)

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheet of Fulgent Sun International (Holding) Co., Ltd. and its subsidiaries (collectively, the "Group") as of March 31, 2021 and 2020, the consolidated statements of comprehensive income for the three months ended March 31, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2020, and of its consolidated financial performance for the three months ended March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Hua-Ling Liang and Yu-Chuan Wang.

PricewaterhouseCoopers

Taipei, Taiwan
Republic of China

May 6, 2021

Notes to Readers

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

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

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

Assets	Note	March 31, 2021		December 31, 2020		March 31, 2020		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6 (1)	\$ 1,707,071	11	\$ 1,567,828	11	\$ 1,354,973	10
1170	Accounts receivable, net	6 (3)	2,218,551	14	2,270,550	16	1,826,406	14
1200	Other receivables		210,704	2	184,911	1	264,161	2
130X	Inventories	6 (4)	3,277,110	21	2,730,221	19	2,447,709	19
1410	Prepayments		145,560	1	128,846	1	118,089	1
1470	Other current assets	6 (7) and 8	142,946	1	164,384	1	95,354	1
11XX	Total current assets		<u>7,701,942</u>	<u>50</u>	<u>7,046,740</u>	<u>49</u>	<u>6,106,692</u>	<u>47</u>
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6 (2)	8,225	-	9,289	-	3,299	-
1600	Property, plant and equipment	6 (5) and 8	6,524,280	42	5,920,768	41	5,829,322	45
1755	Right-of-use assets	6 (6)	937,568	6	946,346	7	727,462	6
1780	Intangible assets		13,479	-	13,637	-	15,965	-
1840	Deferred tax assets	6 (22)	73,449	-	69,738	1	59,629	-
1900	Other non-current assets	6 (7) and 8	281,155	2	343,539	2	278,918	2
15XX	Total non-current assets		<u>7,838,156</u>	<u>50</u>	<u>7,303,317</u>	<u>51</u>	<u>6,914,595</u>	<u>53</u>
1XXX	Total assets		<u>\$ 15,540,098</u>	<u>100</u>	<u>\$ 14,350,057</u>	<u>100</u>	<u>\$ 13,021,287</u>	<u>100</u>

(Continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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 Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
 Consolidated Balance Sheets
 March 31, 2021, December 31, 2020, and March 31, 2020
 (Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		Note	March 31, 2021		December 31, 2020		March 31, 2020	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Current borrowings	6 (8) and 8	\$ 1,773,725	12	\$ 1,322,960	9	\$ 1,501,637	12
2110	Short-term notes payable		-	-	-	-	79,979	1
2130	Current contract liabilities	6 (16)	63,829	-	52,618	1	21,324	-
2170	Accounts payable		2,053,686	13	1,666,662	12	1,331,512	10
2200	Other payables	6 (9)	1,723,253	11	1,391,483	10	828,807	6
2230	Current tax liabilities		180,291	1	160,141	1	77,211	1
2280	Current lease liabilities		11,100	-	40,864	-	17,113	-
2300	Other current liabilities		16,842	-	16,256	-	17,254	-
21XX	Total current liabilities		<u>5,822,726</u>	<u>37</u>	<u>4,650,984</u>	<u>33</u>	<u>3,874,837</u>	<u>30</u>
Non-Current liabilities:								
2500	Non-current financial liabilities at fair value through profit or loss	6 (2)	450	-	250	-	-	-
2530	Bonds payable	6 (10)	485,326	3	483,820	3	52,056	-
2570	Deferred tax liabilities	6 (22)	1,205	-	786	-	4,073	-
2580	Non-current lease liabilities		487,606	3	486,855	3	298,939	2
2600	Other non-current liabilities	6 (11)	210,917	2	212,045	2	209,121	2
25XX	Total non-current liabilities		<u>1,185,504</u>	<u>8</u>	<u>1,183,756</u>	<u>8</u>	<u>564,189</u>	<u>4</u>
2XXX	Total liabilities		<u>7,008,230</u>	<u>45</u>	<u>5,834,740</u>	<u>41</u>	<u>4,439,026</u>	<u>34</u>
Equity attributable to owners of the parent company								
Share capital								
3110	Ordinary share	6 (13)	1,861,950	12	1,861,950	13	1,751,113	14
Capital surplus								
3200	Capital surplus	6 (14)	5,256,344	34	5,256,344	36	4,474,001	35
Retained earnings								
3310	Legal reserve	6 (15)	601,681	4	601,681	4	421,155	3
3320	Special reserve		852,629	5	852,629	6	420,541	3
3350	Unappropriated retained earnings		805,821	5	795,740	6	2,217,604	17
Other equity								
3400	Other equity interest		(830,600)	(5)	(837,187)	(6)	(743,538)	(6)
3500	Treasury shares	6 (13)	(57,583)	-	(57,583)	-	(2,465)	-
31XX	Total equity attributable to owners of the parent company		<u>8,490,242</u>	<u>55</u>	<u>8,473,574</u>	<u>59</u>	<u>8,538,411</u>	<u>66</u>
36XX	Non-controlling interests		<u>41,626</u>	<u>-</u>	<u>41,743</u>	<u>-</u>	<u>43,850</u>	<u>-</u>
3XXX	Total Equity		<u>8,531,868</u>	<u>55</u>	<u>8,515,317</u>	<u>59</u>	<u>8,582,261</u>	<u>66</u>
Significant Contingent Liabilities and Unrecognized Contractual Commitments								
3X2X	Liabilities and total equity	9	<u>\$ 15,540,098</u>	<u>100</u>	<u>\$ 14,350,057</u>	<u>100</u>	<u>\$ 13,021,287</u>	<u>100</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three Months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, except for Earnings Per Common Share)

Item	Note	For the Three Months Ended March 31, 2021		For the Three Months Ended March 31, 2020		
		Amount	%	Amount	%	
4000	Operating revenue	6 (16)	\$ 3,416,849	100	\$ 2,772,864	100
5000	Operating costs	6 (4)	(2,713,245)	(79)	(2,112,456)	(76)
5950	Gross profit from operations		<u>703,604</u>	<u>21</u>	<u>660,408</u>	<u>24</u>
	Operating expenses	6 (21)				
6100	Selling expenses		(69,942)	(2)	(65,919)	(2)
6200	Administrative expenses		(205,499)	(6)	(197,546)	(7)
6300	Research and development expenses		(46,207)	(1)	(40,565)	(2)
6000	Total operating expenses		<u>(321,648)</u>	<u>(9)</u>	<u>(304,030)</u>	<u>(11)</u>
6900	Net operating income		<u>381,956</u>	<u>12</u>	<u>356,378</u>	<u>13</u>
	Non-operating income and expenses					
7100	Interest income	6 (17)	2,364	-	2,721	-
7010	Other income	6 (18)	17,842	-	16,054	1
7020	Other gains and losses	6 (19)	(8,208)	-	36,744	1
7050	Finance costs	6 (20)	(5,846)	-	(7,243)	-
7000	Total non-operating income and expenses		<u>6,152</u>	<u>-</u>	<u>48,276</u>	<u>2</u>
7900	Profit before tax		<u>388,108</u>	<u>12</u>	<u>404,654</u>	<u>15</u>
7950	Income tax expenses	6 (22)	(62,732)	(2)	(51,034)	(2)
8200	Profit		<u>\$ 325,376</u>	<u>10</u>	<u>\$ 353,620</u>	<u>13</u>
	Other comprehensive income, net					
	Items that may be subsequently reclassified to profit or loss					
8361	Exchange differences on translation		\$ 6,585	-	(\$ 60,480)	(2)
8300	Other comprehensive income, net		<u>\$ 6,585</u>	<u>-</u>	<u>(\$ 60,480)</u>	<u>(2)</u>
8500	Total comprehensive income		<u>\$ 331,961</u>	<u>10</u>	<u>\$ 293,140</u>	<u>11</u>
	Profit attributable to:					
8610	Owners of the parent company		<u>\$ 325,491</u>	<u>10</u>	<u>\$ 354,143</u>	<u>13</u>
8620	Non-controlling interests		<u>(\$ 115)</u>	<u>-</u>	<u>(\$ 523)</u>	<u>-</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		<u>\$ 332,078</u>	<u>10</u>	<u>\$ 293,780</u>	<u>11</u>
8720	Non-controlling interests		<u>(\$ 117)</u>	<u>-</u>	<u>(\$ 640)</u>	<u>-</u>
	Basic earnings per share	6 (23)				
9750	Total basic earnings per share		<u>\$</u>	<u>1.75</u>	<u>\$</u>	<u>2.02</u>
	Diluted earnings per share					
9850	Total diluted earnings per share		<u>\$</u>	<u>1.72</u>	<u>\$</u>	<u>2.01</u>

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

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

Reviewed only, not audited in accordance with the generally accepted auditing standards

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

Consolidated Statements of Changes in Equity

For the Three Months ended March 31, 2021 and 2020

(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, 2020	\$ 1,747,566	\$ 4,459,672	\$ 421,155	\$ 420,541	\$ 1,863,461	(\$ 683,175)	\$ -	\$ 8,229,220	\$ 44,490	\$ 8,273,710
Profit for the period	-	-	-	-	354,143	-	-	354,143	(523)	353,620
Other comprehensive income	-	-	-	-	-	(60,363)	-	(60,363)	(117)	(60,480)
Total comprehensive income	-	-	-	-	354,143	(60,363)	-	293,780	(640)	293,140
Conversion of convertible bonds	6(14)(24) 3,547	14,329	-	-	-	-	-	17,876	-	17,876
Purchase of treasury shares	6(13) -	-	-	-	-	-	(2,465)	(2,465)	-	(2,465)
Balance at March 31, 2020	\$ 1,751,113	\$ 4,474,001	\$ 421,155	\$ 420,541	\$ 2,217,604	(\$ 743,538)	(\$ 2,465)	\$ 8,538,411	\$ 43,850	\$ 8,582,261
Balance at January 1, 2021	\$ 1,861,950	\$ 5,256,344	\$ 601,681	\$ 852,629	\$ 795,740	(\$ 837,187)	(\$ 57,583)	\$ 8,473,574	\$ 41,743	\$ 8,515,317
Profit for the period	-	-	-	-	325,491	-	-	325,491	(115)	325,376
Other comprehensive income	-	-	-	-	-	6,587	-	6,587	(2)	6,585
Total comprehensive income(loss)	-	-	-	-	325,491	6,587	-	332,078	(117)	331,961
Distribution of earnings for the six-month period ended December 31, 2020	6(15) -	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(315,410)	-	-	(315,410)	-	(315,410)
Balance at March 31, 2021	\$ 1,861,950	\$ 5,256,344	\$ 601,681	\$ 852,629	\$ 805,821	\$ 830,600	(\$ 57,583)	\$ 8,490,242	\$ 41,626	\$ 8,531,868

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Note	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 388,108	\$ 404,654
Adjustments			
Adjustments to reconcile profit and loss			
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(19)	1,264	1,347
Depreciation expense	6(5)(6)(21)	181,816	162,986
Amortization expense	6(21)	4,115	13,176
Expected credit losses (gain)	12(2)	6,391	(246)
Loss on disposal of property, plant, and equipment	6(19)	2,370	830
Interest income	6(17)	(2,364)	(2,721)
Interest expenses	6(20)	5,846	7,243
Changes in operating assets and liabilities			
Net changes in operating assets			
Accounts receivable		28,094	517,088
Other receivables		(25,134)	(43,323)
Inventories		(541,377)	(302,313)
Prepayments		(16,628)	(13,950)
Other current assets		(8,997)	2,310
Changes in operating liabilities			
Contract liability		30,808	(7,395)
Accounts payable		385,554	(57,413)
Other payables		(103,745)	(67,975)
Other current liabilities		560	4,851
Other non-current liabilities		(776)	(755)
Cash flows generated from operating		335,905	618,394
Interest received		2,235	2,632
Interest paid		(2,938)	(5,830)
Income tax paid		(17,853)	(61,212)
Net cash flows from operating activities		<u>317,349</u>	<u>553,984</u>

(Continued)

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Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	<u>Note</u>	<u>For the Three Months Ended March 31, 2021</u>	<u>For the Three Months Ended March 31, 2020</u>
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		\$ 156	\$ 852
Acquisition of property, plant, and equipment	6(24)	(572,091)	(376,362)
Proceeds from disposal of property, plant and equipment		402	887
Acquisition of intangible assets		(626)	(541)
Increase in other non-current assets		(10,703)	(20,098)
Increase in refundable deposits		(357)	(197)
Net cash flows used in investing activities		(583,219)	(395,459)
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term loans	6(25)	445,607	(180,460)
Increase in short-term notes payable	6(25)	-	79,979
Payments of lease liabilities	6(6) (25)	(32,060)	(13,680)
Net cash flows generated from(used in) financing activities		413,547	(114,161)
Effects of exchange rate changes		(8,434)	(62,865)
Net increase (decrease) in cash and cash equivalents		139,243	(18,501)
Cash and cash equivalents at beginning of period		1,567,828	1,373,474
Cash and cash equivalents at end of period		\$ 1,707,071	\$ 1,354,973

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
March 31, 2021 and 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company History

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

2. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors and published on May 6, 2021.

3. New Standards, Amendments and Interpretations Adopted

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

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

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

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

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

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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date Set by the IASB</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023

Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts— cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

4. Summary of Significant Accounting Policies

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

(1) Statement of Compliance

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

(2) Basis of preparation

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

(3) Basis of Consolidation

- A. Principles of preparation of consolidated financial statements
The principles for preparing the consolidated financial statements are the same as those for the 2020 consolidated financial statements.
- B. List of subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Nature of business	Percentage of ownership		
			March 31, 2021	December 31, 2020	March 31, 2020
The Company	Capital Concord Enterprises Limited	Holding company; Sports Leisure Outdoor Footwear Production and Sales	100	100	100
	(Capital Concord Enterprises Limited H.K.)				
Capital Concord Enterprises Limited H.K.	Fujian Laya Outdoor Products Co., Ltd. (Fujian Laya Co., Ltd.)	Distribution Agent and Import and Export Trade	100	100	100

Name of Investor	Name of Subsidiary	Nature of business	Percentage of ownership		
			March 31, 2021	December 31, 2020	March 31, 2020
Capital Concord Enterprises Limited H.K.	Laya Max Trading Co., Ltd. (Taiwan Laya)	Distribution Agent and Import and Export Trade	100	100	100
Capital Concord Enterprises Limited H.K.	Hong Kong Laya Outdoor Products (Hong Kong Laya)	Holding company	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.	Fulgent Sun Footwear Co., Ltd. (Fulgent Sun)	Sports Leisure Outdoor Footwear Production	100	100	100
Capital Concord Enterprises Limited H.K.	Lin Wen Chih Sunbow Enterprises Co., Ltd. (Sunbow)	Sports Leisure Outdoor Footwear Production and Sales	100	100	100
Capital Concord Enterprises Limited H.K.	Lin Wen Chih Sunstone Garment Enterprises Co., Ltd. (Sunstone)	Processing and Sale of Clothing	91.27	91.27	91.27
Capital Concord Enterprises Limited H.K.	NGOC Hung Footwear Co., Ltd. (NGOC HUNG)	Sports Leisure Outdoor Footwear Production	100	100	100
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd. (Sunlit)	Land lease	100	100	100
Hong Kong Laya Outdoor Products	Fujian La Sportiva Co., Ltd. (La Sportiva)	Distribution Agent and Import and Export Trade	60	60	60

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

D. Subsidiaries' different adjustment and treatment during accounting period: None.

E. Major Restrictors: None.

F. Subsidiaries with significant non-controlling interests in the Group: None.

(4) Income Tax

A. The interim period income tax expense is recognised 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, recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss

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

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

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand and revolving funds	\$ 8,662	\$ 4,906	\$ 6,911
Checking deposits & demand deposits	1,301,213	1,117,222	1,016,594
Time deposits	397,196	445,700	331,468
Total	<u>\$ 1,707,071</u>	<u>\$ 1,567,828</u>	<u>\$ 1,354,973</u>

- A. The financial institutions of the Group have good credit quality, and the Group has dealings with several financial institutions to distract credit risk; so the possibility of default is very unlikely.
- B. The Group presents time deposits with an original maturity of more than 3 months and not meeting short-term cash commitments under "Other Current Assets". Amounts of March 31, 2021, December 31, 2020 and March 31, 2020 are \$43,544, \$43,617 and \$42,550, respectively.
- C. Restricted Bank deposits of the Group. Please to note 6 (7) for details.

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

<u>Item</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
- Listed company stock	\$ 8,225	\$ 9,289	\$ 3,108
Financial assets designated at fair value through profit or loss			
- Convertible corporate bond redemption and sale rights	-	-	191
Total	<u>\$ 8,225</u>	<u>\$ 9,289</u>	<u>\$ 3,299</u>

<u>Item</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Non-current items:			
Financial liabilities mandatorily measured at fair value through profit or loss			
- Convertible corporate bond redemption and sale rights	(\$ 450)	(\$ 250)	\$ -

- A. The convertible corporate bonds the Group held the right to redeem and sell for the three months ended March 31, 2021 and 2020, with recognized gains and (losses) were (\$200) and \$171, respectively.
- B. The shares of listed OTC companies the Group held from January 1 to March 31, 2021 and 2020, with recognized losses were \$1,064 and \$1,518, respectively.
- C. The Group has not pledged financial assets to be measured at fair value through gains and losses

(3) Accounts receivable, net

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts receivable	\$ 2,229,815	\$ 2,275,370	\$ 1,834,838
Less: Allowance for impairment	(11,264)	(4,820)	(8,432)
	<u>\$ 2,218,551</u>	<u>\$ 2,270,550</u>	<u>\$ 1,826,406</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Current	\$ 2,147,181	\$ 2,209,713	\$ 1,617,886
Overdue 0 to 90 days	52,884	55,215	188,593
Overdue 91 to 180 days	26,855	3,632	20,313
Overdue 181 to 365 days	2,188	3,650	1,505
Over 365 days past due	707	3,160	6,541
	<u>\$ 2,229,815</u>	<u>\$ 2,275,370</u>	<u>\$ 1,834,838</u>

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

B. The balance of accounts receivable and notes receivable of March 31, 2021, December 31, 2020 and March 31, 2020 were generated by the customer contract. The balance of accounts receivable from the customer contract as of January 1, 2020 was \$2,329,423.

C. The Group's notes and accounts receivables are best represented on March 31, 2021, December 31, 2020 and March 31, 2020 regardless of the collateral or other credit enhancements held. The risk exposure amount of the maximum credit risk is the book value of each type of notes and accounts receivables.

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

(4) Inventories

		March 31, 2021	
		Allowance for inventory market decline and obsolescence	
	Cost		Carrying amounts
Merchandise inventory	\$ 11,803	(\$ 460)	\$ 11,343
Raw material	865,569	(39,334)	826,235
Work in process	741,017	(18,486)	722,531
Finished goods	1,073,125	(26,525)	1,046,600
Inventory in-transit	670,401	-	670,401
Total	<u>\$ 3,361,915</u>	<u>(\$ 84,805)</u>	<u>\$ 3,277,110</u>

		December 31, 2020	
		Allowance for inventory market decline and obsolescence	
	Cost		Carrying amounts
Merchandise inventory	\$ 9,152	(\$ 2,192)	\$ 6,960
Raw material	503,558	(38,320)	465,238
Work in process	673,418	(11,234)	662,184
Finished goods	1,086,168	(42,178)	1,043,990
Inventory in-transit	551,849	-	551,849
Total	<u>\$ 2,824,145</u>	<u>(\$ 93,924)</u>	<u>\$ 2,730,221</u>

		March 31, 2020	
		Allowance for inventory market decline and obsolescence	
	Cost		Carrying amounts
Merchandise inventory	\$ 62,223	(\$ 13,009)	\$ 49,214
Raw material	682,882	(46,863)	636,019
Work in process	516,239	(12,318)	503,921
Finished goods	778,164	(20,337)	757,827
Inventory in-transit	500,728	-	500,728
Total	<u>\$ 2,540,236</u>	<u>(\$ 92,527)</u>	<u>\$ 2,447,709</u>

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

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Cost of inventories sold	\$ 2,721,846	\$ 2,110,382
Inventory valuation (gain from price recovery) losses	(9,119)	7,856
Inventory scrap loss	439	-
Stock loss (gain)	445 (2,300)
Recognized as expenses	(318) (550)
Effect of exchange rate changes	(48) (2,932)
	<u>\$ 2,713,245</u>	<u>\$ 2,112,456</u>

The Group recognized a reduction in the cost of goods sold due to a rebound in the net realizable value of inventory due to the degraded part of the inventory that had been listed as loss of price for the three months ended March 31, 2021.

(5) Property, Plant and Equipment

For the Three Months Ended March 31, 2021

Cost	For the Three Months Ended March 31, 2021					
	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Land	\$ 283,615	\$ -	\$ -	\$ 6,849	\$ 587	\$ 291,051
Buildings	4,051,113	18,458	(4,622)	57,060	4,428	4,126,437
Machinery equipment	3,304,171	165,574	(15,868)	56,297	4,204	3,514,378
Transport equipment	76,776	6,910	-	-	137	83,823
Office equipment	41,854	1,784	(284)	127	21	43,502
Others	1,441,162	68,854	(13,028)	10,008	1,903	1,508,899
Construction in progress and to-be-inspected equipment	396,630	449,476	-	(78,238)	3,040	770,908
	<u>\$ 9,595,321</u>	<u>\$ 711,056</u>	<u>(\$ 33,802)</u>	<u>\$ 52,103</u>	<u>\$ 14,320</u>	<u>\$ 10,338,998</u>
Accumulated depreciation	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Buildings	(\$ 1,152,227)	(\$ 44,997)	\$ 3,907	\$ -	\$ 365	(\$ 1,192,952)
Machinery equipment	(1,462,164)	(66,464)	13,935	-	(154)	(1,514,847)
Transport equipment	(51,290)	(1,912)	-	-	(32)	(53,234)
Office equipment	(34,655)	(821)	284	-	(4)	(35,196)
Others	(974,217)	(56,227)	12,904	-	(949)	(1,018,489)
	<u>(\$ 3,674,553)</u>	<u>(\$ 170,421)</u>	<u>\$ 31,030</u>	<u>\$ -</u>	<u>(\$ 774)</u>	<u>(\$ 3,814,718)</u>
	<u>\$ 5,920,768</u>					<u>\$ 6,524,280</u>

For the Three Months Ended March 31, 2020

Cost	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Land	\$ 294,826	\$ -	\$ -	\$ 3,122	\$ 2,409	\$ 300,357
Buildings	3,536,434	53,928	(3,092)	167,162	(13,169)	3,741,263
Machinery equipment	3,066,318	49,044	(51,891)	72,844	(16,765)	3,119,550
Transport equipment	98,181	2,408	-	(26,084)	(606)	73,899
Office equipment	41,732	1,125	(3,640)	243	(231)	39,229
Others	1,315,524	48,129	(39,599)	40,381	400	1,364,835
Construction in progress and to-be-inspected equipment	630,715	77,161	-	(225,186)	(2,063)	480,627
	<u>\$ 8,983,730</u>	<u>\$ 231,795</u>	<u>(\$ 98,222)</u>	<u>\$ 32,482</u>	<u>(\$ 30,025)</u>	<u>\$ 9,119,760</u>
	Opening Balance	Increase in the period	Decrease in the period	Transfer in the period	Effect of exchange rate changes	Ending Balance
Accumulated depreciation						
Buildings	(\$ 1,002,398)	(\$ 39,833)	\$ 3,092	\$ -	\$ 8,486	(\$ 1,030,653)
Machinery equipment	(1,328,739)	(59,575)	50,406	-	11,481	(1,326,427)
Transport equipment	(59,332)	(1,902)	-	(10,655)	377	(71,512)
Office equipment	(35,106)	(613)	3,621	-	231	(31,867)
Others	(830,799)	(49,965)	39,386	10,655	744	(829,979)
	<u>(\$ 3,256,374)</u>	<u>(\$ 151,888)</u>	<u>\$ 96,505</u>	<u>\$ -</u>	<u>\$ 21,319</u>	<u>(\$ 3,290,438)</u>
	<u>\$ 5,727,356</u>					<u>\$ 5,829,322</u>

On March 31, 2021, December 31, 2020 and March 31, 2020 the Group provides guarantees information with property, plant and equipment, please refer to Note 8.

(6) Lease Arrangements

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 591,133	\$ 595,584	\$ 528,056
Buildings	346,435	350,762	199,406
	<u>\$ 937,568</u>	<u>\$ 946,346</u>	<u>\$ 727,462</u>

	<u>For the Three Months Ended</u> <u>March 31, 2021</u>	<u>For the Three Months Ended</u> <u>March 31, 2020</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 5,842	\$ 7,431
Buildings	5,553	3,626
Transportation Equipment (company car)	-	41
	<u>\$ 11,395</u>	<u>\$ 11,098</u>

- C. The Group's right-of-use assets for the three months ended March 31, 2021 and 2020 increased to \$0 and \$5,865, respectively.
- D. The profit and loss item related to the lease contract is as follows:

	<u>For the Three Months Ended</u> <u>March 31, 2021</u>	<u>For the Three Months Ended</u> <u>March 31, 2020</u>
Items affecting current profit and loss:		
Interest expense on lease liability	\$ 1,225	\$ 878
Cost relates to short-term lease contract	1,184	243

- E. The Group's lease cash outflow for the three months ended March 31, 2021 and 2020 totaled \$33,244 and \$13,923, respectively.

(7) Other Current Assets and Other Non-Current Assets

<u>Item</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current:			
Financial assets at amortized cost - Restricted bank deposits	\$ 39,181	\$ 39,106	\$ 19,943
Financial assets at amortized cost - Time deposits	43,544	43,617	42,550
Others	60,221	81,661	32,861
Total	<u>\$ 142,946</u>	<u>\$ 164,384</u>	<u>\$ 95,354</u>

Item	March 31, 2021	December 31, 2020	March 31, 2020
Non-current:			
Prepaid for land and equipment	\$ 256,459	\$ 328,604	\$ 188,738
Refundable deposits	3,242	2,884	5,012
Others	21,454	12,051	85,168
Total	<u>\$ 281,155</u>	<u>\$ 343,539</u>	<u>\$ 278,918</u>

Note: On March 31, 2021, December 31, 2020 and March 31, 2020 the group provides the guarantee for the other non-current assets, please refer to Note 8.

(8) Current Borrowings

Loan Type	March 31, 2021	Interest rate range	Collateral
Credit loans	\$ 1,773,725	0.600%~0.737%	Note
Loan Type	December 31, 2020	Interest rate range	Collateral
Credit loans	\$ 1,322,960	0.597%~0.736%	Note
Loan Type	March 31, 2020	Interest rate range	Collateral
Credit loans	\$ 1,501,637	0.550%~2.100%	Note

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

(9) Other Payables

	March 31, 2021	December 31, 2020	March 31, 2020
Accrued salaries	\$ 423,823	\$ 523,900	\$ 369,965
Dividends	705,033	389,623	-
Payables on equipment	456,546	337,623	289,855
Others	137,851	140,337	168,987
Total	<u>\$ 1,723,253</u>	<u>\$ 1,391,483</u>	<u>\$ 828,807</u>

(10) Bonds Payable

	March 31, 2021	December 31, 2020	March 31, 2020
Domestic fourth unsecured convertible corporate bonds	\$ -	\$ -	\$ 52,900
Domestic fifth unsecured convertible corporate bonds	500,000	500,000	-
Less: Discount on corporate bonds payable	(14,674)	(16,180)	(844)
Total	<u>\$ 485,326</u>	<u>\$ 483,820</u>	<u>\$ 52,056</u>

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

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

- a. With the approval of the competent authority, the Company raised and issued the 4th unsecured convertible corporate bonds in Taiwan, totaling NT\$1,000,000, with a par value of NT\$100,000 and a coupon interest rate of 0%. The convertible corporate bond was issued for 3 years and circulated from October 2, 2018 to October 2, 2021. 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 October 2, 2018.
- b. The convertible corporate bondholder may at any time request the Company for conversion to its common stock from the next 3 months after the issuance of the bond to the expiration date, except for the period of suspension of the transfer according to the regulations or decrees. The rights and obligations of the convertible corporate bondholder are the same as those of the original common stock.
 - c. The conversion price of the convertible corporate bond is set at NT\$54.5 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 March 31, 2021, the convertible corporate bond of NT\$100,000 was fully converted to 19,257 thousand shares of common stock. After the issuance of the convertible corporate bond, when the common stock issued by the Company has increased or the Company distributes cash dividends on the common stock, the Company should adjust the conversion price of this bond based on the ratio of current price per share on the ex-dividend date according to the prescribed formula. The convertible corporate bond was fully converted on October 6, 2020 and delisted on October 14, 2020.
- (C) When issuing the convertible corporate bond, the Company will, in accordance with the International Accounting Standards No.32, separate the conversion rights of equity from the constituent elements of the liabilities, and account for the "capital surplus - stock options." The balance on March 31, 2021 was NT\$0. The other is the right to buy back and sell back. According to the International Financial Reporting Standard No. 9, because of the economic characteristics of the goods that are in debt with the principal contract, the relationship between economic characteristics and risk is not closely related, so it is separated and list as the net account of "financial assets or financial liabilities at fair value through profit or loss." The effective interest rate of the principal contract obligation after separation is 1.066%.
- B. The fifth unsecured convertible corporate bonds in the Republic of China, issued by the Board of Directors of the Company on April 30, 2020, were as follows:
- (A) The conditions for issuing the fifth unsecured convertible corporate bonds of the Company were as follows:
- a. With the approval of the competent authority, the Company raised and issued the 5th unsecured convertible corporate bonds in Taiwan, totaling NT\$500,000, with a par value of NT\$100,000 and a coupon interest rate of 0%. The convertible corporate bond was issued for 3 years and circulated from August 17, 2020 to August 17, 2023. When the convertible corporate bond matures, it will be repaid in cash at the face value of the bond. The convertible corporate bond was listed at Gre Tai Securities Market Exchange on August 17, 2020.
 - b. The convertible corporate bondholder may at any time request the Company for

conversion to its common stock from the next 3 months after the issuance of the bond to the expiration date, except for the period of suspension of the transfer according to the regulations or decrees. The rights and obligations of the convertible corporate bondholder are the same as those of the original common stock.

- c. The conversion price of the convertible corporate bond is set at NT\$112 per share at the time of issue, and the conversion price of the convertible corporate bond is determined according to the prescribed model stipulated in the conversion method, and the conversion price will be in case of the Company's anti-dilution clause. It will be adjusted according to the model set out in the conversion method.
 - d. Within 40 days before the convertible corporate bond is issued 2 full years, the bondholder may require the Company to redeem the convertible corporate bond in cash at 101.0025% of the face value of the bond.
 - e. When the convertible corporate bond is issued 3 months from the next day to the first 40 days after the expiration of the issuance period, the 30 consecutive business days of the closing price of the common stock of the Company will exceed 30% of the conversion price at that time; the Company will notify the creditors within 30 business days thereafter and withdraw the outstanding bonds in cash on the basis of the day of recovery based on the bond value. When the convertible corporate bond is issued 3 months, When the balance of the convertible corporate bond is less than 10% of the total issued in the first 40 days before the expiration of the issuance period, the Company will have to withdraw all its bonds in cash at any time thereafter based on the denomination of the bonds.
 - f. As per the conversion method, all of the Company's recovered (including purchased from the Securities Merchants Business Offices), repaid or converted convertible corporate bond will be revoked, no longer be sold or issued, and the attached conversion rights will be revoked accordingly.
- (B) As of March 31, 2021, the convertible corporate bond of NT\$500,000 was not yet converted to the common stock. After the issuance of the convertible corporate bond, when the common stock issued by the Company has increased or the Company distributes cash dividends on the common stock, the Company should adjust the conversion price of this bond based on the ratio of current price per share on the ex-dividend date according to the prescribed formula. At present, the conversion price for the convertible corporate bond is NT\$107.8 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 March 31, 2021 was NT\$48,201. The other is the right to buy back and sell back. According to the International Financial Reporting Standard No. 9, because of the economic characteristics of the goods that are in debt with the principal contract, the relationship between economic characteristics and risk is not closely related, so it is separated and list as the net account of "financial assets or financial liabilities at fair value through profit or loss." The effective interest rate of the principal contract obligation after separation is 1.066%.

(11) Other Non-Current Liabilities

<u>Item</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Non-Current:			
Deferred government grant income	\$ 119,554	\$ 120,529	\$ 119,844
Other non-current liabilities - Other	91,363	91,516	89,277
Total	<u>\$ 210,917</u>	<u>\$ 212,045</u>	<u>\$ 209,121</u>

(12) Pension

- A. Since July 1, 2005, the Group's subsidiary Capital Concord Enterprises Limited H.K., Taiwan Branch, and Taiwan Laya 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 ended March 31, 2021 and 2020, the pensions recognized by the Group in accordance with the above regulations were NT\$1,648 and NT\$1,678 respectively.

- B. In accordance with the regulations of the People's Republic of China, the Group's second-tier subsidiaries in China set aside the pension (on May 1, 2019, the rate of pension insurance in all provinces and cities in China was reduced to 16%) monthly at 16%~20% of the total local staff's salaries (Sunny and Sunshine: 16%~18%; Sunsmile: 16%~19%; Fujian Laya and La Sportiva: 16%~20%). Each employee's pension is managed and arranged by the government, and the Group is solely obliged to set aside the pension. For the three months ended March 31, 2021 and 2020, the pensions recognized by the Group's second-tier subsidiaries in China in accordance with the above regulations were NT\$20,278 and NT\$7,849 respectively.
- C. The Group's subsidiaries, Fulgent Sun Footwear (Vietnam) and NGOC HUNG Footwear (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 ended March 31, 2021 and 2020, the pensions recognized by the Group in accordance with the above regulations were NT\$32,457 and NT\$28,425 respectively.

(13) Share Capital

- A. On March 31, 2021, the Company's rated capital was \$3,000,000, divided into 300 million shares, the paid in capital was \$1,861,950, the denomination of \$10 per share.

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

	Unit: Thousand Shares	
	2021	2020
January 1	185,535	174,757
Convertible bonds execution conversion	-	354
March 31	185,535	175,111

B. Treasury Stock

- (A) Reason and quantity of share recovery

		March 31, 2021	
Shareholder	Reason for Buyback	Number of Shares (in Thousands)	Carrying Amount
The Company	Transfer to employees	660	\$ 57,583
		December 31, 2020	
Shareholder	Reason for Buyback	Number of Shares (in Thousands)	Carrying Amount
The Company	Transfer to employees	660	\$ 57,583
		March 31, 2020	
Shareholder	Reason for Buyback	Number of Shares (in Thousands)	Carrying Amount
The Company	Transfer to employees	29	\$ 2,465

- (B) According to the Securities and Exchange Act, the number of shares bought back under shall not exceed 10% of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back shall not exceed the amount of retained earnings plus premium on capital stock plus realized capital surplus.

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

(14) Capital Surplus

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

	2021			
	Issue Premium	Stock Options	Others	Total
January 1 and March 31	\$ 5,207,597	\$ 48,201	\$ 546	\$ 5,256,344

	2020			
	Issue Premium	Stock Options	Others	Total
January 1	\$ 4,457,016	\$ 2,110	\$ 546	\$ 4,459,672
Convertible corporate bonds converted to common stocks	14,869	(540)	-	14,329
March 31	\$ 4,471,885	\$ 1,570	\$ 546	\$ 4,474,001

(15) Retained Earnings

- A. In the shareholders' meeting held on June 12, 2020, the Company passed a resolution to amend the Articles of Incorporation, stipulating that the Company may, at the end of each semi-fiscal year, distribute earnings in the form of stock dividends upon supermajority resolution in the shareholders' meeting or in the form of cash dividends upon the Board of Directors' resolution. In accordance with the amended Articles of Incorporation, the Company shall (1) first make up the loss over the years, set aside a legal surplus reserve at 10% of the remaining earnings until the accumulated legal surplus reserve equals the Company's paid-in-capital; (2) set aside a special surplus reserve in accordance with the rules of the public offering company or at the request of the competent authority; and (3) may set aside less than 3% of the remaining earnings as directors' remuneration and less than 3% of the remaining profits as bonuses to the employees of the Company and subsidiaries.
- B. When the Company's earnings are distributed, dividends distributed to shareholders should not be less than the balance of the remaining earnings net of 20% of the amounts in the preceding (1) (2), wherein the cash dividend issued should not be less than 20% of the dividends.
- C. In accordance with the Articles of Incorporation, the Company shall not distribute dividends or assign dividends or other assignments in respect of the realized or unrealized benefits of the Company, the premium account for the issuance of shares, or other payments permitted by the Cayman Company Act; provided that the legal surplus reserve is more than 25% of paid-in-capital, only the legal surplus reserve shall be accumulated as the above allocation and shall be limited to the portion of the legal surplus reserve in excess of 25% of the paid-in-capital.
- D. (A)When the Company distributes earnings, it should make special surplus reserve accumulated in respect of the debit balance of other equity on the balance sheet date in accordance with the

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

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

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

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

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

- F. The appropriations of interim earnings for 2020 which have been resolved by the Board of Directors, were as follows:

	For the second half year of 2020		For the first half year of 2020	
	February 26, 2021		December 28, 2020	
Board resolution date				
Legal surplus reserve	\$	37,151	\$	52,606
Special surplus reserve	(\$	15,441)	\$	169,454
Cash dividends	\$	315,410	\$	389,623
Dividends per share (NT\$)	\$	1.70	\$	2.10

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

Before the record date of the appropriations of interim earnings for the second half year of 2020, if the number of outstanding shares is affected by the conversion of convertible corporate bonds, the issuance of restricted stock for employees, or other factors, resulting in a change in shareholders' dividends and a need for modification, it should be reported to the Board of Directors, which should authorize the Chairman to act at his/her own discretion.

The amount of the surplus reserve and special surplus reserve will be decided by the shareholders' meeting on May 28, 2021.

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

(16) Operating Revenue

	<u>For the Three Months Ended March 31, 2021</u>	<u>For the Three Months Ended March 31, 2020</u>
Revenue from Contracts with Customers	\$ 3,416,849	\$ 2,772,864

A. Breakdown of Customer Contract Income

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

B. Contract liability

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>	<u>January 1, 2020</u>
Contract liability				
- Advance sales receipts	\$ 63,829	\$ 52,618	\$ 21,324	\$ 28,538

Contract liability opening recognized income in current period

	<u>For the Three Months Ended March 31, 2021</u>	<u>For the Three Months Ended March 31, 2020</u>
Contract liability opening balance		
recognized income in current period –Advance sales receipts	\$ 19,755	\$ 21,718

(17) Interest revenue

	<u>For the Three Months Ended March 31, 2021</u>	<u>For the Three Months Ended March 31, 2020</u>
Interest on bank deposits	\$ 2,364	\$ 2,721

(18) Other Income

	<u>For the Three Months Ended March 31, 2021</u>	<u>For the Three Months Ended March 31, 2020</u>
Government subsidy income	\$ 8,781	\$ 1,408
Other income - others	9,061	14,646
	<u>\$ 17,842</u>	<u>\$ 16,054</u>

(19) Other Gains and Losses

	<u>For the Three Months Ended March 31, 2021</u>	<u>For the Three Months Ended March 31, 2020</u>
Disposal of property, plant and equipment losses	(\$ 2,370)	(\$ 830)
Foreign exchange gain	938	47,949
Loss on financial assets and liabilities measured at fair value through profit and loss	(1,264)	(1,347)
Other losses	(5,512)	(9,028)
	<u>(\$ 8,208)</u>	<u>\$ 36,744</u>

(20) Finance Costs

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Bank borrowing	\$ 3,115	\$ 6,203
Convertible bonds	1,506	162
Lease liabilities	1,225	878
	<u>\$ 5,846</u>	<u>\$ 7,243</u>

(21) Expenses Expressed by Nature

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Employee benefits		
Salary	\$ 1,048,710	\$ 876,332
Labor and health insurance	35,617	25,393
Pension	54,383	37,952
Others	19,701	15,641
	<u>1,158,411</u>	<u>955,318</u>
Depreciation	181,816	162,986
Amortization	4,115	13,176
	<u>\$ 1,344,342</u>	<u>\$ 1,131,480</u>

A. According to the Articles of Incorporation, the Company may allocate a surplus not exceeding 3% of the remaining surplus as the directors' remuneration and 3% of the remaining profits as employees' bonuses for the employees of the Company and subsidiaries.

B. The employee bonus estimates of the Company for the three months ended March 31, 2021 and 2020 were both NT\$2,500, and the director remuneration estimates were both NT\$2,500. The above amounts were accounted for as operating expenses. The above employees' bonuses and directors' remuneration are assessed on the basis of the ratio set out in the Articles of Incorporation, taking into account such factors as net income as of the current period after consideration of the legal surplus reserve.

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

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

(22) Income Tax

(A) Income tax expense

Components of income tax expense:

	For the Three Months Ended March, 2021	For the Three Months Ended March, 2020
Current income tax:		
Income tax on current income	\$ 64,794	\$ 53,397
Underestimated income tax in prior periods	1,230	154
Total current income tax	<u>66,024</u>	<u>53,551</u>
Deferred income tax:		
The primitive generation and turn of temporary differences	(3,292)	(2,517)
Total deferred income tax	<u>(3,292)</u>	<u>(2,517)</u>
Income tax expenses	<u>\$ 62,732</u>	<u>\$ 51,034</u>

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

(23) Earnings Per Share

	For the Three Months Ended March 31, 2021		
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	\$ 325,491	185,535	\$ 1.75
<u>Diluted earnings per share</u>			
Profit attributable to equity holders of the Company	325,491	185,535	
Effect of dilutive potential ordinary shares			
Convertible bonds	1,506	4,638	
Employee bonus	-	112	
Profit attributable to ordinary shareholders assuming the effect of potential ordinary shares	\$ 326,997	190,285	\$ 1.72
	For the Three Months Ended March 31, 2020		
	After-tax amount	Weighted average number of shares in circulation (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	\$ 354,143	175,005	\$ 2.02
<u>Diluted earnings per share</u>			
Profit attributable to equity holders of the Company	354,143	175,005	
Effect of dilutive potential ordinary shares			
Convertible bonds	162	1,138	
Employee bonus	-	158	
Profit attributable to ordinary shareholders assuming the effect of potential ordinary shares	\$ 354,305	176,301	\$ 2.01

(24) Supplementary Information on Cash Flow

A. Investing activities with partial cash payments:

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2021
Additions to property, plant and equipment	\$ 763,159	\$ 264,277
Less: Prepayments for land and equipment at the beginning of the period	(328,604)	(57,686)
Add: Prepayments for land and equipment at the end of the period	256,459	188,738
Add: Payables for equipment at the beginning of the period	337,623	270,888
Less: Payables for equipment at the end of the period	(456,546)	(289,855)
Cash paid in the period	<u>\$ 572,091</u>	<u>\$ 376,362</u>

B. Financing activities that do not affect cash flow:

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Share capital converted from convertible bonds	<u>\$ -</u>	<u>\$ 3,547</u>

(25) Changes in Liabilities Arising from Financing Activities

	Short-term loans	Lease liabilities	Convertible bonds	Total liabilities from financing activities
January 1, 2021	\$ 1,322,960	\$ 527,719	\$ 483,820	\$ 2,334,499
Changes in cash flows from financing	445,607	(32,060)	-	413,547
Other non-cash flows	-	1,225	1,506	2,731
Effects of exchange rate changes	5,158	1,822	-	6,980
March 31, 2021	<u>\$ 1,773,725</u>	<u>\$ 498,706</u>	<u>\$ 485,326</u>	<u>\$ 2,757,757</u>

	Short term loans and short-term notes	Lease liabilities	Convertible bonds (Note)	Total liabilities from financing activities
January 1, 2020	\$ 1,669,050	\$ 362,261	\$ 69,780	\$ 2,101,091
Changes in cash flows from financing	(100,481)	(13,680)	-	(114,161)
Other non-cash flows	-	(29,367)	(17,724)	(47,091)
Effects of exchange rate changes	13,047	(3,162)	-	9,885
March 31, 2020	<u>\$ 1,581,616</u>	<u>\$ 316,052</u>	<u>\$ 52,056</u>	<u>\$ 1,949,724</u>

Note : The portion due within one year is included.

7. Related-Party Transactions

Key Management Compensation

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Short-term employee benefits	\$ 27,287	\$ 13,280

8. Pledged Assets

Assets	Carrying amounts			Guarantee use
	March 31, 2021	December 31, 2020	March 31, 2020	
Land	\$ 102,015	\$ 101,818	\$ 108,057	Current borrowings
Buildings	153,291	154,051	166,853	Current borrowings
Financial assets at amortized cost (recognized in other current assets and other non-current assets)	40,932	40,850	20,342	Performance bond for power supply contract
Refundable deposits (recognized in other non-current assets)	3,242	2,884	5,012	Deposits for leased land and other
	<u>\$ 299,480</u>	<u>\$ 299,603</u>	<u>\$ 300,264</u>	

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Commitments

(1) Capital expenditure contracted but not yet incurred:

	Contract Price		
	March 31, 2021	December 31, 2020	March 31, 2020
Property, plant and equipment	\$ 1,340,041	\$ 1,158,583	\$ 759,396

	Unpaid Price		
	March 31, 2021	December 31, 2020	March 31, 2020
Property, plant and equipment	\$ 652,414	\$ 630,024	\$ 375,150

(2) Outstanding letter of credit amount:

	March 31, 2021	December 31, 2020	March 31, 2020
Outstanding letter of credit	\$ 35,623	\$ 35,485	\$ 16,406

10. Significant Disaster Losses

None.

11. Significant Events After The Reporting Period

None.

12. Others

(1) Capital Management

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

(2) Financial Instruments

A. Categories of financial instruments

	<u>March 31, 2021</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
<u>Financial Assets</u>			
Financial assets at fair value through profit and loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 8,225	\$ 9,289	\$ 3,108
Financial assets designated at fair value through profit or loss	-	-	191
	<u>\$ 8,225</u>	<u>\$ 9,289</u>	<u>\$ 3,299</u>
Financial assets/loans and receivables measured at amortized cost			
Cash and cash equivalents	\$ 1,707,071	\$ 1,567,828	\$ 1,354,973
Accounts receivable	2,218,551	2,270,550	1,826,406
Other receivables	210,704	184,911	264,161
Financial assets at amortized cost - current	82,725	82,723	62,493
Refundable deposits	3,242	2,884	5,012
Financial assets at amortized cost - non-current	1,751	1,744	399
	<u>\$ 4,224,044</u>	<u>\$ 4,110,640</u>	<u>\$ 3,513,444</u>
<u>Financial Liabilities</u>			
Financial liabilities at fair value through profit and loss			
Financial liabilities designated at fair value through profit or loss	\$ 450	\$ 250	\$ -
Financial liabilities measured at amortized cost			
Current borrowings	\$ 1,773,725	\$ 1,322,960	\$ 1,501,637
Short-term notes payable	-	-	79,979
Accounts payable	2,053,686	1,666,662	1,331,512
Other payables	1,723,253	1,391,483	828,807
Corporate bonds payable	485,326	483,820	52,056
	<u>\$ 6,035,990</u>	<u>\$ 4,864,925</u>	<u>\$ 3,793,991</u>
Lease liabilities (current and non-current)	\$ 498,706	\$ 527,719	\$ 316,052

B. Risk Management Policy

- (A) The Group's financial risk management objectives are to manage exchange rate risk, price risk, interest rate risk, credit risk and liquidity risk related to its operating activities. In order to minimize the relevant financial risks, the Group strives to identify, assess, and avoid market uncertainties, so as to minimize the potential adverse effects on the financial performance of the Company.
- (B) The Group's important financial activities are reviewed by the Board of Directors and the Audit Committee according to relevant regulations and the internal control system. During the implementation of the financial plan, the Group must comply with the relevant financial operations procedures in relation to the overall financial risk management and segregation of duties.

C. Nature and Degree of Significant Financial Risks

(A) Market Risk

Exchange Rate Risk

- a. The Group is a multinational operation and is exposed to exchange rate risk arising from transactions with different functional currencies by the Company and its subsidiaries, which are mainly the USD and RMB, and partially the Vietnamese Dong. The relevant exchange rate risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.
- b. To avoid the decrease in foreign currency assets and future fluctuations in cash flows caused by exchange rate movements, the Group uses derivative financial instruments to hedge the exchange rate risk. This kind of derivative financial instrument can be used to assist the Group in reducing but not entirely eliminating the impact of foreign currency exchange rate movements.
- c. The Group's business involves the use of various non-functional currencies (the Company and some subsidiaries' functional currency is NTD, whereas some subsidiaries' functional currencies are RMB, USD, and VND); as a consequence, it is subject to exchange rates fluctuation. Assets and liabilities that are denominated in foreign currencies and significantly affected by the exchange rates fluctuation and market risk were as follows:

March 31, 2021

(Foreign currency: functional currency)	Sensitivity Analysis						
	Foreign currency (in thousands)	Exchange rate	Carrying amount	Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income	
<u>Financial Assets</u>							
<u>Monetary items</u>							
USD: RMB	\$ 14,442	6.5531	\$ 412,099	5%	\$ 20,605	\$	-
RMB: USD	55,375	0.1526	241,125	5%	12,056		-
<u>Financial Liabilities</u>							
<u>Monetary items</u>							
USD: RMB	\$ 500	6.5531	\$ 14,265	5%	\$ 713	\$	-
NTD: USD	943,654	0.0350	943,654	5%	47,183		-

December 31, 2020

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

March 31, 2020

(Foreign currency: functional currency)	Sensitivity Analysis						
	Foreign currency (in thousands)	Exchange rate	Carrying amount	Range of change	Impact on Profit and Loss	Impact on Other Comprehensive Income	
<u>Financial Assets</u>							
<u>Monetary items</u>							
USD: RMB	\$ 7,278	7.1304	\$ 219,988	5%	\$ 10,999	\$	-
RMB: USD	55,230	0.1408	235,005	5%	11,750		-
<u>Financial Liabilities</u>							
<u>Monetary items</u>							
USD: RMB	\$ 426	7.1034	\$ 12,874	5%	\$ 644	\$	-
NTD: USD	867,632	0.0331	867,632	5%	43,382		-

- d. The Group's monetary items were significantly impacted by the exchange rate changes, and the total exchange gains and (losses) (including realized and unrealized) for the three months ended March 31, 2021 and 2020 were NT\$938 and NT\$47,949 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 three months ended March 31, 2021 and 2020 from gains or losses on equity instruments mandatorily measured at fair value through profit or loss would have increased or decreased NT\$411 and NT\$155 respectively.

Cash Flow and Fair Value Interest Rate Risk

- a. The Group's interest rate risk arises primarily from the short-term loans, short-term notes payable, and long-term loans issued at floating rates, which exposes the Group to the cash flow interest rate risk. For the three months ended March 31, 2021 and 2020, the Group's loans issued at floating rates were mainly denominated in NTD and USD.
- b. The Group's loans are measured at amortized cost and re-priced based on the contractual interest rates, which expose the Group to the risk of changes in future market interest rates.
- c. If the loan interest rate increased or decreased 0.1%, with all other variables held constant, net income for the three months ended March 31, 2021 and 2020 would have decreased or increased NT\$355 and NT\$316 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 March 31, 2021 and 2020.
 - h. The Group adjusts the loss rate established on the history of certain periods and current information for prospective considerations to estimate the loss allowance for accounts receivable. The reserve matrixes as of March 31, 2021, December 31, 2020 and March 31, 2020 were as follows:

March 31, 2021	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	\$ 2,147,181	\$ -
Overdue 0 to 90 days	4.60%	52,884	2,432
Overdue 91 to 180 days	24.49%	26,855	6,578
Overdue 181 to 365 days	70.70%	2,188	1,547
Over 365 days past due	100.00%	707	707
Total		<u>\$ 2,229,815</u>	<u>\$ 11,264</u>

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

March 31, 2020	Expected Loss Rate	Total Carrying Amount	Allowance for Loss
Current	0.00%	\$ 1,617,886	\$ -
Overdue 0 to 90 days	0.27%	188,593	518
Overdue 91 to 180 days	4.52%	20,313	919
Overdue 181 to 365 days	30.17%	1,505	454
Over 365 days past due	100.00%	6,541	6,541
Total		<u>\$ 1,834,838</u>	<u>\$ 8,432</u>

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

	2021
	Accounts receivable
January 1	\$ 4,820
Allowance for Impairment loss	6,391
Effect of exchange rate changes	53
March 31	<u>\$ 11,264</u>
	2020
	Accounts receivable
January 1	\$ 8,715
Reversal for Impairment loss	(246)
Effect of exchange rate changes	(37)
March 31	<u>\$ 8,432</u>

(C) Liquidity Risk

- a. The cash flow forecast is performed by each operating entity of the Group and compiled by the Group's treasury. The Group's treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- b. The Group's treasury invests surplus cash in interest-bearing demand deposits and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasts.
- c. As of March 31, 2021, December 31, 2020 and March 31, 2020 the Group has unused borrowing facilities of \$2,693,820, \$3,776,320 and \$3,493,725, 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:

March 31, 2021	Less than 6 Months	7 to 12 Months	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowing	\$ 1,624,473	\$ 150,995	\$ -	\$ -	-
Accounts payable	2,053,686	-	-	-	-
Other payables	1,691,563	31,690	-	-	-
Bonds payable	-	-	-	500,000	-
Lease liabilities	4,978	11,022	18,787	61,155	449,069

Non-derivative financial liabilities:

December 31, 2021	Less than 6 Months	7 to 12 Months	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowing	\$ 1,143,613	\$ 180,888	\$ -	\$ -	-
Accounts payable	1,666,662	-	-	-	-
Other payables	1,342,832	48,651	-	-	-
Bonds payable	-	-	-	500,000	-
Lease liabilities	13,864	14,165	19,110	57,289	455,181

Non-derivative financial liabilities:

March 31, 2020	Less than 6 Months	7 to 12 Months	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowing	\$ 1,505,235	\$ -	\$ -	\$ -	-
Short-term notes payable	80,000	-	-	-	-
Accounts payable	1,331,512	-	-	-	-
Other payables	785,477	43,330	-	-	-
Bonds payable	-	-	52,900	-	-
Lease liabilities	13,902	6,207	16,592	47,267	258,518

(3) Fair Value Information

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

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

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

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

B. Financial instruments not measured at fair value

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

	March 31, 2021	
		Fair Value
	Carrying amount	Level 3
Bonds payable	\$ 485,326	\$ 488,638

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

	March 31, 2020	
		Fair Value
	Carrying amount	Level 3
Bonds payable	\$ 52,056	\$ 52,314

(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:

March 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Listed company stock	\$ 8,225	\$ -	\$ -	\$ 8,225
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit and loss				
- Redemption right of convertible corporate bonds	\$ -	\$ -	(\$ 450)	(\$ 450)
December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Listed company stock	\$ 9,289	\$ -	\$ -	\$ 9,289
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit and loss				
- Redemption right of convertible corporate bonds	\$ -	\$ -	(\$ 250)	(\$ 250)
March 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
- Listed company stock	\$ 3,108	\$ -	\$ -	\$ 3,108
- Redemption right of convertible corporate bonds	-	-	191	191
	\$ 3,108	\$ -	\$ 191	\$ 3,299

- 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 three month ended March 31, 2021 and 2020.

F. The following table shows the changes for the three month ended March 31, 2021 and 2020:

	2021	2020
	Non-derivative equity instruments	Non-derivative equity instruments
January 1	(\$ 250)	\$ 28
Gains or losses recognized in profit or loss (Note)	(200)	171
Current conversion	-	(8)
March 31	(\$ 450)	\$ 191

Note: Recognized in other gains and losses.

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

	Fair value as of March 31, 2021	Evaluation techniques	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Hybrid Instruments:					
Corporate bond redemption right	(\$ 450)	Binomial Tree Evaluation Model	Volatility	41.96%	The higher the volatility, the higher the fair value
	Fair value as of December 31, 2020	Evaluation techniques	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Hybrid Instruments:					
Corporate bond redemption right	(\$ 250)	Binomial Tree Evaluation Model	Volatility	51.07%	The higher the volatility, the higher the fair value
	Fair value as of March 31, 2020	Evaluation techniques	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Hybrid Instruments:					
Corporate bond redemption right	\$ 191	Binomial Tree Evaluation Model	Volatility	45.81%	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:

			March 31, 2021	
			Recognized in Profit or Loss	
			Favorable change	Unfavorable change
	Input value	Change		
Financial Liabilities Hybrid instruments	Volatility	±5%	\$ 500	(\$ 200)

			December 31, 2020	
			Recognized in Profit or Loss	
			Favorable change	Unfavorable change
	Input value	Change		
Financial Liabilities Hybrid instruments	Volatility	±5%	\$ 150	(\$ 250)

			March 31, 2020	
			Recognized in Profit or Loss	
			Favorable change	Unfavorable change
	Input value	Change		
Financial Liabilities Hybrid instruments	Volatility	±5%	\$ 58	(\$ 16)

13. Supplementary Disclosures

(1) Information on Significant Transactions

- A. Loans to Others: Refer to Appendix 1.
- B. Provision of Endorsements and Guarantees to Others: None.
- C. Holding of Marketable Securities (Not Including Subsidiaries, Associates, and Joint Ventures): Refer to Appendix 2
- D. Accumulated Acquisition or Disposal of the Same Securities Reaching NT\$300 Million or 20% of Paid-in Capital or More: None.
- E. Acquisition of Real Estate Reaching NT\$300 Million or 20% of Paid-in Capital or More: None.
- F. Disposal of Real Estate Reaching NT\$300 Million or 20% of Paid-in Capital or More: None.
- G. Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More: Refer to Appendix 3.
- H. Receivables from Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More: Refer to Appendix 4.
- I. Derivatives transactions: None.
- J. Parent-subsidiary and Subsidiary-subsidiary Business Relations and Significant Transactions and Amounts Thereof: Refer to Appendix 5

(2) Information on reinvested business

Information on Invested Companies (Not Including Investee Companies in Mainland China): Refer to Appendix 6.

(3) Information on Investment in China

- A. Basic Information: Refer to Appendix 7.

B Significant Transactions with Investee Companies in Mainland China Directly or Indirectly through Entities in a Third Area: Refer to Note 13(1)

(4) Information on major shareholder

Information on Major Shareholders: Refer to Appendix 8.

14. Segment Information

(1) General Information

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

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

(2) Department Information

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

	For the Three Months Ended March 31, 2021			
	Production and sales of shoes	Retail business	Other businesses	Total
Revenue				
Revenue from external customers	\$ 3,357,170	\$ 59,679	\$ -	\$ 3,416,849
Inter-segment revenue	2,660,515	335,901	464	2,996,880
Total revenue	<u>\$ 6,017,685</u>	<u>\$ 395,580</u>	<u>\$ 464</u>	<u>\$ 6,413,729</u>
Segment profit (loss)	<u>\$ 358,194</u>	<u>\$ 23,459</u>	<u>\$ 326,309</u>	<u>\$ 707,962</u>
Segment total assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Segment total liabilities (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	For the Three Months Ended March 31, 2020			
	Production and sales of shoes	Retail business	Other businesses	Total
Revenue				
Revenue from external customers	\$ 2,770,522	\$ 2,341	\$ 1	\$ 2,772,864
Inter-segment revenue	2,063,253	308,145	329	2,371,727
Total revenue	<u>\$ 4,833,775</u>	<u>\$ 310,486</u>	<u>\$ 330</u>	<u>\$ 5,144,591</u>
Segment profit (loss)	<u>\$ 353,039</u>	<u>\$ 25,083</u>	<u>\$ 352,748</u>	<u>\$ 730,870</u>
Segment total assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Segment total liabilities (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

(3) Reconciliation of Segment Revenue and Profit or Loss

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

	<u>For the Three Months Ended March 31, 2021</u>	<u>For the Three Months Ended March 31, 2020</u>
Revenue after adjustment from reportable operating segments	\$ 6,413,265	\$ 5,144,261
Revenue after adjustment from other operating segments	<u>464</u>	<u>330</u>
Total income before tax from operating segments	6,413,729	5,144,591
Elimination of intersegment revenue	(<u>2,996,880</u>)	(<u>2,371,727</u>)
Total consolidated operating revenue	<u>\$ 3,416,849</u>	<u>\$ 2,772,864</u>

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

	<u>For the Three Months Ended March 30, 2021</u>	<u>For the Three Months Ended March 30, 2020</u>
Revenue after adjustment from reportable operating segments	\$ 381,653	\$ 378,122
Revenue after adjustment from other operating segments	<u>326,309</u>	<u>352,748</u>
Total income before tax from operating segments	707,962	730,870
Elimination of intersegment revenue	(<u>319,854</u>)	(<u>326,216</u>)
Total consolidated operating revenue	<u>\$ 388,108</u>	<u>\$ 404,654</u>

(Blank Below)

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

Loans to others

For the Three Months Ended March 31, 2021

In Thousands of New Taiwan Dollars

Appendix 1

No. (Note 1)	Creditor	Borrower	General ledger account	Related Party	Maximum Balance for the period	Ending Balance (Note 4)	Amount Actually Drawn	Interest rate	Nature of loan	Transaction Amounts	Reason for short- term financing	Allowance for bad debt	Collateral		Financing Limits for each borrowing company (Note 2)	Financing company's total financing Amount Limits (Note 3)	Note	
													Item	Value				
1	Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Other receivables	Y	\$ 441,587	\$ 439,239	\$ 439,239	1.80%	Short-term financing	\$ -	Operating capital	\$ -	-	None	\$ -	\$ 724,301	\$ 905,376	Notes 4 and 5

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

(1) The Company is '0'.

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

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

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

Note 4: In Q1 2021, the exchange rates for assets and profit or loss were USD:NTD=28.535 and USD:NTD=28.3693, respectively.

Note 5: Offset in consolidated statements.

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

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

March 31, 2021

Appendix 2

Securities Held by	Marketable Securities (Note 1)	Relationship with the Securities Issuer	General Ledger Account	End of Period			Unit NTD thousand (Unless Otherwise Specified)		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	181,774	\$ 8,225	0.61	\$ 8,225	-	

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

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

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

For the Three Months Ended March 31, 2021

Appendix 3

Purchaser/Seller	Name of the Counterparty	Relationship with the counterparty	Transaction Details				Unusual Trade Conditions and Its Reasons (Note)		Notes and Accounts Receivable (Payable)		
			Purchase/Sale	Amount	Percentage of Total Purchases (Sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	Subsidiaries	Purchase	\$ 611,150	0.23	180 days after purchase	Note 1	Note 1	(\$ 1,442,919)	(0.70)	Notes 2 and 3
Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	Subsidiaries	Purchase	205,027	0.08	90 days after purchase	Note 1	Note 1	(397,284)	(0.19)	Notes 2 and 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd	Subsidiaries	Purchase	831,796	0.31	120 days after purchase	Note 1	Note 1	(284,524)	(0.14)	Notes 2 and 3
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Subsidiaries	Purchase	485,739	0.18	120 days after billing	Note 1	Note 1	-	-	Notes 2 and 3
Capital Concord Enterprises Limited	NGOC Hung Footwear Co., Ltd. (Vietnam)	Subsidiaries	Purchase	145,689	0.05	120 days after billing	Note 1	Note 1	-	-	Notes 2 and 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd	Subsidiaries	Sales	(420,815)	(0.12)	135 days after Sales	Note 1	Note 1	132,292	0.06	Notes 2 and 3
Fujian Laya Outdoor Products Co., Ltd	Lin Wen Chih Sunbow Enterprises Co., Ltd	Subsidiaries	Sales	(130,871)	(0.04)	90 days after Sales	Note 1	Note 1	130,563	0.06	Notes 2 and 3

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

Note 2: In Q1 2021, the exchange rates for assets and profit or loss were USD:NTD=28.535 and USD:NTD=28.3693, respectively.

Note 3: Offset in consolidated statements.

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

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

March 31, 2021

Appendix 4

Creditor	Name of the Counterparty	Relationship with the Counterparty	Accounts Receivable		Overdue Receivable		Amount Collected Subsequent to the Reporting Period (Note 1)	Unit NTD thousand (Unless Otherwise Specified)	
			Balance from Related Party	Turnover Rate	Amount	Actions Taken		Allowance for bad debt	Note
Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	\$ 1,442,919	1.75	\$ -	-	\$ 256,708	\$ -	Notes 2 and 3
Sunny Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	288,231	1.28	-	-	33,516	-	Notes 2 and 3
Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	439,239	Note 4	-	-	-	-	Notes 2 and 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	397,284	2.00	-	-	187,131	-	Notes 2 and 3
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Capital Concord Enterprises Limited	Parent company	284,524	15.61	-	-	276,255	-	Notes 2 and 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiaries	132,292	3.11	-	-	-	-	Notes 2 and 3
Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiaries	130,563	4.88	-	-	-	-	Notes 2 and 3

Note 1: The subsequent collections represent collections from the balance sheet date to May 6, 2021.

Note 2: In Q1 2021, the exchange rates for assets and profit or loss were USD:NTD=28.535 and USD:NTD=28.3693, respectively.

Note 3: Offset in consolidated statements.

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

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

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

For the Three Months Ended March 31, 2021

Unit NTD thousand
(Unless Otherwise Specified)

Appendix 5

No. (Note 1)	Name of Trading Partner	Counterparty	Relationship (Note 2)	Transaction Status			Percentage of consolidated total operating revenues or total assets (Note 3)
				General Ledger Account	Amount (Note 5)	Trade terms	
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Accounts payable	\$ 1,442,919	Note 4	9.29%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Accounts payable	288,231	Note 4	1.85%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Accounts payable	397,284	Note 4	2.56%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Accounts payable	284,524	Note 4	1.83%
1	Capital Concord Enterprises Limited	Hubei Sunsmile Footwear Co., Ltd.	1	Other payables	439,239	Note 4	2.83%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Sale	420,815	Note 4	12.32%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Purchase	611,150	Note 4	17.89%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Purchase	205,027	Note 4	6.00%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Purchase	831,796	Note 4	24.34%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Purchase	485,739	Note 4	14.22%

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 Q1 2021, the exchange rates for assets and profit or loss were USD:NTD=28.535 and USD:NTD=28.3693, respectively.

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

Note 7: Offset in consolidated statements.

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

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

For the Three Months Ended March 31, 2021

Appendix 6

Investee Company	Investor Company	Place of Registration	Main Businesses	Original Investment Amount (Note 2)		Shares Held as of year ended			Investee company current profit or loss (Note 3)	Unit NTD thousand (Unless Otherwise Specified) Investment gains and losses recognized in the current period (Note 3)		Note
				End of Period	End of Last Year	Number of Shares (Note 1)	Ratio	Book value (Note 3)				
Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	Hong Kong	Production and sale of sports and outdoor shoes	\$ 6,585,827	\$ 6,585,827	1,733,000,000	100	\$ 9,662,629	\$ 329,750	\$ 329,750	Subsidiaries	
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	1,518,038	1,518,038	-	100	2,422,583	78,612	78,612	Subsidiaries	
Capital Concord Enterprises Limited	Lin Wen Chih Sunstone Garment Enterprises Co., Ltd.	Cambodia	Processing and Sale of Clothing	427,675	427,675	-	91.27	193,839	549	501	Subsidiaries	
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	1,469,503	1,378,493	-	100	1,619,575	75,132	75,132	Subsidiaries	
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	1,284,492	1,271,442	-	100	1,195,902	(17,061)	(17,061)	Subsidiaries	
Capital Concord Enterprises Limited	Laya Outdoor Products Limited	Hong Kong	Holding company	40,449	40,449	10,618,000	100	35,361	(271)	(271)	Subsidiaries	
Capital Concord Enterprises Limited	Laya Max Trading Co., Ltd.	Taiwan	Distribution Agent and Import and Export Trade	12,395	12,395	-	100	16,521	(50)	(106)	Subsidiaries	
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd.	Cambodia	Land lease	184,611	184,611	-	100	178,263	237	237	Subsidiaries	

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

Note 2: The historical exchange rate was adopted.

Note 3: In Q1 2021, the exchange rates for assets and profit or loss were USD:NTD=28.535 and USD:NTD=28.3693, respectively.

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

Subsidiaries Information on Investments in Mainland China

For the Three Months Ended March 31, 2021

Appendix 7

Investee Company in China	Main Businesses	Paid-in Capital (Note 3)	Investment Method (Note 2)	Accumulated Amount Remitted from Taiwan to Mainland China, as of beginning of period (Note 5)	Amount of investment remitted or recovered in current period (Note 5)		Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended (Note 5)	Net income (loss) of the investee in the current period	Ownership held by the Company	Investment income (loss) recognize in the current period (Note 4)	Unit NTD thousand (Unless Otherwise Specified)		Note
					Remitted to Mainland China	Remitted back to Taiwan					Book value of investments in Mainland China for the year ended (Note 4)	Accumulated amount of investment income remitted back to Taiwan for the year ended	
Fujian Sunshine Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	\$ 723,826	2	\$ -	\$ -	\$ -	\$ -	\$ 44,592	100	56,464	\$ 2,136,195	\$ -	Note 1
Hubei Sunsmile Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	1,825,033	2	-	-	-	-	1,528	100	1,812	1,810,084	-	
Sunny Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	130,680	2	-	-	-	-	2,542	100	2,542	414,878	-	
Fujian Laya Outdoor Products Co., Ltd.	Distribution Agent and Import and Export Trade	40,656	2	-	-	-	-	17,676	100	15,930	259,625	-	
Fujian La Sportiva Co., Ltd.	Distribution Agent and Import and Export Trade	67,148	2	-	-	-	-	(406)	60	(244)	34,627	-	

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 Q1 2021, the exchange rates for assets and profit or loss were USD:NTD=28.535 and USD:NTD=28.3693, respectively.

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

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

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

Information on Major Shareholders

March 31, 2021

Appendix 8

Name of Major Shareholder	Shares	
	Number of shares	Percentage of Ownership(%)
Custodial Account (LASPORTIVA INT'L CO., LTD.) Used by CTBC Bank	23,846,151	12.80
Custodial Account (MEINDL INT'L CO., LTD.) Used by CTBC Bank	21,420,465	11.50
Fubon Life Insurance Co., Ltd	15,473,964	8.31

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.