

Code: 6603



富強鑫精密工業股份有限公司

Fu Chun Shin Machinery Manufacture Co., Ltd.

2023 Annual Meeting of Shareholders Meeting Manual

Time: 9:00 A.M. June 15, 2023 (Thursday)

Place: No.269, Baodong Road, Pitou Village, Guanmiao District, Tainan City, Taiwan

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Fu Chun Shin Machinery Manufacture Co., Ltd.

2023 Annual General Meeting Procedure

Time: 9:00AM, Jun 15, 2023 (Thursday)

Place: No. 269, Baodong Rd., Pitou Vil., Guanmiao Dist., Tainan City

Form of Shareholders' Meeting: Physical

Meeting procedures:

- I. Call the meeting to order (Report on the number of shares represented by shareholders present at the meeting)
- II. Chairman's opening remarks
- III. Report items
- IV. Ratifications
- V. Discussions
- VI. Extempore Motions
- VII. Meeting adjourned

[Report items]

1. The Company's 2022 Business Report is submitted for review.

Explanation: For the Company's 2022 business report and financial statements, please refer to Pages 7–11 herein [Attachment 1].

2. The Audit Committee's Review Report on the 2022 financial statements is submitted for review.

Explanation: The Company's 2022 financial statements have been approved by the Board of Directors, audited and certified by Hong Kuo-Sen, CPA and Li Fang-Wen, CPA of EY Taiwan, and also reviewed by the Audit Committee. For the External Auditor's Report and Audit Committee's Review Report, please refer to Pages 12–16 [Attachments 2 and 3] and Pages 22–25 herein [Attachment 5].

3. The 2022 employee remuneration and directors' remuneration distribution proposal.

Explanation: (1) According to Article 31 of the Articles of Incorporation, no less than 3% of the annual profit, if any, shall be distributed as the remuneration to employees, and no more than 3% of the annual profit as the remuneration to directors, provided that profits must first be taken to offset against cumulative losses, if any. The annual profit mentioned in the preceding paragraph refers to the income before tax before the remuneration to employees, directors are deducted for the year.

(2) The profit sought by the Company in 2022 was NT\$220,202,788 (i.e. the income before tax before the remuneration to employees and directors are deducted, provided that profits must first be taken to offset against cumulated losses, if any). 5.1% thereof, amounting to NT\$11,569,308, was distributed as the remuneration to employees, and 2.0% thereof, amounting to NT\$4,627,723, was distributed as the remuneration to directors, all paid in cash.

4. Report of raising the 3rd domestic unsecured convertible corporate bonds submitted for approval.

Explanation: To repay bank borrowings, effectively save interest expenses, improve the financial structure, improve the current ratio and quick ratio, reduce the reliance on banks, improve fund allocation flexibility, and minimize operating risks, the Board has resolved to issue the 3rd domestic unsecured convertible corporate bonds. Review Report, please refer to Pages 12–16 herein [Attachments 7].

[Ratifications]

Proposal 1 (Proposed by the Board of Directors)

Summary: The 2022 business report and financial statements are submitted for ratification.

Explanation: 1.The Company's 2022 business report and financial statements including balance sheet, income statement, statement of changes in shareholders' equity and statement of cash flow have been approved by the Board of Directors meeting on March 22, 2023, and reviewed by the audit committee, who also issued the review report. The same was also audited by Hong Kuo-Sen, CPA and Li Fang-Wen, CPA of EY Taiwan. Please refer to Pages 7–16 [Attachments 1–3] and Pages 22–25 herein [Attachment 5].

2.For the 2022 financial statements, please refer to Pages 17–21 [Attachment 4] and Pages 26–30 herein [Attachment 6].

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Summary: The Company's earnings distribution proposal for 2022 is submitted for ratification.

Explanation: 1.The matter is handled in accordance with Article 31-1 of the Articles of Incorporation.

2.The 2022 statement of earnings distribution is shown below.

3.In the event that the number of the Company's outstanding shares on the record date for distribution of dividends is changed due to the factors, such as conversion of outstanding corporate bonds into ordinary shares, transfer of treasury stock to employees, cancelation of the stock, cash capital increase or others, the Board of Directors is authorized to adjust the payout ratio, based on the amount of stock dividend and cash dividend to be distributed per resolution on the earnings distribution proposal, and subject to the number of outstanding shares on the record date for distribution of dividends.

Fu Chun Shin Machinery Manufacture Co., Ltd.
Statement of Earnings Distribution
2022

[Table 1]
Unit: NT\$

Summary	Amount	Remarks
1. Undistributed earnings at the beginning of the period	325,365,959	
2. Add: others	1,679,004	Note 1
3. Net income for this period	159,455,566	
4. Provision of legal reserve(10%)	(16,113,457)	
5. Distributable earnings for this period	470,387,072	
6. Distributable items:		
Shareholder bonus – cash dividend (NT\$0.30 per share)	(45,724,056)	Note 2
Shareholder bonus – stock dividend (NT\$0.30 per share)	(45,724,060)	
7. Undistributed earnings at the end of the period	378,938,956	

Note:

1. Including the actuarial gains (losses) on defined benefit plan, NT\$2,149,655, and transfer of treasury stock to employees, NT\$-470,651.
2. The undistributed earnings before 2022 and 2021 were distributed as the first priority. The stock dividend was calculated based on the distributable stock totaling 152,413,521 shares on February 28, 2023.
3. The amount of cash dividend was truncated to the nearest dollar. Fractional amounts were summed up and stated into the Company's other revenue.

Resolution:

[Discussions]

Proposal 1 (Proposed by the Board of Directors)

Summary: Amendment to the Regulations for Endorsements and Guarantees. Please proceed to discuss.

Explanation: 1. In order to conform to the needs of commercial practice for the group, the company hereby proposes to amend the Regulations for Endorsements and Guarantees..

2. For the Cross Reference Table for Amendments to Regulations for Endorsements and Guarantees, please refer to Page 38 herein [Attachments 8]. For the Regulations for Endorsements and Guarantees before amendment, please refer to page 52~58 herein [Appendix 3].

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Summary: The proposal for capital increase out of earnings is submitted for discussion.

Explanation: 1. In response to the business needs, the Company plans to allocate NT\$45,724,060 from the earnings distributable at the end of 2022 to distribute the stock dividend from the earnings at NT\$0.30 per share. (The outstanding shares that could participate in the distribution have been 152,413,521 shares until February 28, 2023.)

2. The new shares issued upon the capital increase out of earnings are distributed to the original shareholders, subject to the shares held by the original shareholders on the record date of distribution as recorded in the roster of shareholders, at 30 new shares per 1,000 thousand shares without consideration. A total of 4,572,406 shares are issued at the par value of NT\$10 per share, amounting to NT\$45,724,060 in total. Upon the capital increase, the paid-in capital becomes NT\$1,569,859,270.

3. The shareholders may apply for combination of the fractional amounts less than one share upon the distribution with the Company's shareholders service agent within 5 days following the book closure date. The fractional amounts less than one share after the combination shall be converted to cash truncated to the nearest dollar, and subscribed for by the specific persons contacted by the Chairman.

4. The right and obligation vested in the new shares shall be as same as those vested in the original shares.

5. Upon resolution by the Annual General Meeting and approval of the competent authority, the shareholders' meeting shall authorize the Board of Directors to determine the record date for distribution of the new

shares.

6. Where the capital increase needs to be changed due to any laws and regulations or amendments made upon authorization by the competent authority, and in response to the evaluation on operation in the objective environment, the shareholders' meeting shall authorize the Board of Directors to deal with it.
7. In the event that the number of the Company's outstanding shares on the record date for distribution of dividend is changed due to factors such as conversion of outstanding corporate bonds into ordinary shares, transfer of treasury stock to employees, cancelation of the stock, cash capital increase or others, the Board of Directors is authorized to adjust the payout ratio, based on the amount to be distributed from earnings per resolution on the earnings distribution proposal, and subject to the number of outstanding shares on the record date for distribution of dividend.
8. The proposal is submitted for discussion.

Resolution:

[Extempore Motions]

[Meeting adjourned]

2022 Business Report

Ladies and Gentlemen:

Hello everyone! First of all, we represent the Company to welcome all of you to visit us and give us any advice. Meanwhile, we would like to extend our appreciation for your long-term support of the Company!

Looking into 2022, the world was exposed to risks related to COVID-19, inflation, interest rate increases, and international geopolitical uncertainties. However, the reboot of the global economy, ESG trends, together with smart manufacturing, Industry 4.0 and the acceleration in technological advances in new energy vehicles and EVs by the automobile industry have driven the increases in order requirements of customers in the vehicle part and component industry, sports industry, household family goods industry and other different industries for plastic injection molding machines of the Company, including “horizontal two-component injection molding machine,” “rotary table multi-components injection molding machine,” “two-platen injection molding machine” and “all-electric injection molding machine.” In addition, the delayed production and order-taking dynamics of the India Plant due to the interference of the outbreak and the inclusion of the production of lighting cover and internal and external decorative parts for customers in the vehicle accessory industry jointly boosted the overall performance of our production capacity availability; in 2022, the multiple injection molding machines of the Group have recorded a sales of over 550 machines with a sales exceeding NT\$2.647 billion, achieving the historical new heights. Furthermore, our overall operating income throughout 2022 reached NT\$4.605 billion, rewriting the most outstanding performance of the Group.

With objectives remaining unchanged, the Company is committed to promoting our overall operating growth by adopting the exploration of new customers, upgrades of equipment and new technologies, optimization of ordering structures, and advances in the operating efficiency of the production base as our material operating strategies. Recently, we have successfully expanded into the vehicle accessory supply chains of new customers, including GM and Tesla in the U.S., TATA in India and BYD in Mainland China. The order volumes of the overall new customers have been increasing and the order requirements for our large equipment and installation services, including our “horizontal two-component injection molding machine,” “rotary table multi-components injection molding machine” and “two-platen multi-components injection molding machine,” remained strong. It is likely that the Company may further adjust the ordering structure for optimization with the help of the stable proportion of new customers accounting for the operating income and facilitating favorable advances in the overall operating

profitability.

Fu Chun Shin also continued to focus on the upgrades of technologies for our plastic injection molding machines to improve the overall competitiveness of the Company through providing comprehensive solutions and developing high-value equipment, new material application and smart elements. The Company also made use of the dispersion of customer industries and made arrangements for over 30 direct sales joints and 21 distributors worldwide. Also, with production bases in Tainan, Taiwan, Dongguan, Ningbo and Hangzhou Bay in China and India, we are equipped with the advantage of flexible production capacity adjustment and allocation to explore cooperating opportunities with new customers in different industries in the hope of improving Fu Chun Shin's market share in the global plastic injection molding market and creating long-term stable operating development of the Company.

Looking into 2023, global inflation, interest rate increases, sluggish end demand of consumers and other unfavorable factors continue to affect industries' willingness and speed in investing capital expenditures worldwide. However, we remain optimistic about the global trends of industries actively pursuing the achievement of net zero carbon emission, trends of smart manufacturing and Industry 4.0. Also, as observed, global automotive companies with traditional brands have accelerated their presence in the field of EV for competition, automotive companies with Chinese brands setting foot in the non-Chinese region market with their new energy vehicles and the new energy market in China recorded an explosive performance last year. Therefore, we look to the further increase in the sales volume in 2023 to 9 million vehicles with a year-on-year increase of at least 30%. Light and engineering plastics will become the necessary trend in the future, which will help expand favorable business environments for various plastic injection molding equipment of Fu Chun Shin. Based on orders currently on hand, the Company has not received any cancelation or delay notices. High order volume and awareness also set a foundation for the favorable growth prospect of the Company's operations in the future. In particular, for the India Plant and the new Hangzhou Bay Plant, the Company will continue to put into appropriate production volume in Q2 2023; with the overall benefits exerting, it is likely to further improve our future operations.

Facing the climate change crisis and the challenges of entering into the new era of net zero, as a part of the global injection molding equipment supply chain, we actively joined "Taiwan Climate Partnership (TCP)" and implemented carbon dioxide reduction actions to turn crisis into opportunities in the hope of achieving sustainable operations. Fu Chun Shin makes internal and external arrangements. Externally, we develop high-efficiency energy-saving injection machines to assist customers in carbon dioxide reduction; internally, we invested NT\$200 million in building a 3,000Kwp roof PV system with an annual power generation capacity of up to 3.5 million kWh, achieving an annual carbon dioxide reduction volume equivalent to that saved by 6.5 Da'an Parks. Our total

power generation volume can satisfy 95% of the power consumption of production lines of both our injection machine and cable business segments.

In the new year, the Company will hold an active attitude of cautious optimism, continue to make internal and external arrangements and shape the organizational culture of “supervisors as models and group participation” to fully support the action plans for order-taking of our operations. We will continue to implement the promotion of KPI management performance, strengthen the implementation capacity of the organization, adhere to the philosophy of environmental friendliness and make returns to society. Through healthy corporate governance, we seek the balanced interest of stakeholders and perform our commitment to social responsibility to achieve the objectives of continual, stable operating income and profits of the Group in the hope of allowing all shareholders who support the Company to gain better investment return.

We hereby present the business report on the Company’s 2022 business results and outline of the Company’s 2023 business plan as follows:

1. 2022 business results

(1) Business plan implementation result

2022 consolidated business results are stated as follows:

Unit: NT\$ Thousand

Consolidated income items	2022	2021	Increase (decrease) (%)	Growth rate (%)
Operating revenue	4,605,204	4,328,507	276,697	6.39%
Operating cost	3,374,074	3,274,543	99,531	3.04%
Gross profit	1,231,130	1,053,964	177,166	16.81%
Operating expenses	973,165	849,480	123,685	14.56%
Operating gain (loss)	257,965	204,484	53,481	26.15%
Non-operating revenue and expense, net	-4,028	16,747	-20,775	-124.05%
Net income before tax	253,937	221,231	32,706	14.78%
Profit after tax	169,977	107,788	62,189	57.70%
Net profit attributed to the parent company	159,455	117,642	41,813	35.54%

(2) Budget implementation status: The Company did not have the 2022 financial forecast published; therefore, no budget was implemented.

(3) Financial revenue and expense and profitability analysis: 2022

1. Financial revenue and expense:

(1) Revenue: Operating revenue is NT\$4,605,204 thousand

(2) Expense: The operating cost is NT\$3,374,074 thousand.
 Operating expense is NT\$973,165 thousand.
 Non-operating revenue and expense, net is NT\$-4,028 thousand.

(3) Earnings: The consolidated net profit before tax is NT\$253,937 thousand, income tax expense NT\$83,960 thousand, and net income NT\$169,977 thousand.

2. Profitability analysis:

- (1) Return on assets (ROA): 2.87%
- (2) Return on equity (ROE): 7.19%
- (3) Profit margin: 3.69 (%)
- (4) Earnings per share: NT\$1.05

(4) Research and development (R&D):

The Company's 2022 R&D expenses were NT\$114,561 thousand, indicating an increase by NT\$21,401 thousand from NT\$93,160 thousand in 2021, i.e. YoY 22.97%.

Products developed successfully and receiving awards in the most recent year:

Item No.	Year	Content
1	2022.01	FU CHUN SHIN in Ningbo was awarded the "specialized and sophisticated enterprises that produce new and unique products" in Zhejiang in 2021
2	2022.05	FU CHUN SHIN in Ningbo was rated the "Top 50 Industrial Enterprises" in Jiangbei District, Ningbo City
3	2022.08	Fu Chun Shin was awarded the "Outstanding and Influential Injection Molding Machine Brands in 2021"
4	2022.10	[FA-160e electrified high-performance energy-saving injection molding machine] matched with [servo pump AI predictive monitoring and diagnosis system] won the "Excellence Award for Plastic Injection Molding Machine" and "Excellence Award for Smart Plastic/Rubber Molding Machine and Peripheral Equipment and Systems" in the "Plastic/Rubber Machine R&D Innovative Product Competition in 2022."
5	2022.11	Fu Chun Shin added a new member to its various molding technology solutions: "X-shaped four-component injection molding machines."

Under the R&D operating model, the parent company of FU CHUN SHIN in Taiwan is identified as the R&D center of the Group, which works with the R&D units of various subsidiaries to continue promoting the following R&D strategies:

- 1. Continue to develop niche products;
- 2. Optimize the existing product series;
- 3. Research and develop integrated products and solutions for market segments;

4. Develop iMF smart injection molding arts and crafts platform;
5. Train technical talents and cultivate R&D technology & energy.

2. Outline of 2023 business plan

(1) Business policy

In order to seize the market development opportunities and cope with the changes in economic and industrial environments, the Company's main business policies are stated as follows. The effective promotion and execution of various policies will help the Company improve its mid-term and long-term business performance.

1. Based on the ISO three-in-one standard integrated system, implement the systematic management, standardization of procedures and digitalization of operations, in order to establish the foundation for business sustainability.
2. Promote activities of KPI management performance and shape the organizational culture of "supervisors as models and group participation" to achieve the objectives of sales, profits and management.
3. The headquarters have made arrangements for its diversified talent pool, in particular, management talents for overseas subsidiaries, to reinforce the operating performance of investees and overseas invested operations.
4. Complete the plant construction project of the Hangzhou Bay New Area, expand the Group's production capacity, and optimize the competitiveness in delivery period and cost.
5. Make additional arrangements for channels in Europe and upgrade the product positioning and FCS brand image.
6. Promote the T309 project and continue to improve the sales volume and market share in Taiwan.
7. Establish a project team to execute large-scale customer development and improve the transaction rate.
8. Adopt the VIP management approach and guidelines, improve the service quality, improve service efficiency through technology and timeliness, and pursue "voluntary prevention and maintenance" to win the fine-quality brand image and public praise.
9. Continue to research and develop advantageous models(such as SA-125, SA-200, SA-250 and the large toggle injection molding machine), optimize the active products (FA,LM,HB-R), increase gross profit from products, import the packing machine(SA-h/p), and provide diversified product portfolio for marketing.
10. Have the market application technology center continue to develop the integrated products and smart products for market segments, create product differentiation and provide complete solutions. Seek the opportunities for industrial strategic alliance and establish the strategic platform mechanism to ensure competitiveness (iMF4.0, MS-12-1, MS-24-2, Long Fiber Injection Molding machine).
11. Strongly execute the Group's quality meeting system, improve the machine quality to achieve zero complaints from customers, and implement SPC test

run system to improve the stability of machine.

12. Have plants in Taiwan promote the lean production model, pre-confirm supplies for the production lines, and adopt alternative policies for supply of materials and store management to eliminate waste and improve efficiency.
13. Implement the Group's "weight loss policy" (elimination of four bad issues: bad personnel, bad materials, bad debts and bad jobs; adopt flat organization and lean personnel, and control inventories and accounts receivable reasonably.
14. Plan the Group's mid-term and long-term funding channels, and utilize the fund effectively to enhance the financial structure.
15. Promote digital transformation: Strengthen the online marketing activities, implement PDM, develop AI Innovative Application Plan results, and implement business and service APP.

(2) Sales volume forecast and basis thereof

In consideration of the Company's operating results over the years, slowdown of the COVID-19 epidemic, the global economic forecast and related market information, the Company forecasts that the sales volume of injection machines in 2023 will grow from 2022, and the income of the magnet wire product line in 2023 is changed to the OEM revenue due to the change of business model. The turnover is expected to decrease slightly, but profit will still grow stably.

(3) Important production & marketing policy:

1. Production policy:

- (1) Solve the bottleneck of the supply chain, and optimize the delivery period and cost.
- (2) Rebuild the production facility and adopt lean production procedures.
- (3) Implement the SPC system to improve the stability of machine.
- (4) Practice the quality meeting system to pursue zero complaint from customers against the products.

2. Sales policy:

- (1) Develop new channels and locations in Europe.
- (2) Improve the business performance of overseas self-managed locations.
- (3) Continue to strengthen the online marketing force.
- (4) Create the customer base for market segments.
- (5) Reserve sales personnel and strengthen the application technology and abilities.

3. The Company's future development strategies:

The Company's future development is oriented toward "SHAPE A BETTER WORLD" as its corporate mission, in order to fulfill the corporate social responsibility and corporate governance, and strengthen the business

sustainability. Based on the corporate mission, the Company continues to create high value-added products as its management philosophy and combines global and diversified business strategies. The Company not only deepens the R&D, production and sales of the injection molding machine industry, but also launches into cables, 3C optoelectronics and materials technology industries. Meanwhile, the Company will engage in strategic cooperation with relevant industries for co-existence and co-prosperity, hoping to move toward more precision and high-tech fields, improve the corporate value and international competitiveness, and implement the corporate vision, i.e. “Top Ten Globally, Customer First, Happy Growth and Profit Sharing,” and achieve the goal for business sustainability.

4. Impact of the external competition, legal, and overall business environments

1. As far as the external competition is concerned, industrial competition is inevitable and also drives the continuing growth. The Company insists on continuing to research and develop new products, orient its development toward high customization and differentiated service strategy, and also layout the marketing channels to improve its strengths, raise its competitiveness and satisfy customers' needs.
2. No significant impact has been posed by the changes in domestic/foreign major policies and laws to the Company's business and finance in recent years. Notwithstanding, the Company will keep noting related information and research necessary responsive measures to satisfy the Company's business needs.
3. As the overall business environment is becoming more and more complex, the Company will take the global overall economy and the Company's status into account when evaluating its future business orientation and making major decisions, in order to deliberate the best strategies more thoroughly.

Finally, we wish you and your family good health and good luck.

Chairman: Wang Po-Hsun

CEO: Wang Chun-Hsien

June 15, 2023

Audit Committee' Review Report

The Company's 2022 business report, financial statements and earnings distribution proposal have been prepared and submitted by the Board of Directors. Among other things, the financial statements were already audited by Hong Kuo-Sen, CPA and Li Fang-Wen, CPA of EY Taiwan appointed by the Board of Directors, who issued the audit report accordingly. Based on our review, said business report, financial statements and earnings distribution proposal are found complying with the related laws and regulations including the Company Act. The Report is presented in accordance with Article 219 of the Company Act accordingly.

To:

2023 Annual General Meeting of the Company

Fu Chun Shin Machinery Manufacture Co., Ltd.

Chairman of the Audit Committee: Huang Chung-hui

March 22, 2023

To: Fu Chun Shin Machinery Manufacture Co., Ltd.

Audit opinions

We have completed our review of the Parent Company Only Balance Sheet of Fu Chun Shin Machinery Manufacture Co., Ltd. on December 31, 2022 and 2021 and Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Cash Flow Statements and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) for the years ended December 31, 2022 and 2021.

In our opinion, said parent company only financial statements in all major respects are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They are sufficient to adequately express the financial status of Fu Chun Shin Machinery Manufacture Co., Ltd. as of December 31, 2022 and 2021 and its financial performance and cash flow for the years ended December 31, 2022 and 2021.

Basis for Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only financial statements section of our report. We are independent of Fu Chun Shin Machinery Manufacture Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Fu Chun Shin Machinery Manufacture Co., Ltd. for 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for loss of accounts receivable

As of December 31, 2022, the carrying amount of accounts receivable of Fu Chun Shin Machinery Manufacture Co., Ltd. amounted to NT\$219,829 thousand (already less the allowance for loss, NT\$13,985 thousand). The net amount of accounts receivables was approximately 4.43% of total assets, which is significant to the parent company only financial statements. Considering the assessment of allowance for loss of accounts receivable is measured by lifetime expected credit loss, the process of measurement must appropriately divide accounts receivables into groups, determine and analyze the use of relevant assumptions in the process of measurement, including appropriate account aging intervals and the account aging loss rate for each interval, that reflected the measurement of the expected credit loss involving judgment, analysis and estimates, and the result of measurement affect the net amount of accounts receivables, we determined this as a key audit matter.

Our audit procedures included (without limitation to) evaluating and testing the internal control established by the management to evaluate the impairment loss on accounts receivable; evaluating the adequacy of the policy to provide allowance for loss; analyzing the adequacy of grouping of accounts receivable; testing the provision matrix adopted by Fu Chun Shin Machinery Manufacture Co., Ltd., including evaluating whether the determination of account aging intervals of each group is reasonable, and conducting the random check on original documents to check the accuracy of basic information, and also conducting the random check on the collections of accounts receivables during the subsequent period to evaluate the collectability of the accounts.

We also assessed the adequacy of disclosures of accounts receivables referred to in Notes V, VI and XII to the parent company only financial statements.

Valuation on slow-moving inventories

Until December 31, 2022, the carrying amount of net inventories of Fu Chun Shin Machinery Manufacture Co., Ltd. has amounted to NT\$497,605 thousand, approximately 10.03% of total assets, which is significant to the parent company only financial statements. In consideration of the multiple raw materials and supplies to be purchased to meet the need for production process and customers' requirement for specifications, and said amount of provision of slow-moving inventories involving the significant judgment of the management of Fu Chun Shin Machinery Manufacture Co., Ltd., we determined the estimation of allowance for slow-moving inventories as a key audit matter.

Our audit procedures included (without limitation to) evaluating and testing the internal control established by the management for valuation on slow-moving inventories; evaluating the adequacy of the policy to provide allowance for slow-moving inventories; conducting the random check on accuracy of the inventory aging, analyzing changes in the inventory aging and evaluating the inventories for which allowance for slow-moving inventory loss shall be provided separately; and re-calculating the allowance for inventory price decline to confirm the compliance with the Company's accounting policy.

We also assessed the adequacy of disclosures of inventories referred to in Notes V and VI to the parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

The management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for necessary internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of Fu Chun Shin Machinery Manufacture Co., Ltd. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate Fu Chun Shin Machinery Manufacture Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the financial reporting process of Fu Chun Shin Machinery Manufacture Co., Ltd..

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. The term "reasonable assurance" refers to a high level of assurance. Nevertheless, the audit performed according to auditing standards cannot guarantee the discovery of material misstatements in the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Fu Chun Shin Machinery Manufacture Co., Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Fu Chun Shin Machinery Manufacture Co., Ltd. to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the parent company only financial statements are required to be provided in our audit report to allow users of parent company only financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Fu Chun Shin Machinery Manufacture Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the parent company only financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence under the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and to communicate with them all relationships and other matters that may reasonably be considered affecting our independence, and where applicable, other matters (including related safeguards).

From the matters communicated with the governance unit, we have determined key audit matters of 2022 parent company only financial statements of Fu Chun Shin Machinery Manufacture Co., Ltd. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/ Hung Kuo-Sen

/s/ Lee Fang-Wen

Ernst & Young, Taiwan
March 22, 2023

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations and cash flows in accordance with 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

Fu Chun Shin Machinery Manufacture Co., Ltd.
Unconsolidated Balance Sheets
December 31, 2022 and 2021

[Attachment 4]

Unit: NT\$ Thousand

Assets			December 31, 2022		December 31, 2021	
Code	Accounting titles	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	IV/VI.1	\$96,314	1.94	\$168,993	3.54
1110	Financial assets at FVTPL - Current	IV/VI.2	8,104	0.16	13,581	0.28
1140	Contract assets - Current	IV/VI.14 & 15	2,288	0.05	11,247	0.24
1150	Net notes receivable	IV/VI.3 & 15/VII	134,551	2.71	117,856	2.47
1170	Net accounts receivable	IV/VI.4 & 15/VII	219,829	4.43	313,510	6.56
1200	Other receivables	4.	3,509	0.07	6,210	0.13
1210	Other receivables – Related party	IV/VII	67,841	1.37	32,632	0.68
1220	Current-period income tax assets	IV/VI.20	27	-	29	-
130x	Inventories	IV/VI.5	497,605	10.03	506,388	10.59
1470	Other current assets	VIII	62,885	1.27	79,015	1.65
11xx	Total current assets		1,092,953	22.03	1,249,461	26.14
	Non-current assets					
1510	Financial assets at FVTPL - Non-current	IV/VI.2	48,410	0.98	55,313	1.16
1550	Investment accounted for using the equity method	IV/VI.6	2,683,044	54.09	2,309,211	48.31
1600	Property, plant and equipment	IV/VI.7/VIII	742,051	14.96	775,129	16.21
1760	Net investment property	IV/VI.8/VIII	221,433	4.46	228,534	4.78
1780	Intangible assets	4.	53,172	1.07	61,909	1.29
1840	Deferred tax income assets	IV/VI.20	83,788	1.69	75,075	1.57
1900	Other non-current assets	IV/VI.3	35,644	0.72	25,868	0.54
15xx	Total non-current assets		3,867,542	77.97	3,531,039	73.86
1xxx	Total assets		\$4,960,495	100.00	\$4,780,500	100.00

(Please refer to the notes to the parent company only financial statements.)

Chairman:

Managerial Officer:

Accounting Officer:

Fu Chun Shin Machinery Manufacture Co., Ltd.
Parent Company Only Balance Sheet(Cont'd)
December 31, 2022 and 2021

Unit: NT\$ Thousand

Liabilities and Equity			December 31, 2022		December 31, 2021	
Code	Accounting titles	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	IV/VI.9	\$183,071	3.69	\$159,341	3.33
2130	Contract liability	IV/VI.14	50,152	1.01	105,773	2.21
2150	Notes payable	4.	811	0.02	2,014	0.04
2170	Accounts payable	IV/VII	97,652	1.97	235,374	4.93
2200	Other payables	4.	92,090	1.86	101,157	2.12
2220	Other payables - Related party	IV/VII	69,405	1.40	134,525	2.81
2322	Long-term borrowings – current portion	IV/VI.11	73,088	1.47	86,228	1.80
2399	Other current liabilities – Others		2,006	0.04	1,663	0.04
21xx	Total current liabilities		<u>568,275</u>	<u>11.46</u>	<u>826,075</u>	<u>17.28</u>
	Non-current liabilities					
2530	Bonds payable	IV/VI.10	835,015	16.83	360,000	7.53
2540	Long-term borrowings	IV/VI.11	565,087	11.39	859,473	17.98
2570	Deferred income tax liabilities	IV/VI.20	542,727	10.94	482,353	10.09
2640	Net defined benefit liabilities - Non-current	IV/VI.12	39,168	0.79	44,265	0.93
2645	Deposits received	4.	10,087	0.20	9,994	0.21
2670	Other non-current liabilities – Others	IV/VI.6/VII	119,227	2.41	82,989	1.74
25xx	Total non-current liabilities		<u>2,111,311</u>	<u>42.56</u>	<u>1,839,074</u>	<u>38.48</u>
2xxx	Total Liabilities		<u>2,679,586</u>	<u>54.02</u>	<u>2,665,149</u>	<u>55.76</u>
	Equity					
3100	Share capital	VI.13				
3110	Common share capital		1,524,079	30.72	1,494,388	31.26
3130	Bond conversion entitlement certificates		57	-	-	-
3200	Capital surplus	VI.13	42,520	0.86	23,649	0.49
3300	Retained earnings					
3310	Legal reserve	VI.13	149,928	3.02	138,371	2.89
3320	Special reserve	VI.13	188,685	3.80	188,685	3.95
3350	Unappropriated earnings	VI.13	486,501	9.81	411,150	8.60
	Total retained earnings		<u>825,114</u>	<u>16.63</u>	<u>738,206</u>	<u>15.44</u>
3400	Other equities	4.	(110,861)	(2.23)	(128,629)	(2.69)
3500	Treasury stocks	IV/VI.13	-	-	(12,263)	(0.26)
3xxx	Total equity		<u>2,280,909</u>	<u>45.98</u>	<u>2,115,351</u>	<u>44.24</u>
	Total liabilities and equities		<u>\$4,960,495</u>	<u>100.00</u>	<u>\$4,780,500</u>	<u>100.00</u>

(Please refer to the notes to the parent company only financial statements.)

Chairman:

Managerial Officer:

Accounting Officer:

Fu Chun Shin Machinery Manufacture Co., Ltd.
unconsolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021

Unit: NT\$ Thousand

Code	Accounting titles	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	IV/VI.4/VII	\$1,259,810	100.00	\$1,349,078	100.00
5000	Operating cost	VI.16 & 17/VII	(996,490)	(79.10)	(1,110,799)	(82.34)
5900	Gross profit		263,320	20.90	238,279	17.66
5910	Unrealized net income on sales		-	-	(5,605)	(0.42)
5920	Realized net income on sales		860	0.07	207	0.02
5950	Net gross profit		264,180	20.97	232,881	17.26
6000	Operating expenses	VI.12 & 17				
6100	Selling expenses		(178,567)	(14.18)	(188,382)	(13.96)
6200	Administrative expenses		(101,894)	(8.09)	(87,384)	(6.48)
6300	Research and development expenses		(50,041)	(3.97)	(38,334)	(2.84)
6450	Expected credit impairment losses	VI.15	(5,217)	(0.41)	(4,028)	(0.30)
	Total operating expenses		(335,719)	(26.65)	(318,128)	(23.58)
6900	Operating(losses)		(71,539)	(5.68)	(85,247)	(6.32)
7000	Non-operating income and expense	IV/VI.18/VII				
7010	Other income		59,458	4.72	56,756	4.21
7020	Other gains or losses		(21,837)	(1.73)	(6,689)	(0.50)
7050	Financial costs		(19,079)	(1.51)	(6,512)	(0.48)
7070	Share of profit or loss from subsidiaries and associates accounted for using the equity method		257,002	20.40	202,340	15.00
	Total non-operating incomes and expenses		275,544	21.88	245,895	18.23
7900	Net income before tax		204,005	16.20	160,648	11.91
7950	Income tax expenses	IV/VI.20	(44,550)	(3.54)	(43,006)	(3.19)
8200	Current period net profit		159,455	12.66	117,642	8.72
8300	Other comprehensive income	IV/VI.19&20				
8310	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs		2,687	0.21	(2,091)	(0.15)
8349	Income taxes related to the items not re-classified		(537)	(0.04)	418	0.03
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations		22,210	1.76	(15,359)	(1.14)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss		(4,442)	(0.35)	3,072	0.23
	Other comprehensive income of the current year (net amount after-tax)		19,918	1.58	(13,960)	(1.03)
8500	Total comprehensive income in the current period		\$179,373	14.24	\$103,682	7.69
	Earningsper share(NT\$)	VI.21				
9750	Basic earnings per share		\$1.05		\$0.80	
9850	Diluted earnings per share		\$1.00		\$0.80	

(Please refer to the notes to the parent company only financial statements.)

Chairman:

Managerial Officer:

Accounting Officer:

Fu Chun Shin Machinery Manufacture Co., Ltd.
Unconsolidated Statement of Changes in Equity
For the years ended December 31, 2022 and 2021

Unit: NT\$ Thousand

Code	Items	Share capital	Bond conversion entitlement certificates	Capital surplus	Retained earnings			Other items of equity	Treasury stocks	Total Equity
					Legal reserve	Special reserve	Unappropriated earnings			
		3110	3130	3200	3310	3320	3350	3410	3500	3XXX
A1	Balance on January 1, 2021	\$1,487,085	\$ -	\$23,745	\$137,165	\$188,685	\$311,386	\$(116,342)	\$(33,031)	\$1,998,693
2020	Earning provision and appropriation									
B1	Provision of legal reserve	-	-	-	1,206	-	(1,206)	-	-	-
B5	Cash dividend from ordinary shares	-	-	-	-	-	(7,302)	-	-	(7,302)
B9	Stock dividend from ordinary shares	7,303	-	-	-	-	(7,303)	-	-	-
D1	2021Net profit	-	-	-	-	-	117,642	-	-	117,642
D3	2021Other comprehensive income	-	-	-	-	-	(1,673)	(12,287)	-	(13,960)
D5	Total comprehensive income in the current period	-	-	-	-	-	115,969	(12,287)	-	103,682
M7	Change in ownership interests in subsidiaries	-	-	(96)	-	-	-	-	-	(96)
N1	Transfer of treasury stocks to employees	-	-	-	-	-	(394)	-	20,768	20,374
Z1	Balance on December 31, 2021	<u>\$1,494,388</u>	<u>\$ -</u>	<u>\$23,649</u>	<u>\$138,371</u>	<u>\$188,685</u>	<u>\$411,150</u>	<u>\$(128,629)</u>	<u>\$(12,263)</u>	<u>\$2,115,351</u>
A1	Balance on January 1, 2022	\$1,494,388	\$ -	\$23,649	\$138,371	\$188,685	\$411,150	\$(128,629)	\$(12,263)	\$2,115,351
2021	Earning provision and appropriation									
B1	Provision of legal reserve	-	-	-	11,557	-	(11,557)	-	-	-
B5	Cash dividend from ordinary shares	-	-	-	-	-	(44,536)	-	-	(44,536)
B9	Stock dividend from ordinary shares	29,691	-	-	-	-	(29,691)	-	-	-
C5	Recognition of equity components due to the issuance of convertible corporate bonds - Those arising from options	-	-	18,804	-	-	-	-	-	18,804
D1	2022Net profit	-	-	-	-	-	159,455	-	-	159,455
D3	2022Other comprehensive income	-	-	-	-	-	2,150	17,768	-	19,918
D5	Total comprehensive income in the current period	-	-	-	-	-	161,605	17,768	-	179,373
I1	Conversion of convertible corporate bonds	-	57	38	-	-	-	-	-	95
N1	Transfer of treasury stocks to employees	-	-	-	-	-	(470)	-	12,263	11,793
T1	Others	-	-	29	-	-	-	-	-	29
Z1	Balance on December 31, 2022	<u>\$1,524,079</u>	<u>\$57</u>	<u>\$42,520</u>	<u>\$149,928</u>	<u>\$188,685</u>	<u>\$486,501</u>	<u>\$(110,861)</u>	<u>\$ -</u>	<u>\$2,280,909</u>

(Please refer to the notes to the parent company only financial statements.)

Chairman:

Managerial Officer:

Accounting Officer:

Fu Chun Shin Machinery Manufacture Co., Ltd.
Parent Company Only Cash Flow Statements
For the years ended December 31, 2022 and 2021

Unit: NT\$ Thousand

Code	Items	2022	2021	Code	Items	2022	2021
		Amount	Amount			Amount	Amount
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$204,005	\$160,648	B00010	Purchase of financial assets at fair value through profit or loss	(8,687)	(8,278)
A20000	Adjustment items:			B00020	Disposal of financial assets at FVTPL	10,772	3,558
A20010	Income/expenses items:			B01800	Investment accounted for using the equity method	(57,523)	(48,500)
A20100	Depreciation expense	37,714	42,335	B01900	Disposal of investment accounted for using the equity method	-	62
A20200	Amortization expenses	10,160	10,627	B02700	Acquisition of property, plant and equipment	(6,622)	(11,289)
A20300	Expected credit impairment losses	5,217	4,028	B02800	Disposal of property, plant and equipment	692	62
A20400	Net loss(gain) on financial assets at FVTPL	6,047	(3,240)	B04300	(Increase) decrease in other receivables - Related party	(14,341)	72,284
A20900	Interest expenses	19,079	6,512	B04500	Acquisition of intangible assets	(850)	(6,075)
A21200	Interest revenue	(5,073)	(5,492)	BBBB	Net cash (outflow) inflow from investing activities	(76,559)	1,824
A21300	Dividend income	(220)	-				
A22300	Share of profit or loss from subsidiaries and associates accounted for using the equity method	(257,002)	(202,340)				
A22500	Gains on disposal of property, plant and equipment	(669)	(88)				
A23500	Loss on financial asset impairment	4,990	-	CCCC	Cash flows from financing activities:		
A23700	Loss on non-financial asset impairment	5,593	461	C00100	Increase in short-term borrowings	337,269	334,879
A23900	Unrealized gains on sales	-	5,605	C00200	Decrease in short-term borrowings	(313,539)	(374,018)
A24000	Realized (gains) on sales	(860)	(207)	C00600	Decrease in short-term notes and bills payable	-	(49,961)
A30000	Changes in operating assets/liabilities:			C01200	Issuance of bonds	494,850	-
A31125	Decrease (increase) in contract assets	8,959	(322)	C01600	Proceeds from long-term borrowings	548,156	385,146
A31130	(Increase) in notes receivable	(16,695)	(31,183)	C01700	Repayments of long-term borrowings	(855,682)	(221,222)
A31150	Decrease in accounts receivable	88,464	11,516	C03000	Increase in deposits received	93	-
A31180	Decrease (increase) in other receivables	2,701	(4,813)	C03700	(Decrease) in other payables - Related party	(65,120)	(64,867)
A31190	Decrease(increase) in other receivables – Related party	(20,868)	(1,078)	C04500	Allocation of cash dividends	(44,536)	(7,302)
A31200	Decrease (increase) in inventories	14,429	(94,260)	C05100	Employees' subscription for treasury stocks	11,793	20,374
A31240	Decrease(increase) in other current assets	15,557	(24,742)	C09900	Other financing activities	29	(96)
A31990	(Increase) decrease in other non-current assets	(11,951)	10,915	CCCC	Net cash inflow from financing activities	113,313	22,933
A32125	(Increase)decreasein contract assets	(55,621)	32,934				
A32130	(Decrease) increase in notes receivable	(1,203)	972				
A32150	(Decrease) increase in accounts receivable	(137,722)	110,191	EEEE	(Decrease) increase in cash and cash equivalents for the current period	(72,679)	121,378
A32180	(Decrease) increase in other payables	(9,261)	27,032	E00100	Cash and cash equivalents at the beginning of the year	168,993	47,615
A32230	Increase (decrease) in other current liabilities	343	(5,316)	E00200	Cash and cash equivalents at the end of the year	<u>\$96,314</u>	<u>\$168,993</u>
A32240	(Decrease) in net defined benefit liabilities	(2,410)	(5,047)				
A32990	Increase in other non-current liabilities	-	44,796				
A33000	Cash (outflow) inflow from operating activities	(96,297)	90,444				
A33100	Interest received	5,073	5,492				
A33200	Dividends received	220	-				
A33300	Interest paid	(15,862)	(6,439)				
A33500	(Paid) refunded income tax	(2,567)	7,124				
AAAA	Net cash (outflow) inflow from investing activities	(109,433)	96,621				

(Please refer to the notes to the parent company only financial statements.)

Chairman:

Managerial Officer:

Accounting Officer:

To: Fu Chun Shin Machinery Manufacture Co., Ltd.

Audit opinions

We have completed our review of the Consolidated Balance Sheet of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries on December 31, 2022 and 2021, and Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Cash Flow Statements and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) for the years ended December 31, 2022 and 2021

In our opinion, said consolidated financial statements in all major respects are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), Standing Interpretation Committee (SIC) interpretation and International Financial Reporting Standards Interpretations Committee (IFRSIC) announcement, endorsed by the Financial Supervisory Commission. They are sufficient to adequately express the consolidated financial status of the Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flow for the years ended December 31, 2022 and 2021

Basis for Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries for 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for loss of accounts receivable

Until December 31, 2022, the carrying amount of accounts receivable of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries have amounted to NT\$1,270,309 thousand (already less the allowance for loss, NT\$66,878 thousand). The net amount of accounts receivables was approximately 18.14 % of total consolidated assets, which is significant to the consolidated financial statements. Considering the assessment of allowance for loss of accounts receivable is measured by lifetime expected credit loss, the process of measurement must appropriately divide accounts receivables into groups, determine and analyze the use of relevant assumptions in the process of measurement, including appropriate account aging intervals and the account aging loss rate for each interval, that reflected the measurement of the expected credit loss involving judgment, analysis and estimates, and the result of measurement affect the net amount of accounts receivables, we determined this as a key audit matter.

Our audit procedures included (without limitation to) evaluating and testing the internal control established by the management to evaluate the impairment loss on accounts receivable; evaluating the adequacy of the policy to provide allowance for loss; analyzing the adequacy of grouping of accounts receivable; testing the provision matrix adopted by Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries, including evaluating whether the determination of account aging internals of each group is reasonable, and conducting the random check on original documents to check the accuracy of basic information, and also conducting the random check on the collections of accounts receivables during the subsequent period to evaluate the collectability of the accounts.

We also assessed the adequacy of disclosures of accounts receivables referred to in Notes V, VI and XII to the consolidated financial statements.

Valuation on slow-moving inventories

As of December 31, 2022, the carrying amount of net inventories of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries amounted to NT\$1,424,423 thousand, approximately 20.34% of total consolidated assets, which is significant to the consolidated financial statements. In consideration of the multiple raw materials and supplies to be purchased to meet the need for production process and customers' requirement for specifications, and said amount of provision of slow-moving inventories involving the significant judgment of the management of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries, we determined the estimation of allowance for slow-moving inventories as a key audit matter.

Our audit procedures included (without limitation to) evaluating and testing the internal control established by the management for valuation on slow-moving inventories; evaluating the adequacy of the policy to provide allowance for slow-moving inventories; conducting the random check on accuracy of the inventory aging, analyzing changes in the inventory aging and evaluating the inventories for which allowance for slow-moving inventory loss shall be provided separately; and re-calculating the allowance for inventory price decline to confirm the compliance with the Company's accounting policy.

We also assessed the adequacy of disclosures of inventories referred to in Notes V and VI to the consolidated financial statements.

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

The 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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the R.O.C., and for necessary internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is also responsible for assessing the ability of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the financial reporting process of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. The term "reasonable assurance" refers to a high level of assurance. Nevertheless, the audit performed according to auditing standards cannot guarantee the discovery of material misstatements in the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the consolidated financial statements are required to be provided in our audit report to allow users of consolidated financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence under the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and to communicate with them all relationships and other matters that may reasonably be considered affecting our independence, and where applicable, other matters (including related safeguards).

From the matters communicated with the governance unit, we have determined key audit matters of 2022 consolidated financial statements of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries have prepared the parent company only financial statements for 2022 and 2021, to which we have also issued an independent auditor's report with unqualified opinion along with the section on other matters and provided for reference.

/s/ Hung Kuo-Sen

/s/ Lee Fang-Wen

Ernst & Young, Taiwan
March 22, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with 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.

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ Thousand

Assets			December 31, 2022		December 31, 2021	
Code	Accounting titles	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	IV/VI.1	\$696,349	9.94	\$533,974	8.06
1110	Financial assets at FVTPL - Current	IV/VI.2	228,750	3.27	405,060	6.11
1140	Contract assets - Current	VI.14 & 15	2,288	0.03	11,247	0.17
1150	Net notes receivable	IV/VI.4 & 15	429,870	6.14	291,979	4.41
1170	Net accounts receivable	IV/VI.5 & 15	1,256,879	17.95	1,165,878	17.59
130x	Inventories	IV/VI.6	1,424,423	20.34	1,527,628	23.05
1470	Other current assets	VIII	234,107	3.34	314,132	4.74
11xx	Total current assets		4,272,666	61.01	4,249,898	64.13
	Non-current assets					
1510	Financial assets at FVTPL - Non-current	IV/VI.2	48,410	0.69	55,313	0.83
1517	Financial assets at FVOCI - Non-current	IV/VI.3	57,676	0.82	-	-
1550	Investment accounted for using the equity method	4.	13,286	0.19	3,080	0.05
1600	Property, plant and equipment	IV/VI.7/VIII	1,815,657	25.93	1,616,639	24.40
1755	Right-of-use assets	IV/VI.16/VIII	153,163	2.19	155,561	2.35
1760	Net investment property	IV/VI.8/VIII	333,874	4.77	228,534	3.45
1780	Intangible assets	4.	69,079	0.99	77,950	1.18
1840	Deferred tax income assets	IV/VI.20	110,252	1.57	92,292	1.39
1900	Other non-current assets – Others	VI.4 & 5/VIII	129,020	1.84	147,280	2.22
15xx	Total non-current assets		2,730,417	38.99	2,376,649	35.87
1xxx	Total assets		\$7,003,083	100.00	\$6,626,547	100.00

(Please refer to the notes to the consolidated financial statements.)

Chairman:

Managerial Officer:

Accounting Officer:

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries
Consolidated Balance Sheet(Cont'd)
December 31, 2022 and 2021

Unit: NT\$ Thousand

Liabilities and Equity			December 31, 2022		December 31, 2021	
Code	Accounting titles	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	IV/VI.9	\$590,659	8.43	\$596,343	8.99
2130	Contract liability	IV/VI.14	189,591	2.70	333,906	5.04
2150	Notes payable	4.	246,465	3.52	347,020	5.24
2170	Accounts payable	4.	619,135	8.84	786,284	11.87
2200	Other payables	4.	387,158	5.53	302,319	4.56
2230	Current tax liabilities	4.	33,574	0.48	35,180	0.53
2280	Lease liabilities – Current	IV/VI.16	1,274	0.02	1,206	0.02
2322	Long-term borrowings – current portion	IV/VI.11	115,601	1.65	86,228	1.30
2399	Other current liabilities – Others		5,263	0.08	3,312	0.05
21xx	Total current liabilities		<u>2,188,720</u>	<u>31.25</u>	<u>2,491,798</u>	<u>37.60</u>
	Non-current liabilities					
2530	Bonds payable	IV/VI.10	835,015	11.92	360,000	5.44
2540	Long-term borrowings	IV/VI.11	908,162	12.97	938,100	14.16
2570	Deferred income tax liabilities	IV/VI.20	542,727	7.75	482,353	7.28
2580	Lease liabilities – Non-current	IV/VI.16	24,587	0.35	25,486	0.38
2640	Net defined benefit liabilities - Non-current	IV/VI.12	39,168	0.56	44,265	0.67
2645	Deposits received		12,391	0.18	9,994	0.15
25xx	Total non-current liabilities		<u>2,362,050</u>	<u>33.73</u>	<u>1,860,198</u>	<u>28.08</u>
2xxx	Total Liabilities		<u>4,550,770</u>	<u>64.98</u>	<u>4,351,996</u>	<u>65.68</u>
31xx	Equity attributable to owners of the company					
3100	Share capital	VI.13				
3110	Common share capital		1,524,079	21.76	1,494,388	22.55
3130	Bond conversion entitlement certificates		57	-	-	-
3200	Capital surplus	VI.13	42,520	0.61	23,649	0.36
3300	Retained earnings					
3310	Legal reserve	VI.13	149,928	2.14	138,371	2.09
3320	Special reserve	VI.13	188,685	2.69	188,685	2.85
3350	Unappropriated earnings	VI.13	486,501	6.95	411,150	6.20
	Total retained earnings		<u>825,114</u>	<u>11.78</u>	<u>738,206</u>	<u>11.14</u>
3400	Other equities	4.	(110,861)	(1.58)	(128,629)	(1.84)
3500	Treasury stocks	IV/VI.13	-	-	(12,263)	(0.19)
36xx	Non-controlling interests	VI.13	171,404	2.45	159,200	2.40
3xxx	Total equity		<u>2,452,313</u>	<u>35.02</u>	<u>2,274,551</u>	<u>34.32</u>
	Total liabilities and equities		<u>\$7,003,083</u>	<u>100.00</u>	<u>\$6,626,547</u>	<u>100.00</u>

(Please refer to the notes to the consolidated financial statements.)

Chairman:

Managerial Officer:

Accounting Officer:

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021

Unit: NT\$ Thousand

Code	Accounting titles	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	IV/VI.14	\$4,605,204	100.00	\$4,328,507	100.00
5000	Operating cost	IV/VI.6 & 17/VII	(3,374,074)	(73.27)	(3,274,543)	(75.65)
5900	Gross profit		1,231,130	26.73	1,053,964	24.35
6000	Operating expenses	VI.16 & 17/VII				
6100	Selling expenses		(611,103)	(13.26)	(546,496)	(12.63)
6200	Administrative expenses		(219,163)	(4.76)	(193,960)	(4.48)
6300	Research and development expenses		(114,561)	(2.49)	(93,160)	(2.15)
6450	Expected credit impairment losses	VI.15	(28,338)	(0.62)	(15,864)	(0.37)
	Total operating expenses		(973,165)	(21.13)	(849,480)	(19.63)
6900	Operating income		257,965	5.60	204,484	4.72
7000	Non-operating income and expense	IV/VI.18				
7010	Other income		76,970	1.67	70,292	1.62
7020	Other gains or losses		(42,095)	(0.91)	(38,673)	(0.90)
7050	Financial costs		(37,859)	(0.82)	(17,952)	(0.41)
7060	Share of profit or loss from associates and joint ventures accounted for using equity method		(1,044)	(0.02)	3,080	0.07
	Total non-operating incomes and expenses		(4,028)	(0.08)	16,747	0.38
7900	Net income before tax		253,937	5.52	221,231	5.10
7950	Income tax expenses	IV/VI.20	(83,960)	(1.82)	(113,443)	(2.62)
8200	Current net profit		169,977	3.70	107,788	2.48
8300	Other comprehensive income	IV/VI.19&20				
8310	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs		2,687	0.06	(2,091)	(0.05)
8349	Income taxes related to the items not re-classified		(537)	(0.01)	418	0.01
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations		20,747	0.45	(16,713)	(0.39)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss		(4,442)	(0.10)	3,072	0.07
	Other comprehensive income of the current year (net amount after-tax)		18,455	0.40	(15,314)	(0.36)
8500	Total comprehensive income in the current period		<u>\$188,432</u>	<u>4.10</u>	<u>\$92,474</u>	<u>2.12</u>
8600	Net income (loss) attributable to:					
8610	Owners of the Company		\$159,455		\$117,642	
8620	Non-controlling interests		10,522		(9,854)	
			<u>\$169,977</u>		<u>\$107,788</u>	
8700	Total comprehensive income attributable to:					
8710	Owners of the Company		\$179,373		\$103,682	
8720	Non-controlling interests		9,059		(11,208)	
			<u>\$188,432</u>		<u>\$92,474</u>	
	Earnings per share (NT\$元)	VI.21				
9750	Basic earnings per share		<u>\$1.05</u>		<u>\$0.80</u>	
9850	Diluted earnings per share		<u>\$1.00</u>		<u>\$0.80</u>	

(Please refer to the notes to the consolidated financial statements.)

Chairman:

Managerial Officer:

Accounting Officer:

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2022 and 2021

Unit: NT\$ Thousand

	Items	Equity attributable to owners of the company									Non-controlling interests	Total Equity
		Share capital	Bond conversion entitlement certificates	Capital surplus	Retained earnings			Other items of equity		Total		
					Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of the financial statements of foreign	Treasury stocks			
Code		3110	3130	3200	3310	3320	3350	3410	3500	31XX	36XX	3XXX
A1	Balance on January 1, 2021	\$1,487,085	\$ -	\$23,745	\$137,165	\$188,685	\$311,386	\$(116,342)	\$(33,031)	\$1,998,693	\$174,204	\$2,172,897
	2020Earning provision and appropriation											
B1	Provision of legal reserve	-	-	-	1,206	-	(1,206)	-	-	-	-	-
B5	Cash dividend from ordinary shares	-	-	-	-	-	(7,302)	-	-	(7,302)	-	(7,302)
B9	Stock dividend from ordinary shares	7,303	-	-	-	-	(7,303)	-	-	-	-	-
D1	2022Net profit (loss)	-	-	-	-	-	117,642	-	-	117,642	(9,854)	107,788
D3	2021Other comprehensive income	-	-	-	-	-	(1,673)	(12,287)	-	(13,960)	(1,354)	(15,314)
D5	Total comprehensive income in the current period	-	-	-	-	-	115,969	(12,287)	-	103,682	(11,208)	92,474
M7	Change in ownership interests in subsidiaries	-	-	(96)	-	-	-	-	-	(96)	639	543
N1	Transfer of treasury stocks to employees	-	-	-	-	-	(394)	-	20,768	20,374	-	20,374
O1	Increase/decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(4,435)	(4,435)
Z1	Balance on December 31, 2021	\$1,494,388	\$ -	\$23,649	\$138,371	\$188,685	\$411,150	\$(128,629)	\$(12,263)	\$2,115,351	\$159,200	\$2,274,551
A1	Balance on January 1, 2022	\$1,494,388	\$ -	\$23,649	\$138,371	\$188,685	\$411,150	\$(128,629)	\$(12,263)	\$2,115,351	\$159,200	\$2,274,551
	2021Earning provision and appropriation											
B1	Provision of legal reserve	-	-	-	11,557	-	(11,557)	-	-	-	-	-
B5	Cash dividend from ordinary shares	-	-	-	-	-	(44,536)	-	-	(44,536)	-	(44,536)
B9	Stock dividend from ordinary shares	29,691	-	-	-	-	(29,691)	-	-	-	-	-
C5	Recognition of equity components due to the issuance of convertible corporate bonds - Those arising from options	-	-	18,804	-	-	-	-	-	18,804	-	18,804
D1	2022Net profit	-	-	-	-	-	159,455	-	-	159,455	10,522	169,977
D3	2022Other comprehensive income	-	-	-	-	-	2,150	17,768	-	19,918	(1,463)	18,455
D5	Total comprehensive income in the current period	-	-	-	-	-	161,605	17,768	-	179,373	9,059	188,432
I1	Conversion of convertible corporate bonds	-	57	38	-	-	-	-	-	95	-	95
M7	Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	3,145	3,145
N1	Transfer of treasury stocks to employees	-	-	-	-	-	(470)	-	12,263	11,793	-	11,793
T1	Others	-	-	29	-	-	-	-	-	29	-	29
Z1	Balance on December 31, 2022	\$1,524,079	\$57	\$42,520	\$149,928	\$188,685	\$486,501	\$(110,861)	\$ -	\$2,280,909	\$171,404	\$2,452,313

(Please refer to the notes to the consolidated financial statements.)

Chairman:

Managerial Officer:

Accounting Officer:

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

Unit: NT\$ Thousand

Code	Items	2022	2021	Code	Items	2022	2021
		Amount	Amount			Amount	Amount
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$253,937	\$221,231	B00100	Purchase of financial assets at fair value through profit or loss	(1,739,189)	(2,179,410)
A20000	Adjustment items:			B00200	Disposal of financial assets at FVTPL	1,925,190	2,312,616
A20010	Income/expenses items:			B01800	Investment accounted for using the equity method	(11,250)	-
A20100	Depreciation expense	100,240	100,715	B02000	(Increase) in prepayments for investments	-	(57,452)
A20200	Amortization expenses	12,221	12,213	B02700	Acquisition of property, plant and equipment	(397,985)	(265,808)
A20300	Expected credit impairment losses	28,338	15,864	B02800	Disposal of property, plant and equipment	3,562	2,252
A20400	Net (gain) on financial assets at FVTPL	(716)	(10,492)	B04500	Acquisition of intangible assets	(3,113)	(13,751)
A20900	Interest expenses	37,859	17,952	BBBB	Net cash (outflow) from investing activities	(222,785)	(201,553)
A21200	Interest revenue	(23,490)	(28,801)				
A22300	Share of loss (gains) on associates and joint ventures recognized using the equity method	1,044	(3,080)	CCCC	Cash flows from financing activities:		
A22500	Losses on disposal of property, plant and equipment	1,489	8,613	C00100	Increase in short-term borrowings	1,751,875	2,025,748
A23500	Loss on financial asset impairment	4,990	-	C00200	Decrease in short-term borrowings	(1,767,328)	(2,024,379)
A23700	Loss on non-financial asset impairment	5,593	11,547	C00500	(Decrease) in short-term notes and bills payable	-	(49,961)
A30000	Changes in operating assets/liabilities:			C01200	Issuance of bonds	494,850	-
A31125	Decrease (increase) in contract assets	8,959	(322)	C01600	Proceeds from long-term borrowings	844,758	456,807
A31130	(Increase) in notes receivable	(139,403)	(10,661)	C01700	Repayments of long-term borrowings	(855,682)	(221,222)
A31150	(Increase) in accounts receivable	(88,071)	(107,211)	C03100	Increase (decrease) in deposits received	2,397	(75)
A31200	Decrease (increase) in inventories	114,619	(266,718)	C04020	Repayment of principal portion of lease	(1,228)	(995)
A31240	Decrease in other current assets	23,627	47,086	C04500	Allocation of cash dividends	(44,536)	(7,302)
A31990	(Increase) in other non-current assets	(410)	(63,935)	C05100	Employees' subscription for treasury stocks	11,793	20,374
A32125	(Increase)decreasein contract assets	(144,315)	71,710	C05800	Increase (decrease) in non-controlling interests	3,145	(3,892)
A32130	(Decrease) increase in notes receivable	(100,555)	411	C09900	Other financing activities	29	-
A32150	(Decrease) increase in accounts receivable	(167,149)	151,579	CCCC	Net cash inflow from financing activities	440,073	195,103
A32180	Increase in other payables	84,260	28,719				
A32230	Increase (decrease) in other current liabilities	1,951	(8,017)	DDDD	Effect of exchange rate changes on cash and cash equivalents	(3,924)	8,722
A32240	(Decrease) in net defined benefit liabilities	(2,410)	(5,047)				
A33000	Cash inflow from operating activities	12,608	183,356	EEEE	Increase in cash and cash equivalents for the current period	162,375	140,752
A33100	Interest received	23,490	28,801	E00100	Cash and cash equivalents at the beginning of the year	533,974	393,222
A33300	Interest paid	(34,257)	(18,058)	E00200	Cash and cash equivalents at the end of the year	\$696,349	\$533,974
A33500	Income tax paid	(52,830)	(55,619)				
AAAA	Net cash (outflow) inflow from investing activities	(50,989)	138,480				

(Please refer to the notes to the consolidated financial statements.)

Chairman:

Managerial Officer:

Accounting Officer:

Report of Raising the 3rd Domestic Unsecured Convertible Corporate Bonds

Corporate Bond	The 3 rd Domestic Unsecured Convertible Corporate Bonds
Date of Approval	June 28, 2022
Date of Issuance	August 24, 2022
Total Issuance Amount	NT\$ 500,000,000
Par value of issuance	NT\$ 100,000
Quantity of issuance	5,000 units
Place of issue and transaction	Taipei Exchange
Issue Price	NT\$100 Issued at 100% of face value
Coupon Rate	0%
Period	3years, from August 24, 2022 to August 24, 2025
Guarantee institution	None
Repayment method	The bonds shall be repaid in cash at face value upon maturity.
repayment of principal and interest and exchange institution	Transfer Agency Department, CTBC Bank Co., Ltd.
Reverse repurchase agreement of bonds	None
Repurchase agreement of bonds	In accordance with Article 18 of the Regulations for the Issuance and Conversion of the 3rd Domestic Unsecured Convertible Corporate Bonds
Trustee	Taipei Fubon Commercial Bank Co., Ltd.
Underwriting institution	President Securities Corporation
Exercise of Issuance	Capital allocation has been completed in the third quarter of 2022

Cross Reference Table for Amendments to the Regulations for Endorsements and Guarantees

Amendments	Original Article	Explanations
<p>Article 3: Limit of endorsements and guarantees:</p> <p>The total amount provided by the Company to others shall not exceed 50% of its net worth for the period; for companies with which it has a direct business, the amount shall not exceed the amount of transactions with the Company in the most recent year. The amount of transactions refers to the higher of the amount of purchases or sales between both parties; endorsements and guarantees provided to a single enterprise shall not exceed 30% of the Company's net worth. Net worth shall be subject to the amount set out in the latest financial statements certified or reviewed by CPAs.</p> <p>If the aggregate amount of endorsements and guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.</p>	<p>Article 3: Limit of endorsements and guarantees:</p> <p>The total amount provided by the Company to others shall not exceed 40% of its net worth for the period; for companies with which it has a direct business, the amount shall not exceed the amount of transactions with the Company in the most recent year. The amount of transactions refers to the higher of the amount of purchases or sales between both parties; endorsements and guarantees provided to a single enterprise shall not exceed 20% of the Company's net worth. Net worth shall be subject to the amount set out in the latest financial statements certified or reviewed by CPAs.</p> <p>If the aggregate amount of endorsements and guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.</p>	<p>The scale of the group's operations has expanded, increasing the flexibility of internal capital utilization, and relaxing the amount of endorsement guarantees</p>

Amendments	Original Article	Explanations
The amended version was approved by the shareholders' meeting on June 15, 2023.(Date of approved by the Board of Directors is on March 22, 2023)	The amended version was approved by the shareholders' meeting on May 31, 2022. (Date of approved by the Board of Directors is on March 16, 2022)	Add the expected date of approved by the shareholders' meeting.

Rules of Procedures for Shareholders' Meetings

- I. The rules of procedures for shareholders' meetings of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. (hereinafter referred to as the "Company"), except as otherwise provided by laws, shall be as provided in these Rules.
- II. The shareholders mentioned in the "Rules" refer to the shareholders and the representatives entrusted by the shareholders to attend the meeting on behalf of them.
- III. The company shall specify in the meeting notice the time and place for the sign-in of the shareholders and other related matters.

The shareholders' meeting reporting time referred to in the preceding paragraph shall be 30 minutes prior to the meeting started. There should be clear signs at the reporting place with adequate staff assigned to handle the process.

Shareholders or their proxies (hereinafter referred to as the "shareholders") shall attend the shareholders' meetings with their attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attendance presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with a sign-in book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The Company shall furnish attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, ballots shall also be furnished.
- IV. The chair shall call the meeting to order at the scheduled meeting time; however, the chair may have the meeting postponed if the attending shareholders do not represent more than half of the total shares issued. The meeting postponement is limited to two times for a total of less than 1 hour. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned. If there are not enough shareholders representing at least one-third of issued shares attending the meeting after two postponements, tentative resolutions may be passed in accordance with Article 175, Paragraph 1 of the Company Act. Shareholders shall be notified of the tentative resolutions, and another shareholders' meeting will be convened within one month. When, prior to conclusion of the meeting, the attending

shareholders represent a majority of the total number of outstanding shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

- V. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene other than the Board of Directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders' meeting. If the chair declares the adjournment of the meeting in a manner in violation of such rules governing the proceedings of meetings, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. Shareholders may not select another chair to continue the meeting at the original meeting place or at another place after the meeting is adjourned.
- VI. When a meeting is in progress, the chair may announce a break based on time considerations. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days for the proposal that could not be concluded in the meeting without the need of issuing a notice and announcement.
- VII. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech is not in alignment with the subject on the speaker's slip, the spoken content shall prevail. Attending shareholders may not interfere with the speaking shareholders without the Chairman's consent and the speaking shareholders. The Chairman will have the violating shareholders stopped. A shareholder's single speech may not exceed 5 minutes, provided that the speech may be extended once upon permission of the chair.
- VIII. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal. If the shareholder's speech violates the rules or exceeds the scope of the agenda item or disturbs the order of the proceeding, the chair may stop such act or terminate the speech discretionally or upon the request of other shareholders.

- IX. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.
- X. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During voting, if the chair solicits and receives no dissents, the proposal is deemed passed, with equivalent force as a resolution by vote.
- XI. Attendance and voting at shareholders' meetings shall be calculated based on the number of shares.
- XII. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for the meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- XIII. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of Board. In case the Chairman is on leave or absent or cannot exercise his power and authority for any cause, the Vice Chairman shall act on his behalf. In case the Vice Chairman is also on leave or absent or unable to exercise his power and authority for any cause, the Chairman shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chair. Where a shareholders' meeting is convened by a party with power to convene other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

When a director serves as the chair, as referred to in the preceding paragraph, the director shall have held that position for six months or more with great understanding of the Company's financial position and business conditions. The same shall apply for a representative of an institutional director to serve as the chair.
- XIV. The Company may appoint its attorneys, CPAs, or relevant persons retained by it to attend a shareholders' meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or armbands.
- XV. The Company shall make an uninterrupted audio and video recording of the entire process of the shareholders' meeting from shareholders' sign-in, the

proceedings of the meeting, as well as the process of voting and vote counting. The audio and video recording in the preceding paragraph shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

- XVI. The representative of a juristic person shareholder shall not be limited to one person, provided that the voting right that may be exercised shall be calculated on the basis of the total number of voting shares it holds, and shall be exercised by a single representative centrally, or several representatives separately.
- XVII. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.
- XVIII. The juristic person who has attended the shareholder's meeting by proxy can authorize only one representative to attend the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- XIX. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- XX. Vote counting for proposals or elections at a shareholders' meeting shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting and recorded.
- XXI. The chair may direct disciplinary personnel or security personnel to help keep the meeting place in order.
- XXII. Upon occurrence of the significant disasters, such as air raid warning, earthquake, and fire during the meeting, if any, the chair shall announce the closure or suspension of the meeting and evacuate all attendees. After the disaster is relieved, the chair shall announce the time for reopening the meeting.
- XXIII. The matters not addressed in the Rules should be processed in accordance with other related laws and the Company's Articles of Incorporation.
- XXIV. These Rules and all amendments thereto shall be enforced upon approval by a shareholders' meeting.

The latest amendments to the Rules were made on May 31, 2016.

Articles of Incorporation

Chapter I General Provision

Article 1: The Company is incorporated in accordance with the Company Act and named Fu Chun Shin Machinery Manufacture Co., Ltd.

Article 2: The Company's business lines are stated as follows:

1. CB01010 Mechanical Equipment Manufacturing
2. CB01990 Other Machinery Manufacturing
3. CC01020 Electric Wires and Cables Manufacturing
4. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
5. CC01080 Electronics Components Manufacturing
6. CD01030 Motor Vehicles and Parts Manufacturing
7. CD01040 Motorcycles and Parts Manufacturing
8. CQ01010 Mold and Die Manufacturing
9. C805990 Other Plastic Products Manufacturing
10. F401010 International Trade
11. H703100 Real Estate Leasing
12. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company's headquarters is located in Tainan City. The Company may set up branches or branch offices at any other adequate locations, if necessary, and the establishment, abolishment or changes thereof shall be subject to resolutions by the Board of Directors.

Article 4: The Company's announcement method shall be handled in accordance with the provisions of Article 28 of the Company Act.

Chapter II Shares

Article 5: The Company's total capital is NT\$5 billion, which is divided into 500 million shares at a par value of NT\$10 per share, and the Board of Directors may issue unissued shares in tranches, if necessary.

Article 6: Deleted.

Article 7: The share certificates of the Company shall be registered, and bear the signatures or seals of directors representing the Company and may only be issued subject to certification by the competent authority pursuant to laws. The Company may issue shares exempted from the requirements about printing of stock certificates, and shall register the shares with a centralized securities depository institution.

Article 8: Shareholders shall report their real names or designations and addresses to the Company, and submit the completed specimen seal certificates to the Company for record. The loss of such specimen seal, if any, shall be handled in

accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies.”

Article 9: In the event of share transfer, the transferor and transferee shall complete the “Application Form for Share Transfer” and submit the same together with the stock certificates to the Company to apply for the registration of transfer. Before the transfer procedures are recorded on the roster of shareholders, such transfer shall not be set up as a defense against the Company.

Article 10: In the event of loss of or damage to the stock certificates, the “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent authority shall apply.

Article 11: If the Company processes a shareholder’s application for issuance of replacement stocks due to splits and such split stocks do not exceed 1,000 shares, the Company may charge a handling fee.

Article 12: The registration of share transfer shall be suspended 60 days before an annual general meeting, 30 days before a special shareholders’ meeting, or within five days before the Company decides to pay out dividends, bonuses, or other benefits.

Chapter III Shareholders’ Meeting

Article 13: There are annual general and special shareholders’ meetings. The Board of Directors shall convene the annual general meeting once a year within six months after the end of each fiscal year, by a 30-day prior notice to each shareholder. The special shareholders’ meeting shall be convened according to laws whenever necessary, by a 15-day prior written notice to each shareholder. Shareholders’ meetings of the Company may be held by way of video conferences or other methods announced by the central competent authority. If a video conference is adopted, shareholders who participated in the meeting via a video call shall be deemed as attending in person.

Article 14: Any shareholder who is unable to attend a shareholders’ meeting in person may appoint another shareholder to attend the meeting on behalf of him/her by personally presenting a power of attorney printed by the Company indicating the scope of power. The other matters related to attendance by proxy shall follow Article 177 of the Company Act, and also the “Regulations Governing the Use of Proxies for Attendance at Shareholders’ Meetings of Public Companies” promulgated by the competent authority.

Article 15: A shareholders’ meeting shall be chaired by the Chairman of Board. In case the Chairman is on leave or absent or cannot exercise his power and authority for any cause, the Vice Chairman shall act on his behalf. In case the Vice Chairman is also on leave or absent or unable to exercise his power and authority for any cause, the directors shall elect from among themselves an acting chair. Where a Board of Directors meeting is convened by a party with power to convene other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they

shall mutually select a chair from among themselves.

Article 16: Each of the Company's shareholders is entitled to one vote per share. (Notwithstanding, the shares that are held by the Company itself in accordance with laws have no voting rights.)

Article 17: Resolutions at a shareholders' meeting shall, unless otherwise provided by other applicable laws, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. According to the requirements of the competent authority, shareholders of the Company may exercise their voting rights by electronic means; by doing so, such shareholders shall be deemed attending the meeting in person; relevant matters shall be subject to the requirements of laws and regulations.

Article 18: Matters relating to the resolutions by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minute referred to in the preceding paragraph shall be distributed in the manner under the Company Act. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chair, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company. The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the company for a minimum period of at least one year.

Chapter IV Directors and Audit Committee

Article 19: The Company shall have 7–13 directors on the board in place. Their term of office is three years. The shareholders' meeting shall elect such directors from candidates with the legal capacity, and they shall be eligible for re-elections.

Article 19-1: The directors referred to in the preceding article shall include at least two independent directors who shall account for no less than one-fifth of the whole directors. The election of directors shall adopt the candidate nomination system under Article 192-1 of the Company Act. The method of accepting the nomination of director candidates, announcements and other related matters shall be handled in accordance with the relevant laws and regulations of the Company Act and the Securities and Exchange Act. Independent directors and non-independent directors shall be elected one at a time, and the number of elected positions shall be calculated separately. The votes obtained represent those with more voting rights to be elected as independent directors and non-independent directors.

Article 19-2: The Company has established its Audit Committee according to requirements under Article 14-4 of the Securities and Exchange Act. The

Audit Committee shall compose of all Independent Directors; the number of persons, tenure, powers, rules of procedures, and other matters shall be subject to relevant requirements under the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies; the “Audit Committee Charter” shall be otherwise established.

Article 20: In case election of new directors cannot be effected in time after expiration of the term of office of existing directors, the existing directors shall continue to perform their duties until the new directors elect has assumed their office as directors.

Article 21: The Board of Directors shall consist of all directors. A Chairman of Board and a Vice Chairman of the Board shall be elected among and from the directors upon resolution adopted by a majority of the directors present at a meeting attended by more than two-third of the whole directors, and shall execute all of the Company’s affairs per laws, Articles of Incorporation, and any resolution adopted by a shareholders’ meeting and Board of Directors’ meeting.

Article 22: When the number of vacancies in the Board of Directors equals one-third of the total number of directors, the Board of Directors shall call, within 60 days, a special shareholders’ meeting to elect succeeding directors to fill the vacancies for the remaining service time of the dismissed directors.

Article 23: The Board of Directors shall meet once per three months. If the Chairman of Board deems it necessary, or upon request of more than two directors, a special shareholders’ meeting may be convened and chaired by the Chairman. In case the Chairman is on leave or absent or cannot exercise his power and authority for any cause, the Vice Chairman shall act on his behalf. In case the Vice Chairman is also on leave or absent or unable to exercise his power and authority for any cause, the directors shall elect from among themselves an acting chair. In calling a meeting of the Board of Directors, a notice shall be given to each director within 7 days prior to the scheduled meeting date. In the case of emergency, however, the meeting may be convened at any time.

The meeting notice referred to in the preceding paragraph may be given by correspondence or via fax or email.

Article 24: Unless otherwise provided by the Company Act, the resolutions by the Board of Directors shall be adopted by more than half of the directors present at a Board of Directors meeting attended by more than half of all directors. Any director who is unable to attend the meeting with causes may appoint another director to attend the meeting on behalf of him/her by personally presenting a power of attorney indicating the scope of power. However, a director may accept the appointment to act as the proxy of another one director only. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in

person.

Article 25: Resolutions adopted by a Board of Directors meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and distributed to each director of the Company within twenty days after the close of the meeting. The minute shall record a summary of the essential points of the proceedings and the results of the meeting. The minutes, together with the present directors' attendance book and power of attorney for proxy, if any, shall be kept by the Company pursuant to laws.

Article 26: Deleted.

Article 27: The Company's directors may claim transportation allowance. The Board of Directors is authorized to determine the remunerations to all directors (including the Chairman of the Board) based on their engagement in the Company's operations, contribution, and the pay level among peers in the industry.

Article 27-1: The Board of Directors' shall perform the following functions:

- (1) Review and approval of various charters and rules.
- (2) Determination of financing and wealth management.
- (3) Approval of annual budget and review on annual accounts.
- (4) Review, supervision and execution of annual business plans.
- (5) Important personnel decision making.
- (6) Preparation of earnings distribution proposal and loss compensation proposal.
- (7) Determination of capital increase/reduction.
- (8) Approval of important contracts or other significant matters.
- (9) Appointment and discharge of the Company's external auditors.
- (10) Other powers granted pursuant to laws and by a shareholders' meeting.

Chapter V. Managers and Officers

Article 28: The Company shall appoint several managers (including General Manager). The appointment and dismissal thereof and remuneration to them shall be governed by Article 29 of the Company Act.

Article 29: The Company may retain advisors or important officers per resolution by the Board of Directors.

Chapter VI. Account Closure

Article 30: At the end of each fiscal year, the Company shall have the Board of Directors prepare the following reports and submitted to the shareholders' meeting for approval according to legal procedures.

1. the business report;
2. the financial statements; and
3. earning distribution proposal or loss compensation proposal.

Article 31: The Company shall distribute no less than 3% of the annual profit, if any, as the remuneration to employees, and no more than 3% of the annual profit as the remuneration to directors, provided that profits must first be taken to offset against cumulative losses, if any.

The annual profit mentioned in the preceding paragraph refers to the income before tax before the remuneration to employees, directors are deducted for the year.

Receivers of the remuneration to employees paid in the form of stock or in cash shall include employees of the Company's associates who meet certain conditions.

Article 31-1: If the Company records earnings from the account during the interim period, it shall estimate and retain taxes payable, compensation for accumulated losses, estimate and retain remuneration of employees and remuneration of Directors, and then, appropriate 10% as the legal reserve; however, this shall not apply when the legal reserve has reached the paid-in capital of the Company; subsequently, the Company shall appropriate or reverse special reserve according to the requirements of laws and regulations. If there are still earnings, after adding the balance to the undistributed earnings from prior years, the Board shall prepare the distribution proposal; if the proposal adopts a distribution by way of the issuance of new shares, it shall be proposed to the shareholders' meeting for resolution before the distribution; if the proposal adopts the distribution in cash, it shall be resolved by the Board and reported to the shareholders' meeting.

If the Company has surplus earnings in the annual final settlement, it shall first legally pay all taxes and dues and cover the losses in the previous years, and then set aside ten percent (10%) of the surplus earnings as legal reserve, unless the amount of such legal reserve reaches the Company's total paid-in capital. Additionally, the special reserves set aside or reversed in accordance with applicable laws or the competent authority's requirements shall be stated as the current earnings which, together with the undistributed earnings at the beginning of the period, shall be regarded as the distributable earnings, and the Board of Directors shall draft a proposal for distribution of the same and then submit the proposal to a shareholders' meeting for resolution.

As the Company is engaged in the precision machinery industry, the dividend policy, including amount, category and ratio of shareholder bonus, shall be prepared subject to the current and future investment environment which the Company is in, the Company's funding needs, domestic/foreign competition status and capital budget, and by taking into account the shareholders' interest, balanced dividends and the Company's long-term financial planning. The total distributable dividends shall be no more than 80% of the annual distributable earnings, including the cash dividends no less than 20% of the distributable dividends.

Regarding the net reduction items of other equity accounted for and accumulated in the preceding period and the net increase in the fair value of investment properties, the Company shall appropriate special reserve with an equivalent amount from the undistributed earnings from the preceding period. If the undistributed earnings are insufficient, the amount shall be appropriated from profit after tax of the period, plus items other than profit after tax of the period, that is included in the amount of undistributed earnings for the period.

Article 32: Deleted.

Chapter VII Supplementary Provisions

Article 33: The Company may provide endorsements or guarantees to external entities.

Article 34: The Company's total investment may be exempted from the restriction about 40% of the total paid-in capital.

Article 35: The Company's articles of association and enforcement rules shall be established by the Board of Directors separately.

Article 36: Matters not specified in the Articles of Incorporation shall be handled in accordance with the Company Act and other related laws and regulations.

Article 37: The Articles of Incorporation shall be enforced upon resolution by a shareholders' meeting and approval of the competent authority. The same shall apply where the Articles of Incorporation are amended.

Article 38: The Articles of Incorporation were enacted on May 24, 1991.

1st amendments hereto were made on August 8, 1991.

2nd amendments hereto were made on September 15, 1994.

3rd amendments hereto were made on December 5, 1994.

4th amendments hereto were made on August 10, 1995.

5th amendments hereto were made on December 1, 1996.

6th amendments hereto were made on July 30, 1997.

7th amendments hereto were made on February 21, 1998

8th amendments hereto were made on June 27, 1998.

9th amendments hereto were made on June 24, 2000.

10th amendments hereto were made on June 16, 2001.

11th amendments hereto were made on June 30, 2002.

12th amendments hereto were made on June 27, 2003.

13th amendments hereto were made on June 5, 2004.

14th amendments hereto were made on June 29, 2005.

15th amendments hereto were made on June 29, 2006.

16th amendments hereto were made on June 21, 2007.

17th amendments hereto were made on June 17, 2010.

18th amendments hereto were made on June 21, 2012.

19th amendments hereto were made on June 27, 2014.

20th amendments hereto were made on June 27, 2015.

21st amendments hereto were made on May 31, 2016.

22nd amendments hereto were made on June 30, 2020.
23rd amendments hereto were made on August 30, 2021.
24th amendments hereto were made on May 31, 2022.

Fu Chun Shin Machinery Manufacture Co., Ltd.

Chairman: Wang Po-Hsun

Regulations for Endorsements and Guarantees

One. Subject:

The Procedures were made to regulate endorsement and guarantee matters of the Company. Unaddressed matters in the Procedures shall be subject to the requirements of relevant laws and regulations.

Two. Content:

Article 1: Scope of application:

- I. Financing endorsements and guarantees: Refer to discount financing, including endorsement or guarantee made to meet the financing needs of another company and issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
- II. Customs duty endorsement/guarantee: Refer to an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
- III. Other endorsements and guarantees, meaning endorsements or guarantees beyond the scope of the above two paragraphs.
- IV. Any creation of a pledge or mortgage on chattel or real estate of the Company as security for the loans of another company.

Article 2: Target of endorsement/guarantee:

Apart from the endorsement/guarantee provided to investees by investing shareholders based on its shareholding ratio due to joint investments, the target of endorsement/guarantee of the Company is limited to the following companies:

- I. A company with which it has direct business.
- II. A company in which the Company, directly and indirectly, holds more than 50% of the voting shares.
- III. A company that directly and indirectly holds more than 50% of the voting shares in the Company.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements and guarantees for each other, and the amount of endorsements and guarantees may not exceed 10% of the net worth of the Company. However, this shall not apply to endorsements and guarantees made between companies in which the

Company holds, directly or indirectly, 100% of the voting shares.

Where the Company fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements and guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company or through a company in which the public company holds 100% of the voting shares.

Article 3: Limit of endorsements and guarantees:

The total amount provided by the Company to others shall not exceed 40% of its net worth for the period; for companies with which it has a direct business, the amount shall not exceed the amount of transactions with the Company in the most recent year. The amount of transactions refers to the higher of the amount of purchases or sales between both parties; endorsements and guarantees provided to a single enterprise shall not exceed 20% of the Company's net worth. Net worth shall be subject to the amount set out in the latest financial statements certified or reviewed by CPAs.

If the aggregate amount of endorsements and guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.

Article 4: Decision-making and level of authorization:

I. Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with relevant laws and regulations and Procedures. The Company may make an endorsement/guarantee only after the evaluation results hereof and the evaluation results under paragraph 2, Article 5 have been submitted to and resolved by the Board. The Board may authorize the Chairman to grant endorsements and guarantees within a specific limit according to relevant requirements of the Procedures for subsequent submission to and ratification by the upcoming Board meeting.

- II. Before making any endorsement/guarantee pursuant to paragraph 2, Article 2, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's Board for a resolution. However, this shall not apply to endorsements and guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
 - III. Where the Company needs to exceed the limits set out in the Procedures to satisfy its business requirements, and where the conditions set out in the Procedures are complied with, it shall obtain approval from the Board and half or more of the Directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Procedures for Endorsements and guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.
- The Company has appointed Independent Directors; when discussions are made by the Board due to the preceding three paragraphs, it shall take into full consideration the opinions of each Independent Director; Independent Directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the Board meeting minutes.

Article 5: Procedures for Endorsement and Guarantee:

- I. When engaging in endorsements and guarantees, the target of the endorsements and guarantees shall issue an "Application for Endorsements and guarantees" to submit an application to the financial department of the Company. The financial department shall carry out a credit investigation on the endorsements and guarantees, evaluate its risks, and keep the evaluation records. After the application passes the review, it shall be submitted to the responsible supervisor and the Chairman for approval and instruction; collateral shall be obtained when necessary.
- II. The financial department shall carry out a credit investigation on the target of the endorsements and guarantees and performs a risk evaluation; items of evaluation shall include:
 - (I) The necessity and rationale of the endorsements and guarantees.
 - (II) Measuring the necessity of the amount of endorsements based on the financial conditions of the target of the endorsements and guarantees.
 - (III) Whether the cumulative amount of endorsements and guarantees

is within the limit.

- (IV) For endorsements and guarantees provided due to business transactions, evaluate whether the amount of endorsements and guarantees and the amount of business transactions are within the limit.
 - (V) The impact on the Company's business operations, financial condition, and shareholders' equity.
 - (VI) Whether collateral must be obtained and appraisal of the value thereof.
 - (VII) Enclosure of credit investigation and risk evaluation records for endorsements and guarantees.
- III. The financial department shall prepare a memorandum book that truthfully records the following information: target of the endorsements and guarantees, amount, date of approval by the Board or determined by the Chairman, endorsement/guarantee date, and matters to be carefully evaluated under the preceding paragraph.
- IV. The financial department shall evaluate or recognize the contingent losses of the endorsements and guarantees and appropriately disclose the information on the endorsements and guarantees in the financial report, and provide relevant data to CPAs for them to carry out necessary audit procedures and issue an appropriate audit report according to the requirements of GAAP 9.
- V. For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, apart from reviewing the necessity and rationale of the endorsements and guarantees and the risk evaluation of the target in detail according to operations in Article 5 of the Procedures, the Company shall also obtain the financial report and relevant data of the subsidiary each quarter and analyze the operating, financial, and credit status of the target of endorsements and guarantees to measure potential risks. A report shall also be made to the Board to control risks that may arise from endorsements and guarantees. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation, the sum of the share capital plus paid-in capital in excess of par shall be substituted.
- VI. In case of changes in circumstances, if the target of endorsements and guarantees initially complied with the Procedures but failed to comply with the Procedures subsequently, or the amount of endorsements and guarantees exceeded the limit set due to the changes in the basis for limit calculation, the amount of endorsements and guarantees or the

exceeding part for the target shall be fully eliminated upon the expiry as set out in the contract, or within a certain period when establishing an improvement plan; relevant improvement plans shall be submitted to members of the Audit Committee and reported to the Board.

Article 6: Cancellation of endorsement/guarantee:

- I. If relevant certificates or notes of endorsements and guarantees are required to be canceled due to the settlement of liabilities or rollover, the target of endorsements and guarantees shall prepare a formal letter and deliver the initial certificates related to the endorsements and guarantees to the financial department of the Company to affix the "Cancellation" seal and return; the application shall be kept for future reference.
- II. The financial department shall register the canceled endorsements and guarantees in the memorandum book at all times to reduce the amount of endorsements and guarantees.

Article 7: Chop preservation and procedures:

The chop used for external endorsements and guarantees by the Company shall be the corporate chop registered with the Ministry of Economic Affairs.

- I. The corporate chop shall be kept by dedicated personnel, and the use of the chop or the issuance of notes shall be subject to the prescribed procedures.
- II. The appointment, dismissal, or changes in the chop keeper shall be reported to the Board for consent.
- III. If the Company engages in guarantees for a foreign company, the letter of guarantee issued by the Company shall be executed by a person authorized by the Board.

Article 8: Internal control and audit system:

The internal auditors of the Company shall perform an audit on the Procedures for Endorsement and Guarantee and its implementation status and prepare written records at least once a month.

In case of changes in circumstances, if the target of endorsements and guarantees fails to comply with the requirements under Article 2 or if the amount exceeds the limit, improvement plans shall be established, and relevant improvement plans shall be submitted to members of the Audit Committee, and improvements shall be made according to the planned schedule.

Article 9: Deadline and content of announcement and report:

- I. The Company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each

month.

- II. If the Company's loans of funds reach one of the following levels, it shall announce and report such event before the commencement of the trading hour on the following business day of the date of occurrence:
- (I) The aggregate balance of loans to others by the Company and its subsidiaries reaches 50% or more of the Company's net worth stated in its latest financial statement.
 - (II) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 20% or more of the Company's net worth stated in its latest financial statement.
 - (III) The balance of loans by the Company and its subsidiaries to a single enterprise reaches NT\$10 million or more, and the sum of the carrying amount of investments and balance of loans that are accounted for using the equity method reaches 30% or more of the Company's net worth as stated in its latest financial statement.
 - (IV) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$30 million or more and reaches 5% or more of the Company's net worth stated in its latest financial statement.
- III. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the subparagraphs of the preceding paragraph.

Article 10: Control procedures for endorsements and guarantees to subsidiaries

- I. If a subsidiary of the Company intends to provide endorsements and guarantees to others, it shall establish the procedures for endorsements and guarantees according to the requirements and implement them accordingly; however, the net worth shall be based on the net worth of the subsidiary for calculation.
- II. A subsidiary shall prepare a statement of endorsements and guarantees for others for the past month prior to the 10th (exclusive) of each month and submit it to the Company.
- III. When the auditors of the Company visit the subsidiary for audits based on the annual audit plan, they shall also gain knowledge on the implementation status regarding the implementation status of the subsidiary's procedures for endorsements and guarantees. If any deficiency is found, auditors shall continue to track the improvement status and prepare a follow-up report and submit it to the Chairman.

Three. Punishment

If a manager or organizing personnel of the Company violates the Procedures, such

violations shall be submitted for assessment according to the Regulations for Human Affairs Management and Employees' Handbook of the Company, and punishments shall be imposed based on the severity.

Four. Implementation and amendment

After being approved by the Board, the Procedures shall be submitted to members of the Audit Committee and submitted to the shareholders' meeting for approval. Where any Director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to members of the Audit Committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

In addition, the Company has appointed Independent Directors; when the Procedures is submitted to the Board for discussion due to the preceding requirement in the preceding paragraphs, it shall take into full consideration the opinions of each Independent Director; Independent Directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the Board meeting minutes.

The amended version was approved by the shareholders' meeting on May 31, 2022.
(Date of approved by the Board of Directors is on March 16, 2022)

Fu Chun Shin Machinery Manufacture Co., Ltd.

[Appendix 4]

Shareholding of Directors

Book closure date: April 17, 2023

Position	Name	Date elected	Shareholding while elected			Current shareholding			Remarks
			Type	shares	Shareholding ratio (%)	Type	shares	Shareholding ratio (%)	
Chairman	Wang Po-Hsun	May 31, 2022	Ordinary share	11,366,947	7.61%	Ordinary share	11,679,385	7.66%	
Vice Chairman	Wan Chun-Chieh	May 31, 2022	Ordinary share	6,262,303	4.19%	Ordinary share	6,483,549	4.25%	
Director	Chiu Chia-Miao	May 31, 2022	Ordinary share	664,659	0.44%	Ordinary share	702,952	0.46%	
Director	Wang Chun-Hsien	May 31, 2022	Ordinary share	5,919,433	3.96%	Ordinary share	6,142,821	4.03%	
Director	Representative of Feng Wei Investment Co., Ltd.: Wang Po-Li	May 31, 2022	Ordinary share	3,147,253	2.11%	Ordinary share	3,210,198	2.11%	
Director	Wang Chun-Yu	May 31, 2022	Ordinary share	701,365	0.47%	Ordinary share	728,392	0.48%	
Director	Wu Tsung-Cheng	May 31, 2022	Ordinary share	0	0.00%	Ordinary share	0	0.00%	
Director	Chang Su-Chen	May 31, 2022	Ordinary share	3,154,469	2.11%	Ordinary share	3,217,558	2.11%	
Director	Chen Fei-Ju	May 31, 2022	Ordinary share	39,264	0.03%	Ordinary share	40,049	0.03%	
Independent director	Tsai Wen-Pin	May 31, 2022	Ordinary share	0	0.00%	Ordinary share	0	0.00%	
Independent director	Huang Chung-hui	May 31, 2022	Ordinary share	0	0.00%	Ordinary share	0	0.00%	
Independent director	Kreng Bor-Wen	May 31, 2022	Ordinary share	0	0.00%	Ordinary share	0	0.00%	
Independent director	Huang Ying-Fang	May 31, 2022	Ordinary share	0	0.00%	Ordinary share	0	0.00%	
Total					31,255,693			32,204,904	

Total number of shares issued on May 31, 2022: 149,438,780 shares

Total number of shares issued on April 17, 2023: 152,413,521 shares

Remark: The number of shares to be held by the Company's whole directors pursuant to laws: 9,144,811 shares

Number of shares held until April 17, 2023: 32,204,904 shares

◎The shares held by independent directors are excluded from those held by directors.

◎As Fu Chun Shin Machinery Manufacture Co., Ltd. has established the Audit Committee, the minimum shareholding requirements for Supervisors shall not apply.

[Appendix 5]

The influence of the stock dividend proposed at the shareholders' meeting on the Company's operating performance and earnings per share:

Unit: NT\$ Thousand, except EPS in NT\$

Item		Year	2023 (estimated)
Paid-in capital, beginning			1,524,135
Stock or cash dividend for this year	Cash dividend per share (NT\$) (Note 1)		NT\$0.30
	Number of shares allotted per share for capitalization of earnings (Note 1)		0.03 share
	Number of shares allotted per share for capitalization of capital surplus (Note 1)		—
Changes in operating performance	Operating income		Not applicable (Note 2)
	Increase (decrease) in operating income YoY		
	Net income after tax		
	Increase (decrease) in net profit after tax YoY		
	Earnings per share (NT\$)		
	Increase (decrease) in earnings per share YoY		
	Annual average return on investment (annual average earning yield)		
Pro forma earnings per share and price-earnings ratio	If the capitalization of earnings is replaced with payout of cash dividends	Imputed earnings per share (NT\$)	Not applicable (Note 2)
		Pro forma annual average return on investment	
	If the capitalization of capital surplus is not conducted	Imputed earnings per share (NT\$)	
		Pro forma annual average return on investment	
	If the capitalization of capital surplus is not conducted and the capitalization of earnings is replaced with payout of cash dividends	Imputed earnings per share (NT\$)	
		Pro forma annual average return on investment	

Note 1: The estimated payout of dividends for 2022 is based on the earnings distribution proposal resolved by the Board of Directors on March 22, 2023.

Note 2: The Company didn't release a 2023 financial forecast, but followed the letter of the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan under (91) Tai-Cai-Zheng (1) Zi-No. 002534.

