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富強鑫精密工業股份有限公司

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD.

2022

Annual Report

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II. Corporate website: http://www.fcs.com.tw/

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One. Letter to Shareholders

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!

In 2022, the world was still under the uncertainty risk associated with COVID-19, inflation, rate hike, and international geopolitics; nevertheless, with the global economy reactivated and the spurring prominence of ESG in addition to smart manufacturing, Industry 4.0, and expedited advancement in technologies such as new-energy-driven vehicles and electric vehicles in the automotive industry, the number of purchase orders from customers in different industrial sectors, such as auto parts and accessories, sports, home boutiques for the Company's plastic injection molding equipment such as the "horizontal mutual injection machine", the "turntable multi-color machine", the "two-platen machine", and the "all-electric machine" surged. Meanwhile, the India plant, which was affected by the pandemic and had its production and order-taking momentum delayed, with the inclusion of new auto-accessory customers for application in light shells and internal and external ornaments, saw overall boosted throughput uptime. The Group broke the threshold of 550 units in multiple injection machines in 2022 and the sales also broke the threshold of NTD 2.647 billion; both hit record highs, contributing to the annual revenue up to NTD 4.605 billion in 2022, too, also a record high in history.

The Company remains unchanged in its devotion to boosting the overall operational growth by exploring new customers, upgrading its equipment with new technologies, optimizing its order-taking structure, and advancing the operational efficiency of its production sites, among other important operational strategies. Successes over the past few years included the auto-accessory supply chains of new customers such as the US GM, Tesla, India TATA, and Mainland China BYD. Generally speaking, purchase orders from new customers are increasing, too. The demand for purchase orders of major large equipment such as the "horizontal mutual injection machine", the "turntable multi-color machine", and the "two-platen machine", and their installation service grew stronger. With the hopefully robust increase in the revenue from new customers, the order structure will be adjusted and optimized, contributing to the advancement in the overall operational profitability.

Fu Chun Shin also continues to upgrade the technical level required for its

injection-molding machines and equipment and grow towards total solutions by developing high-value equipment, applying new materials and smart elements, and upgrading the overall competitive advantages of the Company. It also takes advantages of the decentralization of customers in respective industrial sectors by deploying over 30 direct-operation sites and 21 dealers around the world and includes production sites in Tainan, Taiwan, and Dongguan, Ningbo, and Hangzhou Bay in China, and in India, flexibly adjusting its strengths, and accordingly exploring more opportunities in working with new customers in different industrial sectors to reinforce the performance of the Company in the global injection-molding market, contributing to the ambitious long-term operational developments of the Company as a whole.

For 2023, despite the persistent negative factors such as global inflation, interest rate hikes, weak consumer terminal demand that accordingly impacts the strength and rate of capital expenditure in respective industrial sectors, it is promising that industries around the world will proactively achieve the ESG goals such as net zero carbon emissions, environmental protection, and the use of more green energy, and increase in trends such as smart manufacturing and Industry 4.0. In addition, in light of the fact that traditional brand automotive manufacturers around the world are increasingly competing with one another in electric vehicles and the fact that Chinese brands are now reaching markets outside China with new-energy models as well as the explosion for new-energy vehicles inside China last year, sales are likely to reach above 6.5 million. It is optimistic also that sales for 2023 are like to reach 9 million units, with an annual growth of at least 30%. Light-weight plastics instead of steel will become the inevitable demand in the future and will help various types of the Company's plastic injection-molding equipment grow in terms of business performance. As far as the purchase orders that are currently at hand are concerned, besides the fact that no notice of cancellation and postponement is yet to be received, the high visibility of purchase orders also lays the groundwork for optimal operations in the future. Particularly in terms of the new plants in India and Hangzhou Bay. Both will be gradually included in mass production adequately in the second quarter of 2023. The overall efficacy is gradually coming into play and it will hopefully raise the Company's stature in the years to come.

Faced with the climate change crisis and the challenges in the new era of zero carbon emissions, Fu Chun Shin, as part of the global supply chain for injection machines and equipment, is proactively becoming a member of the Taiwan Climate Partnership and consolidating carbon reduction to turn crises into opportunities in the hope for sustainable operation. Fu Chun Shin, taking care of both the interior and the exterior, researches and develops highly efficiency energy-saving injection machines to help customers reduce

carbon emissions. Internally, on the other hand, NTD 200 million is spent on the construction of 3,000 Kwp rooftop solar photovoltaic power-generating systems, with an annual power-generation volume reaching 350 x 10,000 kWh. The amount of carbon emissions reduced is equivalent to 6.5 Da'an Forest Parks. The amount of electricity generated is able to fulfill 95% of power generated for the two business production lines for injection machines and cables and nearly meets the goals of carbon neutralization and zero carbon emissions.

For the new year, the Company remains cautious, optimistic, and proactive by shaping an organizational culture featuring "high-ranking officers leading by example and total participation and engagement of all members on the team" and working to support the action policy when taking business orders. Meanwhile, the management performance in fulfilling KPI goals will continue to be enforced to strengthen the execution of the organization. Meanwhile, adhering to the beliefs of being eco-friendly and in giving back to society, through sound corporate governance we will pursue the interests of stakeholders while fulfilling our commitment to social responsibilities. Finally, we ask for the support of all shareholder as we aim to achieve the goals of increasing revenue and persistent growth, enabling the Company and shareholders alike to enjoy better profits.

We hereby present the business report on the Company's 2022 operational accomplishments and outline of the Company's 2023 business plan as follows:

I. 2022 Operational Accomplishments

(I) Business plan implementation result

2022 consolidated operational accomplishments are 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	-4,028	16,747	-20,775	-124.05%

and expense, net				
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%

(II) Budget implementation status: The Company did not release its 2022 financial forecast and hence no budget implementation is involved.

(III) Financial revenue and profitability analysis: 2022

1. Financial revenue and expense:

(1) Income: Operating income was NTD 4,605,204 thousand

(2) Expenditure: Operating cost was NTD 3,374,074 thousand.
Operating expenditure was NTD 973,165 thousand.
Non-operating income and expenditure were NTD -4,028 thousand.

(3) Earnings: The net profit before tax was NTD 253,937 thousand and income tax expenses were NTD 83,960 thousand, and net profit after tax was NTD 169,977 thousand.

2. Profitability analysis:

(1) Return on assets (ROA): 2.87%

(2) Return on equity (ROE): 7.19%

(3) Net profit rate: 3.69%

(4) Earnings per share: NTD 1.05

(IV) Research and development:

The Company's 2022 R&D expenses were NTD 114,561 thousand, indicating an increase of NTD 21,401 thousand from NTD 93,160 thousand in 2021, a growth of 22.97%.

Products developed successfully and receiving awards in the most re cent year:

Item No.	Year	Content
1	January 2022	Fu Chun Shin was honored as "specialized and particularly new" small-to-medium-sized enterprise of the Province of Zhejiang in 2021.
2	May 2022	Fu Chun Shin was rated "Top 50 industrial sectors" in Jiangbei District, Ningpo City.
3	August 2022	Fu Chun Shin was honored as "2021 Injection Machine Brand with Outstanding Influence".

4	October 2022	The “FA-160e electric high-performance energy-saving injection machine” that comes with the “servopump AI predictive monitoring and diagnostic system” won the “Excellence Award in Plastic Injection-molding Machines” and the “Excellence Award in Smart Plastic/Rubber Molding Machines and Their Peripheral Equipment and Systems” during the “2022 Plastic/Rubber Machinery R&D Innovative Products Contest”.
5	111.11	Fu Chun Shin’s multi-component shaping technologies and solutions include the brand new member “X-shaped four-directional injection model”.

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. Develop servo-driven spontaneous key technologies and talent.

II. Overview of 2023 Business Plan

(I) 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 KPI goal management performance activities and shape an organizational culture requiring “high-ranking officers leading by example and engagement of all members on the team” to accomplish sales, profits, and management goals.
3. Reserve a variety of talent at the main office, particularly operational talent of overseas subsidiaries, in order to reinforce the operational performance of reinvested businesses and investments overseas.
4. Complete construction of the plant at Hangzhou Bay, expand the Group’s production capacity, and optimize the competitiveness in delivery period and cost.

5. Add the layout of channels in Europe, and upgrade the product positioning and FCS brand image.
6. Promote the T309 project to continue increasing the sales of machines in Taiwan and the market share in Taiwan.
7. Form a project team to maximize customer development throughout the general system for improved hit rates.
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. Research and develop advantageous models (SA-125, SA-200, SA-250, and large machines), optimize the active products (FA second-generation models, LM, HB-R), increase gross profit from products, introduce SA-h/p packaging-only units, and provide a 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 alliances and establish the strategic platform mechanism to ensure competitiveness (iMF4.0, shoe machine MS-12-1, MS-24-2, and long-fiber injection 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; streamline the organization and necessary 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.

(II) 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.

(III) 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-operated sites.
   (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.

III. 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.

IV. 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, I wish you

Health and blessings!

Chairman: Wang, Po-Hsun

CEO: Wang, Chun-Hsien

June 15, 2023

Two. Company Profile

I. Established on July 17, 1991

II. Company History:

July 1991	The Company was established on July 17, 1991, with a founding capital size of NTD 120 million; Mr. Bo-Hsun Wang is in charge and the main scope of business was the production and sale of plastic injection-molding machines.
January 1995	The locking force 3000-ton plastic injection-molding machine model was developed and successfully shipped.
April 1996	The FT-series obtained the CE mark, the safety symbol on the European common market.
June 1996	International quality ISO-9001 certified.
November 1996	Chairman Wang, Po-Hsun was honored with the "Golden Business Award" as one of the outstanding businessmen throughout Taiwan.
February 1997	NB110T large boring machines were purchased and devoted to production.
March 1997	The premises were expanded to include four additional 4,224M^2 buildings to be devoted to production.
July 1997	Capital increase in cash worth NTD 45,000 thousand and capital reserve-transferred capital increase worth NTD 26,000 thousand; the share capital came to NTD 251,000 thousand after capital increase and it was approved by the Securities and Futures Institute, Ministry of Finance, to turn the Company officially into a public company.
September 1997	The HT-series obtained the CE mark, the safety symbol on the European common market.
October 1997	The new patent "composite vertical-compression structure" won the TAITRA merit award as a "R&D innovative product" among plastic/rubber machines.
May 1998	Capital increase by cash worth NTD 49,000 thousand for repayment of borrowings and for improvement of the financial structure; the share capital after capital increase came to NTD 300,000 thousand.
December 1998	HT-620 was honored with TAITRA's "Taiwan Excellence Award".
January 1999	For the sake of maximizing the market size in Mainland China, Fu Chin Shin in Dongguan was reinvested in 100% by British Virgin Islands Fu Chun Shin.
December 1999	Gu-25 (gas-assisted injection-molding system) was honored with TAITRA's "Taiwan Excellence Award".
January 2000	Capital increase by cash worth NTD 41,800 thousand; the share capital after capital increase came to NTD 445,000 thousand.
June 2000	The premises were expanded to include 6,000**m^2** to be devoted to production.
April 2001	The locking force 1000-ton largest dual-color machine in Taiwan (FB-1000R) was successfully developed and devoted to production and sale.
September 2001	The high-speed closed-circuit hybrid dual-color machine (HB-250Y) won the Excellence Award during 2001 Taipeiplas.
December 2001	"Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd." was successfully formed through joint venture with "Ningbo C,S,I.Power &Machinery Group Co.,Ltd." to officially set up the production site of Fu Chun Shin in East China.

December 2001	Reinvested in the subsidiary Fuwei Optoelectronics Co., Ltd.
January 2002	HT-150, HB-250Y, and the largest dual-color FB-1000R in Taiwan won the 10th Taiwan Excellence Award.
January 2002	The introduced "inter-system digitalization and corporate synergy integration plan" was reviewed and approved by the Industrial Development Bureau, MOEA. The supply chain e-system, customer relations management system, and product design system will be gradually completed to turn the Company into the only one promoting inter-system digitalization in the domestic plastic injection-molding machine sector.
July 2002	The Company's product R&D, production and manufacturing, and after-sales service marched towards a new milestone through the ISO-9001:2000 Quality System certification by UK Amtri Veritas.
July 2002	Fully self-made FT-series 2600-ton and 2500-ton large injection machines were exported to China and Malaysia; the said model is particularly suitable for the production of large transportation devices.
December 2002	The Company started to be traded over the counter on December 25 after it was approved upon review by the Taipei Exchange as emerging stock.
January 2003	The "Fu Chun Shin Partnership Association" was formed to integrate the upstream and downstream of the plastic machinery industry for a division-of-labor system and to reinforce the competitive advantages of partners in Taiwan while working with one another internationally.
February 2003	Promoted the "Challenge National Quality Award" plan.
June 2003	The name of the Company was changed to "FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD." in order to increase its scope of operation and for an enhanced corporate image.
July 2003	The ultra-high-speed cap production system was introduced; it is known for a production rate breaking the records in the industry.
November 2003	The B2B system as part of the digitalization strategy of the Fu Chun Shin Group was officially activated.
December 2003	FCS Ningbo was ISO 9001 (2000) certified.
January 2004	The AE-100 high-speed closed-circuit hybrid injection-molding machine won the 12th Taiwan Excellence Award.
March 2004	The "precision injection-molding remote monitoring system" and the "ultra-high-speed cap production system" won the Excellence Award and Merit Award as a "R&D innovative product" from the Taiwan Association of Machinery Industry and the Taiwan External Trade Development Council, respectively.
April 2004	The Company was officially listed and traded at Taipei Exchange.
June 2004	Unsecured convertible corporate bonds were issued domestically for the first time and were listed and traded at Taipei Exchange.
September 2004	The strategic alliance was signed with Italy ITALTECH to form the multi-brand operational new model.
May 2005	The demonstrative project entitled "Fu Chun Shin Global Multi-brand Service Value-added Network Program" was introduced to the Department of Industrial Technology, MOEA.
December 2005	The Department of Commerce under the Ministry of Economic Affairs approved the private placement of common stock shares for capital increase in cash; 8,000 thousand shares were issued and the paid-in capital came to NTD 680,530 thousand.

July 2006	The first unsecured corporate bonds in the country under the name of Fu Shin I (66031) stopped trading over the counter.
August 2006	Reinvested in the subsidiary Fu Shin Nanotechnology Co., Ltd.
May 2007	The syndicated loan worth NTD 700 million was entered into with 8 banks including Mega International Commercial Bank.
July 2007	Formed Changshu Tian Tai Photoelectric Technology Co., Ltd. jointly with Fuwei through shared reinvestment
July 2007	Introduced the LM-series two-platen injection-molding machine
September 2007	Introduced the FB260B turning-engine shared dual-color injection machine
November 2007	Construction of the global brand value-added service network project of Fu Chun Shin with sponsorship from the Department of Industrial Technology, MOEA was completed
February 2008	Introduced the A-pack intra-mold labeling and production system
March 2008	Fu Chun Shin in Dongguan increased its capital size by HKD 5.1 million (including the distribution of 2006 earnings worth HKD 1.1 million and the capital increase in cash worth HKD 4 million)
April 2008	Formed the “PIM Lab of Fu Chun Shin Group” jointnly with the Innovative Incubation Center of National Kaohsiung First University of Science and Technology.
July 2008	The LM-1800, two-platen composite direct-compression precision injection-molding machine won the 2008 Taiwan Excellence Award.
October 2008	The A-PACK intra-mold labeling production system won the Excellence Award during 2008 Taipeiplas in the “R&D Innovative Product Contest.”
March 2009	Chairman Wang, Po-Hsun succeeded as Chairman of the Yizai Association of the 7th intake
April 2009	FCS Ningbo was rated “Model Business in Technical Innovation of Ningpo City”.
June 2009	The A-Pack intra-mold labeling and production system won the Technical Innovation Award in the Food Packaging Sector.
February 2010	FCS Ningbo was reputed as “State-grade High-tech Technology Enterprise”.
March 2010	The intra-mold labeling and production system won the Merit Award during 2010 TAIPEIPLAS in the R&D innovative product contest.
August 2010	Capital reserve transferred capital increase worth NTD 54,145 thousand
January 2011	The new FCS identifier was activated to communicate its ambition in innovation and reforms.
March 2011	FCS Ningbo completed the largest TN3600 ultra-large injection-molding machine of the Group and delivered it.
March 2011	The HN-SV-series of energy-saving precision injection molding machine of FCS Ningbo won the “Best Energy-saving Injection Molding Product Award” and the FB-RSV-series of energy-saving multi-component injection molding machine won the Excellence Award as an “optimal injection-molding product”.
September 2011	Capital increase in cash worth NTD 165,000 thousand
November 2011	Capital reserve transferred capital increase worth NTD 69,765 thousand
December 2011	Signed the Exclusive Dealership Pact for North America with Maruka Corporation
March 2012	FCS Ningbo was recognized as one of the “Top 30 in the Industry” and won the “Acre-based Production Capacity Award” in Jiangbei District, Ningpo City.

May 2012	The FB-series of energy-saving dual-color injection molding machine won the "Innovative Energy-saving Host Award" as part of the "2002-2012 Ten-Year Track Record Award in China Plastics Industry"
June 2012	The Fu Chun Shin Group won the Contribution Award as one of the Top Enterprises in the plastics industry in 2011 from Hc360.Com
July 2012	The Fu Chun Shin Group was selected one of the candidate Top 10 injection molding brands by users in China and Top 5 injection molding brands with the most number of users in 2011
September 2012	Fu Chun Shin successfully developed the 1900-ton horizontal turntable disc dual-color machine
September 2012	FCS Ningbo was selected as one of the Top 10 enterprises given their combined capabilities in the Ningpo injection molding industry.
October 2012	Fu Chun Shin attended the "2012 Plastic Machinery Research and Development Innovative Product Contest" and won the Merit Award in the category of plastic injection molding machines and the only Aesthetics Award and Excellence Award winner on the occasion
November 2012	The Fu Chun Shin Group was among one of the "Top 20 Enterprises with Combined Capabilities in the China Plastics Machinery Manufacturing Sector of 2012" and one of the "Top 10 Enterprises in the China Plastic Injection Molding Machine Sector in 2012".
April 2013	Treasury stock worth NTD 4,500 thousand was written off for capital reduction
May 2013	TTQS National Training Quality System certified
July 2013	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd. won the "2012-2013 Top 10 Injection Molding Machine Manufacturers in the Plastics Sector"
August 2013	Capital reserve transferred capital increase worth NTD 33,457 thousand
September 2013	The HB-1900R large horizontal turntable dual-color machine won the Technical Innovation Award in the Plastics Sector of 2012
October 2013	The Operational headquarters of the Fu Chun Shin Group was completed and commissioned
November 2013	Chairman Wang of the Fu Chun Shin Group was elected the "Outstanding Director/Supervisor of Industrial and Mining Groups".
December 2013	FCS Ningbo was selected one of the candidate Top 10 enterprises given their combined capabilities in the 2013 Ningpo injection molding industry again.
February 2014	Introduced the two-platen ultra-large dual-color machine with a mold locking force of up to 3200 tons: LM-3200LB
March 2014	Fu Chun Shin was approved for OHSAS 18001 Occupational Safety and Health Management System
June 2014	Fu Chun Shin was awarded as the "Best Practice Business" by the Ministry of Labor for the dual-track training flagship program it attended
September 2014	Capital reserve transferred capital increase worth NTD 22,974 thousand
October 2014	Fu Chun Shin attended the "2014 Plastic Machinery Research and Development Innovative Product Contest" and won the Excellence Award and the Aesthetics Award, the highest honors on the occasion, for the second time
October 2014	The HN-series of servo-energy-saving injection molding machines of FCS Ningbo was selected as one of the candidates for the National "Energy-saving Mechanical and Electrical Equipment (Product) Recommendation Catalog".
October 2014	The Fu Chun Shin Group was recognized as a model business in the application of digital configuration in the plastic machinery sector of China

October 2014	The Fu Chun Shin Group was among one of the Top 10 Enterprises in the China Plastic Injection Molding Sector of 2014.
December 2014	FCS Ningbo was recognized as one of the Top 10 enterprises given their combined capabilities in the 2014 Ningpo injection molding industry
February 2015	For the sake of integrating resources throughout the Group and to fulfill the purpose of reasonable operation, the subsidiary Fuwei Optielectronics Corporation was consolidated.
March 2015	Fu Chun Shin signed the syndicated loan and delegation guarantee contract worth NTD 1.26 billion with a group of banks.
May 2015	FCS Ningbo was recognized for the second time as one of the "Top 30 in the Industry" in Jiangbei District (2014) and as the "Little Giant Enterprise" in Jiangbei District.
June 2015	The second unsecured corporate bonds in the country worth NTD 300 million were listed and traded over the counter
August 2015	Fu Chun Shin ranked fifth among the Top 15 injection molding enterprises in the China injection molding industry of 2015 and became the only injection molding brand from Taiwan and it was the fourth year in a row for FCS to be on that list.
October 2015	To assign shares to employees, the fourth buy-back of treasury stock took place; a total of 3,198 shares were bought back.
October 2015	Capital reserve-transferred capital increase worth NTD 23,433 thousand; the share capital after capital increase came to NTD 1,195,100 thousand.
October 2015	To broaden its landscape on the Southeast Asia market, Fu Chun Shin Indonesia became officially operative
October 2015	The PIM lab of Fu Chun Shin established its presence in the Industrial Innovation Park of National Kaohsiung First University of Science and Technology.
January 2015	FCS Ningbo was selected one of the candidate Top 10 enterprises given their combined capabilities in the Ningpo Machinery Manufacturing Sector of 2015 and Top 5 Acceleration Enterprises in the Plastic Machinery Manufacturing Sector of Ningpo in 2015
February 2016	The Fu Chun Shin dual-color injection machine was rated A for its equipment in 2015 by the Gree Group.
August 2016	During the "2016 Plastic/Rubber Machinery R&D Innovative Product Contest" held during 2016 Taipeiplas, the Company's two-platen electrical injection molding machine and the injection machine Industry 4.0 solution - fully electrical/mechanical smart flow balance module won the Excellence Award in two categories, namely "plastic injection molding machinery" and "smart plastic/rubber forming machinery and its peripheral equipment".
September 2016	Earnings-transferred capital increase worth NTD 35,013 thousand
March 2017	The Fu Chun Shin injection machine as part of the Industry 4.0 solution - all electrical/mechanical smart flow balance module won the Technical Innovation Award in 2017
June 2017	SOLIDWORKS PDM was introduced by the Fu Chun Shin Group to begin a new revolutionary era
July 2017	Fu Chun Shin entered the "Taiwan-Thailand Summit" to bring about business opportunities for smart machineries in Taiwan and Thailand.
July 2017	The HB-1900R horizontal turntable dual-color injection-molding machine won

	the 26th Taiwan Excellence Award
August 2017	Earnings-transferred capital increase worth NTD 48,085 thousand
August 2018	The innovative smart manufacturing plant of Fu Chun Shin was officially activated and the iMF4.0 (intelligent ManuFactory) was released first in TAIPEIPLAS 2018.
August 2018	The "Injection Machine Industry 4.0 Solution - FA160 Adaptive control for viscosity variation inhibition of melt technology" attended the 2018 Plastic/Rubber Machinery R&D Innovative Product Contest and won the highest honor, Excellence Award
August 2018	Earnings-transferred capital increase worth NTD 28,085 thousand
December 2018	FCS Ningbo was approved and placed on the 2018 list of advantageous enterprises for its smart configuration in Ningbo
January 2019	The Fu Chun Shin dual-color machine was on the list of "40 Years of Reforms and Opening-up - Outstanding Products in Machinery Industry"
February 2019	FCS Ningbo was reputed as "State-grade High-tech Technology Enterprise" for the fourth time.
March 2019	Fu Chun Shin was approved by the Industrial Development Bureau, MOEA, to be included in the "Industrial Upgrade Innovation Platform Assistance Plan" and the "iSCM - Fu Chun Shin AI Innovative Application Program" was activated
March 2019	PT. FCS RGP Plastic in Indonesia officially opened to be devoted to the production of plastic pallets and recycling of regenerative plastics for reuse; it is part of the green circular economy in honor of its duties as a corporate citizen.
June 2019	The contract for a syndicated loan worth NTD 1.5 billion of Fu Chun Shin spearheaded by Mega International Commercial Bank was successfully signed
July 2019	The multi-component injection machine joint scientific innovation technology center jointly created by the Fu Chun Shin Group and the National Plastic Machinery Quality Inspection Center also took part in the preparation of the standards set by the China Plastics Machinery Industry Association and served as the first party to draft the industrial standards for "multi-component plastic injection molding machines" in China. In honor of the belief in "open, collaborative, and mutually beneficial" developments, the two parties' technical strengths were combined to turn scientific research accomplishments into productivity.
October 2019	Fu Chun Shin successfully shipped the first two-platen injection machines with a mold locking force of 4000 tons
December 2019	FCS Ningbo was recognized as one of the Top 30 enterprises in the plastic manufacturing sector of Ningbo, Top 30 enterprises with combined capabilities in the China plastic machinery manufacturing sector, and Top 15 enterprises in the China plastic injection molding industry. Chairman Wang, Chun-Chieh of FCS Ningbo was reputed as an outstanding entrepreneur in the plastics sector of Ningbo.
January 2020	President Wang, Po-Hsun of the Fu Chun Shin Group led by example adhering to the old teaching of "Learning without thought is labor lost; thought without learning is perilous" and successfully acquired his doctorate in Industrial Engineering.
January 2020	Attended Plastivision in Mumbai and released the news that Fu Chun Shin would set up a plant to serve the market in India and the Company's future distribution and marketing plans, among others. Meanwhile, the IMF4.0 smart manufacturing software system researched and developed independently by FCS

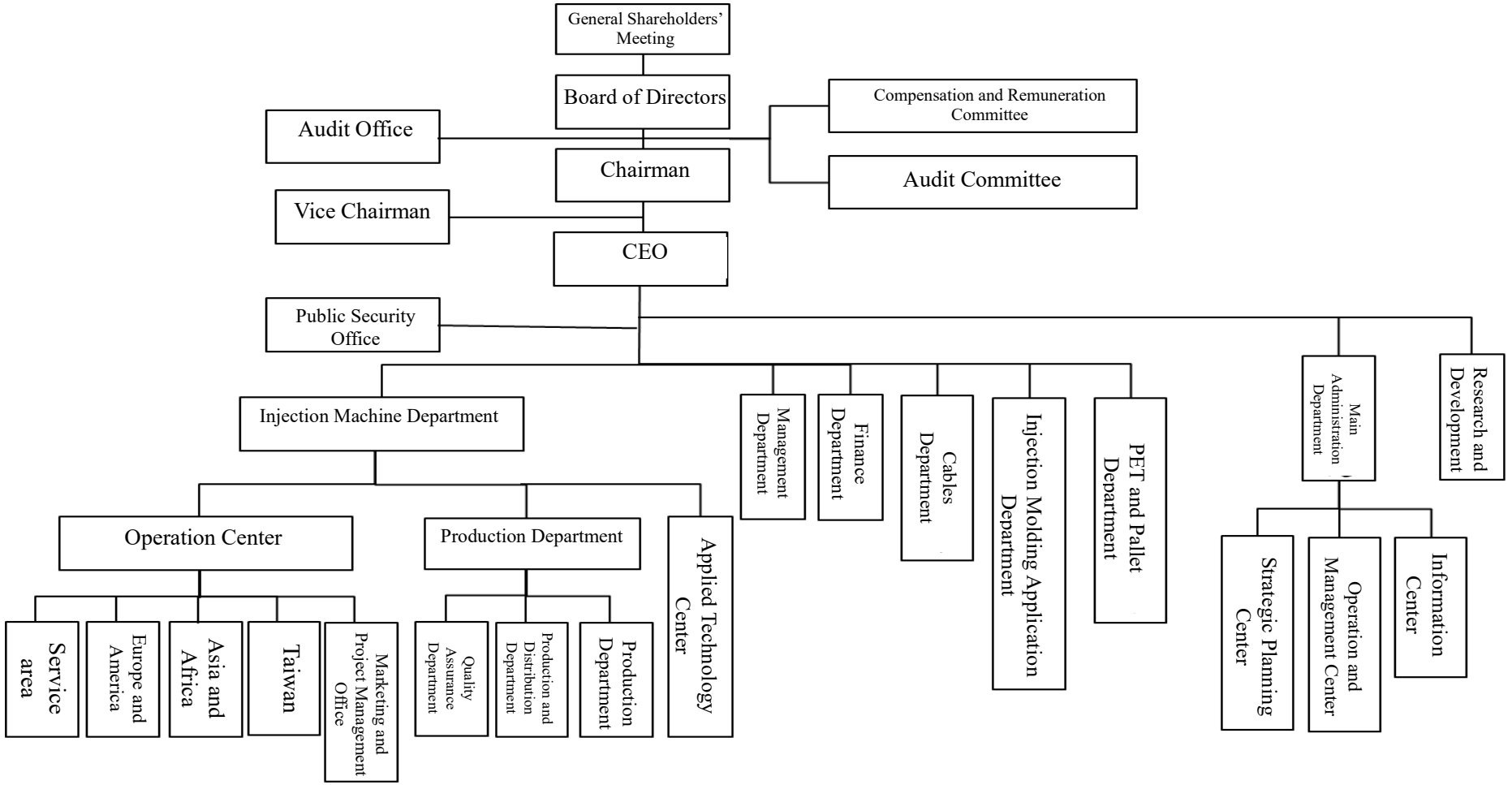
	was applied to help customers enhance their yield, improve the production efficiency, reduce energy and plastics consumption, and to achieve the purpose of environmental protection.
February 2020	FCS Ningbo was included on the list for "Top 500 Acre-based Production Capacity Heroes" as industrial enterprises of scale in Ningbo in 2019
March 2020	Fu Chun Shin, jointly with the Industrial Technology Research Institute, boosted the overall production efficacy throughout the industry with its "smart detection forming platform" that tests processes online in real time.
June 2020	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd." was reputed as one of the "2020 Top 10 Injection Molding Machine Manufacturers in the Plastics Sector".
September 2020	The new plant groundbreaking ceremony for the new area of Hangzhou Bay was held by the Fu Chun Shin Group. After the new plant is built, it will greatly enhance the R&D and production capabilities and core competitiveness in the industry for special models of the Fu Chun Shin Group; it marks a new milestone in the history of the Group.
November 2020	The Fu Chun Shin FA Series - Smart High-performance Energy-saving Injection Machines won the 29th Taiwan Excellence Award. The "smart high-performance energy-saving injection machine FA-160" that took part in the contest not only was passed four major aspects of product development, namely, product R&D, quality, design, and marketing, but also improved consumers' awareness about the Company's quality machines and its brand. It has won the Taiwan Excellence Award 9 times to date.
January 2021	Won the "National Excellent Healthy Workplace - Dynamics Award." William Huang, Mayor of Tainan, presented separately the "Healthy Workplace Role Model" medal to recognize winners for their devotion to and creativity in caring for the health of their employees and for their outstanding performance in promoting a healthy workplace. President Wang, Po-Hsun accepted the medal in person.
March 2021	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd. was reputed as one of the "2020 Top 10 Enterprises with Combined Capabilities in the Plastic Machinery Manufacturing Sector of Ningbo" and the "Enterprises Recognized for Their Anti-pandemic Performance."
April 2021	The largest international plastics fair of Asia, CHINAPLAS, grandly opened in Shenzhen. The Fu Chun Shin Group, on themes "all electric", "dual-color", and "energy-saving", feature the most electrical application in its exhibition history
July 2021	The "beam-raising" ceremony was held in the new area of Hangzhou Bay by Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.
October 2021	Fu Chun Shin iMF4.0 was devoted to optimizing its process and helping the circular economy perform better in carbon reduction. By means of excessive sensors and software and algorithms, the viscosity and density, among other conditions of plastic raw materials of each batch, are adjusted automatically so that recycled materials are as stable as new ones in the field of production; it will enhance the willingness of processors to use recycled plastics in production.
March 2022	The 8 languages for the official website of Fu Chun Shin were approved. The 8th language was available online on March 8 (International Women's Day).
April 2022	Sales of the multi-component injection machine of the Fu Chun Shin Group throughout 2021 hit a record high, with the annual sales breaking NTD 2.2 billion and the number of units sold a year breaking the threshold of 600 units. The mold locking force reached 267,400 tons combined.

May 2022	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd. was honored as one of the “Top 50 Enterprises in the Industry -- Truly Capable Enterprise”.
March 2023	FCS Ningbo was rated one of the “Top 50 Enterprises in the Industry” in Jiangbei District, Ningpo.
March 2023	Given the high demand on the market for new energy, Fu Chun Shin hit a record high in accumulated sales. Sales of the “multi-component injection machine” remain heated in 2022. The annual sales broke the threshold of NTD 2.9 billion and the number of units sold reached 550. The mold locking force reached 294,000 tons combined.

Three. Corporate Governance Report

I. Organizational System

1. Organizational Structure



2. Major Departments and Their Scope of Operation:

Department		Summary of Duties
Audit Office		Conducts internal audits and provides advice on how to improve the system
Main Administration Department	Strategic Planning Center	Plans the Group's mid-to-long-term strategies, Annual Plan, and new investments, and evaluates and controls KPIs
	Operation and Management Center	Manages the operational performance of each business, prepares and analyzes consolidated statements, and plans group funds.
	Information Center	Plans and promotes group information technology strategies.
Research and Development Center		Develops basic research and application processes, qualifies product performance, explores institutions for new products and purchase orders, improves and maintains standard products, designs the circuit, and develops the program.
Industrial Safety Department		Labor safety and health affairs to prevent against occupational hazards
Management Department		Plans and implements human resources and manages general affairs
Finance Department		Plans and implements financial accounting, budgeting, and taxation
Cables Department		Manufactures and distributes magnet wires
Injection Molding Application Department		Manufactures and distributes mainly light guide plates, motor components, and plastic workpieces, etc.
PET and Pallet Department		Distributes pallets and raw materials, plans and distributes micro-mass productions
Applied Technology Center		Develops and distributes injection machine-related products and technologies
Operation Center	Service Department	Installs units sold domestically and internationally, provides after-sales service, repairs, and technologies
	Europe and America	Checks the credit of international customers, processes purchase orders, sales, collects payments, and explores new markets Prepares the sales plan for products to be sold overseas and analyzes the sales market
	Asia and Africa	Checks the credit of international customers, processes purchase orders, sales, collects payments, and explores new markets Prepares the sales plan for products to be sold overseas and analyzes the sales market
	Taiwan	Checks the credit of domestic customers, processes purchase orders, sales, collects payments, and explores new markets Prepares the sales plan for products to be sold domestically and analyzes the sales market
	Marketing and Project Management Office	Promotes project-based sales, supports the niche market, marketing activities, and plans and implements specific projects
Production Department	Quality Assurance Department	Plans and implements quality policies
	Production and Distribution Department	Plans and coordinates production and distribution matters and implements purchases and warehousing operations
	Production Department	Assembles injection molding machines and investigates and improves the assembly techniques

II. Information of Directors, President, Vice President, Assistant Vice President, and Heads of Various Departments and Branches:

(I) Director/Supervisor Information

April 17, 2023

Title	Nationality or registered domicile	Name	Gender/Age	Date Elected (Inaugurated)	Term in office	Initial date of inauguration	Shares held upon inauguration		Shares held now		Number of shares currently held by the spouse and minor child(ren)		Shares held in someone else's name		Major education and work experience	Concurrent positions in the Company and in other companies	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relation	
Chairman and Group President	R.O.C.	Wang, Po-Hsun	Male 77	May 31, 2022	3 years	August 28, 1991	11,366,947	7.61%	11,679,385	7.66 %	6,817,059	4.47 %	—	—	Doctorate in Industrial Engineering and Administration of National Kaohsiung University of Science and Technology Chairman of Fu Chun Shin and President of the Fu Chun Shin Group	(Note 1)	Representative Corporate Director Vice President Vice Chairman CEO	Wang, Po-Feng Wang, Su-Zhen Wang, Chun-Chieh Wang, Chun-Hsien	Brothers Brother-Sister Father-Son Father-Son	(Note 9) (Note 10)
Vice Chairman and Chairman and President of Ningbo Branch	R.O.C.	Wang, Chun-Chieh	Male 52	May 31, 2022	3 years	June 21, 2007	6,262,303	4.19%	6,483,549	4.25 %	1,733,998	1.14 %	—	—	Master's Degree in Business Administration, National Chung Hsing University Chairman of FCS Ningbo	(Note 2)	Chairman CEO	Wang, Po-Hsun Wang, Chun-Hsien	Father-Son Brothers	(Note 9)
Director and Vice President	R.O.C.	Chiu, Chia-Miao	Male 78	May 31, 2022	3 years	August 28, 1991	664,659	0.44%	702,952	0.46 %	666,692	0.44 %	—	—	Department of Graphics Design, National Tainan Industrial High School Chairman, Shyuan Yeu Automation Co., Ltd.	(Note 3)	None	None	None	None

Title	Nationality or registered domicile	Name	Gender/Age	Date Elected (Inaugurated)	Term in office	Initial date of inauguration	Shares held upon inauguration		Shares held now		Number of shares currently held by the spouse and minor child(ren)		Shares held in someone else's name		Major education and work experience	Concurrent positions in the Company and in other companies	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relation	
Director and CEO	R.O.C.	Wang, Chun-Hsien	Male 50	May 31, 2022	3 years	June 17, 2010	5,919,433	3.96%	6,142,821	4.03 %	1,389,305	0.91 %	—	—	Department of Mechanical Engineering and EMBA, National Cheng Kung University CEO of Fu Chun Shin	(Note 4)	Chairman Vice Chairman	Wang, Po-Hsun Wang, Chun-Chieh	Father-Son Brothers	(Note 10)
Director (Corporate Shareholder)	R.O.C.	Feng Wei Investment Co., Ltd.		May 31, 2022	3 years	June 21, 2007	3,147,253	2.11%	3,210,198	2.11 %	0	0.00 %	—	—	—	—	None	None	None	None
Director (Corporate representative)	R.O.C.	Representative of Feng Wei Investment Co., Ltd.: Wang, Po-Li	Male 67	May 31, 2022	3 years	June 21, 2007 (Note 5)	651	0.01%	15,147	0.01 %	3,217,558	2.11 %	—	—	National Tainan Industrial High School Special Assistant at Fu Chun Shin	(Note 5)	Chairman Director	Wang, Po-Hsun Chang Su-Chen	Brothers Couple	None
Director	R.O.C.	Wang Chun-Yu	Male 44	May 31, 2022	3 years	June 20, 2013	701,365	0.47%	728,392	0.48 %	—	—	—	—	Graduate Institute of Physics, National Sun Yat-sen University Associate Manager of R&D, Innolux Corporation	None	None	None	None	None
Independent director	R.O.C.	Tsai Wen-Pin	Male 70	May 31, 2022	3 years	June 27, 2003	—	—	—	—	—	—	—	—	College of Law, National Taiwan University Associate Professor at National Cheng Kung University, Attorney	—	None	None	None	None

Title	Nationality or registered domicile	Name	Gender/Age	Date Elected (Inaugurated)	Term in office	Initial date of inauguration	Shares held upon inauguration		Shares held now		Number of shares currently held by the spouse and minor child(ren)		Shares held in someone else's name		Major education and work experience	Concurrent positions in the Company and in other companies	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relation	
Independent director	R.O.C.	Huang Ying-Fang	Male 70	May 31, 2022	3 years	May 31, 2016	—	—	—	—	—	—	—	—	Doctorate in Strategic Management, UK University of Paisley Professor, National Kaohsiung University of Applied Sciences	(Note 6)	None	None	None	None
Independent director	R.O.C.	Kreng Bo-Wen	Male 61	May 31, 2022	3 years	May 31, 2022	—	—	—	—	—	—	—	—	Doctorate, Purdue University Professor, Department of Industrial and Information Management, National Cheng Kung University	(Note 7)	None	None	None	None
Independent director	R.O.C.	Huang Chung-Hui	Male 67	May 31, 2022	3 years	May 31, 2022	—	—	—	—	—	—	—	—	EMBA, National Cheng Kung University Person in Charge of Diwan & Company	(Note 8)	None	None	None	None
Director	R.O.C.	Wu Tsung-Cheng	Male 74	May 31, 2022	3 years	June 27, 2003	—	—	—	—	—	—	—	—	Master of Industrial Administration, National Chung Kung University Associate Professor at National Cheng Kung University	None	None	None	None	None
Director	R.O.C.	Chang Su-Chen	Female 65	May 31, 2022	3 years	June 20, 2013	3,154,469	2.11%	3,217,558	2.11 %	15,147	0.01 %	—	—	National Tainan Commercial Vocational Senior High School	(Note 9)	Representative Corporate Director	Wang, Po-Feng	Couple	None

Remarks	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship		Concurrent positions in the Company and in other companies	Major education and work experience	Shares held in someone else's name		Number of shares currently held by the spouse and minor child(ren)		Shares held now		Shares held upon inauguration		Initial date of inauguration	Term in office	Date Elected (Inaugurated)	Gender/Age	Name	Nationality or registered domicile	Title
	Relation	Name			Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares							
None	None	None	None	Nan Ying Vocational High School Finance Department, Fu Chun Shin	—	—	0.00 %	4,383	0.03 %	40,049	0.03%	39,264	June 17, 2010	3 years	May 31, 2022	Female 61	Chen Fei-Ju	R.O.C.	Director

Note 1: President of the Fu Chun Shin Group; Chairman of BVI Fu Chun Shin Co., Ltd.; Chairman of Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.; Director of Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.; Chairman of SHING FUH TAI TECHNOLOGY CORP; Director of JUST NANOTECH CO., LTD.; PT. FCS RGP Plastic Director of Shin Preform Plastic; Chairman of PT. FCS RGP Plastic; Chairman of FCS RG PLASTIC PTE., LTD.; Director of FCS MACHINERY (THAILAND) CO., LTD.; Director of Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.

Note 2: Vice Chairman of the Fu Chun Shin Group; Chairman and President of Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.; Director of FCS RG PLASTIC PTE., LTD.; Director of PT. FCS RGP Plastic; Director of FCS Machinery (India) Private Limited; Director of FCS MANUFACTURING (INDIA) PRIVATE LIMITED; Chairman of Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.; President of Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.

Note 3: Vice President of the Fu Chun Shin Group; Chairman of Shyuan Yeu Automation Co., Ltd.; Director of JUST NANOTECH CO., LTD.; Director of Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.; Director of Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.; Director of Wink Technology Limited.

Note 4: President and Group CEO of Taiwan Fu Chun Shin ; Chairman of PT. FU CHUN SHIN TECHNOLOGY(INDONESIA); Director of JUST NANOTECH CO., LTD.; Director of PT. FCS RGP Plastic; Director of FCS RG PLASTIC PTE., LTD.; Director of Indonesia PT. Shin Preform Plastic; Director of FCS MACHINERY (THAILAND) CO., LTD.; Director of FCS PLASTIC MACHINERY (THAILAND) CO., LTD; Director of FCS Machinery (India) Private Limited; Director of FCS MANUFACTURING (INDIA) PRIVATE LIMITED; Director of Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.

Note 5: Vice Chairman of Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.

Note 6: Also the independent director of Sheng Yu Steel Co., Ltd.

Note 7: President of Jing-Fong Industry Co., Ltd.

Note 8: : Also the independent director of TYC Brother Industrial Co Ltd., O-TA Precision Industry Co., Ltd., Nam Liong Global Corporation

Note 9: Director of Xinwei Investment Company, Chairman of Fengwei Investment Company

Note 10:The Chairman of the Company and that of FCS Ningbo are of the first-degree kinship. He possesses a Master's Degree in Business Administration, National Chung Hsing University, and it is conducive to the Company.

Note 11: The Chairman and the CEO are of the first-degree kinship. The CEO possesses a Bachelor's Degree in mechanical engineering and a Master's Degree in Administration of National Cheng Kung University, however, is conducive to the Company.

Major shareholders of corporate shareholders

April 17, 2023

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholder and their holding ratios (Note 2)
Feng Wei Investment Co., Ltd.	Wang, Po-Hsiang (6.67%), Chang, Su-Chen (14%), Wang, Chun-Wei (16.67%), Su Chou, Su-Fen (13.33%) Wang, Ching-Wen (13.33%), Wang, Ching-I (11%), Hsu, Hui-Ju (6.67%), Chang, Su-Shih (10%), Lin, Hsiu-Chueh (8.33%)

Note 1: When the director is a corporate shareholder, the name of the said corporate shareholder shall be provided.

Note 2: The names of major shareholders (those with a holding ratio among Top 10) and their holding ratios shall be provided. If their major shareholders are also corporations,
Table 2 below shall be completed, too.

Note 3: When a corporate shareholder is not a corporation/an organization, the names and holding ratios of the shareholders indicated in the foregoing whose information shall be disclosed will be the name and the funding ratio or donation ratio of the funder
or donor.

Director Information (II)

I. Disclosure of Professionalism of Directors and Independence of Independent Directors:

Criterion / Name	Professionalism and experience (Note 1)	Independence (Note 2)	Number of other public offering companies serving as independent directors
Chairman Wang, Po-Hsun	Doctorate, National Kaohsiung University of Applied Sciences With the work experience required for commercial and corporate operations.	None	None
Director Chiu, Chia-Miao	Department of Graphics Design, National Tainan Industrial High School With the work experience required for commercial and corporate operations.	None	None
Feng Wei Investment Co., Ltd. Representative: Wang, Po-Feng	National Tainan Industrial High School With the work experience required for commercial and corporate operations.	None	None
Vice Chairman Wang, Chun-Chieh	Master's Degree in Business Administration, National Chung Hsing University With the work experience required for commercial and corporate operations.	None	None
Director Wang, Chun-Hsien	EMBA, National Cheng Kung University With the work experience required for commercial and corporate operations.	None	None
Director Wang Chun-Yu	Graduate Institute of Physics, National Sun Yat-sen University With the work experience required for commercial and corporate operations.	None	None

Independent director Tsai Wen-Pin	College of Law, National Taiwan University Doctorate in Law, China University of Political Science and Law Has more than 20 years of work experience required for commercial, legal, and corporate operations and is an attorney having passed the national exam and holding a license. Is a member of the Audit Committee, and is without any of the conditions under Article 30 of the Company Act.	1. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of the Company or any of its affiliates. 2. The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company. 3. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of a company affiliated to the Company to a certain extent (meeting the requirements in Article 3 Paragraph 1 Sub-paragraphs 5 through 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. The amount of rewards received for commercial, legal, financial, or accounting services provided to the Company or its affiliates over the past 2 years.	None

Independent director Huang Ying-Fang	Doctorate in Strategic Management, UK University of Paisley With more than 20 years of work experience required for commercial and corporate operations, a retired professor from related departments required by the Company, a member of the Audit Committee of the first intake of the Company, and without any of the conditions under Article 30 of the Company Act.	1. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of the Company or any of its affiliates. 2. The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company. 3. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of a company affiliated to the Company to a certain extent (meeting the requirements in Article 3 Paragraph 1 Sub-paragraphs 5 through 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. The amount of rewards received for commercial, legal, financial, or accounting services provided to the Company or its affiliates over the past 2 years.	1

Independent director Huang Chung-Hui	EMBA of Accounting, National Cheng Kung University and person in charge of Diwan & Company (the predecessor of EY Taiwan) With financial expertise, more than 20 years of work experience required for corporate operations, and is a retired CPA from related departments required by the Company. Also a member of the Audit Committee, and without any of the conditions under Article 30 of the Company Act.	1. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of the Company or any of its affiliates. 2. The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company. 3. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of a company affiliated to the Company to a certain extent (meeting the requirements in Article 3 Paragraph 1 Sub-paragraphs 5 through 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. The amount of rewards received for commercial, legal, financial, or accounting services provided to the Company or its affiliates over the past 2 years.	3

Independent director Kreng Bo-Wen	Doctorate in Industrial Engineering, Purdue University With more than 20 years of work experience required for commercial and corporate operations, a retired professor from related departments required by the Company, a member of the Audit Committee of the first intake of the Company, and without any of the conditions under Article 30 of the Company Act.	The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of the Company or any of its affiliates. 2. The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company. 3. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of a company affiliated to the Company to a certain extent (meeting the requirements in Article 3 Paragraph 1 Sub-paragraphs 5 through 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. The amount of rewards received for commercial, legal, financial, or accounting services provided to the Company or its affiliates over the past 2 years.	None
Director Chang Su-Chen	National Tainan Commercial Vocational Senior High School With the work experience required for commercial and corporate operations.	None	None
Director Wu Tsung-Cheng	Master of Industrial Administration, National Chung Kung University With the work experience required for commercial and corporate operations.	None	None

Director Chen Fei-Ju	Nan Ying Vocational High School With the work experience required for commercial and corporate operations.	None	None

Note 1: Professionalism and experience: Specify the professionalism and experience of individual directors. For those who are Audit Committee members with accounting or financial expertise, for example, the accounting or financial background and work experience shall be specified. Meanwhile, presence or not of the conditions under Article 30 of the Company Act shall be indicated.

Note 2: For independent directors, the status of independence shall be specified, including, without limitation, whether or not the independent director, their spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for the Company or any of its affiliates, the number and weight of shares the independent director, their spouse, or a relative within the second degree of kinship holds, whether or not the independent director, their spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for a company in a specific relationship with the Company (refer to the requirements in Article 3 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies), and the amount of rewards received for corporate commerce, legal affairs, financial affairs, and accounting services provided over the past two years to the Company or any of its affiliates.

II. Diversification and Independence of Board of Directors:

(I) Diversification of Board of Directors:

1. The Company promotes and respects the diversification policy regarding the Board of Directors. In order to reinforce corporate governance and to promote the normalized composition and structure of the Board of Directors. It is believed that the policy will help boost the overall performance of the Company. Talent is the fundamental principle followed in the hiring and designation of members of the Board of Directors. The members must be capable and complementary to one another in cross-industrial fields, including the basic composition (such as age, gender, nationality, etc.) and possess the required industrial experience and related skills (such as finance, accounting, law, and administration). The operation and management need to be systematic, the procedure needs to be standardized, and the process needs to be digital. The Board of Directors presents

substantial goals for the coming year at the final meeting each year and managers report how goals for the current year have been fulfilled.

(II) Independence of Board of Directors:

1. The Company held a re-election for the 12th Board of Directors on May 31, 2022 in honor of the diversification policy; there are 9 directors and 4 independent directors, that is, 13 directors in total.
2. The 4 independent directors account for 30.8% of all directors .2 independent directors have served less than 6 years in office. One independent director has served 2 terms and one more than 3 terms.
3. One member aged 40~49 years old, two 50~59 years old, five 60~69 years old, and five 70~79 years old; and the mean age of all members of the Board of Directors is 64.
4. All of the directors in the Company (including independent directors) are well-known people in the industry. Four of the members have obtained their doctorate in Taiwan, Mainland China, and the US and 4 obtained their master's degree in Taiwan. The members cover multiple cultures and international horizons. Besides sufficient corporate governance and industrial/technical experience, professional knowledge and skills of the directors cover multiple aspects, industrial, finance and accounting, technical and managerial, etc.
5. Three of the directors are of within the second-degree kinship while two other directors are spouses.

(II) Information on the President, Vice President, Assistant Vice President, and Heads of Respective Departments and Branches

April 17, 2023

Title	Nationality	Name	Gender/ Age	Date (Inaugurated)	Shares held		Shares held by the spouse or any underage child		Shares held in someone else's name		Major education and work experience	Position held in any other company at present	Manager who is the spouse or a relative within the second degree of kinship			Remarks
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relation	
Vice Chairman and Chairman and President of Ningbo Branch	R.O.C.	Wang, Chun-Chieh	Male 51	January 1, 2007	6,483,549	4.25%	1,733,998	1.14%	—	—	Master's Degree, National Chung Hsing University Vice Chairman of Ningbo Branch	(Note 1)	President and Group CEO	Wang, Chun-Hsien	Brothers	Note 8
President and Group CEO	R.O.C.	Wang, Chun-Hsien	Male 49	December 1, 2017	6,142,821	4.03%	1,389,305	0.91%	—	—	EMBA, National Cheng Kung University CEO, Fu Chun Shin Group	(Note 2)	Vice Chairman and Chairman and President of Ningbo Branch	Wang, Chun-Chieh	Brothers	Note 9
Chief Operating Officer	R.O.C.	Tsai Sheng-Tsong	Male 71	December 27, 2017	306,083	0.20%	—	—	—	—	Master's Degree in Business Administration, National Chengchi University CEO, Fu Chun Shin Group	(Note 3)	None	None	None	None
Vice President	R.O.C.	Tsao Ching-Ming	Male 60	January 1, 2006	23,197	0.02%	—	—	—	—	EMBA, National Cheng Kung University Diwan & Company	None	None	None	None	None
Vice President	R.O.C.	Lee Bin-Hsien	Male 60	October 1, 2014	110,829	0.07%	—	—	—	—	EMBA, National Cheng Kung University Assistant Vice President, JUOKU TECHNOLOGY CO., LTD.	None	None	None	None	None
Vice President	R.O.C.	Wang, Su-Zhen	Female 61	May 8, 2015	176,514	0.12%	_	_	_	_	Department of Business Administration, Shu-Te University	(Note 4)	None	None	None	None
Assistant Vice President, Main Office	R.O.C.	Chang, Yin-Ying	Female 61	January 1, 2008	33,525	0.02%	—	—	—	—	EMBA, National Cheng Kung University Program designer, Dongguang Company	None	None	None	None	None
Vice President and President of the Hangzhou Bay Branch	R.O.C.	Gao Sheng-Shan	Male 47	March 13, 2017	83,112	0.05%	858,967	0.56%	—	—	National Pingtung University of Science and Technology Vice President at the Ningbo Branch	(Note 5)	Vice President and President of the Hangzhou Bay Branch	Gao Ling-Yao	Sister-Brother	None
Assistant Vice President and Vice President at the Ningbo Branch	R.O.C.	Gao Ling-Yao	Female 50	April 1, 2019	1,733,998	1.14%	6,483,549	4.25%	—	—	EMBA, Shanghai Jiao Tong University Vice President at the Ningbo Branch	(Note 6)	Vice Chairman and Chairman and President of Ningbo Branch Vice President at the Ningbo Branch	Wang, Chun-Chieh Gao Sheng-Shan	Couple Sister-Brother	None

Title	Nationality	Name	Gender/ Age	Date (Inaugurated)	Shares held		Shares held by the spouse or any underage child		Shares held in someone else's name		Major education and work experience	Position held in any other company at present	Manager who is the spouse or a relative within the second degree of kinship			Remarks
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relation	
Vice President and President of India FCS	R.O.C.	Cheng Ting-Liang	Male 67	June 3, 2019	22,000	0.01%	—	—	—	—	Department of Electronics, Southern Taiwan University of Science and Technology	(Note 7)	None	None	None	None

Note 1: Chairman and President of Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.; Director of FCS RG PLASTIC PTE., LTD.; Director of PT. FCS RGP Plastic; Director of Indonesia FCS; Director of Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.

Note 2:Director of Just Nanotech Co., Ltd.; Director of FCS RG PLASTIC PTE., LTD.; Director of PT. FCS RGP Plastic; Director of Indonesia PT. Director of Shin Preform Plastic; Director of FCS MACHINERY (THAILAND) CO., LTD.; Director of Indonesia FCS; Chairman of India FCS ; Director of Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.

Note 3: Supervisor of PT. FCS RGP Plastic; Supervisor of PT. Shin Preform Plastic; Supervisor of Indonesia FCS.

Note 4: Chairman of Tunglun Co., Ltd.; Director of Wink Technology Limited.

Note 5: Director, Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.

Note 6: Supervisor of Gudu Investment Co., Ltd.; Supervisor of Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.

Note 7: Director, India FSC.

Note 8: Chairman of the Company and that of FCS Ningbo are of first-degree kinship of each other. He has a Master's Degree in Business Administration from National Chung Hsing University, and he is conducive to the Company.

Note 9: The Chairman and the CEO are of first-degree kinship of each other. The CEO has a bachelor's degree in mechanical engineering and a Master's Degree in Administration from National Cheng Kung University, and is conducive to the Company.

(III) Remuneration paid to the directors, supervisors, president, and vice president over the past year

1. Remuneration paid to directors (including independent directors)

December 31, 2022; Unit: NTD thousand

Title	Name	Remuneration to directors								Ratio of the sum of A, B, C, and D to net profit after tax (%)		Related remuneration to those who are also employees								Ratio of the sum of A, B, C, D, E, F, and G to net profit after tax (%)		Remuneration claimed from reinvestees other than subsidiaries or the parent company
		Reward (A)		Retirement and pension (B)		Remuneration to directors (C)		Operational expenditure (D)				Salary, bonus, and special expenditure (E)		Retirement and pension (F)		Remuneration to employees (G)						
																The Company		All companies included in the financial report				
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	Amount in cash	Amount in stock	Amount in cash	Amount in stock	The Company	All companies included in the financial report	
Chairman	Wang, Po-Hsun	0	0	0	0	203	203	60	60	0.16	0.16	3,743	3,743	349	349	717	0	717	0	3.18	2.73	0
Director	Chiu, Chia-Miao	0	0	0	0	203	203	60	60	0.16	0.16	2,127	2,127	95	95	120	0	120	0	1.63	1.63	0
Director	Feng Wei Investment Co., Ltd. Corporate representative: Wang Po-Feng	0	0	0	0	203	203	60	60	0.16	0.16	0	0	0	0	0	0	0	0	0.16	0.16	0
Vice Chairman	Wang, Chun-Chieh	0	0	0	0	203	203	60	60	0.16	0.16	5,740	5,740	99	99	969	0	969	0	4.43	3.83	0
Director	Wang, Chun-Hsien	0	0	0	0	203	203	60	60	0.16	0.16	4,192	4,192	99	99	801	0	801	0	3.36	2.86	0
Director	Wang Chun-Yu	0	0	0	0	203	203	60	60	0.16	0.16	3,224	3,224	48	48	120	0	0	0	2.92	2.21	0
Independent director	Tsai Wen-Pin	0	0	0	0	203	203	100	100	0.19	0.19	0	0	0	0	0	0	0	0	0.19	0.19	0
Independent director	Huang Ying-Fang	0	0	0	0	203	203	100	100	0.19	0.19	0	0	0	0	0	0	0	0	0.19	0.19	0
Independent director	Wu Chi-Hsiang	0	0	0	0	203	203	20	20	0.14	0.14	0	0	0	0	0	0	0	0	0.14	0.14	0
Independent director	Huang Chung-Hui	0	0	0	0	0	0	70	70	0.04	0.04	0	0	0	0	0	0	0	0	0.04	0.04	0
Independent director	Kreng Bo-Wen	0	0	0	0	0	0	70	70	0.04	0.04	0	0	0	0	0	0	0	0	0.04	0.04	0

Independent director	Wu Tsung-Cheng	0	0	0	0	203	203	65	65	0.16	0.16	0	0	0	0	0	0	0	0	0.16	0.16	0
Independent director	Chang Su-Chen	0	0	0	0	203	203	60	60	0.16	0.16	0	0	0	0	0	0	0	0	0.16	0.16	0
Independent director	Chen Fei-Ju	0	0	0	0	203	203	65	65	0.17	0.17	0	0	0	0	0	0	0	0	0.17	0.17	0

Note: 1. Please describe the payment policy, system, criteria, and structure of remuneration for independent directors and the association between factors such as responsibilities assigned, risks, and time spent, among others, and the value of the rewards paid: According to the Company's Articles of Incorporation 28, "The Company's directors may claim transportation allowance. The amount thereof shall be resolved by a shareholders' meeting." 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. And according to Article 31 "The Company shall distribute 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 Company also purchases liability insurance for the directors in order to reduce their risk of being filed a lawsuit against by shareholders or other related parties while performing duties as required by law.

2. Besides those disclosed in the above table, remuneration paid to directors in the most recent year for having provided services to all companies covered in the financial statement (such as working as a consultant who is not an employee): None.

3.Remuneration to supervisors

The Audit Committee is established to replace supervisors and hence it is not applicable. ”

1.Remuneration to President and Vice President

December 31, 2022; Unit: NTD thousand

Title	Name	Salary (A)		Retirement and pension (B)		Bonus and special expenditure, etc. (C)		Amount of remuneration to employees (D)				Ratio of the sum of A, B, C, and D to net profit after tax (%)		Remuneration claimed from reinvestees other than subsidiaries or the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chief Executive Officer and President	Wang, Chun-Hsien	1,588	1,588	99	99	2,604	2,604	801				3.19	3.19	None

4. Remuneration paid to the Top 5 department heads with the highest remuneration

December 31, 2022; Unit: NTD thousand

Title	Name	Salary (A)		Retirement and pension (B)		Bonus and special expenditure, etc. (C)		Amount of remuneration to employees (D)				Ratio of the sum of A, B, C, and D to net profit after tax (%)		Remuneration claimed from reinvestees other than subsidiaries or the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chief Executive Officer and President	Wang, Chun-Hsien	1,588	1,588	99	99	2,604	2,604	801	0	801	0	3.19	3.19	None

5. Names of managers assigned with employee remuneration and the distribution：

December 31, 2022; Unit: NTD thousand

	Title	Name	Amount of stock bonus	Amount of cash bonus	Total	Ratio of sum to net profit after tax (%)
Manager	Chief Executive Officer and President	Wang, Chun-Hsien	－	2,763	2,763	1.73%
	Chief Operating Officer	Tsai Sheng-Tsong				
	Vice President	Tsao Ching-Ming				
	Vice President (President of Ningbo)	Wang, Chun-Chieh				
	Assistant Vice President (Vice President of Ningbo)	Gao Sheng-Shan				
	Assistant Vice President Main Office	Chang, Yin-Ying				
	Vice President	Lee Bin-Hsie				
	Assistant Vice President (Vice President of Ningbo)	Gao Ling-Yao				
	Finance/Accounting Officer	Liu, Chung-Ching				

6. Respectively compare and describe the analysis of the proportion of total remuneration paid to the Company's Directors, Supervisors, President and Vice President by the Company and all the companies listed in the consolidated financial statements in the most recent two years to the Net Income After Tax in individual financial statements, and describe the policies, standards and packages for payment of remuneration, as well as the procedures followed for determining remuneration, and their linkages to business performance and future risk.

(1) Analysis of ratios of total remunerations paid to directors supervisors, the President, and the Vice President of the Company to net profit after tax as shown in the entity's or the stand-alone financial statement over the past two years:

Unit: NT$ Thousand

Item	2021				2022			
	The Company		All companies in the Consolidated Statement		The Company		All companies in the Consolidated Statement	
	Amount	Ratio of sum to net profit after tax of the parent company (%)	Amount	Ratio of sum to net profit after tax of the parent company (%)	Amount	Ratio of sum to net profit after tax of the parent company (%)	Amount	Ratio of sum to net profit after tax of the parent company (%)
Remuneration of Directors	1,124	0.96%	1,124	0.96%	3,345	2.09%	3,345	1.97%
Remuneration to supervisors	321	0.27%	321	0.27%	0	0%	0	0%
Remuneration to President and Vice President	13,551	11.52%	20,081	17.07%	17,677	11.09%	17,677	10.40%

(2) Correlation among the remuneration payment policy, standards and combination, remuneration establishment procedures, and its correlation with operational performance:

A. Article 27 of the Company's Articles of Incorporation states that "The Company's directors/supervisors may claim a transportation allowance. The amount thereof shall be resolved in a shareholders' meeting. Meanwhile, the Board of Directors is authorized to determine the remuneration 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."

B. Article 28 of the Company's Articles of Incorporation states that "the Company shall appoint managers (including the

President). The appointment and dismissal thereof and remuneration to them shall be governed by Article 29 of the Company Act, where it states that “The Company may retain advisors or important officers per resolution by the Board of Directors.”

C. The remuneration paid by the Company to the directors and supervisors is mainly that set aside from the earnings and is based on the requirements in the Articles of Incorporation. The Compensation and Remuneration Committee shall make a decision first and bring it forth to the Board of Directors to be finalized and it may be distributed upon approval through the shareholders’ meeting.

D. The remuneration to the President and Vice President of the Company covers the salary and compensation to employees. The salary level is determined reflective of each employee's contribution to the Company’s operations and the common practice in the industry. The criteria for distribution of remuneration to employees are based on the Company’s Articles of Incorporation. The Compensation and Remuneration Committee shall make a decision first and bring it forth to the Board of Directors to be finalized and it may be distributed upon approval through the shareholders’ meeting.

E. 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 and supervisors, provided that profits must first be taken to offset against any cumulative losses. The annual profit mentioned in the preceding paragraph refers to the pre-tax income before the remuneration to employees, directors and supervisors 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.

III. Status of Corporate Governance

(I)Information on the Operational Status of the Board of Directors

1. Information on the Operational Status of the Board of Directors

The Board of Directors met 7 times (A) in total over the past year (2022) and attendance (seating) of directors (including independent directors)and supervisors in the meetings was as follows:

Title	Name (Note 1)	Actual attendance (seated) frequency B	Attendance through proxy	Actual attendance (seated) rate (%) (B/A) (Note 2)	Remarks
Chairman	Wang, Po-Hsun	7	0	100%	Succeeded upon re-election on 5/31/2022
Director	Chiu, Chia-Miao	7	0	100%	Succeeded upon re-election on 5/31/2022
Director	Representative of Feng Wei Investment Co., Ltd.: Wang, Po-Li	7	0	100%	Succeeded upon re-election on 5/31/2022
Director	Wang, Chun-Chieh	7	0	100%	Succeeded upon re-election on 5/31/2022
Director	Wang, Chun-Hsien	7	0	100%	Succeeded upon re-election on 5/31/2022
Director	Wang Chun-Yu	7	0	100%	Succeeded upon re-election on 5/31/2022
Independent director	Tsai Wen-Pin	7	0	100%	Succeeded upon re-election on 5/31/2022
Independent director	Huang Ying-Fang	7	0	100%	Succeeded upon re-election on 5/31/2022
Independent director	Wu Chi-Hsiang	2	0	100%	Dismissed upon re-election on May 31, 2022
Supervisors	Chang Su-Chen	2	0	100%	Dismissed upon re-election on May 31, 2022
Supervisors	Chen Fei-Ju	2	0	100%	Dismissed upon re-election on May 31, 2022
Supervisors	Wu Tsung-Cheng	2	0	100%	Dismissed upon re-election on May 31, 2022
Independent director	Huang Chung-Hui	5	0	100%	Newly inaugurated upon re-election on May 31, 2022

Independent director	Kreng Bo-Wen	5	0	100%	Newly inaugurated upon re-election on May 31, 2022
Director	Chang Su-Chen	5	0	100%	Newly inaugurated upon re-election on May 31, 2022
Director	Chen Fei-Ju	5	0	100%	Newly inaugurated upon re-election on May 31, 2022
Director	Wu Tsung-Cheng	5	0	100%	Newly inaugurated upon re-election on May 31, 2022

Other matters that should be documented:

I. The date and session number of the meeting of the Board of Directors, proposal contents, opinions of all Independent Directors, and the Company's reactions towards Independent Director's opinions shall be specified in case of the following conditions in respect of the operation of the Board of Directors:

(I) Matters specified in Article 14-3 of the Securities and Exchange Act:

Date/Session of Board of Directors Meeting	Proposal:	Opinions from all independent directors and how the Company addressed them
05/13/2022 No. 19 of 11th intake	1. Approval of the issuance of the third domestic unsecured convertible corporate bonds. 2. Established Fu Chun Shin Machinery Manufacture Co., Ltd. Audit Committee and approved the organic charter.	Approved by all independent directors
11/10/2022 No. 4 of 12th intake	Approval of the capital increase in cash by the Company towards its subsidiary SHING FUH TAI and reinvestment in the second-tier subsidiary Wink. (Director Chiu, Chia-Miao was excused due to a conflict of interest as he is also a shareholder of SHING FUH TAI and the representative of the corporate director of the re-invested Wink)	Approved by all independent directors
03/22/2023 No. 6 of 12th intake	1. Approval to replace existing CPAs Hung, Kuo-Sen and Lee, Fang-Wen with CPAs Hu, Tzu-Jen and Hung, Kuo-Sen beginning from the Consolidated Financial Statements for the first quarter of 2023. The case has been submitted to the Audit Committee for review and approval and it will be brought forth to the Board of Directors for a final decision. 2. Approval of the amendment to some articles of the "Regulations for Endorsement and Guarantee".	Approved by all independent directors

(II) Other than the matters mentioned above, the resolutions with records or written statements on

which independent directors have dissenting opinions or qualified opinions: None.

II. For the enforcement of recusal upon conflicts of interest among directors, the name of the director, details of the proposal, reason for the recusal, and participation in the voting process or not shall be described: Same as the table above.

III. Reinforced assessments of functional objectives (such as setting up the Audit Committee, promoting information transparency, etc.) of the Board of Directors and implementation status of the objectives of the specific year and the most recent year:

Besides disclosing the attendance (seating) of directors/supervisors in the Board of Directors' meetings and their participation in continuing education on corporate governance in the MOPS, such information is also available in the section devoted to Investors on the corporate website; it contains important decisions and related organic rules of the Board of Directors: after the directors were re-elected on May 31, 2022, it is intended to set up the Audit Committee to replace supervisors.

Note 1: When directors and supervisors are corporations, the name of the institutional shareholder, its representative, and the name shall be disclosed.

Note 2:(1) In the event that directors or supervisors resign before the end of a fiscal year, the date of resignation shall be indicated in the remarks field. The ratio of attendance is calculated by the number of Board of Directors meetings held during the term of office and the actual number of meetings attended

(2) In the event that directors or supervisors are re-elected before the end of a fiscal year, both the new and former directors and supervisors shall be listed and the remarks field shall indicate if the director is nor formerly a director, a newly elected director or a re-elected director and also the date. The ratio of attendance is calculated by the number of Board of Directors meetings held during the term of office and the actual number of meetings attended.

2. Board of Directors evaluation: The following evaluation was completed on March 8, 2023

Evaluation cycle (Note 1)	Evaluated period (Note 2)	Scope of evaluation (Note 3)	Evaluation method (Note 4)	Highlights of evaluation (Note 5)
Once a year	01/01/2022 ~ 12/31/2022	Board of Directors, individual directors and the functional committees	1. Board of Directors Performance Evaluation	Involvement in operation - Excellent Decision-making quality of the Board of Directors - Excellent Composition and structure of Board of Directors - Excellent Election of its directors and continuing education for them - Excellent Internal control - Excellent
			2. Individual Directors Performance Evaluation	Keeping track of corporate goals and missions - Excellent Awareness of duties as a director - Excellent Involvement in corporate operations - Excellent Management of internal relations and communication - Excellent Director's professionalism and continuing education - Excellent

				Internal control - Excellent
			3. Compensation and Remuneration Committee Performance Evaluation	Involvement in corporate operations - Excellent Awareness of the duties of the functional committee - Excellent Decision-making quality of the functional committee - Excellent Composition and election of members of the functional committee - Excellent Internal control - Excellent
			4. Audit Committee Performance Evaluation	Involvement in corporate operations - Excellent Awareness of the duties of the functional committee - Excellent Decision-making quality of the functional committee - Excellent Composition and election of members of the functional committee - Excellent Internal control - Excellent

Note 1: The cycle by which the Board of Directors evaluation is performed, such as once a year, is to be provided.

Note 2: The period covered in the Board of Directors evaluation is to be provided.
Example: The performance of the Board of Directors between January 1, 2019 and December 31, 2019 was evaluated.

Note 3: The scope of evaluation includes the performance evaluations of the Board of Directors, individual directors and the functional committees.

Note 4: The evaluation method includes internal assessment of the Board of Directors, self-assessment of Board members, and outsourced performance evaluations by external professional institutions, experts, or in other appropriate ways.

Note 5: The highlights of evaluation include at least the following according to the scope of evaluation.
The Board of Directors' performance evaluation shall at least cover the involvement in corporate operations, decision-making quality, the composition and structure of the Board of Directors, the election and continuing education of directors, internal control, etc.
Individual Board members' performance evaluation shall at least cover keeping track of the Company's goals and missions, awareness of the duties of directors, involvement in the Company's operation, internal relations management and communication, professional and continuing education for directors, internal control, etc..

Functional committee performance evaluation includes the involvement in the Company's operation, awareness of the duties of the functional committee, decision-making quality of the functional committee, composition of the functional committee and the election of its members, internal control, etc.

Information on the Operational Status of the Audit Committee

The Committee met 4 times in total in the most recent year (A) and the attendance of independent directors in the meetings was as follows:

Title	Name	Actual attendance frequency (B)	Attendance through proxy	Actual attendance rate (%) (B/A) (Note 1, Note 2)	Remarks
Independent director	Huang Chung-Hui	4	0	100%	Elected and newly inaugurated on May 31, 2022
Independent director	Tsai Wen-Pin	4	0	100%	Elected and newly inaugurated on May 31, 2022
Independent director	Huang Ying-Fang	4	0	100%	Elected and newly inaugurated on May 31, 2022
Independent director	Kreng Bo-Wen	4	0	100%	Elected and newly inaugurated on May 31, 2022

Other matters that should be documented:

I. If the Audit Committee has any of the following circumstances, the date and session number of the meeting of the Audit Committee, proposal contents, independent directors names, dissenting opinions, reservations, or major recommendations, the resolution made by the Audit Committee and the Company's reactions towards the Audit Committee's opinions shall be specified:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act.

Matters discussed by the Compensation and Remuneration Committee during the period covered in this Annual Report and the decisions made are as follows:

● First meeting of Compensation and Remuneration Committee on June 10, 2022:

Proposal 1: Approval of the intended application for the financing limits with the bank by the Company's subsidiary BVI FCS and the endorsement/guarantee provided by Taiwan FCS.

Proposal 2: Approval of the intended application for the financing limits with the bank by the Company's subsidiary FCS MANUFACTURING INDIA

PRIVATELIMITED with the bank and the endorsement/guarantee from FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD.

● Second meeting of Compensation and Remuneration Committee on August 11, 2022:

Proposal 1: Approval of the intended application for the financing limits with the bank by the Company's subsidiary BVI FCS and the endorsement/guarantee provided by Taiwan FCS.

Proposal 2: Approval of the intended application for the financing limits with the bank by the Company's subsidiary FCS RG PLASTIC PTE., LTD. and the endorsement/guarantee provided by Taiwan FCS.

Proposal 3: Approval of the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of June 30, 2022 for the Company; there is no disguised capital financing.

Proposal 4: Approval of the fourth assignment of the Company's treasury stock shares bought back for the fifth time in 2018 to employees.

● Third meeting of Compensation and Remuneration Committee on November 10, 2022:

Proposal 1: Approval of the intended application for the financing limits with the bank by the Company's subsidiary FCS RG PLASTIC PTE., LTD. and the endorsement/guarantee provided by Taiwan FCS.

Proposal 2: Approval of the intended application for the financing limits with the bank by the Company's subsidiary BVI FCS and the endorsement/guarantee provided by Taiwan FCS.

Proposal 3: Approval of the modification made to the limits of funds lent to the subsidiary by Taiwan FCS.

Proposal 4: Approval of the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of September 30, 2022 for the Company; there is no disguised capital financing.

Proposal 5: Approval of the proposal to not distribute cash dividends for the first half of 2022.

Proposal 6: Approval of the capital increase in cash by the Company towards its subsidiary SHING FUH TAI and reinvestment in the second-tier subsidiary Wink.

● Fourth meeting of Compensation and Remuneration Committee on March 22, 2023:

Proposal 1: Approval of the intended application for the financing limits with the bank by the Company's subsidiary FCS RG PLASTIC PTE., LTD. and the endorsement/guarantee provided by Taiwan FCS.

Proposal 2: Approval of the application for the financing limits with the bank by the Company's subsidiary Dongguan FCS and the endorsement/guarantee provided by the main office in Taiwan.

Proposal 3: Approval of the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of December 31, 2022 for the Company; there is no disguised capital financing.

Proposal 4: Approval of the review of 2022 Parent Company-only Financial Statements and Consolidated Financial Statements.

Proposal 5: Approval of 2022 Earnings Distribution and Business Report

Proposal 6: Approval of the earnings-transferred capital increase.

Proposal 7: 2022 "internal control system effectiveness evaluation" and "internal control system statement."

Proposal 8: Approval of the intended change of both CPAs of the Company from the

financial statements for the first quarter of 2023 reflective of the internal rotation and adjustment of CPAs.

Proposal 9: Approval of the public expenditure on 2023 audit certification to EY Taiwan.

Proposal 10: Approval of amendment to some articles of the “Regulations for Endorsement and Guarantee”.

How the Company addressed opinions from the Audit Committee: They were submitted to the Board of Directors and approved by all attending directors.

(II) Besides those mentioned in the foregoing, other resolutions with approval by two-thirds and more of all directors despite the failure to be approved by the Audit Committee: None

II. For the recusal upon conflicts of interest among independent directors, the name of the independent director, details of the proposal, reason for the recusal, and participation in the voting process or not shall be described: None

III. Communication among Independent Directors, internal Audit Supervisors and accountants (including important matters, methods, and results of the Company’s finance and operations):

Fourth meeting of Compensation and Remuneration Committee of the first intake on March 22, 2023:

Communications between CPAs and Audit Committee; presented by: CPA Hung, Kuo-Sen, who reported to each of the audit member audit findings of the 2022 Parent Company Only Financial Statements and Consolidated Financial Statements.

Note 1: In the event that an independent director resigns before the end of a fiscal year, the date of resignation shall be indicated in the remarks field. The Actual attendance rate (%), on the other hand, is calculated by the number of meetings held by the Audit Committee during the term of office and the actual number of meetings attended.

Note 2: In the event that independent directors are re-elected before the end of a fiscal year, both the new and former independent directors shall be listed and the remarks field should also indicate if whether the person is a newly elected or now former director and if they have been re-elected as well as the date. The ratio of attendance, is calculated by the actual number of meetings held by the Audit Committee during the entire term of office met and the actual number of meetings attended.

(III) The operation of corporate governance and the difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
I. Does the Company establish and disclose its corporate governance best-practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies?		V	The Company discloses material information as required by applicable laws and regulations and information periodically. The Board of Directors will also follow the responsibilities that shareholders give them by guiding the Company's operational strategies and effectively supervising the managerial function of the management, creating wealth for shareholders, normalizing the finances and the goals of the Company in sustainable operation. At present, sound requirements and guidelines are being prepared gradually in compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies".	Unspecified
II. Shareholding Structure and Shareholder Equity				
(I) Does the Company establish internal operating procedures for handling shareholder suggestions, questions, disputes or lawsuits and implement the procedures?		V	(I) Although no related operating procedures are specified, they are handled by the Company's spokesperson or acting spokesperson and legal counsel is asked for assistance if necessary.	Unspecified No difference
(II) Does the Company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	V		(II) By interacting with primary shareholders, the Company is able to keep track of a list of those with actual control over the Company and their ultimate controllers and declares it as required on a monthly basis.	No difference
(III) Has the Company established and implemented risk management and firewall mechanisms	V		(III) The various financial operations between the Company and its affiliates are	No difference

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
with its associated enterprises?			mutually-independent in principle. The "Regulations Governing Subsidiaries", the "Regulations Governing Financial Interactions Between Group Corporate Companies and Specific Companies", the "Internal Control System", and the "Internal Audit System" in order to create a risk control and firewall mechanism with affiliates.	
(IV) Has the Company established internal rules against insider trading with undisclosed information?	V		(IV) The company has formulated the "Management of Preventing Insider Trading" to regulate the company's insiders.	
III. Composition and Responsibilities of the Board of Directors		V		Unspecified
(I)Has the Board of Directors developed diversification policies, substantial management goals and enforced them?			(I) There are currently four independent directors and members of the Board of Directors are specialists in legal affairs, commerce, and finance-related fields. Substantial management goals are evaluated on a monthly basis according to the annual KPIs released through the consensus camp of the Company each year.	No other functional committees were set up
(II) Has the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law?		V	(II) The Company set up the Compensation and Remuneration Committee as required by law on 12/23/2011 and set up the Audit Committee after the re-election of directors for the 12th session of the Board through the shareholders' meeting on 05/31/2022.	No difference
(III) Has the Company defined the "Board of	V		(III) The Board of Directors Performance Evaluation	No difference

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
Directors Performance Evaluation Guidelines" and the evaluation method, conducted performance evaluation annually and regularly, and reported the results of the performance evaluation to the Board of Directors, and applied it to individual directors' remuneration and nomination renewal?			Guidelines and the evaluation method were already reviewed by the Compensation and Remuneration Committee on December 13, 2019 and were submitted and approved during the fifth meeting of the 11th Board of Directors on December 27, 2019 and declaration was completed on March 8, 2023.	
(IV) Has the Company assessed the independence status of the CPAs at regular intervals?	V		(IV) The financial unit of the Company evaluates the independence of CPAs once a year and submitted the results for review and approval by the Board of Directors on November 10, 2022. The financial unit of the Company determined that CPAs Lee, Fang-Wen and Hung, Kuo-Sen of EY Taiwan both meet the Company's independence evaluation criteria (Note 1) and can serve as the Company's CPAs. The accounting firm also issued a declaration saying so.	

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
IV. For TWSE/TPEx-listed companies, is there competent corporate governance staff and is the number of such employees suitable and a corporate governance officer assigned to take charge of corporate governance-related affairs (including, without limitation, providing directors/supervisors with the required materials for them to perform their duties, assisting directors/supervisors in complying with laws and regulations, addressing matters concerning the Board of Directors meeting and shareholders' meetings, and preparing the Board of Directors and shareholders' meeting minutes)?		V	They will be available by June 30, 2023 as required by law.	No difference
V. Has the Company established a communication channel and built a designated section on its website for stakeholders (including, without limitation, shareholders, employees, customers, and suppliers, etc.) and properly respond to corporate social responsibility issues that stakeholders are concerned about?	V		The Company calls for a labor-management meeting on a quarterly basis to communicate with its employees and also provides sufficient information to current financial institutions and its creditors. There is also a devoted section for stakeholders on the corporate website and the contact window so that stakeholders have access to sufficient information to help them make judgments and protect their rights.	Requirements of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	V		The Company authorizes the Registrar of Chinatrust Commercial Bank to handle matters concerning shareholders' meetings.	Requirements of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
VII. Disclosure of Information				
(I)Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	V		(I) The website set up by the Company contains information on operations; there is also the devoted section for investors where links to information disclosed on finance and corporate governance is available. Investors can also search for related information through the MOPS.	Requirements of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(II) Has the Company adopted other means for disclosure (such as by setting up a website in English, appointing designated persons to take charge of collecting and disclosing corporate information, consolidating the spokesperson system, and posting information on how the Investor Conference is conducted on the corporate website)?	V		(II) 1. The Company already has Chinese (Traditional/Simplified) and English websites in place to facilitate searches for related information about the Company. 2. The Company already assigned someone to take charge of collecting and disclosing corporate information. 3. The spokesperson and acting spokesperson are working well. 4. There is a devoted section on the corporate website where information relating to an Investor Conference, including the location, date, and means. No investor conferences, however, have been held in recent years.	No major deviations
(III) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the		V	(III) The Company announces and declares its annual financial report (within three months), financial reports for the first, second, and third quarters (within 45 days), and monthly operational status (before the tenth day of each month) as is required by Article 36 of the Securities and	No major deviations

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
prescribed time limit?			Exchange Act.	
VIII. Is there any other essential information that would help understand the pursuit of corporate governance (including, without limitation, employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of directors and supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the directors and supervisors)?	V		1.Employee rights and employee care: Please refer to V. Labor-Management Relations under Five. Operational Overview. 2.Investor relations: The Company releases respective information and messages in the MOPS and on the corporate website and there are the spokesperson and acting spokesperson in place to maintain investor relations. 3.Supplier relations: Please refer to the information provided in II. Market and Production/Distribution Overview under Five. Operational Overview. 4.Rights of stakeholders: The Company follows applicable regulatory requirements. 5.Continuing education of directors and supervisors: Directors and supervisors follow requirements by completing 6 hours of continuing education each year and filing such information with the competent authority periodically. 6.Implementation of Risk Management Policies and Risk Measurement Standards: The Company's principal financial risk management objective is to manage the market risks, credit risks and liquidity risks related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite. The Company has	Requirements of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
			established appropriate policies, procedures and internal controls for the said financial risk management. Before entering into significant financial transactions, approval by the Board of Directors in compliance with applicable requirements and the Internal Control System is required. The Company shall comply with its financial risk management policies during its financial management activities. 7. Implementation of customer policies: The Company quickly answers to and periodically goes on service tours to quality customers and provides them with differential services to meet the needs on the market and to become a permanent business partner of customers. 8. The Company already purchased liability insurance for directors and supervisors in 2022.	
IX. Please explain the improved conditions regarding the results of the corporate governance assessment issued by the corporate governance center of Taiwan Stock Exchange Corporation in recent years, and propose priorities and measures for improving the condition not improved yet: None				

Note 1: CPA independence evaluation criteria

Item	Result	
1. No absence of replacement for seven years has occurred as of the latest certification.	■ Yes	□ No
2. There is no material financial interest relationship with the authorizer.	■ Yes	□ No
3. Avoidance of any inappropriate relationship with the authorizer.	■ Yes	□ No
4. The CPA shall have his/her assistants to precisely adhere to honesty, fairness, and independence.	■ Yes	□ No
5. No audits and certification may be done on the financial statements of clients for the two years prior to practice.	■ Yes	□ No
6. The name of the CPA may not be used by any other person.	■ Yes	□ No
7. The CPA does not hold shares of the Company and its affiliates.	■ Yes	□ No
8. There are no money borrowings with the Company and its affiliates.	■ Yes	□ No
9. There are no joint investments or sharing of interests with the Company or its affiliates.	■ Yes	□ No
10. The CPA is not working part-time on a regular basis for the Company or its affiliates with fixed pays.	■ Yes	□ No
11. The CPA is not involved in the managerial functions such as decision-making of the Company or its affiliates.	■ Yes	□ No
12. The CPA is not running other businesses that may result in loss of independence at the same time.	■ Yes	□ No
13. The CPA is not a spouse, lineal relative, relative by marriage of the management of the Company.	■ Yes	□ No
14. The CPA is not collecting any commission that has to do with business operation.	■ Yes	□ No
15. There have been no disciplines or conditions that undermine the principle of independence so far.	■ Yes	□ No

(IV) Composition, Responsibilities, and Operations of the Compensation and Remuneration Committee, If Available:

(1) Profile of Members of the Compensation and Remuneration Committee

April 17, 2023

Criterion / Status (Note 1) / Name		Professionalism and experience (Note 2)	Independence (Note 3)	Number of positions as a Compensation and Remuneration Committee Member in other public offering companies
Independent (Convener)	Director Tsai Wen-Pin	With more than 20 years of work experience required for commercial, legal, and corporate operations and an attorney having passed the national exam and holding a license, a member of the of the Company, and without any of the conditions under Article 30 of the Company Act.	1. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of the Company or any of its affiliates. 2. The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company. 3. Not a director, supervisor, or employee of a company related in a specific way to the Company (refer to the requirements in Article 6 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation and Remuneration Committee)? 4. The amount of rewards received for commercial, legal, financial, or accounting services provided to the Company or its affiliates over the past 2 years.	0

Independent director	Huang Ying-Fang	With more than 20 years of work experience required for commercial and corporate operations, a retired professor from related departments required by the Company, and without any of the conditions under Article 30 of the Company Act.	1. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of the Company or any of its affiliates. 2. The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company. 3. Not a director, supervisor, or employee of a company related in a specific way to the Company (refer to the requirements in Article 6 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation and Remuneration Committee)? 4. The amount of rewards received for commercial, legal, financial, or accounting services provided to the Company or its affiliates over the past 2 years.	1

Independent director	Huang Chung-Hui	With more than 20 years of work experience required for commercial, financial, accounting, and corporate operations and an CPA holding a license, and without any of the conditions under Article 30 of the Company Act.	1. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of the Company or any of its affiliates. 2. The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company. 3. Not a director, supervisor, or employee of a company related in a specific way to the Company (refer to the requirements in Article 6 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation and Remuneration Committee)? 4. The amount of rewards received for commercial, legal, financial, or accounting services provided to the Company or its affiliates over the past 2 years.	3

Independent director	Kreng Bo-Wen	With more than 20 years of work experience required for commercial and corporate operations, a retired professor from related departments required by the Company, and without any of the conditions under Article 30 of the Company Act.	1. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of the Company or any of its affiliates. 2. The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company. 3. Not a director, supervisor, or employee of a company related in a specific way to the Company (refer to the requirements in Article 6 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation and Remuneration Committee)? 4. The amount of rewards received for commercial, legal, financial, or accounting services provided to the Company or its affiliates over the past 2 years	

Note 1: Please specify years of work experience, professionalism, and experience and status of independence of individual members of the Compensation and Remuneration Committee in the table. For independent directors, notes may be added. Refer to (I) of Exhibit 1 Profile of directors and supervisors for related information. Provide “independent director” or “other” for “Status” (add a note for the convener).

Note 2: **Professionalism and experience:** Specify the professional qualifications and experience of individual members of the Compensation and Remuneration Committee.

Note 3: **Status of Independence:** Specify the status of independence of the members of the Compensation and Remuneration Committee, including, without limitation, whether or not a specific member, their spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for the Company or any of its affiliates, the number and weight of shares the member, their spouse, or a relative within the second degree of kinship holds, whether or not such member, their spouse, or a relative within the second degree of kinship is

serving as the director, supervisor of, or working for a company in a specific relationship with the Company (refer to the requirements in Article 6 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation and Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange), and the amount of benefits received for corporate commerce, legal affairs, financial affairs, and accounting services provided over the past two years to the Company or any of its affiliates.

Note 4: For the disclosure method, refer to the best practice reference example available on the website of the corporate governance center of Taiwan Stock Exchange.

(2) Information on the Operational Status of the Compensation and Remuneration Committee

I. The Company's Compensation and Remuneration Committee has 4 members in total.

II. Tenure of current members: from May 31, 2019 to May 30, 2022. The re-election took place during the General Shareholders' Meeting on May 31, 2022 and the new members will serve a term from May 31, 2022 to May 30, 2025. The Compensation and Remuneration Committee met 3 times (A) in 2022. Qualification and attendance of the meetings are as follows:

Title	Name	Actual attendance frequency (B)	Attendance through proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Tsai Wen-Pin	3	0	100%	Succeeded upon re-election on 5/31/2022
Member	Huang Chung-Hui	3	0	100%	Succeeded upon re-election on 5/31/2022
Member	Huang Ying-Fang	3	0	100%	Succeeded upon re-election on 5/31/2022
Member	Kreng Bo-Wen	2	0	100%	Elected and newly inaugurated on May 31, 2022

Other matters that should be documented:

I. If the Board of Directors does not adopt or amend the recommendations made by the Compensation and Remuneration Committee, the date and session of the Board of Directors' meeting, details of the resolutions, voting results and the Company's response to the opinions of the Remuneration Committee shall be disclosed (if the remuneration approved by the Board of Directors is better than that recommended by the Compensation and Remuneration Committee, the differences and reasons shall be stated):

This did not happen during the current data period.

II. Matters discussed by the Compensation and Remuneration Committee during the period covered in the Annual Report and the decisions made are as follows:

- Tenth meeting of Compensation and Remuneration Committee of the fourth intake on 03/16/2022:

  Proposal 1: Approval of the estimated operating prize for the first quarter of 2022.

  Proposal 2: Approval of the remuneration and reward for managers of 2021

  Proposal 3: Approval of the estimated total remuneration to employees and compensation for directors/supervisors for 2021

  Result: It was approved by all Committee members.

  How the Company addressed opinions from the Compensation and Remuneration Committee: They were brought forth to the Board of Directors and approved by all attending directors.

- First meeting of Compensation and Remuneration Committee of fifth intake on August 11, 2022:

  Proposal 1: Approval of the fourth assignment of the Company’s treasury stock shares bought back for the fifth time in 2018 to employees.

  2. Revision of some of the “Articles of Incorporation”.

  Result: It was approved by all Committee members.

  How the Company addressed opinions from the Compensation and Remuneration Committee: They were brought forth to the Board of Directors and approved by all attending directors.

- Second meeting of Compensation and Remuneration Committee of fifth intake on December 21, 2022:

  Proposal 1: Approval of the estimated year-end bonus for 2023.

  2. Approval of the preparation of 2023 Action Plan of the Compensation and Remuneration Committee

  Result: It was approved by all Committee members.

  How the Company addressed opinions from the Compensation and Remuneration Committee: They were brought forth to the Board of Directors and approved by all attending directors.

III. For decisions made by the Compensation and Remuneration Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Compensation and Remuneration Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: This did not happen.

Note:

(1) In the event that members of the Compensation and Remuneration Committee resign before the end of a fiscal year, the date of resignation shall be indicated in the remarks field. The actual attendance rate (%) is calculated by the number of Compensation and Remuneration Committee meetings held during service and the actual attendance frequency in the meetings.

(2) In the event that members of the Compensation and Remuneration Committee are re-elected before the end of a year, both the new and old members of the Compensation and Remuneration Committee shall be listed and in the remarks field it shall state whether they are the former member, the new member, or a re-elected member of the committee. The attendance rate is calculated by the number of Compensation and Remuneration Committee meetings held during the term of office and the actual number of meetings attended.

(V) Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons:

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
I. Does the Company establish a governance framework for sustainable development and a dedicated (or ad-hoc) sustainable development unit with authorization by the Board of Directors for senior management to handle related matters, which is supervised by the Board of Directors?		V	The Company cares for and visits old people, a headcount of 7 in total so far, who live by themselves in long-term care communities; holds community blood donations, 4 rounds in total so far; provides internships and field visit opportunities to college and university students - over the years, students from respective colleges and universities in the southern part of Taiwan have been given internship opportunities during winter and summer breaks, with more than 15 interns each year; and has spent NTD 200 million in building 3,000 Kwp solar panel photovoltaic power-generating systems on rooftops of workshops in response to the government's green energy policy and to make the best use of its current assets - the annual amount of electricity generated is around 350 x 10,000 kWh, which is equivalent to the amount of electricity consumed by 930 households and the annual amount of carbon reduced is comparable to 5.9 Da'an Forest Parks.	In light of manpower configuration and organizational structure, the Company has no dedicated (or ad-hoc) unit to promote sustainable developments yet. Respective departments are enforcing some corporate social responsibility affairs within their scope of work.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
II. Does the Company perform risk assessments when dealing with environmental, social, and corporate governance-related issues that concern the Company's operations according to the materiality principle and define related risk management policies or strategies?		V	The Company is yet to define related risk management policies. Risk assessments on environmental, social, and corporate governance issues that are relevant to business operation, however, are performed according to applicable regulatory requirements.	Yet to be defined.
III. Environmental Issues				
(I) Has the Company developed an appropriate environmental management system reflective of the industrial characteristics?	V		(I) In terms of promoting environmental safety and health, besides meeting applicable regulatory requirements, the Company connects with the world by enforcing the environmental safety and health system and has been ISO45001 Occupational Safety and Health Management System-certified for three years in a row and the goals set in the ISO 14001 Environmental Management System are determined to be the mid-to-long-term goals.	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(II) Is the Company devoted to improving the energy utilization efficiency and using renewable materials with minimal impacts on the environment?	V		(II) The Company is devoted to developing energy-saving, clean, and smart equipment in order to boost the energy-saving efficacy.	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
(III) Does the Company evaluate potential risks and opportunities now and in the future brought about by climate change for the corporation and adopts responsive measures to climate-related issues?	V		(III) Climate changes is an important issue that investors and businesses care about. Therefore, the Company pays close attention to various energy-saving, carbon reduction, and greenhouse gas reduction issues and is devoted to developing energy-saving and clean plastic injection molding machines in product R&D. The Company has spent NTD 200 million in building 3,000 Kwp solar photovoltaic power-generating systems on rooftops of workshops in response to the government's green energy policy and to make the best use of its current assets - the annual amount of electricity generated is around 350 x 10,000 kWh, which is equivalent to the amount of electricity consumed by 930 households and the annual amount of carbon reduced is comparable to 5.9 Da'an Forest Parks..	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(IV) Does the Company tally the total greenhouse gas emissions, water usage, and waste generated over the past two years and have energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management policies in place?		V	(IV) At present, the Company does not have statistics of greenhouse gas emissions, the amount of water used, and the total weight of waste generated over the past two years and it will seek gradual improvements in the future. In terms of defining policies on energy	The Company has not tallied greenhouse gas emissions, the amount of water used, and the total weight of waste generated over the past two years and will gradually correct the situation

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
			conservation and carbon reduction, greenhouse gas emissions, reduced water consumption and other waste management, however, related requirements are in place and have been enforced for years and precisely followed. Electricity conservation measures for 2022 are as follows: 1. Office-energy saving measures: (1) Adjust the duration of use and set the temperature at 27 Celsius in order to reduce the electricity load. The Company's staff has also formed the habit of shutting down their computers, the air conditioner, and the lights when not in use. (2) Turn all lights to LED in the office, which helps not only conserve energy and electricity but also reduce the sources of heat to accomplish energy and electricity conservation of air conditioners. (3) Adjust the duration of operation of the iced water host and install the electricity meter to record daily data for reference while adjustments are made later. 2. Computer machine room energy-saving measures: Virtual servers, electricity-saving, and related equipment	and define them.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
			are enforced. 3. Water-saving measures: Water-saving vales are used to effectively reduce unnecessary waste of water resource. 4. Others: (1) Continue to promote the e-documentation system to reduce the amount of paper used and use recycled paper wherever possible. (2) Precisely classify trash and recycle resources and devote to trash reduction and reutilization of resources. (3) Begin the waste reduction project in 2022 and set the annual goal to reduce the cost of waste processing by 40%; meanwhile, continue to seek improvements as part of quality control. The ultimate saving efficiency of this action plan was 62.2%; the results were optimal.	

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
IV. Social Issues				
(I) Has the Company developed related management policies and procedures in accordance with applicable laws and regulations and the International Bill of Human Rights?	V		(I) The Company follows applicable regulatory requirements and operates in compliance with the Internal Control System and the management policy and procedure governed by ISO 45001.	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(II) Does the Company define and enforce reasonable employee welfare measures (including compensation, leave, and other benefits, among others) and the operational performance or accomplishments are adequately reflected in the employees' compensation?	V		(II) The Company has the work rules and respective personnel management rules in place that cover the basic wages, working hours, leaves, pension payments, labor and health insurance payments, and compensation for occupational hazards available for its employees; all meet applicable requirements of the Labor Standards Act. The Employee Welfare Committee is also available and functions under the Welfare Committee whose members are elected among the employees to take care of respective benefits. The Company's remuneration policy is proportional to the correlation between one's contribution to the Company and performance and the operational performance.	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(III) Does the Company provide employees with a safe and healthy work environment as well as	V		(III) The Company is ISO45001 certified and ensures that a safe and healthy workplace is	The Corporate Social Responsibility Best Practice

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
periodic safety and health education?			provided to employees and employees are provided with various educational trainings on occupational safety and health in precise compliance with applicable regulatory requirements. In addition, employee health checkups are available periodically and professional doctors are ready for consultation. Because of the above practices, the Company has also been reputed as a best-performing and friendly workplace three times in a row (8 years).	Principles for TWSE/TPEx-Listed Companies are fulfilled.
(IV) Has the Company established an effective training program that helps employees develop skills over the course of their career? (Human Resources Reserve Mechanism)	V		(IV) The Company has prioritized talent development over the long term and will plan respective internal and external training programs reflective of organizational, departmental, and personal demand. Related educational training criteria such as the "In-service Continuing Education Operating Standards," the "Manpower Development and Retention Operating Standards," the "Assembly Technique Certification Operating Standards," the "R&D Technical Operating Standards," and the "Large Machine Wall Assembly Technical Operating Standards," etc. are defined to enhance and update the	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
			knowledge and skills of employees. In addition, through flexible courses on "teaming" and "self-awareness", for the career empowerment of employees, development of core professional skills and balanced development of body, mind, and heart of employees are taken care at the same time.	
(V) Does the Company comply with laws and international standards concerning customer health and safety, customer privacy, marketing, and labeling of products and services and define related policies and complaint-filing procedures to protect the rights of consumers or customers?	V		(V) The Company follows applicable laws and regulations and international guidelines in the marketing and labeling of products and services.	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(VI) Does the Company define supplier management policies and require that suppliers follow applicable regulations in issues such as environmental protection, occupational safety and health, or human rights of workers and how are they implemented?		V	(VI) The Company works closely with suppliers and is expected to plan and define the "Supplier Selection and Review Management Procedure" and the "Contractor Safety and Health Management Procedure".	Yet to be defined.
V. Does the Company prepare the Sustainability Report or other reports disclosing non-financial information of the Company by referring to international general principles or guidelines in the preparation of reports? Are there opinions from a third-party qualification unit to validate or guarantee the said reports?		V	In the future, requirements of applicable laws and regulations will be followed.	The Company is yet to prepare the Corporate Social Responsibility Report and other reports that disclose non-financial information of the Company and is yet to obtain validated or qualifying opinions

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
				from a third-party certifying body.
VI. If the Company has established its own sustainable development best practice principles according to the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies, please describe the differences between its implementation and the established principles: The Company's Corporate Responsibility Best Practice Principles and related rules are still under preparation.				
VII. Other Important Information to Help Promote Sustainable Developments: (I) The Company highly values industrial safety, environmental protection, and safety and health, among others, and periodically tests the working environment in order to provide employees with a safe workplace. In addition, educational training is provided to newcomers and various professional educational trainings on industrial safety are provided periodically, such as how to use the fire extinguisher, first aid, how to operate dangerous machinery/equipment, how to operate chemicals, and disaster prevention and response, etc. in order to be safe rather than sorry and to be able to correctly, quickly, and effectively curb disasters and protect the safety of staff when material abnormal accidents occur. (II) The Company has formed its Employee Welfare Committee, enforced the pension system, organized various training programs for its employees, had its employees covered by group insurance, and periodically arranges health examinations, among others; it highly values a harmonious relationship with its employees. (III) For information on other social responsibility activities, refer to the contents of each of the items above.				

Note 1: If "Yes" is checked for implementation status, please specify the important policies, strategies, measures adopted and their implementation; If "No" is checked, on the other hand, please explain the difference and the reason for the difference and explain the plan to adopt related policies, strategies, and measures in the future in the field for "Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons".

Note 2: If the Company has the Corporate Social Responsibility Report in place, in the operational status, indicate how the Corporate Social Responsibility Report may be accessed and provide the index page number.

Note 3: The materiality principle refers to the fact that applicable environmental, social, and corporate governance issues have material impacts on the Company's investors and other stakeholders.

Note 4: For the disclosure method, refer to the best practice reference example available on the website of the corporate governance center of Taiwan Stock Exchange.

(VI) Fulfillment of Ethical Corporate Governance, the Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons:

Evaluation item	Operational status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	
I. Establishment of Ethical Corporate Management Policy and Proposal (I) Does the Board of Directors of the Company stipulate and approve ethical management policies and clearly state the policies and methods of ethical management in the regulations and external documents, and does the Board of Directors and high level executives actively implement the business policies to fulfill its commitment to them?	V		(I) The Company clearly defines its corporate culture as: integrity, harmony, innovation, rapidness, pragmatism, and simplicity. The "Ethical Corporate Management Best Practice Principles" are in place and are being proactively enforced; they are released on the corporate website, too.	(I) The Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled. (II) The evaluation system for the risk of unethical behavior when (III) is yet to be defined and specify the operating procedure, behavioral guide, and the disciplinary and complaint-filing systems in cases of violations.
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?		V	(II) The Company is yet to define an evaluation mechanism for the risk of unethical behavior. There are, however, related regulations in the work rules and respective management guidelines and requirements to be followed on ethical corporate management which are communicated periodically, including related educational trainings to be held from time to time for the Company's employees and suppliers and it is expected to revise the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies".	
(III) Has the Company specified the operating procedures,		V	(III) It is expected to revise the "Corporate	

Evaluation item	Operational status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	
behavioral guide, punishment for violators, and the disciplinary and complaint-filing system in case of violation in the proposal to prevent against unethical behaviors, and enforced them, and periodically reflected upon and amended the foregoing solution?			Governance Best Practice Principles for TWSE/TPEx Listed Companies" and define the operating procedure, behavioral guide, disciplines for violators, and complaint-filing systems and reflections and modifications will take place periodically.	
II. Consolidation of Ethical Corporate Management (I) Does the Company evaluate business parties' ethical records and include ethics-related clauses in contracts entered into with the partners?		V	(I) New suppliers or customers will go through credit checks or site visits first in order for the Company to know their background and situation and to avoid transactions with records of unethical behavior and there is an ethics clause in all contracts that the company prepares.	(I) The Company is yet to define the clause about ethical behavior in the Contract.
(III) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation and supervision of the ethical corporate management policies and prevention programs against unethical conduct?		V	(II) The Company is yet to set up a devoted unit for the promotion of ethical corporate management; instead, respective units enforce ethical corporate management as needed for operational purpose and the audit department conducts various audits from time to time and reports to the Board of Directors the implementation status.	(II) The Company is yet to have an exclusive unit to help promote ethical corporate management.
(III) Has the Company established policies to prevent against conflicts of interest, provided appropriate		V	(III) The Company has the Partnership Association, which meets and provides educational trainings	(III) The Company is yet to define a policy to help

Evaluation item	Operational status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	
channels for filing related complaints and implemented the policies accordingly?			periodically as well as proper means for stating opinions.	prevent against conflicts of interest.
(IV) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPAs periodically?	V		(IV) In order to consolidate ethical corporate management, the Company has defined its accounting system, internal control system, and related guidelines. Auditors prepare the annual audit plan reflective of risk assessments and periodically enforce reviews of the accounting system and the internal control system and bring it forth to the Board of Directors.	(IV) Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(V) Does the company provide internal and external ethical conduct training programs on a regular basis?	V		(V) The Company periodically communicates its belief in ethical corporate management during the plenary monthly meeting and assigns high-ranking officers to attend external educational trainings.	(V) Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
III. Whistle-blowing System of the Company (I) Does the Company have substantial reporting and incentive systems in place, provide convenient reporting channels, and assign appropriate specialists investigate reported matters?	V		(I) The channel for reporting and the unit for addressing complaints about violations of requirements about ethical corporate management at the Company is the Audit Department. Disciplines are imposed in compliance with work rules and applicable guidelines. Severe circumstances, if any, on the	(I) and (III) comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies. (II) Standard operating

Evaluation item	Operational status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	
			other hand, are turned into the police and prosecution unit for investigation.	procedures or confidentiality mechanisms for handling reported matters are yet to be available.
(III) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?		V	(II) The Company is yet to define a standard operating procedure and related confidentiality mechanisms for handling reported matters.	
(III) Does the Company assure employees who reported on malpractices that they will not be improperly treated for making such reports?	V		(III) The Company keeps the status and contents reported of the whistleblower confidential and takes measures to protect whistleblowers against any unfair treatment because of whistleblowing.	
IV. Reinforced Information Disclosure (I) Has the Company disclosed information regarding its ethical corporate management principles and implementation status on its website and the MOPS?	V		(I) The Company discloses information such as corporate visions and corporate cultures, among others, and details about the Ethical Corporate Management Best Practice Principles on its website.	Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
V. If the company has its own ethical corporate management principles established according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its implementation and the defined principles: No significant differences were found.				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles): Through the Partnership Association, FCS TODAY, and corporate website, one can get to know how ethical corporate management is enforced at the Company.				

(VII) How they may be found shall be disclosed if the company has established Corporate Governance Principles and related regulations: Not applicable.

(VIII) Other important information that is sufficient to boost knowledge of corporate governance may also be disclosed: Not applicable.

(IX) Implementation of Internal Control System:

1. Internal Control System Declaration

Public Companies Internal Control System Declaration

Both the design and implementation are valid.

(This Declaration is applicable when all regulatory requirements that are followed are fully declared as required by law.)

Fu Chun Shin Machinery Manufacture Co., Ltd.

Internal Control System Declaration

Date: March 22, 2023

For the Company's internal control system of 2022, it is hereby declared as follows according to self-assessment findings:

I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), reporting reliability, timeliness, transparency, and compliance with applicable regulations and laws and regulatory requirements, among other goals.

II. The internal control system has its inherited restrictions that cannot be overcome with improved design. An effective internal control system can also only reasonably ensure the fulfillment of the three goals stated above and its effectiveness may change as the environment or situation changes. There is a self-surveillance mechanism, however, built inside the internal control system of the Company that helps the Company take a corrective action against deficiencies confirmed.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in “Governing Regulations for Public Company's Establishment of Internal Control System” (hereinafter called “Governing Regulations”) that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. For the above-mentioned items, refer to the requirements in the “Governing Regulations”.

IV. The Company has already adopted the aforesaid items to evaluate the effectiveness in the design and implementation of its internal control system.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022 **Note 2** the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This declaration constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. In case of falsification or concealment, among other illegal conditions, with the above-mentioned released contents, liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act will be sought.

VII. This Declaration was approved at the meeting of the Company's Board of Directors on March 22, 2023 with no directors expressing dissent out of the 13 Directors in attendance.

Fu Chun Shin Machinery Manufacture Co., Ltd.

Chairman: Wang, Po-Hsun Signature

President: Wang, Chun-Hsien Signature

Note 1: For the design and implementation of the internal control system of a public offering company, in cases of

major deficiencies throughout the year, clarifications shall be added after Item IV of the Internal Control System Declaration, with major deficiencies discovered during self-assessments listed and explained and the corrective action and improvement required prior to the Balance Sheet date.
Note 2: The date of declaration is the “end date of a fiscal year”.

2. If review of the internal audit system is outsourced to CPAs as an exception, the CPA Review Report shall be disclosed: None.

(X) Punishment imposed on the Company and its internal personnel in accordance with law, penalty imposed by the Company on its employees for violation of internal control system and main omission and improvement in the past fiscal year and as of the date of publication of the Annual Report: None.

(XI) Important decisions reached in shareholders' meetings and made by the Board of Directors in the past year up to the date the Annual Report was printed:

1. Decisions made during the 2022 General Shareholders’ Meeting:

The Company held one General Shareholders’ Meeting in total throughout 2022 and up to the date when the Annual Report was printed. The 2022 General Shareholders’ Meeting of the Company was held on May 31, 2022 and decisions made during the meeting are summarized as follows:

(1)Ratification of 2021 Business Report and Financial Statements.

(2)Ratification of 2022 earnings distribution proposal.

2. Decisions made during the 2022 General Shareholders’ Meeting and their implementation:

(1) Introduced by the Board of Directors Ratification of 2021 Business Report and Financial Statements

Implementation status: Related statements and reports have been filed for reference and announced and declared with the competent authority as required by applicable laws and regulations such as the Company Act.

(2) Introduced by the Board of Directors 2021 Earnings Distribution Proposal

Implementation status: Cash dividends at NTD 0.30 per share and stock dividends at NTD 0.20 per share would be distributed. The Board of Directors was authorized to decide the amounts involved in stock dividends and cash dividends to be distributed according to the current Earnings Distribution Proposal and the ratios to be distributed to shareholders were based on the number of outstanding shares on the record date.

(3) For the intended earnings-transferred capital increase of the Company introduced by the Board of Directors, 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 20 new shares per 1,000 thousand shares without consideration. A total of 2,969,056 shares are issued at the par value of NTD 10 per share, amounting to NTD 29,690,560 in total. Upon the capital increase, the paid-in capital becomes NTD 1,524,078,360.

(4) Election of the directors of the 12th intake

The tenures of the Company's current directors and supervisors expired on May 30, 2022 and a comprehensive re-election is intended during the current General Shareholders' Meeting and in response to the setup of the Audit Committee by the Company instead of the supervisor system, no supervisors will be set up.

It is intended to elect 13 directors (including independent directors), adopting the candidate nomination system. Shareholders are to elect them from the list of candidate directors and independent directors.

New directors (including independent directors) are inaugurated as soon as the shareholders' meeting is completed. Current directors and supervisors retire as soon as new ones are inaugurated.

The term in office of the new directors and independent directors is from May 31, 2022 to May 30, 2025, for a total o three years and they may be re-elected.

3. Decisions made by the Board of Directors in 2022 and up to the date when the Annual Report was printed:

The Company held 7 Board of Directors meetings in total throughout 2022 and up to the date when the Annual Report was printed and important decisions made in the meetings are summarized as follows:

19Th meeting of the Board of Directors of the 11th intake: (May 13, 2022)

(1) Approval of the required financing to be applied for with financial institutions for the working capital of the Company.

(2) Approval of the intended application for the financing limits with the bank by the Company's subsidiary BVI FCS and the endorsement/guarantee provided by Taiwan FCS; it is brought forth for discussion.

(3) Approval of the application for the financing limits with the bank by the Company's subsidiary Dongguan FCS and the endorsement/guarantee provided by the main office in Taiwan..

(4) Approval of the issuance of the third domestic unsecured convertible corporate bonds.

(5)Approval of the accounts receivable, other receivables, and refundable

deposits, among other entries, as of March 31, 2022 of the Company; there is no disguised capital financing.

(6) Established Fu Chun Shin Machinery Manufacture Co., Ltd. Audit Committee and approved the organic charter.
(7) Approval of the capital increase in cash by the Company towards its subsidiary SHING FUH TAI worth NTD 6 million.
(8) Approval of the liquidation of the second-tier subsidiary Minidesign Ltd. reinvested in by the Company.

1st meeting of the Board of Directors of the 12th intake: (May 31, 2022)

(1)Approval of the Company's Chairman and Vice Chairman elections.

2nd meeting of the Board of Directors of the 12th intake: (June 10, 2022)

(1) Approval of the required financing to be applied for with financial institutions for the working capital of the Company.
(2) Approval of the intended application for the financing limits with the bank by the Company's subsidiary BVI FCS and the endorsement/guarantee provided by Taiwan FCS.
(3) Approval of the intended application for the financing limits with the bank by the Company's subsidiary FCS MANUFACTURING INDIA PRIVATE LIMITED with the bank and the endorsement/guarantee from FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD..
(4) Approval of the determination of the record dates for ex-right, ex-dividend, and capital increase,
(5) Approval of the delegation of members for the Compensation and Remuneration Committee of the fifth intake.
(6) Approval of the preparation of the Company's GHG check and verification schedule.

3rd meeting of the Board of Directors of the 12th intake: (August 11, 2022)

(1) Approval of the required financing to be applied for with financial institutions for the working capital of the Company.
(2) Approval of the intended application for the financing limits with the bank by the Company's subsidiary BVI FCS and the endorsement/guarantee provided by Taiwan FCS.
(3) Approval of the intended application for the financing limits with the bank by the Company's subsidiary FCS RG PLASTIC PTE., LTD. and the endorsement/guarantee provided by Taiwan FCS.
(4) Approval of the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of June 30, 2022 of the Company; there are no disguised capital financing.

(5) Approval of the fourth assignment of the Company's treasury stock shares bought back for the fifth time in 2018 to employees..

(6)Approval of the increase in the registered capital size of the Company's subsidiary FCS PLASTIC MACHINERY (THAILAND) CO.,LTD. from THB 4 million to THB 5 million.

(7)Approval of the intended assignment of some of its equities in the subsidiary FCS RG PLASTIC PTE., LTD to BVI FCS.

(8)Approval of the revisions made to the "Compensation and Remuneration Committee Organic Rules".

4th meeting of the Board of Directors of the 12th intake: (November 10, 2022)

(1)Approval of the required financing to be applied for with financial institutions for the working capital of the Company.

(2)Approval of the intended application for the financing limits with the bank by the Company's subsidiary FCS RG PLASTIC PTE., LTD.

(3)Approval of the intended application for the financing limits with the bank by the Company's subsidiary BVI FCS and the endorsement/guarantee provided by Taiwan FCS

(4)Approval of the modification made to the limits of funds lent to the subsidiary by Taiwan FCS.

(5)Approval of the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of September 30, 2022 of the Company; there are no disguised capital financing.

(6)Approval of submission of the 2023 Audit Plan.

(7)Approval of evaluation of CPA's independence and the audit public expenditure.

(8)Approval of the intended no distribution of cash dividends for the first half of 2022.

(9)Approval of the capital increase in cash by the Company towards its subsidiary SHING FUH TAI and reinvestment in the second-tier subsidiary Wink.

5th meeting of the Board of Directors of the 12th intake: (December 21, 2022)

(1)Approval of the required financing to be applied for with financial institutions for the working capital of the Company.

(2)Approval of the intended application for the financing limits with the bank by the Company's subsidiary FCS RG PLASTIC PTE., LTD. Ltd.) and the endorsement/guarantee provided by Taiwan FCS.

(3)Approval of 2023 annual goals and strategies report.

(4)Approval of submission of the schedule of Board of Directors meetings

for 2023.

(5) Introduced through the Compensation and Remuneration Committee: FCS Group - Estimated Year-end Bonus for 2022.

(6) Revision of some articles of the “Operating Procedure for Handling Major Internal Information”.

6th meeting of the Board of Directors of the 12th intake: (March 22, 2023)

(1) Approval of the required financing to be applied for with financial institutions for the working capital of the Company.

(2) Approval of the intended application for the financing limits with the bank by the Company’s subsidiary FCS RG PLASTIC PTE., LTD. and the endorsement/guarantee provided by Taiwan FCS.

(3) Approval of the application for the financing limits with the bank by the Company’s subsidiary Dongguan FCS and the endorsement/guarantee provided by the main office in Taiwan.

(4) Approval of the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of December 31, 2022 of the Company; there is no disguised capital financing.

(5) Approval of the establishment of record dates for conversion of unsecured convertible corporate bonds to common stock shares for the third time domestically and for the issuance of new shares upon capital increase.

(6) Review of 2022 Parent Company-only Financial Statements and Consolidated Financial Statements.

(7) Approval of 2022 Earnings Distribution and Business Report.

(8) Approval of intended earnings-transferred capital increase.

(9) Approval of how the remuneration to employees and that to directors/supervisors for 2022 should be distributed as introduced by the Compensation and Remuneration Committee.

(10) Approval of 2022 “Internal control system effectiveness evaluation” and “internal control system statement”.

(11) Approval of the intended determination of the date, time, venue, and contents of the 2023 General Shareholders' Meeting called for by the Company and exercise of the voting right electronically.

(12) Approval of the intended capital increase worth USD 200 thousand in order to enrich the working capital of the subsidiary BVI FCS.

(13) Approval of the intended change of both CPAs of the Company from the

financial statements for the first quarter of 2023 reflective of the internal rotation and adjustment of CPAs.

(14) Approval of the public expenditure on 2023 audit certification to EY Taiwan.

(15) Approval of the independence and suitability evaluation of CPAs for 2023.

(16) Approval of the preparation of the Company's "Guidelines for the Review of Advance Approvals for Non-Validation Services."

(17) Approval of the amendment to some articles of the "Regulations for Endorsement and Guarantee".

(XII) The main contents of any different opinions of directors against the important resolutions passed in the meeting of the Board of Directors which was recorded or stated in writing in the past fiscal year and as of the date of publication of the Annual Report: None

(XIII) Summary of resignations and dismissals of the Company's related parties (including the Chairman, President, head of accounting, head of finance, head of internal audit, head of corporate governance, and head of R&D) over the past year up to the date when the Annual Report was printed: None

IV. Public Expenditure on CPAs:

Currency: NTD 1,000

Name of Accounting Firm	Name of CPA	Duration of audit	Audit expenditure	Non-audit expenditure (1)	Total	Remarks
EY Taiwan	Hung, Kuo-Sen Li Fang-Wen	2022	2,060	787	2,847	

(I) Non-audit public expenditure involved mainly taxation-related certification (including the transfer pricing report) of NTD 300 thousand, the business registration service charge of NTD 424 thousand, and the travel expenses associated with account checking of NTD 63 thousand.

(II) When the accounting firm is changed and the audit public expenditure in the year of replacement is reduced compared to that in the preceding year, the amount, ratio, and cause of the reduction in audit public expenditure: This did not happen.

(III) When the audit public expenditure is reduced by more than 15% from the preceding year, the value reduced, the ratio, and the cause shall be disclosed: This did not happen.

V. Information on Replacement of CPAs: This did not happen.

VI. Chairman, President, Financial or Accounting Affairs Manager who has served in the firm that the CPAs belong or any of its Affiliates in the most recent year: This did not happen.

VII. Conditions of share transfer and changes in equity pledges from directors, supervisors, managers, and shareholders who hold more than 10% of shares, in past years and as of the date of publication of the Annual Report: This did not happen.

(I) Changes in the Equity of Directors, Managers, and Major Shareholders

Unit: Share

Title	Name	2022		As of April 17 of the fiscal year of 2023	
		Increase/Decrease in the number of shares held	Increase/Decrease in the number of shares pledged	Increase/Decrease in the number of shares held	Increase/Decrease in the number of shares pledged
Chairman and Group President and shareholders with more than 10% shares	Wang, Po-Hsun	317,438 (203,000)	0	0	0
Vice Chairman and Chairman and President of Ningbo Branch	Wang, Chun-Chieh	239,246	0	0	0
Director and Group Vice President	Chiu, Chia-Miao	38,293	0	0	0
Director and CEO	Wang, Chun-Hsien	223,388	0	0	0
Director	Feng Wei Investment Co., Ltd. Representative: Wang, Po-Li	62,945	0	0	0
Director	Wang, Chun-Yu	27,027	0	0	0
Independent director	Tsai, Wen-Pin	0	0	0	0
Independent director	Huang, Ying-Fang	0	0	0	0
Independent director	Huang, Chung-Hui (Date inaugurated: 05/31/2022)	0	0	0	0
Independent director	Keng, Po-Wen (Date inaugurated: 05/31/2022)	0	0	0	0
Director	Wu, Tsung-Cheng	0	0	0	0
Director	Chang, Su-Chen	63,089	0	0	0
Director	Chen, Fei-Ju	785	0	0	0
Chief Operating Officer	Tsai, Sheng-Tsung	23,825 (9,000)	0	0	0
Vice President	Tsao, Ching-Ming	22,180 (108,000)	0	0	0
Vice President	Li, Ping-Hsien	15,898	0	0	0
Vice President and General Manager of Changshu Tiantai Co., Ltd.	Wang, Su-Zhen	17,186	0	0	0
Vice President at the Ningbo Branch	Kao, Cheng-Shan	51,629 (16,000)	0	0	0
Assistant Vice President, Main Office	Chang, Yin-Ying	33,500 (9,000)	0	0 (16,000)	0

Title	Name	2022		As of April 17 of the fiscal year of 2023	
		Increase/Decrease in the number of shares held	Increase/Decrease in the number of shares pledged	Increase/Decrease in the number of shares held	Increase/Decrease in the number of shares pledged
Manager of Finance Department and Accounting Department	Liu, Chung-Ching	22,056	0	0	0
Assistant Vice President and Vice President at the Ningbo Branch	Kao Ling-Yao	79,098	0	0	0
Vice President and President of India FCS	Cheng, Ting-Liang (Date dismissed: 04/30/2023)	8,430 (6,000)	0	46 (8,000)	0
Independent director	Wu, Chi-Hsiang (Date dismissed: 05/31/2022)	0	0	0	0

2. The counterparts of transferred or pledged shares are related parties:

(1) The counterpart of the equity transfer is a related party: N/A.

(2) The counterpart of the equity pledge is a related party: Not applicable.

VIII. Shareholders ranked at top ten in terms of shareholding ratio, who are related to or the spouse of each other or are relatives within the second degree of kinship:

April 17, 2023 Unit; Share

Name (Note 1)	by the shareholder Shares held		Shares held by the spouse or any underage child		Shareholding under the title of a third party		The title or name and relationship among Top 10 shareholders who are related to or the spouse of each other, or relatives within the second degree of kinship (Note 3)		Remarks
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding	Name	Relation	
Wang, Po-Hsun	11,679,385	7.66%	6,817,059	4.47%	—	—	Fu Chun Shin Machinery Manufacture Co., Ltd.	Chairman	—
							Wang-Lee, Xiu-Xia Wang, Chun-Chieh Wang, Chun-Hsien Chang, Su-Chen	Husband and Wife Father-Son Father-Son Sister-in-law	—
Wang-Lee, Xiu-Xia	6,817,059	4.47%	11,679,385	7.66%	—	—	Wang, Po-Hsun Wang, Chun-Chieh Wang, Chun-Hsien Chang, Su-Chen	Husband and Wife Mother and Son Mother and Son Husband's Sister-in-law	—
Wang, Chun-Chieh	6,483,549	4.25%	1,733,998	1.14%	—	—	Fu Chun Shin Machinery Manufacture Co., Ltd.	Vice Chairman	—
							Wang, Po-Hsun Wang-Lee, Xiu-Xia Wang, Chun-Hsien	Father-Son Mother and Son Brothers	—
Wang, Chun-Hsien	6,142,821	4.03%	1,389,305	0.91%	—	—	Fu Chun Shin Machinery Manufacture Co., Ltd.	CEO	—
							Wang, Po-Hsun Wang-Lee, Xiu-Xia Wang, Chun-Chieh	Father-Son Mother and Son Brothers	—

Chang, Su-Chen	3,217,558	2.11%	15,147	0.01%	—	—	Feng Wei Investment Co., Ltd. Wang, Po-Hsun Wang-Lee, Xiu-Xia Wang, Jing-Yi	Person in charge Husband's brother Husband's sister-in-law Mother and Daughter	— —
Fongwei Investment Co., Ltd.	3,210,198	2.11%	—	—	—	—	—	—	—
Corporate representative: Chang, Su-Chen	3,217,558	2.11%	15,147	0.01%			Same as above.	Same as above.	—
Xinwei Investment Co., Ltd.	2,011,188	1.32%	—	—	—	—	—	—	—
Corporate representative: Wang, Jing-Yi	1,628,057	1.07%	381,185	0.25%	—	—	Chang, Su-Chen	Mother and Daughter	—
Wang, Chun-We	1,786,204	1.17%	—	—	—	—	Chang, Su-Chen	Mother and Son	—
Kao Ling-Yao	1,733,998	1.14%	6,483,549	4.25%	—	—	Wang, Po-Hsun Wang, Chun-Chieh	Daughter-in-law Husband and Wife	— —
Li-Wang, Jin-Zhi	1,646,763	1.08%	—	—	—	—	—	—	—

Note 1: All Top 10 shareholders shall be listed. When a director is a corporation, the name of the corporate shareholder and its representative shall be listed, separately.

Note 2: The shareholding ratio calculated includes the shares held in one's own name, by the spouse or underage child, or in someone else's name.

Note 3: Shareholders listed in the foregoing include corporations and natural persons. Their relations with one another shall be disclosed as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. The number of shares held by the Company, the Company's directors, supervisors and managers as well as the businesses directly or indirectly controlled by the Company in the same one investment business, and the consolidated comprehensive shareholding ratio.

December 31, 2022 Unit: Thousand shares;%

Re-invested business (Note 1)	Investment made by the Company		Investment by the directors, supervisor, manager, and directly or indirectly controlled business		Comprehensive investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
BVI FU CHUN SHIN CO., LTD.	17,985	100.00%	—	—	17,985	100.00%
SHING FUH TAI TECHNOLOGY CORP.	—	85.71%	—	14.29%	—	100.00%
JUST NANOTECH CO., LTD.	450	45.00%	—	—	450	45.00%
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd. (Note 2)	—	100.00%	—	—	—	100.00%
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd. (Note 2)	—	90.50%	—	—	—	90.50%
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. (Note 3)	—	52.84%	—	27.91%	—	80.75%
Minidesign Ltd. (Note 8)	—	100.00%	—	—	—	100.00%
PT.FUCHUNSHIN TECHNOLOGY INDONESIA	—	92.00%	—	—	—	92.00%
PT. SHIN PREFORM PLASTIC	—	99.00%	—	1.00%	—	100.00%
FCS MACHINERY (THAILAND) CO.,LTD.	—	100.00%	—	—	—	100.00%
FCS RG PLASTIC PTE. LTD (Note 7)	—	65.00%	—	0.72%	—	65.72%
PT.FCS RGP PLASTIC (Note 4)	—	100%	—	—	—	100%
FU CHUN SHIN		100.00%	—	—		100.00%

(VIETNAM) COMPANY LIMITED						
FCS MACHINERY(INDIA) PRIVATE LIMITED	—	99.99%	—	0.01%	—	100.00%
FCS MANUFACTURING (INDIA) PRIVATE LIMITED (Note 5)	—	99.99%	—	0.01%	—	100.00%
FCS PLASTIC MACHINERY(THAILAND) CO.,LTD. (Note 6)	—	100%	—	—	—	100.00%
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd. (Note 2)	—	90.50%	—	—	—	90.50%

Note 1: Re-invested business is the investment of the Company adopting the equity method.

Note 2: To invest in Mainland China companies through a company invested in and established in a third area (BVI FCS).

Note 3: Jin Pei Wang (Tianjin) is currently being liquidated.

Note 4: The subsidiary re-invested in 100% through the subsidiary FCS RG PLASTIC PTE LTD. by the Company.

Note 5: FCS PLASTIC MACHINERY(THAILAND) CO.,LTD. was established in June 2020; the holding ratio obtained was 100%.

Note 6: Subsidiary FU CHUN SHIN CO., LTD. (BVI) has acquired 0.01% of the equity of CS MANUFACTURING (INDIA) PRIVATE LIMITED in May 2022, and the Group holds the entire equity in aggregate.

Note 7: The Board of FU CHUN SHIN in Taiwan approved to transfer 56 thousand shares of subsidiary FCS RG PLASTIC PTE.LTD. to FU CHUN SHIN CO., LTD. (BVI) as a resolution on August 11, 2022; the shareholding ratio became 65.00%. The Group holds 65.72% of the equity in aggregate.

Note 8: The procedures for dissolution and liquidation have been completed in the first quarter of 2022

Four. Fund-raising Status

I. Capital and Shares

(I) Source of share capital

The Company's total capital size is set to be NTD 5,000,000,000, consisting of 500,000,000 shares. As of now, the paid-in capital size is NTD 1,524,135,210, involving a total of 152,413,521 shares. Sources of the paid-in capital size are as follows:

April 30, 2023

MM/YYYY	Issuance Price (NTD)	Approved share capital		Paid-in share capital		Remarks		
		Number of shares (thousand)	Amount (NTD Thousand)	Number of shares (thousand)	Amount (NTD Thousand)	Source of share capital	Using Assets other than cash to write off the stock value	Others
July 1991	10	12,000	120,000	12,000	120,000	Created in cash	None	None
August 1991	10	15,000	150,000	15,000	150,000	Capital increase in cash worth NTD 30,000 thousand	None	None
September 1994	10	16,500	165,000	16,500	165,000	Capital increase in cash worth NTD 15,000 thousand	None	None
December 1994	10	18,000	180,000	18,000	180,000	Capital increase in cash worth NTD 15,000 thousand	None	None
July 1997	10	25,100	251,000	25,100	251,000	Capital increase in cash worth NTD 45,000 thousad, capital reserve-transferred capital increase worth NTD 26,000 thousand (Note 1)	None	None
April 1995	30	30,000	300,000	30,000	300,000	Capital increase in cash worth NTD 49,000 thousand (Note 2)	None	None
August 1998	10	44,500	445,000	36,000	360,000	Earnings-transferred capital increase worth NTD 30,000 thousand, capital reserve-transferred capital increase worth 30,000 thousand (Note 3)	None	None
September 1999	10	44,500	445,000	40,320	403,200	Earnings-transferred capital increase worth NTD 43,200 thousand (Note 4)	None	None
January 2000	22	44,500	445,000	44,500	445,000	Capital increase in cash worth NTD 41,800 thousand (Note 5)	None	None
August 2000	10	66,000	660,000	50,000	500,000	Earnings-transferred capital increase worth NTD 27,500 thousand, capital reserve-transferred capital increase worth 27,500 thousand (Note 6)	None	None

MM/YYYY	Issuance Price (NTD)	Approved share capital		Paid-in share capital		Remarks		
		Number of shares (thousand)	Amount (NTD Thousand)	Number of shares (thousand)	Amount (NTD Thousand)	Source of share capital	Using Assets other than cash to write off the stock value	Others
July 2003	10	66,000	660,000	53,000	530,000	Earnings-transferred capital increase worth NTD 30,000 thousand (Note 7)	None	None
June 2004	10	100,000	1,000,000	57,240	572,400	Earnings-transferred capital increase worth NTD 42,400 thousand (Note 8)	None	None
October 2004	10	100,000	1,000,000	60,042	600,416	Convertible corporate bonds-transferred capital increase worth NTD 28,016 thousand (Note 9)	None	None
January 2005	10	100,000	1,000,000	60,053	600,530	Convertible corporate bonds-transferred capital increase worth NTD 114 thousand (Note 10)	None	None
December 2005	6.50	100,000	1,000,000	68,053	680,530	Private placement of common stock shares for capital increase in cash worth NTD 80,000 thousand (Note 11)	None	None
July 2006	10	100,000	1,000,000	70,203	702,035	Convertible corporate bonds-transferred capital increase worth NTD 21,505 thousand (Note 12)	None	None
October 2006	10	100,000	1,000,000	71,218	712,183	Earnings-transferred capital increase worth NTD 3,383 thousand, capital reserve-transferred capital increase worth 6,765 thousand (Note 13)	None	None
September 2008	10	100,000	1,000,000	74,067	740,671	Earnings-transferred capital increase worth NTD 28,487 thousand (Note 14)	None	None
September 2009	10	100,000	1,000,000	77,750	777,504	Capital reserve-transferred capital increase worth NTD 36,833 thousand (Note 15)	None	None
August 2010	10	100,000	1,000,000	83,165	831,650	Capital reserve-transferred capital increase worth NTD 54,145 thousand (Note 16)	None	None
September 2011	16.5	150,000	1,500,000	99,665	996,650	Capital increase in cash worth NTD 165,000 thousand (Note 17)	None	None
November 2011	10	150,000	1,500,000	106,641	1,066,415	Capital reserve-transferred capital increase worth NTD 69,765 thousand (Note 18)	None	None
August 2012	10	150,000	1,500,000	111,974	1,119,736	Capital reserve-transferred capital increase worth NTD 53,321 thousand (Note 19)	None	None

MM/YYYY	Issuance Price (NTD)	Approved share capital		Paid-in share capital		Remarks		
		Number of shares (thousand)	Amount (NTD Thousand)	Number of shares (thousand)	Amount (NTD Thousand)	Source of share capital	Using Assets other than cash to write off the stock value	Others
April 2013	10	150,000	1,500,000	111,524	1,115,236	Write-off of treasury stock for capital reduction worth NTD 4,500 thousand (Note 20)	None	None
August 2013	10	150,000	1,500,000	114,869	1,148,693	Capital reserve-transferred capital increase worth NTD 33,457 thousand (Note 21)	None	None
August 2014	10	150,000	1,500,000	117,167	1,171,667	Capital reserve-transferred capital increase worth NTD 22,974 thousand (Note 22)	None	None
October 2015	10	150,000	1,500,000	119,510	1,195,100	Capital reserve-transferred capital increase worth NTD 23,433 thousand (Note 23)	None	None
September 2016	10	150,000	1,500,000	123,011	1,230,113	Earnings-transferred capital increase worth NTD 35,013 thousand (Note 24)	None	None
June 2017	10	150,000	1,500,000	123,385	1,233,855	Convertible corporate bonds-transferred capital increase worth NTD 3,742 thousand (Note 25)	None	None
August 2017	10	150,000	1,500,000	128,194	1,281,940	Earnings-transferred capital increase worth NTD 48,085 thousand (Note 26)	None	None
December 2017	10	150,000	1,500,000	129,437	1,294,370	Convertible corporate bonds-transferred capital increase worth NTD 12,430 thousand (Note 27)	None	None
March 2018	10	150,000	1,500,000	137,322	1,373,220	Convertible corporate bonds-transferred capital increase worth NTD 78,849 thousand (Note 28)	None	None
June 2018	10	150,000	1,500,000	142,322	1,423,219	Convertible corporate bonds-transferred capital increase worth NTD 49,999 thousand (Note 29)	None	None
August 2018	10	150,000	1,500,000	145,130	1,451,304	Earnings-transferred capital increase worth NTD 28,085 thousand (Note 30)	None	None
August 2018	10	150,000	1,500,000	145,956	1,459,560	Convertible corporate bonds-transferred capital increase worth NTD 8,256 thousand (Note 31)	None	None
December 2018	10	150,000	1,500,000	146,509	1,465,088	Convertible corporate bonds-transferred capital increase worth NTD 5,528 thousand (Note 32)	None	None

MM/YYYY	Issuance Price (NTD)	Approved share capital		Paid-in share capital		Remarks		
		Number of shares (thousand)	Amount (NTD Thousand)	Number of shares (thousand)	Amount (NTD Thousand)	Source of share capital	Using Assets other than cash to write off the stock value	Others
March 2019	10	150,000	1,500,000	146,696	1,466,964	Convertible corporate bonds-transferred capital increase worth NTD 1,876 thousand (Note 33)	None	None
May 2019	10	150,000	1,500,000	146,825	1,468,247	Convertible corporate bonds-transferred capital increase worth NTD 1,283 thousand (Note 34)	None	None
August 2019	10	180,000	1,800,000	147,042	1,470,419	Convertible corporate bonds-transferred capital increase worth NTD 2,172 thousand (Note 35)	None	None
December 2019	10	180,000	1,800,000	147,567	1,475,665	Convertible corporate bonds-transferred capital increase worth NTD 5,247 thousand (Note 36)	None	None
April 2020	10	180,000	1,800,000	147,649	1,476,488	Convertible corporate bonds-transferred capital increase worth NTD 823 thousand (Note 37)	None	None
June 2020	10	180,000	1,800,000	148,709	1,487,085	Convertible corporate bonds-transferred capital increase worth NTD 10,597 thousand (Note 38)	None	None
November 2021	10	180,000	1,800,000	149,439	1,494,388	Earnings-transferred capital increase worth NTD 7,303 thousand (Note 39)	None	None
June 2022	10	500,000	5,000,000	149,439	1,494,388	Applied for an increase in the rated overall capital size (Note 40)	None	None
September 2022	10	500,000	5,000,000	152,408	1,524,078	Earnings-transferred capital increase worth NTD 29,690 thousand (Note 41)	None	None
April 2023	10	500,000	5,000,000	152,414	1,524,135	Convertible corporate bonds-transferred capital increase worth NTD 57 thousand (Note 42)	None	None

Note 1: Letter (1997) Tai-Cai-Zheng-(I) No. 52349 dated July 21, 1997
Note 2: Letter (1998) Tai-Cai-Zheng-(I) No. 33128 dated April 20, 1998
Note 3: Letter (1998) Tai-Cai-Zheng-(I) No. 67441 dated August 10, 1998
Note 4: Letter (1999) Tai-Cai-Zheng-(I) No. 85014 dated September 28, 1999
Note 5: Letter (2000) Tai-Cai-Zheng-(I) No. 113962 dated January 13, 2000
Note 6: Letter (2000) Tai-Cai-Zheng-(I) No. 67511 dated August 4, 2000
Note 7: Letter Tai-Cai-Zheng-(I) No. 0920133818 dated July 28, 2003.
Note 8: Letter Tai-Cai-Zheng-(I) No. 0930127630 dated June 18, 2004
Note 9: Letter Jing-Shou-Shang No. 09301196980 dated October 15, 2004
Note 10: Letter Jing-Shou-Shang No. 09401009530 dated January 19, 2005
Note 11: Letter Jing-Shou-Shang No. 09401256260 dated December 13, 2005

Note 12: Letter Jing-Shou-Shang No. 09501158200 dated July 26, 2006
Note 13: Letter Jing-Shou-Shang No. 09501229060 dated October 14, 2006
Note 14: Letter Jing-Shou-Shang No. 09701236440 dated September 12, 2008
Note 15: Letter Jing-Shou-Shang No. 09801202730 dated September 4, 2009
Note 16: Letter Jing-Shou-Shang No. 09901196880 dated August 30, 2010
Note 17: Letter Jing-Shou-Shang No. 1000129580 dated September 9, 2011
Note 18: Letter Jing-Shou-Shang No. 10001254210 dated November 4, 2011
Note 19: Letter Jing-Shou-Shang No. 10101172850 dated August 22, 2012
Note 20: Letter Jing-Shou-Shang No. 10201061510 dated April 3, 2013
Note 21: Letter Jing-Shou-Shang No. 10201171180 dated August 26, 2013
Note 22: Letter Jing-Shou-Shang No. 10301194840 dated August 5, 2014
Note 23: Letter Jing-Shou-Shang No. 10401204320 dated October 6, 2015
Note 24: Letter Jing-Shou-Shang No. 10501232550 dated September 30, 2016
Note 25: Letter Jing-Shou-Shang No. 10601069870 dated June 5, 2017
Note 26: Letter Jing-Shou-Shang No. 10601110840 dated August 8, 2017
Note 27: Letter Jing-Shou-Shang No. 10601163330 dated December 6, 2017
Note 28: Letter Jing-Shou-Shang No. 10701035190 dated April 3, 2018
Note 29: Letter Jing-Shou-Shang No. 10701062190 dated June 7, 2018
Note 30: Letter Jing-Shou-Shang No. 10701102740 dated August 17, 2018
Note 31: Letter Jing-Shou-Shang No. 10701104120 dated August 28, 2018
Note 32: Letter Jing-Shou-Shang No. 10701147680 dated December 5, 2018
Note 33: Letter Jing-Shou-Shang No. 10801034410 dated April 9, 2019
Note 34: Letter Jing-Shou-Shang No. 10801062070 dated May 28, 2019
Note 35: Letter Jing-Shou-Shang No. 10801119670 dated August 28, 2019
Note 36: Letter Jing-Shou-Shang No. 10801174510 dated December 2, 2019
Note 37: Letter Jing-Shou-Shang No. 10901062130 dated April 23, 2020
Note 38: Letter Jing-Shou-Shang No. 10901092440 dated June 4, 2020
Note 39: Letter Jing-Shou-Shang No. 11101096730 dated November 2, 2021
Note 40: Letter Jing-Shou-Shang No. 11101096730 dated June 9, 2022
Note 41: Letter Jing-Shou-Shang No. 11101174730 dated September 14, 2022
Note 42: Letter Jing-Shou-Shang No.11230059910 dated April 19, 2023

April 17, 2023 Unit; Share

Type of share	Approved share capital					Remarks
	Shares already issued			Shares yet to be issued	Total	
	TPEx-listed	Yet to be TPEx-listed	Total			
Common stock	152,413,521	-	152,413,521	347,586,479	500,000,000	Note

(II) Shareholder structure

Record Date: April 17, 2023

Shareholder Structure	Government agency	Financial institution	Other corporations	Foreign institutions and aliens	Individual	Treasury stock	Total
Number of people	0	0	46	32	19,118	0	19,196
Number of shares held	0	0	10,077,115	2,979,463	139,356,943	0	152,413,521
Holding ratio %	0.00%	0.00%	6.61%	1.95%	91.44%	0.00%	100.00%

(III) Decentralization of equity:

Shareholding classification	Number of shareholders	Number of shares held	Holding ratio %
1 -- 999	10,579	758,938	0.50%
1,000 -- 5,000	5,585	11,600,306	7.61%
5,001 -- 10,000	1,305	9,295,264	6.10%
10,001 -- 15,000	628	7,246,124	4.75%
15,001 -- 20,000	251	4,517,497	2.96%
20,001 -- 30,000	315	7,556,057	4.96%
30,001 -- 40,000	136	4,670,220	3.06%
40,001 -- 50,000	79	3,534,123	2.32%
50,001 -- 100,000	155	10,385,169	6.81%
100,001 -- 200,000	72	9,758,376	6.40%
200,001 -- 400,000	52	14,826,487	9.73%
400,001 -- 600,000	11	5,154,328	3.38%
600,001 -- 800,000	8	5,708,869	3.75%
800,001 -- 1000,000	2	1,820,047	1.19%
1,000,001 and more	18	55,581,716	36.48%
Total	19,196	152,413,521	100%

(IV) List of major shareholders: If there are fewer than ten shareholders that hold at least 5% of the equity, the name, the number of shares held, and the holding ratio of Top 10 shareholders in terms of the equity ratio shall be disclosed.

List of Major Shareholders

April 17, 2023

Shares / Name of major shareholder	Shares held (shares)	Holding ratio (%)
Wang, Po-Hsun	11,679,385	7.66%
Wang-Lee Xiu-Xia	6,817,059	4.47%
Wang, Chun-Chieh	6,483,549	4.25%
Wang, Chun-Hsien	6,142,821	4.03%
Chang Su-Chen	3,217,558	2.11%
Feng Wei Investment Co., Ltd.	3,210,198	2.11%
Shin Wei Investment Co., Ltd.	2,011,188	1.32%
Wan Chun-Wei	1,786,204	1.17%
Gao Ling-Yao	1,733,998	1.14%
Li-Wang, Jin-Zhi	1,646,763	1.08%

(V) Market Price per Share, Net Value per Share, Earnings per Share, Dividends per Share, and Related Information over the Past Two Years.

Market price per share, net worth, earnings, and dividends

Unit: NTD; Share

Item	Year		2021 (Distributed in 2022)	2022 (Distributed in 2023)
Market price per share (Note 1)	Maximum		21.20	20.80
	Minimum		10.95	15.70
	Average		16.48	17.53
Net worth per share (Note 2)	Before distribution		14.16	14.97
	After distribution		13.86	Yet to be distributed
Earnings per share	Weighted average number of shares (thousand shares) for the current year		147,061	151,669
	Earnings per Share (Note 3)	Before retroactive adjustment	0.08	1.05
		After retroactive adjustment	0.08	1.05
Dividends per share	Cash dividends		0.30	0.30
	Free share assignment	Stock dividend with earnings	0.20	0.30
		Stock dividend with capital reserve	—	—
	Accumulated dividends yet to be paid (Note 4)		—	—
Analysis of Return on Investment	Price-to-earning ratio (Note 5)		20.60	16.70
	Price-to-dividend ratio (Note 6)		54.93	58.43
	Cash dividend yield rate (Note 7)		1.82%	1.71%

＊In case of earnings or capital reserve transferred capital increase stock dividends, the information of the market price and cash dividends retroactively adjusted according to the issued shares shall be disclosed, too.

Note 1: List the highest and lowest market prices of common stock shares each year and calculate the mean market price of each year according to the annual trading value and trading volume.

Note 2: Please follow the number of shares already issued at the end of the year and provide the information according to the distribution decided by the Board of Directors or through the shareholders' meeting in year that followed.

Note 3: If retroactive adjustments are required due to free share assignment, the earnings per share before and after the adjustment shall be listed.

Note 4: If it is specified as part of the equity securities issuance criteria that dividends that are not distributed for the current year may be carried over to the year with earnings, the accumulated dividends yet to be paid up to the current year shall be disclosed separately.

Note 5: P/E ratio = the average closing price per share of the year/earnings per share.

Note 6: Price-to-dividend ratio = mean closing price per share of the year/cash dividends per share.

Note 7: Cash dividends yield rate = cash dividends per share/mean closing price per share of the year.

(VI) Dividend Policy and Implementation Status

1. The Company's dividend policy:

(1) For the sake of growing corporate operations and to protect the rights of shareholders as investors, in the distribution of the Company's dividends, as is required by the Company Act, the Board of Directors is to take into consideration the profitability and future operational demand at the end of each year while preparing the Earnings Distribution Proposal and submitted it during the shareholders' meeting for a final decision prior to implementation. Distribution of the Company's dividends is done in three ways that may be combined, namely, earnings-transferred capital increase, capital reserve-transferred capital increase, and cash dividends. Depending on the future developments of the Company, for profits that may be increased as part of the required investment plan, on the other hand, it is done through earnings-transferred capital increase or capital reserve-transferred capital increase while distribution of cash dividends is adopted when capital expansion will impact the dividend level.

(2) Distribution criteria and timing: If the Company has surplus earnings in the annual final settlement, it shall first legally pay all taxes and dues and cover the any accumulated losses, and then set aside ten percent (10%) as legal surplus reserve, unless the amount of such legal surplus reserve has reached 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 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 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.

2. Implementation status:

(1) Distribution of historical dividends: Unit: NTD/share

Item / Year	Cash dividends	Free share assignment	
		Stock dividend with earnings	Stock dividend with capital reserve
1999	—	NTD 0.62	NTD 0.62
2000	NTD 0.50	—	—
2001	NT$0.30	—	—
2002	NTD 0.40	NTD 0.60	—
2003	NTD 0.40	NTD 0.80	—
2004	NTD 0.60	—	—
2005	NTD 0.05	NTD 0.05	NTD 0.10
2006	—	—	—
2007	NTD 0.1003239	NTD 0.40129601	—
2008	—	—	NTD 0.50
2009	—	—	NTD 0.70
2010	NTD 0.95872069	—	NTD 0.83888067
2011	NTD 0.5019392	—	NTD 0.5019392
2012	NTD 0.11	—	NT$0.30
2013	NTD 0.20	—	NTD 0.20
2014	NTD 0.40	—	NTD 0.20
2015	NTD 0.10	NT$0.30	—
2016	NT$0.30	NTD 0.40	—
2017	NT$0.30	NTD 0.40	—
2018	NTD 0.60	NTD 0.20	—
2019	NTD 0.50	—	—
2020	NTD 0.10	—	—
2021	NTD 0.05	NTD 0.05	
2022	NT$0.30	NTD 0.20	—
2023 (Note)	NT$0.30	NT$0.30	—

Note: The dividends distributed for 2022 are based on the decisions made during the Board of Directors meetings on March 22, 2023 and the intended distribution is as follows:

(1)Among the undistributed retained earnings from 2022, NTD 45,724,056 is set aside to be the cash dividends at NTD 0.30 per share.

(2)Among the undistributed retained earnings from 2022, NTD

45,724,060 is set aside to be the stock dividends at NTD 0.30 per share; once it is approved during the 2023 General Shareholders' Meeting, the Board of Directors is authorized to set the record date separately.

(2) Distribution of 2022 earnings intended to be proposed during the current General Shareholders' Meeting:

2022 Earnings Distribution Table 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 (NTD 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.

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

Unit: NTD Thousand, except EPS that is in NTD

Item \ Year			2023 (estimated)
Paid-in capital, beginning			1,524,079
Stock or cash dividend for this year	Cash dividend per share (NT$) (Note 1)		NT$0.30
	Number of shares allotted per share for capitalization of earnings (Note 1)		0.030 share
	Number of shares allotted per share for capitalization of capital surplus (Note 1)		—
Changes in operating performance	Operating income		Not applicable (Note 2)
	Increase (decrease) in operating income YoY		
	Net income after tax		
	Increase (decrease) in net profit after tax YoY		
	Earnings per share (NT$)		
	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 (2002) Tai-Cai-Zheng (I) Zi-No. 002534 from the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan.

(VIII) Remuneration to employees and directorss:

1. Percentage or range of remuneration to employees and that to directors as stated in the Articles of Incorporation:

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 any cumulative losses. The annual profit mentioned in the preceding paragraph refers to the pre-tax profit before the

remuneration to employees and 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.

2. Accounting measures adopted in case of any difference between the basis for estimating the amount of remuneration to employees and that to directors, basis for calculating the number of shares included in the distribution of remuneration for employees, and the actual value distributed and their estimates of the current term:

   The bases for estimating and allocating the amounts of the remuneration to employees and that to directors for 2022 took into consideration the fact that there were no accumulated deficits that needed to be offset for 2022. Therefore, the pre-tax profit of 2022 before the remuneration to employees and that to directors and the percentage defined in the Articles of Incorporation is adopted as the basis for the estimation and allocation. The operating cost or operating expenditure for the current year is recognized. Should there be differences between the actual amount distributed and the amount that had been estimated and approved through the shareholders' meeting, such differences are recognized as gains or losses in the current fiscal year.

3. Remuneration distribution approved by the Board of Directors:

   (1) Amount of remuneration to employees and that to directors assigned in cash or shares: In cases of differences from the estimated amounts for the year when the fees are recognized, the differences, causes, and how they are addressed shall be disclosed:

   For the distribution of the remuneration to employees and that to directors for 2022 of the Company, it has been reviewed and approved during the 7th meeting of the Compensation and Remuneration Committee and was approved by the Board of Directors on March 22, 2023. The distribution proposal approved by the Board of Directors is as follows: The Company's profit for 2022 consists of NTD 220,202,788 (accumulated deficits, if any, in terms of the profit before tax before the remuneration to employees and that to directors are subtracted, need to be deducted first). The remuneration to employees at 5.25% or NTD 11,569,308 and that to directors at 2.1% or NTD 4,627,723 are set aside and to be completely distributed in cash.

   The amounts of the remuneration to employees and that to directors as approved by the Board of Directors is the same as what w as estimated and listed in the Annual Financial Statements.

   (2) Ratio of employee bonus in shares to Net Profit After Tax in current individual financial statements and total employee bonus: Not applicable. No shares are assigned to be the remuneration to employees by the Company.

4. If there is any discrepancy between the actual amount of remuneration

distributed to employees and Directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of remuneration of employees and Directors in the previous fiscal year, the amount, causes and treatment of such discrepancies should be stated: The actual distribution in 2021 is described in the table below.

Unit: NTD

2021	Distribution approved by the Board of Directors	Distribution approved through the General Shareholders' Meeting	Actual distribution	Difference	Cause of difference and how it is processed
1. Cash remuneration to employees	7,630,063	7,630,063	7,630,063	0	—
2. Remuneration to directors/supervisors	2,435,126	2,435,126	2,435,126	0	—
Total	10,065,189	10,065,189	10,065,189	0	—

(IX) Buyback of the Company's shares: completed

No.	1	2	3	4	5
Purpose of the buyback	Number of shares transferred to employees	Number of shares transferred to employees	To protect Company's credit and shareholder's equity	Number of shares transferred to employees	Number of shares transferred to employees
Buyback period	940714 ~ 940913	970724 ~ 970921	1010615 ~ 1010814	1040812 ~ 1041010	1071114 ~ 1080111
Buyback price range	NTD 8-12	NTD 8-15	NTD 12-23	NTD 10-16.85	NTD 10-17.30
Type and quantity of shares already bought back	400 common stock shares	400 common stock shares	450 common stock shares	3,198 common stock shares	3,440 common stock shares
Value of shares already bought back	NTD 4,276 thousand	NTD 3,562 thousand	NTD 6,982 thousand	NTD 37,394 thousand	NTD 42,781 thousand
Ratio of the number of shares already bought back to the number of shares expected to be bought back (%)	100%	100%	22.50%	91.37%	98.29%
Quantity of shares already written off and assigned	400 thousand shares	400 thousand shares	450 thousand shares	3,198 thousand shares	3,440 thousand shares
Cumulative quantity of shares of the Company held	0 thousand shares	0 thousand shares	0 thousand shares	0 thousand shares	0 thousand shares
Ratio of the total number of shares in the Company to the total number of outstanding shares (%)	0%	0%	0%	0%	0%

Notes: 1. First buyback of the Company's shares: All were assigned to employees on April 24, 2008.
2. Second buyback of the Company's shares: All were assigned to employees on August 30, 2010.
3. Third buyback of the Company's shares: All were assigned to employees on April 3, 2013.
4. Fourth buyback of the Company's shares: All were assigned to employees on August 14, 2018.
5. Fifth buyback of the Company's shares: All were assigned to employees on August 31, 2022.

II. Corporate Bonds:

Corporate Bonds

Types of corporate bonds	First domestic secured common corporate bonds in 2020
Date of issue	05/28/2020
Par value	NTD 1,000,000
Location of Issuance and Transaction	Taipei Exchange
Issue price	Issued according to the par value
Total	NTD 360,000,000

Types of corporate bonds		First domestic secured common corporate bonds in 2020
Interest rate		Fixed annual rate of 0.63%
Deadline		5-Year Expiration date: 05/28/2025
Guarantee Institution		15 banks, including Mega International Commercial Bank
Trustee		Taiwan Shin Kong Commercial Bank
Underwriting institution		First Securities Inc.
Attesting attorney		Attorney Chen Shu-Chen of Hsieh, Chi & Hsieh Law Offices.
CPA		EY Taiwan Huang Shih-Chieh, Lee Fang-Wen
Repayment method		Payback of the principal upon maturity at once
No principal repayment		NTD 360,000,000
Terms on redemption or early repayment		None
Restrictive terms		None
Name of the credit rating institution, date of rating, and corporate bond rating outcome		None
Other additional rights	Amounts of common stock shares, global depository receipts, or other securities already converted (swapped or subscribed to) as of the date when the Annual Report was printed	Not applicable
	Issue and conversion (swap or subscription) guidelines	None
Possible dilution of equities with the issuance and conversion, swapping, or subscription guidelines, and issue criteria and impacts on current shareholder equity		None
Name of the depository for the swap target		None

Types of corporate bonds	Third unsecured convertible corporate bonds in the nation
Date of issue	08/24/2022
Par value	NTD 100,000
Location of Issuance and Transaction	Taipei Exchange

Types of corporate bonds		Third unsecured convertible corporate bonds in the nation
Issue price		Issued according to the par value
Total		NTD 500,000,000
Interest rate		0%
Deadline		3 years Expiration date: 08/24/2025
Guarantee Institution		Not applicable
Trustee		Taipei Fubon Commercial Bank
Underwriting institution		President Securities Corporation
Attesting attorney		Attorney Lee Chi-Lu at Handom Attorneys at Law.
CPA		EY Taiwan Hung, Kuo-Sen, Lee, Fang-Wen
Repayment method		Within 10 business days upon expiration of convertible corporate bonds, repayment is to take place at once in cash at par value.
No principal repayment		NTD 499,900,000 (As of April 30, 2023)
Terms on redemption or early repayment		Refer to the guidelines for the issuance and conversion of the unsecured convertible corporate bonds for the third time in the nation
Restrictive terms		None
Name of the credit rating institution, date of rating, and corporate bond rating outcome		None
Other additional rights	Amounts of common stock shares, global depository receipts, or other securities already converted (swapped or subscribed to) as of the date when the Annual Report was printed	NTD 100 thousand (As of April 30, 2023)
	Issue and conversion (swap or subscription) guidelines	Refer to the guidelines for the issuance and conversion of the unsecured convertible corporate bonds for the third time in the nation
Possible dilution of equities with the issuance and conversion, swapping, or subscription guidelines, and issue criteria and impacts on current shareholder equity		Calculated based on the conversion price of the third domestic unsecured convertible corporate bond, which is NTD 17.59; converted shares after complete conversion will account for 18.65% of current total paid-in capital.
Name of the depository for the swap target		None

Profile of convertible corporate bonds

Types of corporate bonds (Note 1)		Third domestic unsecured convertible corporate bonds	
Item \ Year		2022	Current year up to April 30, 2023
Market price of convertible corporate bonds (Note 2)	Maximum	NTD 110	NTD 111
	Minimum	NTD 99.2	NTD 101.75
	Average	NTD 105.51	NTD 107.14
Conversion price		NTD 17.59	NTD 17.59
Date of issue and conversion price at time of issue		08/24/2022 NTD 18.25	08/24/2022 NTD 18.25
Fulfillment of conversion obligations (Note 3)		Issuance of new shares, with NTD 100 thousand already converted	No conversion

Note 1: The number of fields may be adjusted reflective of the actual number of occurrences.
Note 2: In the event that overseas corporate bonds are transacted in multiple locations, they are to be listed by the trading location separately.
Note 3: The shares already issued or new shares issued that are delivered.
Note 4: Annual data of the current year up to the date the Annual Report was printed shall be provided.

III. Preferred Stock: Not applicable.

IV. Global Depositary Receipt: Not applicable.

V. Employee Share Subscription Warrants: Not applicable.

VI. Restricted Stock Awards: Not applicable.

VII. M&A or Acceptance of Transferred Shares of Another Company for Issuance of New Shares: Not applicable.

VIII. Implementation of Capital Utilization Plan: Not applicable.

Five. Operational Overview

I. Scope of Operation

(I) Scope of Operation:

1. Main scope of operation:
   (1) CB01010 Mechanical Equipment Manufacturing
   (2) CB01990 Other Machinery Manufacturing
   (3) CC01020 Electric Wires and Cables Manufacturing
   (4) CC01030 Electrical Appliances and Audiovisual Electronic 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

2. Main scope of operation and the respective operational weights

Unit: NT$ Thousand

Year / Main product	2022	
	Net operating income	Operational weight
Plastics injection molding machine	4,213,264	91.49%
Cables	212,187	4.61%
Others	179,753	3.90%
Total	4,605,204	100.00%

3. Current products (services) of the Company:
   (1) Plastic injection molding machine: The universal injection molding machine, the energy-saving injection molding machine, the high-speed precision injection molding machine, the ultra-large injection molding machine, the multi-color injection molding machine, the thermosetting injection molding machine, the packaging application injection molding machine, the plastic injection molding machine, the multi-loop rapid injection molding machine, the two-platen machine, the large horizontal turntable dual-color machine, the total electric machine, the Mucell shoe-making specific machine, etc.
   (2) Peripheral equipment: The freezing machine, drying machine, module-warming machine, robotic arms, intra-mold labeling system, MU Cell foam injection molding system, etc.
   (3) Mold/Die: The PET preform mold, the light guide plate, the ultra thin mold, the dual-color machine mold, the intra-mold labeling mold, and various plasticizing molds.

(4) Total plant output and systems: The intra-mold labeling and production system, the PET preform injection molding system, the ultra-high speed capping system, the feed-in system, Industry 4.0 production line optimization service, iMF4.0 (Intelligent ManuFactory).
(5) Machine repairs and service.
(6) Processing and trading of magnet wires.
(7) Processing and trading of thin and large light guide plates, components for enclosures of 3C products, car lights, and dialysis tubes, among others.
(8) Trays, trash cans, packing materials, and various products made of recycled plastics.
(9) PET preform in-house production.

4. New products (services) planned to be developed by the Company
(1) Development of FA second-generation machines.
(2) SA external curvature development project.
(3)SA extra-large PO development project.
(4) Development of SA-h/p packaging specific machines.

(II) Industrial Overview

1. Current Status and Development of the Industry

Plastic and rubber machinery, generally speaking, is a collective term of plastic machinery and rubber machinery. Plastic machinery, in particular, can consist of the final product processing machinery and raw material manufacturing machinery. Product processing machinery includes the injection molding machine, the extrusion molding machine, the plastic leather machine, the blow molding machine, the foam molding, and secondary processing equipment, etc. Raw material manufacturing machinery includes the waste recycling equipment, the plastic powdering machine, the raw material test equipment, the plastic manufacturing equipment, and the raw material composite manufacturing equipment, etc. As is mentioned above, there are quite many types of plastic machinery. When measured by the amount of sales, however, plastic/rubber injection molding machines top the list, followed by extrusion molding machines, and blow molding machines. Plastic injection molding machines can be said to be the best in terms of the technique involved that allows manufacturing in large quantities. They are particularly suitable for sectors where standardized productions in large quantities are required. Such equipment continues to be applied extensively. Examples include the automotive parts, 3C electronics, medical devices, food containers, hardware, and home supplies. Automotive parts, 3C electronics, food containers, and home supplies, in particular, account for a majority.

The plastic/rubber machinery sector is the fundamental part of the supply chain in the manufacturing industry. Therefore, it is highly sensitive to economic fluctuations. It can also be an observatory indicator for the economy. The injection molding machine sector is directly and highly pegged to the demand in the downstream given its overall growth rate. There are a variety of customers in the downstream and automotive and universal consumer products

account for a majority, however, to make it highly susceptible to the macroeconomic situation, such as economic changes, the political turmoils, and the fluctuating capital market around the world or in major economies, among others; that is, this sector sees relatively drastic volatilities.

The trends on the market for the injection molding machine sector are segmentation and “Industry 4.0” smart manufacture solutions, which are in favor of differential developments of machinery manufacturers and enhanced product values. For example, the packaging sector has the largest demand, followed by construction and transportation. New segments on the market, on the other hand, include medical instruments, construction pipe joints, and logistics carriers, etc. Rapid growths are seen for electric vehicles. Light weight and maximized application of the plastic technology are future developments of the transportation device sector and it will drive up the demand for injection molding machines and related peripheral equipment. Digital transformation and Industry 4.0 have made smart manufacturing total solutions trends on the market. In the post-pandemic era, remote management transcending borders appears to be more important. Therefore, injection machine manufacturers need to be capable of integrating software and hardware.

Given the recurrent nature of the pandemic and many other undesirable factors such as rising costs of raw materials and regular materials, the plastic machinery sector managed to render outstanding results under the joint efforts of the many entrepreneurs that worked together to overcome difficulties. The global sales of injection machines again hit a record high this year and it was the best year in history, which means that the rise of the manufacturing industry in China is also attributable to a very large extent to the rapid growths on the new energy-driven automotive market.

As the global economy resumes its momentum, investments surge, and the demand for plastic injection machines remains high, despite the persistent shortages in raw materials and regular materials, the rising sea freight, and the appreciation of New Taiwan Dollar, among others, the Company has managed to render historically high revenue. The outstanding performance came from transportation devices, 3C products, sporting goods, and home boutiques. Further analysis of the operational growth momentum shows two primary contributing factors. The first is the proactive promotion of further market segmentation to facilitate developments toward the higher value-added manufacturing and service-oriented system and to devote to the advancement, thoroughness, and refinement of products and this led to the highest market share of multi-color machines and two-platen machines in the transportation device sector. The second is that FCS leads the industry with its advancement deployment by adding multiple overseas self-operated sites. Impacted by the pandemic, the global supply chain has shifted from being a long chain to a short one. That is, despite restricted exports, local economies remain promising. This accordingly has brought about post-pandemic market opportunities and created a new wave of growth opportunities.

China indicated as early as the “Made in China 2025” released in 2015 that lightweight is a breakthrough technology to be prioritized. As the fad for new energy-driven vehicles remains heated, the demand for plastic automotive

parts and components is significantly climbing, too.

The US, with its tax credit policy and relaxed regulatory requirements, sees a surge in consumption and corporate investments and is now the most heated country in terms of its economic performance compared to counterparts around the world. In addition, world-famous automotive heavyweights are promoting products “made in the US”. Counterparts in Mainland China are restricted by tariffs and this gives opportunities for Taiwan to export its injection molding machines to the US.

India, one of the fastest-growing economies in the world and home to a population of 1.4 billion people, is promoting products “made in India”. By relaxing respective policies and embarking on extensive tax reforms to attract foreign direct investments, the potential demand for injection molding machines is enormous.

Among the overall economic developments in Taiwan over the past few years, the plastic/rubber machinery sector appeared to be relatively steady and the plastic machinery sector, in particular, performed particularly impressively. As far as the plastic injection molding machines, extrusion machines, and blow molding machines that are relatively competitive as plastic machinery are concerned, plastic injection molding ones are the primary products. Over the past few years, as investments quickly picked up and the Southeast Asian markets boomed, the plastic/rubber machinery sector appeared to be steadily growing, thanks to the driving forces such as electronic parts and components, optical items and elements, and medicine, and telecommunications in the nation.

Nowadays, various industries actively focus on enhancing lightweight product design, "replacing steel with plastic," "replacing wood with plastic," and "replacing glass with plastic", especially in the automobile industry. Observing that the European Union has all raised the target of carbon emission reduction by 2030, it is expected to be a major catalyst for the electric vehicle industry. The sales of new energy passenger vehicles in China is expected to reach 8.5 million cars in 2023, with an annual growth rate of about 30%, highlighting the huge business opportunities for the vigorous market of new energy vehicles. In order to improve the endurance of new energy vehicles, the pursuit for lightweight vehicles becomes clearer. According to the report of Nomura Research Institute, steel accounts for more than 70% of automobile raw materials, and it is expected to drop to about 62% by 2025, and be replaced by composite plastics. In addition to reducing the weight of parts and components by 40%, it also consumes less energy when molding. In order to achieve the goal, vehicle companies will drive the penetration rate of plastic materials used in parts and components in a single model to be higher.

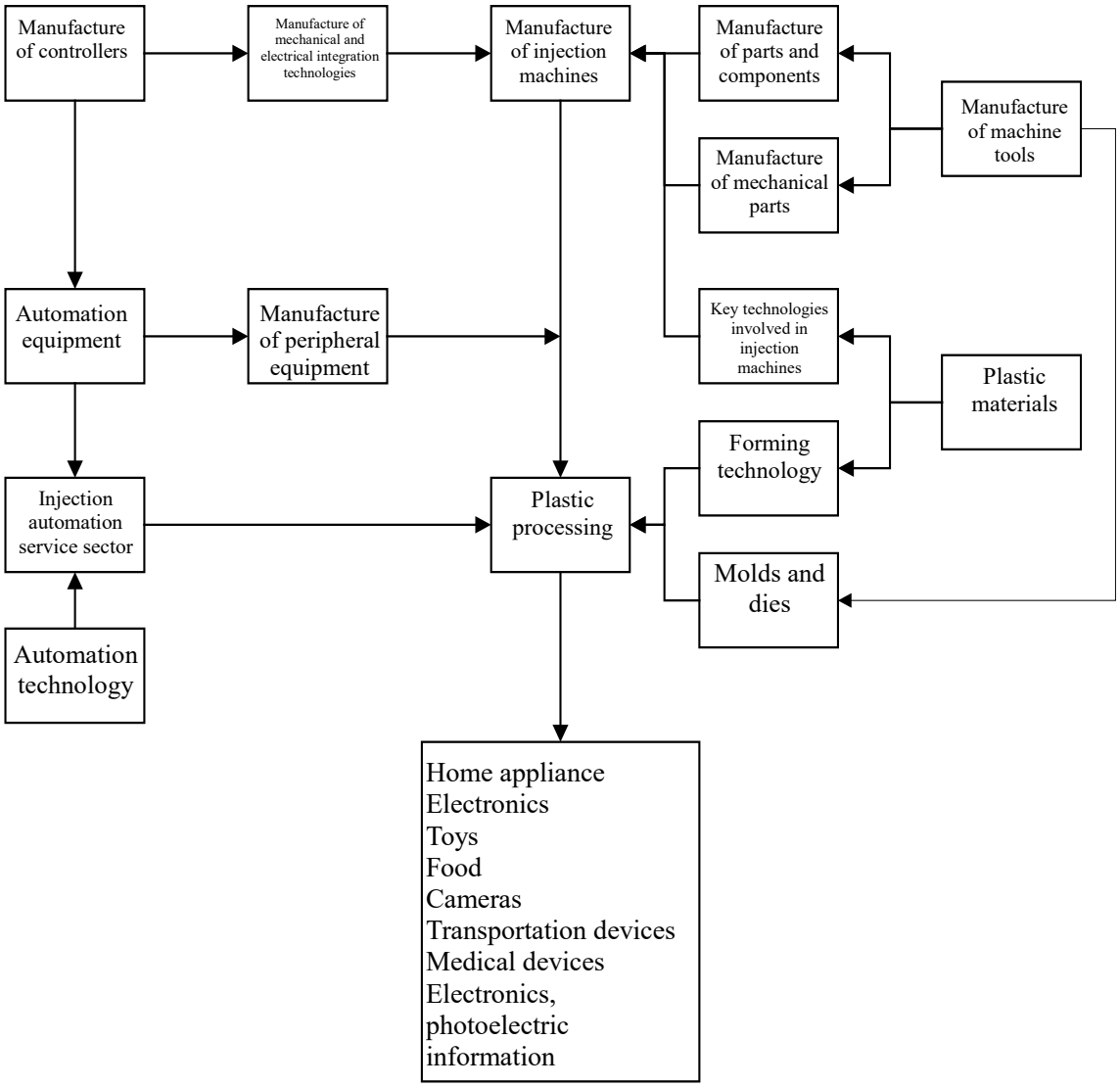
On the other hand, benefiting from fields of information and communication, semi-conductors, electric vehicles, smart manufacturing, the demand for smart machinery continues to increase. Coupled with the support of policies by government of various countries, it is expected that the global market of smart machinery will continue to expand. FCS will continue to strengthen the R&D capability of its Headquarters in Taiwan, quality assurance system, and flexible deployment of capacity, raise the competition barrier for peer companies through customization and service differentiation, and increase

the market share in customized injection molding machines “smart integration” and “lightweight” features to maintain capacity utilization of each manufacturing base at a good level and take future operation to the next level.

2. Correlation among Upstream, Mid-stream, and Downstream of the Industry

The correlation between the plastic injection machinery sector and its upstream and downstream is as follows:

Illustration of the correlation of plastic injection molding machine products



Source: Sorted out by the ITIS project of the Mechanical and Mechatronics Systems Lab, ITRI

3. Respective developmental trends and competition of products

A. Various developmental trends of products

Over the past few years, injection molding machines have seen obvious developments in terms of their features and applications. The primary R&D new trends are clarified as follows:

a. Fully electric

Such equipment is known for being energy-saving, clean, quiet, stable in terms of quality, and speedy in terms of injection and hence has been gaining prominence and developed at high levels over the past few years.

b. High-speed

By high-speed, it means that the injection rate is at least 600 mm/sec, which is particularly suitable for thin products. At present, Japan still leads the world in this regard. The latest products of FANUC and Nissei, for example, are known for an injection rate of up to 2,000 mm/sec that may be used to mold a speaking trumpet with a thickness of only 0.13 mm. In the past, few efforts were made to develop such unique models domestically. Over the past few years, however, devotion has been seen among counterparts and the injection rate can already reach 1500 mm/sec. They, by the same token, target thin molding sectors and markets.

c. Micro-injection

Micro-injection is mainly applied to electronic parts, watch movements, microelectromechanical components, medical products, small hydraulic elements, sensors, and grating, among other precision products.

d. Hybrid

By hybrid, in means inserts, multiple colors or multiple materials. International practitioners have specialized models for respective types of molding. Domestic practitioners, on the other hand, are quite mature in terms of co-injection and multi-material injection. The Company is one of the earliest practitioners in the country to introduce the multi-color injection molding machines with the hope to address the diversified needs of customers.

c. Light-weight

Foam molding and gas-assisted injection are the techniques applied more extensively known for being light in weight. The Company has developed the solutions and successfully introduced them to multiple customers. FCS’s mainly customer base is in the automotive parts and components and packaging sectors. Over the past few years, answering

to the environmental protection and fully electric vehicle trends, the light-weight technology was born. So far, technologies such as PC glazing, Mucell micro-foam molding (reduced weight/reinforced intensity/less noise/lower temperature), and carbon long-fiber molding (intensified plastic pieces) have been developed.

f. Total plant solution

This is the fastest-growing operational pattern developed over these years. Given the change in the train of thought of production facilities while making purchases, that is, gradually reduced independent assembly of production equipment and peripherals, total solutions-based systematic purchases are adopted, which helps minimize multiple issues associated with subsequent integration. In the case of systematic purchase, injection molding machines will come with options such as molds or dies, the retrievers, the alignment feeders, stackers, conveyors, surveillance systems, and cutters, among other peripheral equipment to form a highly integrated and automatic production system. It helps not only enhance the production efficiency but also lower the cost. The Company's APACK intra-mold labeling and production system, beverage total plant output, and gas-assisted injection molding, for example, are mature examples and many successful stories are available.

g. Smart network

It is an expert system. The molding conditions of the injection machines can be automatically set, monitored in a distance, and adjusted remotely to cope with multi-plant and even international production management integration.

h. Injection compression and molding

To address the demand for thin 4C products and low residual stress of optical products, injection compression molding is one of the highly valued process technologies at present. It combines injection for the former stage and compression at the latter stage in one and is known for multiple strengths such as enhanced contraction evenness, reduced product warps, and residual stress, among others, to make up for the deficiencies associated with conventional injection molding.

i. Micro-pore foam injection molding

In the light-weight non-metal materials auto field, the micro-pore foam technology is now one of the major projects manufacturers compete with one another in and the weight loss ratio is a key indicator for the effects of micro-pore foam materials. To be environmentally friendly and to expedite the light-weight developments of automobiles, light-weight and high-performance alternative materials and new

molding techniques have become the mainstream. For the past few years, micro-pore foam injection molding technique has gained prominence in the automotive sector. The technique is a breakthrough of the many restrictions associated with conventional injection molding and helps significantly reduce the weight of the final product, shorten the molding cycle, and effectively improve warps, deformation, and dimensional stability of produced parts. As far as precision products that are known for their high quality requirements are concerned, the micro-pore foam molding injection technique is highly advantageous and has been widely applied in the automotive sector.

j. AI to check the yield of products

The pressure sensor is inserted into the mold. During plastic molding, the pressure value of the suppressed mold cavity is absolutely correlated to the defect rate of final products. Therefore, during each molding process, the pressure sensor will send the detected value back to the system and the AI will analyze it to help automatically determine if a product with the said parameters is a defect and automatically calculate the quantity. “Digitalization” is the future of plastic processing. Injection machine suppliers are speeding up in building smart machines, smart procedures, and smart service platforms.

k. iMF4.0 (Intelligent ManuFactory 4.0)

Information of the injection machine equipment of a plant is imported into one viewable group state, which is like a smart workstation that combines sensing, adjustment, algorithm, and information and communication features in one to precisely carry out each production procedure and to adequately address process defects through big data analysis and feedback for enhanced efficiency and yield and then realize automation before further evolution to smart automation capable of thinking.

l. Emerging ideas about energy conservation and environmentally-friendly circular economy

A circular economy where recycling and re-utilization of waste are emphasized is catching a high level of attention again. One of the major challenges for molding service providers with recycled plastics is the change in the melt viscosity. It also includes green energy concepts and smart computing technology to help improve the efficiency and reduce waste, which are the solutions urgently needed by customers. The European Union has comprehensively adjusted its carbon emission goals for 2030, which is expected to significantly catalyze the electric vehicle sector. On the other hand, lighter electric vehicles are more favorable.

According to the Nomura Research Institute, steel accounts for at least 70% of automotive raw materials and regular materials and the ratio will drop to about 62% by 2025 as steel will be replaced by plastics, it will not only bring down the weights of parts and components by 40% but also reduce the energy consumed during shaping/molding.

B. Product Competition

Plastic machinery around the world can be briefly divided into three major groups now by the quality and price range: high-price models from Germany, Austria, and Japan, which are known for their high level of precision, high reliability, and production efficiency and unique functional design. Reflective of their features and specifications, the unit price is about two to four times that of products manufactured locally in Taiwan; low-price products from Mainland China and other emerging countries; and the mid-price products manufactured locally in Taiwan. With the Euro and Japanese yen plummeting over the past few years, quotations are comparable to those for products from Japan and Europe, which have been a blow to the competitive advantages of plastic machinery made in Taiwan to be exported and accordingly the operations of respective countries in the industry. Fortunately, the number of purchase orders received remained quite impressive, indicating that the product transformation strategy, the continuous developments of various new models with different features and industrial applications to satisfy customer demand on all fronts have been accepted and recognized by customers. Practitioners in Taiwan, after years of efforts, secured optimal word-of-mouth for the stable quality and also for the competitive price; this is one of the major reasons for the plastic machinery made in Taiwan remains competitive and continues to bring about impressive results.

It is worth noting the quick developments and emergence of plastic machinery over the past few years in Mainland China and in emerging countries. Despite the fact that the quality of the products is non-comparable to that of products made in Taiwan, their prices and appearances are quite competitive. Manufacturers in Taiwan need to carefully monitor their developments over the long term. Ningbo Haitian Precision Machinery Co., Ltd. in Mainland China, for example, has become one of the largest injection machine manufacturers in Asia. Many plastic machinery plants in Mainland China are also mushrooming. Even India, a member of BRIC, is worth even more attention in this regard. Without proactive countermeasures and operational strategies, manufacturers in Taiwan will suffer significant impacts over the long term. In addition, European and Japanese manufacturers are following one another to set up

their R&D centers or production sites in Mainland China to hopefully bring down the cost and be closer to the end market, which is expected to further ignite the competitive situation in the plastic machinery sector.

Given the frequent cross-strait interactions, producers of plastic products in Taiwan are relocating. To serve existing customers, plastic machinery manufacturing facilities are relocated in Mainland China. Meanwhile, as local businesses in Mainland China continue to flourish, there is no doubt that they will soon become new targets on the said market. Believing in serving customers and keeping track of market dynamics, besides reinforcing its R&D momentum at the main operating site in Taiwan and the quality assurance system, the Company also led the industry by setting up plants in Mainland China. They are located in Dongguan in South China and Ningbo in East China. Both the Dongguan Plant and the Ningbo Plant have been rendering impressive performances so far. The prices of the produced injection molding machines are comparable to local brands while their quality and performance are better recognized by both domestic and overseas customers. The adequate division of labor and integration strategies adopted by the three plants across the Taiwan Strait will signify the maximum competitive advantages of the Group while providing its enormous global customer base with instantaneous, sound, and satisfying service.

The greater remain great; it is a trend that is becoming more and more obvious in the plastic machinery market of China. By innovating jointly with users, the Company is gradually evolving from being a follower to being a leader in the industry. In the past, for example, all lenses were produced through the single-color injection machine that requires time to molding usually about 600 seconds. Now, with the dual-color or triple-color injection technology, the production cycle can be reduced by up to half. It is the unchanged insistence of the Company to take root on the multi-component dual-color market by providing customers with tailored equipment that helps add value to their products and their competitive advantages and the equipment suppliers benefit ultimately; it forms a mutual complementary and mutually conducive benign loop.

In the future, “small machines becoming fully electric, large machines turning two-platen-oriented, and powered injection” will become the standard in the injection machine sector of Mainland China. Generally speaking, the “one power and multiple elites” situation has taken shape on the injection molding machine markets across the Taiwan Strait, that is, the powerful Haitian and the other competitors that are elites in the industry. Haitian sells injection molding machines at RMB 10 billion a year, which is hardly comparable on the Mainland China market. FCS, however, will be

the best complement in the multi-component dual-color field. We focus on rendering advanced, thorough, and specialized products to address the urgent pain points and deficiencies in the multi-component dual-color field and to shape the selling points and trust in FCS, the brand!

In the field for injection machines of Asia, products of FCS have been in the medium-to-high range over the years and the focus is placed on the integration of market demand and R&D. FCS started to manufacture dual-color machines in 1984. Over 38 years of accumulation and sedimentation, in large dual-color machines, in particular, abundant database resources are available to Since 2010, in addition to selling machinery equipment, FCS has also added knowledge-based products for sales. It has been raised to "Provide total solutions to meet customers' needs," and we added the new concept of the "Turnkey Solution", which is an intelligence management system. We provide customers with value-added services to integrate all elements that injection molding technology will need, such as plastic material, molding equipment, tooling technology, and even the back-end process, to realize a one-stop business model. In addition, this kind of business model not only contributes to the improvement of customer satisfaction, but also brings more stable income and long-term development potential to the Company, and creates long-term competitiveness and operating value for the Company.

(III) Overview of Technology and R&D:

1. Research and development expenses over the most recent year up to the date the Annual Report was printed

Unit: NT$ Thousand

Year	2022
R&D expenditure	114,561
Net revenue	4,605,204
R&D expenditure in net revenue %	2.49%

Note: As of the date when the Annual Report was printed, the Consolidated Financial Statements of the Company for the first quarter of 2023 were yet to be reviewed by CPAs.

2. Technologies or products successfully developed:

A. R&D patents secured over the past year:

Item No.	Year	Patent No.	Patent Title
1	2021	ZL201920181154.3 (Mainland China)	Three-color interlayer interval injection molding machine
2	2021	ZL202020192112.2 (Mainland China)	Two-phase injection molding machine

3	2021	ZL202220478373X (Mainland China)	A side injection molding machine with nozzle protection
4	2021	ZL202221542408.8 (Mainland China)	Hydraulic controlled lifting platform of the injection molding machine

B. Products developed successfully over the past year:

Item No.	Year	Content
1	January 2022	Fu Chun Shin was honored as "specialized and particularly new" small-to-medium-sized enterprise of the Province of Zhejiang in 2021.
2	May 2022	Fu Chun Shin was rated "Top 50 industrial sectors" in Jiangbei District, Ningpo City.
3	August 2022	Fu Chun Shin was honored as "2021 Injection Machine Brand with Outstanding Influence".
4	October 2022	The "FA-160e electric high-performance energy-saving injection machine" that comes with the "servopump AI predictive monitoring and diagnostic system" won the "Excellence Award in Plastic Injection-molding Machines" and the "Excellence Award in Smart Plastic/Rubber Molding Machines and Their Peripheral Equipment and Systems" during the "2022 Plastic/Rubber Machinery R&D Innovative Products Contest".
5	111.11	Fu Chun Shin's multi-component shaping technologies and solutions include the brand new member "X-shaped four-directional injection model".

(IV) Long/Short-Term Business Development Plan

1. Short-term business development plan

A. Marketing strategy: Deploy prioritized channels to bring up the market share; develop quality customers for differential service; normalize the marketing system and maintain customer relations.

a. Create the customer relations management system to keep optimal collaborative relations with customers and to create win-win opportunities through mutual trust and interdependency.

b. Continue to explore the market in Mainland China and deploy a dense marketing network locally in order to reinforce the strength in strategies to cope with local counterparts and the local service.

c. Prepare differential sales strategies for prioritized markets, reinforce the collaboration with distributors and dealers, and deepen their service capabilities so that they can see through opportunities on their markets and quickly penetrate specific markets.

d. Plan products suitable for the said market and with a price-setting strategy reflective of different market attributes in order to satisfy differential needs.

e. Effectively take advantage of the media for promotional purposes and

proactively take part in representative exhibitions to accordingly enhance the Group image and its publicity.

f. Create direct-sale sites overseas to provide local after-sales service and to sell locally for enhanced reacting speed and for better publicity and sales opportunities.

g. Add service APPs to satisfy customer needs and reserve overseas sale and service momentum by setting regional service centers one by one and gradually completing the global service network.

h. Optimize operational APPs to get back to customers in real time and to bring up the sales momentum so that the strength in promoting marketing activities may be reinforced to boost the purchasing power.

B. Production policy: Strictly control the cost and profit and schedule deliveries steadily; being rigid about the quality assurance mechanism; and integrate the manufacturing process.

a. Restore the production flow by adding exclusive production jigs and tools to accordingly enhancing mass production efficiency and spontaneously take care of employee safety. Meanwhile, improve the quality approach to ensure stable quality and improve customer satisfaction.

b. Introduce Industry 4.0, de-construct the production procedure and technique, constantly improve process criteria, and consolidate the quality assurance system to accordingly enhance the throughput, improve the quality level, reduce the cost, and boost competitive advantages.

c. Continue to promote the B2B plan, strengthen supplier management, spontaneously assist suppliers, enforce rating and audits, and develop quality partnering suppliers in order to keep track of lead time for imported materials, to ensure quality of imported materials, and to make the best of the price negotiation capability to strictly control the cost of purchase at a reasonable level. The Company officially activated the “iSCM - Fu Chun Shin AI Innovative Application Program” through the “Industrial Upgrade Innovation Platform Assistance Plan” of the Industrial Development Bureau, MOEA to integrate the AI technology in the construction of a new e-system of the Company. Fulfill the efficacy of rapid response and flexible production through information streaming, penetration, resolving production and manufacture issues, improved yield, throughput, and efficiency, and the smart data analysis and application model created and introduce the value-added AI application in order to develop the smart supply chain and the smart manufacture model. Meanwhile, optimize the framework for streaming production information in the upstream and downstream of the supply chain through a reasonable procedure for comprehensive promotion of smart and lean production and

for creating an efficient visualized production environment.

d. Define the standard working hours and realize and create a standard operating procedure to allow industrial linkage and relays. The said regulations are strictly followed at each work station and there are applicable regulations and systems for production control.

e. Integrate production processes, system structures, procedural control of the three plants across the Taiwan Strait so that they are consistent and standardized with precise lead time and lean manpower.

f. In order to resolve the issue of the lack of instantaneity in artificial paper-based worksheets and incomplete product traceability, it is planned to introduce the MES in the field of assembly for improved transparency of field production information.

g. Strongly execute the Group's quality meeting system, improve the machine quality to achieve zero complaints.

h. Implement the Company's "weight loss policy" (elimination of four bad issues: bad personnel, bad materials, bad debts and bad jobs); adopt a streamlined organization and the necessary personnel, and control inventories reasonably.

C. Product Development Direction: Continue to develop second-generation machines and large two-platen dual-color machines; optimize the dual-color machines and the large two-platen machines; develop aggregate products on "further segmented markets"; R&D iMF smart injection molding machines.

a. On the basis of the existing product performance strengths, be forward-looking about market dynamics and forecast the demand; continue to develop and improve new products meeting the market and customers' needs in order to complete the product lines and to satisfy more diversified customer needs.

b. Through the diversified collaboration and exchange model with industrial, governmental, academic, and research institutions, make the best of governmental and non-governmental resources in the joint R&D of innovative products or professional equipment for the industry.

c. Spontaneously understand the needs of customers by reinforcing the cross-departmental synergistic order-taking mechanism to provide "tailored" differential services.

d. Proactively collect information about industrial technologies and continue to develop high-end models, innovative features, and other high value-added products or services such as total solutions to accordingly segment the market and enhance profitability.

e. Fu Chin Shin in Ningbo was reputed as the "State-grade High-tech Technology Enterprise" for the first time in 2009 and has been reputed so

for multiple times to date. It became the first party to draft the industrial standards for “multi-component plastic injection molding machines” in China in 2018 and declared that FCS would continue with R&D and transformation of technical accomplishments into its core, autonomous intellectual property rights and grow towards being a knowledge-intensive and technology-intensive economic entity.

D. Operational scale and finance: Adjust the distribution portfolio and boost contribution to profits; reinforce the turnover indicators and optimize return on assets; activate the wheel to reforms and put the right talent in the right place; create the learning and development center and reserve extensively talent in the sustainability bank; return to talent attainment and create happiness and satisfaction.

a. Bring down the inventory level, reinforce the collection of accounts receivable, improve the financial structure, and minimize expenditure on interest.

b. Stabilize operational performance, increase the line of credit provided by banks, and make the best of capital turnover efficacy.

c. Prepare the forward-looking development strategies by adequately organizing fund-raising and other related activities to hopefully raise the required working capital through the open market and lay the groundwork for long-term stable growths.

d. Build the industrial knowledge bank and take advantage of the knowledge management system to accumulate smart capital.

e. Gradually complete related operating procedures and eliminate the inefficiency checkpoint for enhanced procedural efficiency, operating quality, and reduced unnecessary expenditure.

2. Long-term business development plan

A. Marketing Strategy: Market segmentation and complete distribution network, advanced differential brand service

a. The long-term strategy is to secure the presence in Taiwan, deploy in China, and reach out to the world; the focus in the global market. Taiwan is the marketing and operational center of the Group that integrates the global sales channels and policies.

b. Strengthen the deployment of dealerships and sites on potential markets and emerging markets to answer to the comprehensive or regional market developments and to continue with more diversified internationalization.

c. Build a complete marketing network that closely combines production, distribution, technical support, and after-sales service all in one and continue to take part in respective primary exhibitions for enhanced

publicity of self-owned brands.

d. Strictly select diversified management policies centering the core business, that is, R&D and manufacture of injection machines, in the pursuit of the Group's long-term developments.

f. Create direct-sale sites or branch offices overseas to provide local after-sales service and to sell locally, to react quickly, to deepen market cultivation, and to facilitate management and dealerships in adjacent markets for better publicity and sales opportunities.

B. Production policy: introduce the smart lean production system, continue to optimize the supply chain system, and adhere to the idea of “big dam” for enhanced inventory control, consolidating the ISO system, and continuing to optimize the QCDS.

a. Relocate models with mature technologies that are suitable for mass production at the plants in Mainland China applying the division-of-labor strategy for the three plants across the Taiwan Strait and the idea of a big dam module. This not only allows for a local supply and short lead time but also bring down the production cost for diversified competitive strengths.

b. Plan adequate external purchase ratios and modularized production models to optimize the flexibility in adjusting purchase orders taken by sales representatives reflective of the production scale.

c. Introduce the bulletin board real-time delivery mechanism to consolidate operational standardization at a high level and to create a dynamic mixed-line production system for significantly enhanced production efficiency and quality.

d. Consolidate the supply chain management system (SCM) and assist suppliers in improving their operations and management, enhancing their production technologies and turning related information about the supply chain digital so that it may be included as part of the synergistic operation of the Group, which will not only enhance the operational performance but also enable quick response.

e. Upgrade the supply chain information system: Besides reinforcing the cross-disciplinary information framework and integrating procedures of the three plants across the Taiwan Strait, communication software such as Line and Wechat will also be combined. The supply chain interactive technology will allow a seamless exchange of information and to minimize any delays in the supply chain as a result of message delays.

f. Introduce the production execution system in the field (MES): Production staff reports work through the mobile collection system to turn field production and quality information transparent and instantaneous and to

boost the plant management efficiency, lower the production and inventory cost, and minimize downtime due to a shortage of materials in the field, among other things.

g. Introduce AI technology for production and operation: Strengthen the capability of electronic system big data analysis throughout the FCS system, apply the AI computing technology to optimize FCS sale, production, and service material reserve AI forecast momentum, minimize a shortage of materials in the field of production and in after-sales service, improve the accuracy in lead time, and optimize corporate decision-making and management efficiencies.

C. Product developments: Take root with innovative operational practice and consolidate fundamental research.

a. The R&D Center in Taiwan takes charge of integrating the R&D momentum at each branch site and continues to develop products meeting the trends on the market. Improved additional value and quality are the win-win situation to be prioritized for customers.

b. Proactively work with peripheral manufacturers in the development of high value-added and highly technical integrated products for “systematic distribution”, such as PET packages, food containers, medical devices, and IMD intra-mold ornament systems, among other total plant outputs.

c. Recruit professional teams for respective niche sectors and develop exclusive machines for the specific sector, such as large horizontal turntable dual-color machines, TFT-LCD light guide plate machines, food container machines, medical device machines, micro-molding and micro-pore foam molding machines, and powder injection molding machines

d. Take advantage of the technical integration capabilities and enhance the ability undertake a variety of products and the process capability in order to quickly respond to customers’ dependency on and demand for integrated systematic distribution.

e. Work with partners overseas that own advanced technologies, develop high-end models, improve the technical level and quality, and enter the market for high-end customers.

f. The Cmpany released its iMF 4.0 smart manufacturing plant system for the first time at the 2018 Taipeiplas. The system is developed on the basis of production cycle time management, with ideas of mold management, machine management, and material management, and the OPC-UA standard for real-tie display of the overall equipment effectiveness (OEE) information. The information is tallied together with abnormal equipment and production messages so that production managers can keep track of

the production status in real time, realizing Industry 4.0 mobile computing, analysis, and optimization, for enhanced efficiency and reduced squandering and to fulfill the managerial purpose quickly responding to production abnormalities. Through this system, one can be connected simultaneously to monitor the status of production line equipment around the world; it is an idea of remote production management. The demo plant is already set up at the main office in Tainan to provide customers in the injection molding sector with actual Industry 4.0 solutions.

The dawning of the 5G era expedites the smart corporation process. The PIM lab of the FCS Group, focusing on the controller for the smart injection molding machine, collects necessary information from peripheral equipment and process sensors and uploads the process data in real time to the cloud through the OPC-UA standard. The manufacturing resources database is created. The cloud iMF 4.0 (intelligent ManuFactory 4.0) converts the resources database into OEE (overall equipment effectiveness) production trends, worksheet scheduling, production abnormality automatic statistics, among other statements, realizing Industry 4.0 mobile computing, analysis, and optimization for enhanced production efficiency and reduced production squandering.

D. Operational scale and finance: Ensure the best interest for shareholders, configure logistic resources highly effectively, innovate on cultural and organizational reforms, learn and grow, keep track of key elements, share profit, happy workplace.

a. Evaluate appropriate locations and adequately set up marketing sites or add production sites overseas to maximize the international professional division-of-labor mechanism and to be close to the market and to accordingly continue to maximize the operational scale.

d. Reflective of the corporate operational demand, besides continuing to enhance its own operational performance, integrate and allocate self-owned working capital and bank financing flexibly to support demand and raise short/long-term funds on the capital market and the money market.

c. Enforce the lean human resources project and develop international managerial talent and succeeding management teams to answer to the internationalization strategy.

d. Control and promote the operational performance of the core business and investments taking advantage of the existing R&D momentum and abundant staffing resources and adequately invest or set up plants overseas or even form strategic alliances with counterparts or cross-disciplinary strategic alliances.

II. Market and Production and Sales

(I) Market analysis

1. Where main products (services) are sold or provided

Main products of the Company are plastics injection molding machines and their related products and magnet wires and they are sold throughout the world, Asia, America, Europe, and Africa. Amounts of sales of the Company for 2020 through 2022 by the region are as follows:

Unit: NT$ Thousand

Item \ Year	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
Taiwan	529,537	17.29	687,972	15.89	690,522	14.99
Mainland China	2,171,747	70.91	2,960,474	68.40	3,262,322	70.84
Other countries	361,233	11.80	680,061	15.71	652,360	14.17
Total	3,062,517	100.00	4,328,507	100.00	4,605,204	100.00

2. Market share and future supply and demand and growth on the market

(1) Market share

As is shown in the monthly statistics of industrial production of the Ministry of Economic Affairs, the sales value of plastics injection molding machines in Taiwan was NTD 11.554 billion in 2022. It is estimated that the market share of the Company was around 7.4% in terms of plastics injection molding machines.

(2) Future supply and demand and growth on the market

According to the VPA market survey report, it is estimated that the global market for injection machines will grow at a GAGR of 4.04% from 2021 to 2028 and by 2028, it will reach USD 14.8 billion.

Enterprises in Mainland China occupy the medium-to-low-end markets of injection molding machines while those in Taiwan the medium-to-high-end markets. Enterprises in Europe and Japan are on the high-end market. Over the mid-to-long-term, thanks to the per-capita climbing spending power for plastics around the world and in China, the injection molding machine sector still sees lots of room for growths. When analyzed by the production application, greater market shares are secured in terms of the plastic, automotive and home appliance sectors.

The Company has been enforcing its global deployment strategy for a long time and has now production sites in Dongguan and Ningbo, China, and in India. With the additional production capacity to be added in June 2023 upon completion of the plant in the Hangzhou Bay New Area of

Mainland China that is currently under construction, respective plants will have complete production lines identical to those in Taiwan and maximum output can be ensured. In addition, there is a complete regional dealership system and the dense network of after-sales service sites. They will be sufficient to take the opportunities for growth in the plastic processing sector driven by the climbing demand on the domestic consumer market of Mainland China and around the world. Domestic sales or international sales, the cross-regional supply network is enjoying its strengths. The FCS Group has been one of the candidates for "Top 15 Enterprises in the China Plastic Injection Molding Sector" multiple times and the only brand from Taiwan that has been on the list. FCS Ningbo was approved upon review by the Bureau of Science and Technology of Ningbo, among other authorities in 2019 and was reputed as the "State-grade High-tech Technology Enterprise" again; FCS Ningbo has won that honor many times in a row since 2009. It became the first party to draft the industrial standards for "multi-component plastic injection molding machines" in China in 2018, which is truly uneasy given the fierce competition on the market of Mainland China and also marks the highest recognition of the Company's products among the vast base of customers.

In terms of demand, plastic products are applied extensively, in automobiles, home appliances, photoelectric and daily supplies. It is expected that the global economy will turn over a new leaf after the pandemic eases. As the economy recovers, manufacturers are conservative regarding their demand for expansion, particularly in emerging markets, such as India, Brazil, Southeast Asia, the Middle East, and Mainland China. The enormous scale of the domestic market adds further to the recovery momentum, including the various home appliances, automobiles, 3C electronics, and food packages, among others. The demand for plastic machinery equipment is particularly high. The various new strategies have been enforced in Mainland China, which will drive technical upgrades and applications of high-end injection molding machines in energy conservation, high operational efficacy, and automation, etc. As the economy in Mainland China gradually grows to become domestic demand-oriented, the domestic market is not only the world's plastics factory but also a major plastic consumer, which will contribute to continuous growths in the amount of plastics consumed.

For the future, the Company will continue to develop advantageous products, provide equipment of a high price-performance ratio to attract customers, and introduce brand new iMF 4.0 and micro-pore foam injection molding technology and long fiber application injection molding

technology as well as Industry 4.0 solutions. The company will also be dedicated to the establishment of direct-sale sites and enhanced foreign service manpower and optimized service capability and substantial practices such as continuous visits to key customers, in addition to distribution network deployment and rating, to re-integrate key target markets reflective of the industrial scale, channel efficacy, political and economic risks, and strategic locations, etc.

The sale of fuel cars will be prohibited in the European Union in 2035, which is expected to significantly catalyze the electric vehicle sector. On the other hand, lighter electric vehicles are more favored. According to the Nomura Research Institute, steel accounts for at least 70% of automotive raw materials and regular materials and the ratio will drop to about 62% by 2025. With steel being replaced by plastics, it will not only bring down the weights of parts and components by 40% but also reduce the energy consumed during shaping/molding. All of the data above show that the injection molding machine sector will has lots of time and room for further developments and growths.

FCS took an optimistic view of the plastic injection industry covering food, clothing, housing, transportation, and entertainment. Therefore, it continues to move towards operations of international enterprise. Although uncertainties, including global inflation, interest rate hike, weak consumer demand, and epidemics, currently still influence the investment in capital expenditure and the speed of installation of customers in various industries, and further challenge FCS's flexibility of production and staffing, control over shipment schedules, and the stability of operation and finance. Benefiting from the wave of ESG goals such as net zero carbon emissions, environmental protection, and green energy, there will be better development for the Company. FCS will continue implementing a philosophy to create high value-added products, integrate the business strategies of globalization and diversification, actively cultivate its main business of injection molding machine, explore more cooperative opportunities with customers in different industries, and keep an optimistic and positive attitude toward future development.

Sales volumes/values of plastics injection molding machines over the past 3 years

Year	Number of units produced	Number of units sold	Growth rate	Sales value (NTD million)	Growth rate
109	5,720	5,818	-4.81%	9,746	-12.46%

Year	Number of units produced	Number of units sold	Growth rate	Sales value (NTD million)	Growth rate
110	6,267	6,552	12.62%	12,145	24.62%
111	4,886	5,234	-20.12%	11,554	-4.87%

Source: MOEA monthly industrial production statistics

3. Competitive niche

A. Optimal brand image

Products of the Company enjoy quite good publicity and images both domestically and internationally and have won the “Taiwan Excellence Award” and the merit award, aesthetics award, and excellence awards as a “Plastic/Rubber Machinery R&D Innovative Product” at Taipeiplas, ranked Top 5 in brand awareness among users in the Greater China Area according to the Germany VOGEL survey, and obtained the European CE mark, which will help with their distribution on high-end international markets in Europe, the US, and Japan. In Mainland China, by the same token, the Company has been one of the candidates for “Top 15 Enterprises in the China Plastic Injection Molding Sector” multiple times and reputed as the “State-grade High-tech Technology Enterprise” multiple times; the products are highly recognized by customers. In November 2021, FCS Ningbo was also rated as “Four-star Green Factory in Ningbo” and it has now been certified for ISO-14001 Environmental Management System, ISO-45001 Occupational Health Management System, and ISO-50001 Energy Management System.

B. Complete corporate synergy integration, with proactive introduction of modularized contracting and e-supply chain systems

Suppliers of related parts and components of the Company have been located in surrounding adjacent counties and cities, with detailed division of labor and professional production, which can be processed according to the different needs of customers and delivered in a short time. With the VMI (supplier inventory management) system, the production demand can be more effectively controlled. Meanwhile, the Company proactively introduces modularized contracting and e-supply chain systems to render products that are optimal in both quality and pricing, taking care of the lead time, too; it makes the industrial cluster more internationally competitive. The Company activated the “iSCM - Fu Chun Shin AI Innovative Application Program” through the “Industrial Upgrade Innovation Platform Assistance Plan” of the Industrial Development Bureau, MOEA to stream production information in the upstream and downstream of the supply chain through a reasonable procedure for comprehensive promotion of smart and lean production and for creating a high-efficient and visualized production environment.

C. Domestic and international marketing sites

Not only with sales locations in Taipei, Taichung, and Tainan, the Company also has distributors or dealers overseas, in Asian countries, Europe, America, and Africa, all throughout the world, which will not only help with the sales of products but also provide customers with sound after-sales services to increase the willingness of customers to make purchases and to extend loyalty. In 2011, the Company started to explore the markets in North America jointly with the exclusive dealer MARUKA Machinery; ever since, the operating income in North America has been growing each year and has made it one of the Top 10 customers, with significant efficacy. Indonesia FCS was established in 2015 and its efficacy has risen. Thailand FCS was added in 2017. The FCS assembly plant in India was set up in 2019 to serve local customers. Self-operated sale locations of Vietnam FCS were set up in 2021. And direct sites will be added in the Philippines, Brazil, and others countries subsequently. Given the pandemic, localized service is particularly important. Despite restricted exports in respective countries, local economies remain promising. This is why there are post-pandemic business opportunities for further growth.

D. Highly customized development capabilities to satisfy all-around service needs of customers

The Company has developed multiple models and series over the years and further reinforced its collaboration with research institutes (such as the ITRI and universities of science and technology) recently for the R&D of innovative technologies and to develop new products. Its R&D capabilities are more mature now. This will help boost the quality and additional value of products and add to the competitive advantages on the high-end market. The Company has introduced the latest technologies for two-platen machines from Europe, for example, with a mold locking force of 1,700 to 4,000 tons. Its technical capabilities lead the industry and such technologies have been further applied to the development of “large horizontal turntable dual-color molding machines” in recent years to again demonstrate a high level of R&D and manufacturing capabilities. The Company is one of only three manufacturers capable of mass production of horizontal mutual injection machines in the world and the only one in Asia capable of mass production. In terms of three-platen large machines, the composite vertical compression injection machines designed by the Company under its patent have a mold locking force of 1,680 to 3,500 tons and are sold to many countries to be applied to the auto industry and the construction industry and have been received well. The 3,500-ton injection machines produced by the Company, for example, are also adopted by Nan Ya Plastics Corporation. In terms of precision injection molding, in order to counter-balance with the models from Japan, the Company also takes the lead in introducing small

and optimal, small and beautiful, small and energy-saving hybrid high-speed closed-circuit injection machines, which, when combined with the latest electric controls from Austria, allows remote production monitoring and system communication to realize “smart single machine and total plant cyber-based”. All of them have attracted extensive attention in the precision electronics and high-speed injection molding sectors, making them a great competitive choice in the era of Industry 4.0.

FCS possesses extensive experience in integration, and is able to create customized equipment for various industries and provide an integrated one-stop purchasing service. As the Industry 4.0 brings in the sensation of smart manufacturing, FCS has launched self-developed iMF 4.0 Intelligent ManuFactory System (Intelligent Manufactory). The team has spent 5 years continuously refining the software and hardware techniques needed. In addition to improving the technology of hardware equipment, we also recruited a group of talents highly skilled in software development to create the iMF 4.0 Intelligent ManuFactory System service, which can be installed in injection molding machines of various brands and self-adjusted via peripheral devices and smart networking. Also, it is different from common remote monitoring systems and traditional manufacturing execution system (MES). In addition to monitoring and recording the motion parameters of injection molding machine (machine parameters), it also involves manufacturing process parameters of molding (material parameters) to improve the effectiveness of monitoring on molding parameters. With massive statistics, variation analysis, and artificial intelligence (AI) to perform the classification and analysis of data, it is able to provide timely utilization monitoring and feedback to help customers avoid unexpected downtime, enhance product yield, and enable smart remote monitoring and management. It is able to enhance the added value of data reuse, simplify manufacturing management, and lower the cost of manpower management as well. Currently, the iMF 4.0 Intelligent ManuFactory System has been successfully introduced into the smart factories of different customers in a variety of industries, including auto parts, sports, 3C and daily commodities, and it has obtained resonance of high reliance and recognition. The repurchase rate of equipment expanded from the iMF 4.0 Intelligent ManuFactory System reached 80%. The fruitful result is obvious.

E. The three plants across the Taiwan Strait support one another. The models and series of machines they manufacture are complementary, which will help with marketing leverage around the world.

There are not many producers available in the industry to provide complete lines of products. The plastic injection molding machines manufactured by the Company range from small machine with a mold locking force of 30 tons to large machines with a mold locking force of

4,000 tons. At a conventional injection speed or an ultra-high injection speed or from the ordinary sectors to precision optimal elements, there are corresponding series of models available. In addition, there are specialized machines for respective sectors and those for special plastics whose auxiliary features and configurations can be increased or decreased reflective of customer demand and which are hence highly flexible in sales; they help satisfy the needs of different customers in different fields of application.

F. High level of e-commerce

The Company is the only one business in the domestic plastic injection molding sector that promotes inter-system digitalization, which also means that the domestic plastic injection molding sector has reached a new milestone in Internet integration, which will hopefully make the Company a role model for plastic machinery enterprises to become digitalized and set industrial criteria to drive the overall e-developments throughout the sector.

G. Outstanding production capability

The Company's production sites in Mainland China are operationally mature and hence under the division-of-labor model among the three plants across the Taiwan Strait, it helps satisfy the demand for rapid supplies. Standard models whose mass production is needed or tailored models that feature a small quantity and diversification, deliveries can happen quickly and smoothly under the division of labor throughout the Group. It is also because of the introduced modularized design that allows quick responses to the diversified needs of customers to make the best of "mass customization". The global supply chain has shifted from being a long chain to being a short one. With the fourth production site established in India in 2019, it has helped not only satisfy the huge domestic demand but also expand the markets in South Asia and East Africa. Multi-point and multi-national production sites can avoid import tariff barriers and exercise synergistic operational effects; they are in favor of global marketing leverage.

H. Fulfill corporate social responsibilities and the role as global citizen -- the machine, the mankind, and the environment

Under the macro-environment of economic transformation and upgrade and restructuring, businesses are faced with harsher and harsher new requirements about environmental protection. The Company has been valuing environmental protection. FCS gives itself a mission, that is, to use energy-saving and carbon-reducing production equipment and also materials that can be easily recycled. It has introduced one micro-pore foam injection molding technique. As long as it is in the right direction, the Company is fearless of all difficulties and will even work at all cost to find a solution for its customers. In our minds, the true environmental protection should be encouraging recycling and developing cycle economy. FCS

possesses 4,7000 square meters of roof-type solar power equipment in Taiwan, and the most advanced low pollution paint factory among local area in Ningbo.FCS has been self-demanding by the strictest criteria to date. In addition, thanks to the application of light-weight and multi-component dual-color technologies in the automobile industry driven by the awareness of environmental protection, the demand for the horizontal turntable mutual-injection molding machines developed by the Company is surging. It is a win-win situation.

The corporate mission of FCS is “shape a better world”. While providing plastic production solutions, it is also devoted to assist its customers in reducing the use of plastics and energy and reducing squandering of resources. As such, many technologies have been developed, including the fully electric energy-saving machines, PC glazing, micro-foaming technology, long fiber technology, among others, and along with the iMF 4.0 developed independently by FCS, the Company is helping customers enhance the yield, production efficiency, and reducing energy and plastics consumption to accomplish environmental protection.

Within the wave of ESG, FCS has achieved good practical results in the innovative application of plastic materials, the development of new technical equipment such as recyclable products, and the energy-saving manufacturing process. Together with the top shoe-making machinery provider TienKang, the Company announced the advanced “GENTREX midsole physical foaming technology,” which produces shoe midsoles based on the Microcellular Foaming Injection Molding Machine, achieving the lightweight, high elasticity, and low deformation required for the production of high-quality sneakers. Compared with traditional chemical foaming technology, physical foaming technology can reduce carbon emissions by about 60%. And the shoe midsole made by thermoplastic elastomeric micro-foaming can also be recycled, which contributes to the Green Cycle. As customer demand continues to increase, it will benefit the stable growth of the Company's future operation.

4. Advantageous and Disadvantageous Factors for Future Developments and Countermeasures

A. Advantageous factors

a. The Group has been in existence for nearly 50 years and is a TPEx-listed company with abundant resources and enjoys high levels of brand awareness in both Taiwan and Mainland China, which is in favor of customer development and product marketing.

b. Its product lines are wide-ranging and advanced. The Company is highly capable of customization and is now devoted to the development of iMF smart products and introducing high value-added peripheral products and

systems in order to fully satisfy customer demand and to enhance the competitive advantages of products.

c. The Group is not only of scale in Taiwan, Dongguan, and Ningbo but also adding a plant to the Hangzhou Bay New Area in Mainland China, which is expected to be completed in June 2023 and will double the production capacity.

d. The Group has been on the Mainland China for nearly 30 years and is one of the Top 10 manufacturers in the China plastic machinery industry and also one of the Top brands favored by the local customers.

e. The Group is proactively deploying around the world for production and distribution. There are complete marketing and service locations in Taiwan, Mainland China, and Southeast Asia. With plants in Indonesia and in India established, they contribute to the growing momentum. The plant in India, in particular, helps explore the markets in South Asia, the Middle East, and Africa.

f. Materials are purchased together for the injection molding machines throughout the Group. The centralized purchase helps effectively bring down the purchase cost. Division of labor in production, on the other hand, helps streamline the models produced at each plant, bring down the inventory level, and boost the management efficiency.

g. Reinforce target performance management, define the KPIs for the organization and respective departments, and adhere to "mission impossible" to enhance the performance.

h. The "Organizational Learning and Development Center" is formed to be the internal training unit and the center for training external plastics processing staff; it not only satisfies customer needs and improves customer relations but also fulfills corporate social responsibilities.

i. The information system is complete. The PDM and the iSCM AI application program are being introduced in order to enhance the competitive advantages of products and the efficiency of QCDS.

B. Disadvantageous factors and their countermeasures

a. Mature sector with fierce competition

Plastic machinery is a mature sector in Taiwan. Most of the manufacturers are small-to-medium-sized and copy one another or break down existing ones in the development of new models. As a result, the products are highly homogeneous and competition is quite fierce among counterparts. Brands have a low market share in Taiwan. The small number of purchase orders has weakened production lines in Taiwan and the ability of the supply chain in Taiwan to progress. Meanwhile, there is insufficient precision processing and production equipment for the plants in Taiwan and suppliers are smaller in scale and hence are unable to support the production capacity needed for the Company's Project T309 over the long

term.

Countermeasures:

(1). Reinforce collaborative research and development with research institutes and design reflective of customer needs taking advantage of its own R&D capabilities to dynamically reflect the demand on the market and to create the competitive niche for products.

(2). Continue to improve processes, lower the cost, enhance quality reliability in order to boost the competitive advantages of products and to provide diversified portfolios and differential technical services that answer to customers' demand.

(3). Work with the upstream and the downstream in the joint development of specialized industrial machines and focus on the specific needs of customers to create differential products.

(4). Create the global distribution service network to provide domestic and international customers with timely and sound services and set up production and distribution sites on primary distribution markets in order to reinforce customers' motives to make purchases and to maintain loyalty.

(5). Develop large customers into great sources of revenue and provide them with differential services that do not include only the service itself but also state-of-the-art industrial applications as the stepping stone, such as MuCell, carbon long fiber, iMF4.0, shoe-making machines, among other special equipment or applied technologies to attract existing and prospective customers.

(6). Service combo and differential marketing for enhanced customer satisfaction, word of mouth, and purchasing intention

b. Increased production cost erodes price competitiveness and counterparts compete with one another in prices to secure market share.

Counterparts are investing and merging/acquiring operations overseas; as a result, the greater remains great. Meanwhile, counterparts in Mainland China are promoting their products at a low price and offering trials and installments. Competition in international markets is growing more and more fierce.

Countermeasures:

(1). Set up production sites overseas to be closer to local markets in countries where labor and land are relatively cheap compared to those in Taiwan, such as Mainland China, India, and Brazil. Over the past few years, in order to provide customers with quality localization service, subsidiaries have been set up in Indonesia (2016), Thailand (2017), India (2019), and Vietnam (2021). Meanwhile, direct-sale or service locations are available in the Philippines. Customers really approve and speak highly of the strategy adopted by the Company. The Company already has production sites in Dongguan in South China and Ningbo in East China. The new plant in Hangzhou Bay New Area, Zhejiang is planned to be officially activated in 2020, which will bring the operational scale and landscape of the Group to new heights. The plant in Taiwan still has control over key technologies and hopes to take advantage of the relatively cheap

wages and land to reduce some of the cost expenditure and to increase price competitiveness of products.

(2). Provide high value-added portfolios, including total plant planning, technical support, molding knowledge educational training, among others, in one stop to satisfy the diversified needs of customers.

(3). Develop high-end models and specialized machines for respective sectors and enter high-end markets or markets for specialized machines in order to satisfy the demand for precision or high efficiency. In light of the fact that the equipment in the plastics industry developed reflective industrial trends is prioritized for businesses, only industrial equipment that is highly functional and features high economic production capacity can constantly add to a convenient life for the mankind. As such, the FCS Group, with its collective wisdom and many years of industrial experience, is devoted to the R&D of injection molding technologies and is growing towards a large scale, precision and professionalism, multi-injection and multi-function, and a vertical axis of rotation.

(4). Continue to perfect processes and consolidate standardization, utilize the modular design, and introduce high-precision measuring equipment and specialized jigs and tools for assembly to accordingly and significantly reduce the required operating time.

(5). The models being manufactured at the three plants across the Taiwan Strait are complementary to one another, which is conducive to sales combinations.Smart manufacturing will be introduced to respective production centers. AI and MES will be applied to enhance the production efficiency and to enhance the competitive advantages of QCDS on the way to smart and lean production.

c. Japanese brands have lowered their profits to put a squeeze on Taiwanese brands making it harder to make profits given their set prices of total electric machines. The injection molding machines made in Mainland China are getting better each day in terms of their features and quality and their weights in exports are expanding. The low-price strategy is highly exclusive for us.

Plastic machinery from Taiwan has a place among mid-price models. Despite the gap in the precision, life span, and production efficiency of products from their counterparts in Europe and Japan, it is minimal. The rise of cheap equipment made in Mainland China and the fact that Taiwan manufacturers mostly outsource after-sales service to overseas dealers, whose control over service quality falls short of expectations are all factors disfavoring international marketing and sales.

Countermeasures:

(1). Quality assurance: The Company firmly believes that “quality is designed” and hence in as early as the R&D stage, the comprehensive quality assurance system is introduced. In addition, it also adopts the spontaneous and proactive partner assistance mechanism to prevent against undesirable quality and to stop defective items from entering the Company. Moreover, strict quality control is imposed in the

inspection of parts received, in-process inspection, and the inspection upon completion of a pilot run to fully ensure the quality of products.

(2). Certification: “Certification” is a type of approval of a product and also one of the important factors considered by local customers while they choose among products. The Company has been ISO-9001 certified and multiple lines of its machines have obtained the CE mark, too. Such certification is not only recognition of the quality of the Company’s products but also in favor of the sale and promotion of products.

(3). In order to improve service quality, strengthen customer protection and increase mutual dependence and trust, FCS has transformed itself from a manufacturer of injection molding machines to a provider of injection molding machine solutions since 2010.

(4). Careful selection among agencies and distribution service providers; besides evaluating whether the distribution capability is sufficient or not, after-sales service ability is included as part of periodic training and audits in order to ensure that best-quality service is provided to local customers and to shape a high-quality image.

(5). The biggest competition barrier of FCS is customization. There are many peers that solely sell machinery. However, FCS provides one-station service, is able to conduct in-house production in customers’ factories, assists customers save costs on package and freight, and helps customers train their operators to reduce their employee training costs.

(6). FCS has also kept up with the wave of Industry 4.0. Since 2018, it has developed the Intelligent Manufactory, and upgraded itself to a provider of injection molding machine solutions. Equipped with injection molding machines and peripheral equipment, combined with Internet and AI, the machine can automatically detect abnormalities in the process and make adjustments. Management can manage global production lines through the cloud platform. Customers can also learn about the real-time status of production lines of global factories through mobile phones and mobile devices.

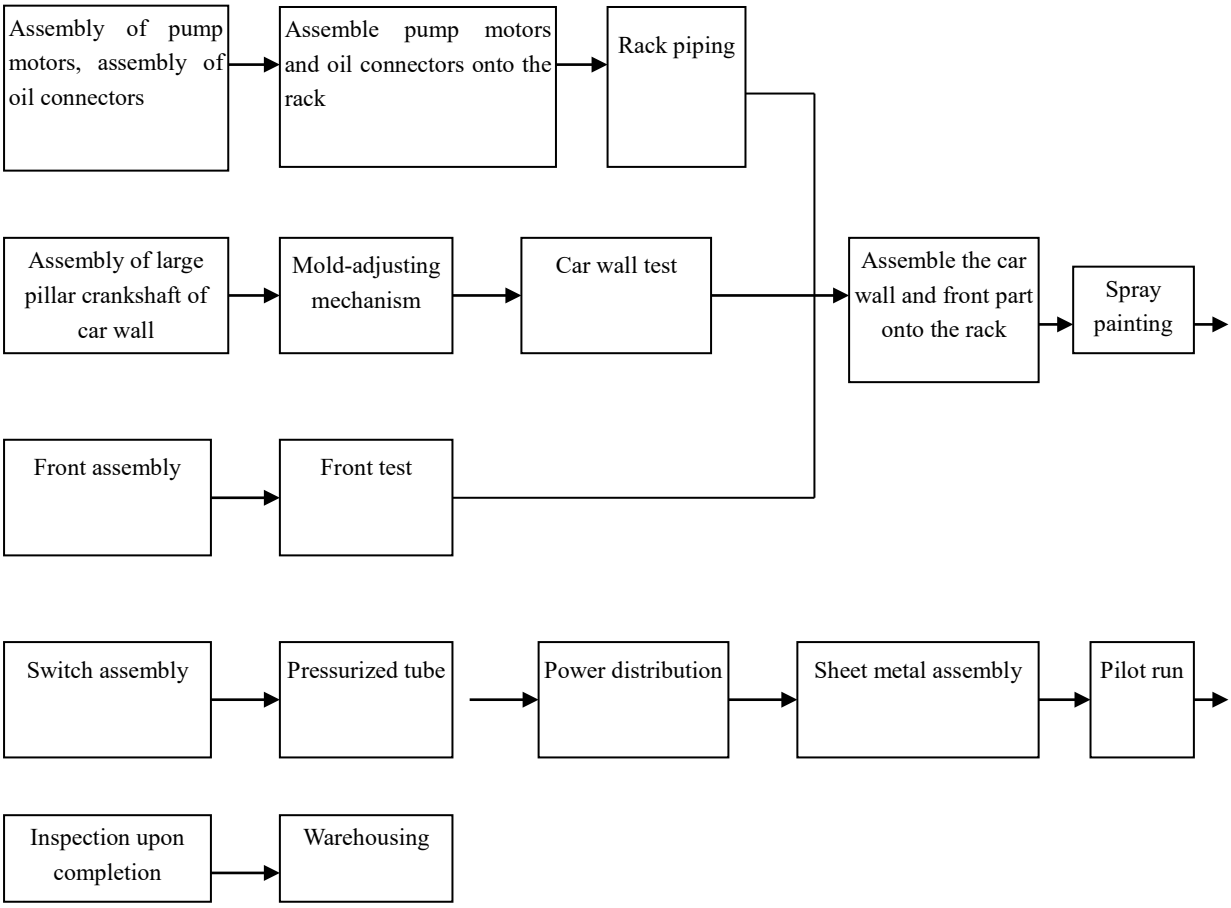
(II) Important purposes and production processes of main products

1. Important purposes of main products

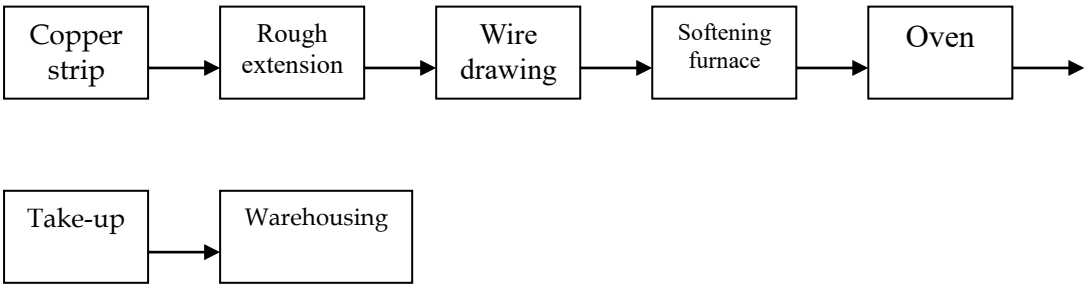
Product	Specific weight	Main function or purpose
Plastics injection molding machine	91.49%	Injection molding of plastic products
Cables	4.61%	Stereo system coils, large and small motors, compressors, etc.
Others	3.90%	Solar energy power generation, other items

2. Production/Preparation processes

(1) How a plastics injection molding machine, a primary product of the Company, is manufactured is shown in the figure below:



How a magnet wire, a primary product of the Company, is manufactured is shown in the figure below:



(III) Supply of main raw materials

In honor of partnership, the Company maintains friendly relations with its major suppliers and hence has been able to receive the best price, quality, and delivery. Major raw material suppliers are as follows:

Main raw material	Main supplier	Supply status
Rack group	Rack iron board: WHAYOUNG, HONGCHIA, TONGXIANG, TAINENGTA, JINGDINGSHENG Rack channel iron: YUNLIFA, HONGCHIA, TONGXIANG, TAINENGTA, JINGDINGSHENG Rack accessory: WEICHENG, HONGCHIA, TONGXIANG, TAINENGTA, JINGDINGSHENG Rack welding: HONGCHIN, HONGCHIA, TONGXIANG, TAINENGTA, JINGDINGSHENG Rack processing: JINGJIKE, CHUNSHENG, HONGCHIA, TONGXIANG, TAINENGTA, JINGDINGSHENG	Good
Hydraulic parts	Xinxin, Dazheng, Kangbo, Sidafu, Ouyi Hydraulics, Lienda, Linhaizhenxin, Shimao International, Hengyuan, Nanjing Pingshuang, Kensi, Huichuan, Xinhongtai	Good
Manifold block	Shengli, Hengfeng, Hechang, Yentai, Hongchia, Shiguang Machinery, Dongxiang, Jufa, Ruibo	Good
Electric motor	Dongdai, Pengyong, Deshijucheng, Huichuan, Xingji, Yimaikesi	Good
Servomotor	Jinniudun, Deshijucheng, Yimaikesi, Hongchia, Shiguang, Huichuan	Good
Mobile mold wall set	Casting: Lanhuang, Heyuan, Riyue, Jiabang, Heyu, Tuotie, Linhaizhenxing, Jiangxi Rongyi, Zhongtian, Fuxiong Processing: Jingjike, Chuanwei, Chunsheng, Xiangqi, Hailai, Shangdong, Hongpo, Tengxiang	Good
Die adjustment car wall set	Casting: Lanhuang, Heyuan, Jiabang, Heyu, Tuotie, Mingbang, Linhaizhenxing Jiangxi Rongyi, Zhongtian, Fuxiong Processing: Jingjike, Chuanwei, Chunsheng, Xiangqi, Hongpo, Tengxiang	Good
Fixed wall	Casting: Canfeng, Lanhuang, Heyuan, Riyue, Jiabang, Heyu, Tuotie, Fuxiong, Linhaizhenxing, Jiangxirongyi, Zhongtian Processing: Jingjike, Chuanwei, Xiangqi, Hongpo, Tengxiang	Good
Crankshaft set	Casting: Lanhuang, Hengyuan, Heyu, Xiangqi, Tuotie, Shangdong, Zhongtian, Fuxiong, Linhaizhenxing Processing: Jingjike, Chuanwei, Xiangqi, Shangdong, Tengxiang, Hongpo	Good
Mold-clamping column	Tsonglian, Guanglun, High Reliability	Good
Electric control	KEBA TAIWAN, Kekong	Good
Cylinder set	Zhanjin, Tianxing, Huaye, Yujin, Jikang	Good
Bar copper wire	Rongxing, Dawen, Xiongmao, Xingnian	Good
Acrylic	Zhongzheng	Good

(IV) Names of Top 10 customers sold to and the amount and ratio of sales over the past two years

1. Profile of primary suppliers over the past two years Unit: NTD thousand；%

	2021				2022			
Item	Name	Amount	Ratio to net purchases throughout the year (%)	Relationship with the issuer	Name	Amount	Ratio to net purchases throughout the year (%)	Relationship with the issuer
1	Hengyuan	149,312	4.71	Manufacturer	High Reliability	163,602	5.27	Manufacturer
2	GOALWIN INDUSTRIAL CO., LTD.	132,797	4.19	Manufacturer	Hengyuan	152,754	4.92	Manufacturer
3	Zhongtian	123,994	3.91	Manufacturer	Hongchia	151,300	4.87	Manufacturer
4	High Reliability	113,036	3.56	Manufacturer	Zhongtian	69,981	2.25	Manufacturer
5	JUNG SHING	101,642	3.21	Manufacturer	Kekong	67,743	2.18	Manufacturer
6	Acer	89,407	2.82	Manufacturer	Formosa Copper Tech	67,560	2.18	Manufacturer
7	Heyu	70,900	2.24	Manufacturer	GOALWIN INDUSTRIAL CO., LTD.	64,670	2.08	Manufacturer
8	Huichuan	61,994	1.95	Manufacturer	Tianxing	64,430	2.08	Manufacturer
9	Tianxing	61,787	1.95	Manufacturer	Jiangdonglianda	64,290	2.07	Manufacturer
10	Jiangdonglianda	60,057	1.89	Manufacturer	Huichuan	56,210	1.81	Manufacturer
	Others	2,206,374	69.57	Manufacturer	Others	2,181,311	70.29	Manufacturer
	Net purchases	3,171,300	100.00		Net purchases	3,103,851	100.00	

Note 1: List the names of suppliers accounting for at least 10% of the total purchases over the past two years and the value and ratio of their purchases. When the names of suppliers or counterparts may not be disclosed as agreed in contracts are individuals and non-related parties, however, they may be replaced with a code.

2. Profile of primary customers over the past two years Unit: NTD thousand; %

	2021				2022			
Item	Name	Amount	Ratio to net purchases throughout the year (%)	Relationship with the issuer	Name	Amount	Ratio to net purchases throughout the year (%)	Relationship with the issuer
1	Ping An International	159,717	3.69	Customer	Ping An International	149,282	3.24	Customer
2	Procal, Shingtaixin	82,242	1.90	Customer	MARUKA	142,441	3.09	Customer
3	Rongyuan	78,758	1.82	Customer	BYD	125,028	2.72	Customer
4	Shangjida	67,661	1.56	Customer	Guangdong Jiali	114,531	2.49	Customer
5	Haitai	55,668	1.29	Customer	Wuhan Sitanlai	107,521	2.34	Customer
6	MARUKA	54,458	1.26	Customer	Hengyang BYD	105,229	2.28	Customer
7	H&T	43,076	1.00	Customer	Yongying	82,460	1.79	Customer
8	Sunny Environmental	42,433	0.98	Customer	Guangzhou Sitailei	71,057	1.54	Customer
9	BYD	41,308	0.95	Customer	Jiali (Lishui)	68,720	1.49	Customer
10	SYNERGY PACKAGING	40,727	0.94	Customer	Kunshan Xieyu	68,063	1.48	Customer
	Others	3,662,459	84.61	Customer	Others	3,570,872	77.54	Customer
	Net sales	4,328,507	100.00	—	Net sales	4,605,204	100	—

Note 1: List the names of customers accounting for at least 10% of the total sales over the past two years and the value and ratio of their sales. When the names of customers or counterparts may not be disclosed as agreed in contracts are individuals and non-related parties, however, they may be replaced with a code.

(V)Production volumes/values over the past two years

Production volumes/values over the past two years

Unit: NTD Thousand; Unit, Ton

Year / Sales volume/value / Main product	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Plastics Injection and molding machine (unit)	1,619	1,587	2,783,343	1,566	1,446	3,148,338
Others (Note)	-	-	554,505	-	-	327,221
Total	1,619	1,587	3,337,848	1,566	1,446	3,475,559

Note: Other items include the sale of magnet wires, light guide plates, raw materials, externally purchased products, and service income; in light of product specifications and disparity in unit, the throughput and production volume are not included.

(VI) Sales volumes/values over the past two years

Sales volumes/values over the past two years

Unit: NTD Thousand; Unit

Year / Sales volume/value / Main product	2021				2022			
	Import		Export		Import		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plastics Injection and molding machine (unit)	115	301,222	1,336	3,201,728	99	286,696	1,139	3,702,933
Others (Note)	-	386,750	-	438,807	-	404,554	-	211,021
Total	115	687,972	1,336	3,640,535	99	691,250	1,139	3,913,954

Note: Other items include the sale of magnet wires, light guide plates, raw materials, externally purchased products, and service income; in light of product specifications and disparity in unit, the throughput and production volume are not included.

III. Employees

Information on employees over the last two years up to the date when the Annual Report was printed

March 31, 2023

Year		2021	2022	As of March 31, 2023
Number of employees	Manager	64	81	90
	Direct employees	412	446	468
	Ordinary staff	437	380	393
	Total	913	907	951
Mean age		39.64	31.3	30.88
Mean years in service		4.11	3.81	3.81
Ratio of education distribution	Post-graduate school	3	4	4
	Graduate school	55	55	54
	College/university	461	509	546
	Senior high school	258	209	219
	Below senior high school	136	130	128

IV. Environmental Protection Expenditure

(I) Explain how the application, payment, or setup status of those that should apply for a permit for setting up polluting facilities or discharging pollutants or pay pollution control and prevention fees or and set director, independent up exclusive units or staff to take charge of environmental protection as required abide law:

The Company currently has air pollution control equipment in place and pays an air pollution charge periodically and because electric wire and cable manufacturing is included, one Class B specialist for air pollution is configured.

2. Investments in major equipment to help prevent against environmental pollution and the purposes as well as possible benefits:

The primary environmental pollution prevention and control equipment of the Company now is the air pollution equipment. Due to the fact that the Company includes the manufacture of electric wires and cables and paint spray, in order to prevent against air pollution, two sets of air pollution prevention and control equipment are in place. For electric wires and cables,

there are catalyst burning towers and for paint spray there is the activated carbon absorbing equipment. 2022 Costs of air pollution prevention and control equipment consumables are as follows:

Name of Equipment	Costs of replacing
Catalyst burning tower	NTD 549,000
Activated carbon absorbing	NTD 341,580
Total	NTD 890,580

The efficacy is that air pollution can be reduced and corporate social responsibilities can be fulfilled by protecting the health of residents in the surroundings.

3. How the Company improved environmental pollution over the past two years and up to the date when the Annual Report was printed and the handling process in case of any dispute over pollution:

   The activated carbon absorbing equipment of the Company has been tested by the testing authority and the results meet the criteria of environmental protection laws and regulations and such information is declared periodically as required by law.

4. Losses suffered because of environmental pollution in the past year up to the date the Annual Report was printed (including compensation and violations of environmental protection laws and regulations with environmental protection audit findings; the date of punishment, punishment number, article of the law or regulation violated, description of the violation and the punishment shall be specified) and the value of fines incurred and an estimate of those likely to be incurred in the future and countermeasures. If reasonable estimates are impossible, facts about the impossible reasonable estimates shall be specified:

   The Company did not suffer losses caused by environmental pollution in 2022.

5. Current pollution status and the impacts of its improvement on the Company's earnings, competitive advantages, and capital expenditure and the expected major capital expenditure on environmental protection for the coming two years:

   In order to expand the operational scale, the Company intends to expand its premises. It is expected that NTD 600,000 will be spent as the soil test cost by 2023 as is required by environmental protection laws and regulations.

V. Labor-Management Relations

1.List, as is required by law, the various employee benefits, continuing education, training, retirement system available at the Company and their implementation and the agreement between the employer and employees as well as protection of the various rights of employees:

(1) Employee benefits

The Company offers basic protection as required by law and has the Employee Welfare Committee in place to take charge of planning and enforcing respective employee benefits. Current benefits are summarized as follows:

① The Company sets aside funds for National Health Insurance, Labor Insurance, pension reserve, and past due wages.

② The Company particularly provides festival bonuses and performance bonuses, subsidies for weddings, child birth, and funerals, subsidies for domestic and international travel.

③ The Employee Welfare Committee plans festival gifts, subsidies for weddings/funerals/celebrations and emergency rescue, subsidies for club events, employee birthday celebrations, and various travels.

④ Employee share subscription guidelines are defined to realize the ideal of employees to own business within the Company.

⑤ Employee bonus guidelines are defined to realize the ideal of sharing corporate earnings.

(2) Continuing education and Training

① In order to inspire employees in terms of knowledge and skills and to make the best of respective functional features, related educational training criteria such as the “In-service Continuing Education Operating Standards”, the “Manpower Development and Retention Operating Standards”, the “Assembly Technique Certification Operating Standards”, the “R&D Technical Operating Standards”, and the “Large Machine Wall Assembly Technical Operating Standards”, etc. are defined.

② Courses planned for 2022, as usual, followed the development policies of respective departments. All training resources are gathered to be highly supportive of and to fulfill departmental strategic goals and to continue to closely link training courses with target strategic developments. Besides optimal implementation efficacy, in 2022, continuous efforts were made to take advantage of governmental resources and to apply for the recharging and take-off program. The total income obtained as such as the training budget came to NTD 177,

760.

③ The Organizational Learning and Development Center held in 2022 a total of required core courses that were completed by a cumulative headcount of 104 people in addition to a total of 4 orientation courses for newcomers that were completed by a cumulative headcount of 32 people. Moreover, collaboratively with the Plastics Center, external recruitment for 2022 “Plastics Industry Professional Certification” took place and a total of 5 preliminary courses on the profession of injection molding were held, with a headcount of 45 attendees. All of these show that the Center is capable of organizing training for both internal and external staff and will make steady profits in the future and continuous required resources will be devoted given the steady operations so that the scope of service can reach out to the Group and external stakeholders.

④For the effectiveness of strategic training results, it is important to confirm the status in the transfer of training results and the actual benefits that will continue to be adopted in the future to help examine the validity of a training course and further enrich the contents of a course.

(3) Retirement system and its implementation status

① The Company has the employee retirement guidelines in place, which, as is required by the “Labor Standards Act”, the retirement reserve at a certain ratio of the total salaries paid each year is set aside and deposited in the exclusive Pension Supervisory Committee account to allow allocation when needed and it was approved by the competent authority. Such retirement reserve is completely independent of the Company and hence is not included in the financial statements.

② The Labor Pension Act is enforced on July 1, 2005 and follows the defined contribution plan. After it was enforced, employees may choose to apply the applicable requirements about pension fund under the “Labor Standards Act” or apply the pension fund system applicable to the said act, with the years having worked prior to application of the Act retained. For employees who have applied the Act, the Company sets aside on a monthly basis 6% from the monthly salary of each employee as the “employee pension fund contribution” it is responsible for.

(4) Labor-management agreement

① The labor-management relations of the Company have always been harmonious and have been addressed in most cases through coordination. There are also the periodic labor-management meetings

meant to help both the labor representatives and the management reach a consensus that is conducive to the promotion of respective tasks successfully.

② Employee Welfare Committee meeting - Both the labor representatives and the management can discuss respective welfare measures with one another in order to reinforce mutual relations. Besides the fact it helps promote welfare policies, it is also a source for reference for administrators and managers.

(5) Maintenance of protective measures for the rights of employees

The Company has prepared its employee handbook as required by law and there are personnel management regulations in place where the attendance, leaves of absence, paid leaves, and weekends and holidays are specified. Both employees and the management follow these regulations, contributing to harmonious mutual relations.

2. Losses suffered because of labor-management disputes in the past year up to the date the Annual Report was printed (including violations of the Labor Standards Act with labor inspection findings; the date of punishment, punishment number, article of the law or regulation violated, description of the violation, and the punishment shall be specified) including the current losses and likely estimated future losses and countermeasures. If reasonable estimates are impossible, state the facts why they cannot be reasonably estimated:

The Company did not suffer losses caused by labor-management disputes in 2022.

VI. Information and Communication Security Management

1. Specify the information and communication security risk management framework, the information and communication security policy, the substantial management plans, and resources to be devoted to information and communication security management, etc.

(1) Information and communication security risk management framework

The unit responsible for information security in the Company is the IT Center, for which there is one IT Officer and several professional IT engineers. They are responsible for defining the information security policy of the Company, planning information security measures, and enforcing related information security processes.

(2) Information and Communication Security Policy

① Maintain continuous operations of respective information systems

② Prevent against invasion and destruction by hackers and viruses

③ Prevent against intentional illegitimate and illegal use

④ Prevent against disclosure of confidential and sensitive data

⑤ Prevent against manned negligence and accidents

⑥ Maintain physical environmental safety.

(3) Specific Management Plans and Resources Devoted to Information and Communication Security Management

① Computer equipment security management

- Respective servers, among other equipment, of the Company are set up in exclusive machine rooms and the machine rooms can only be accessed by someone with a pass and access records shall be retained for future reference.
- Independent air-conditioning is available for machine rooms to keep computer equipment operative at a suitable temperature setting; the rooms are configured with CO2 fire extinguishers, too, which can be applied to general fires or electric appliances.
- Hosts in machine rooms come with the UPS and the stabilizer to avoid transient power disconnection to result in system freezes by accident or to ensure that the operation of a computer application system is not disrupted in case of an accidental power outage.

② Network security management

- The external network port is configured with the corporate firewall to block illegal invasion by hackers and the DMZ is set up to keep off access from outside the Company by means of an isolated network segment.
- The internal firewall is set up for the premises. There are multiple isolated network segments to confine the scope of impacts of disasters if they do occur.
- For the site-to-site connections among Taiwan, Dongguan, Ningbo, India, and Indonesia, MPLS (MultiProtooclLabel Switching) is adopted for encrypted connections; it helps build a virtual, isolated, and safe routing exchange setting and avoid illegal access during the data transmission process.
- Colleagues access the ERP system by accessing the Company remotely. The VPN account needs to be applied for to ensure secured access through the VPN and all records are kept for audit purpose.
- Net surfing management and filtration equipment is configured. By monitoring and management through abnormal flows associated with DDoS attacks, the DPI, and the IPS, access to the Internet can be controlled and visits to harmful or disallowed websites (according to the Company's policy) are blocked. TLS/SSL encryption is adopted for the flow check. The third-party identity management is integrated. QoS broad-band management is imposed to reinforce network security and improper occupation of broadband resources is prevented against.

③ Viral protection and management

- Terminal protection software is installed in all servers and the terminal computer equipment used by colleagues. The virus signature is updated automatically to ensure that the latest virus is kept off while at the same time detecting and preventing against installation of system executable files that carry potential threats.
- Email servers come with mail anti-virus and spam filtering mechanisms to prevent viruses or spams from entering end-user’s PCs.

④ System access Control.

- Colleagues are to apply for system access according to internal requirements of the Company in order to use respective apps. Once their applications are approved by the responsible officer, the IT center will create a system account and respective system

administrators give the applicants access according to that applied for.

- Account passwords to be set require suitable strengths and number of characters and must contain both numeric, alphabetic characters, and special symbols and need to be changed periodically.
- While applying for severance, colleagues must complete related procedures with the IT Center so that respective system accounts can be deleted.

⑤ Ensure sustainable operation of systems.

- System backup: Create the NAS backup system to allow daily backups. The 321 backup rule is followed; that is, 3 copies are prepared of the same data and are stored in 2 separate equipment and 1 copy is stored concurrently in a remote location offline. The multiple copies and remote storage practice help minimize chances of the data being lost completely and ensure system and data security.
- Disaster recovery drills: Drills occur once a year for each system. Once a base date for the recovery is set, data are stored back in the system host from the backup medium to ensure the accuracy and effectiveness of the backup medium.
- Two data lines are rented from the telecommunications company. Through the broadband management equipment, both lines are connected to each other in parallel to allow mutual support and to ensure non-disruption of network communications.

⑥ Information security communication and educational training

- Reminder: Colleagues are asked to periodically replace their system password to ensure the security of their account.
- Social engineering rehearsal: Two company-wide social engineering rehearsals take place periodically each year to avoid information security risk due to improper email behavior.
- New knowledge about information security: On a monthly basis internal colleagues receive an email detailing information security throughout the Group and reminding them of the current practice against information hazards.
- Workshops: Newcomers and in-service colleagues are entitled to educational trainings on safety awareness in order to enhance their awareness of information security.

⑦ Information Security Reporting

● The reporting and processing of information security incidents follow regulations mentioned below. See Figure 1.

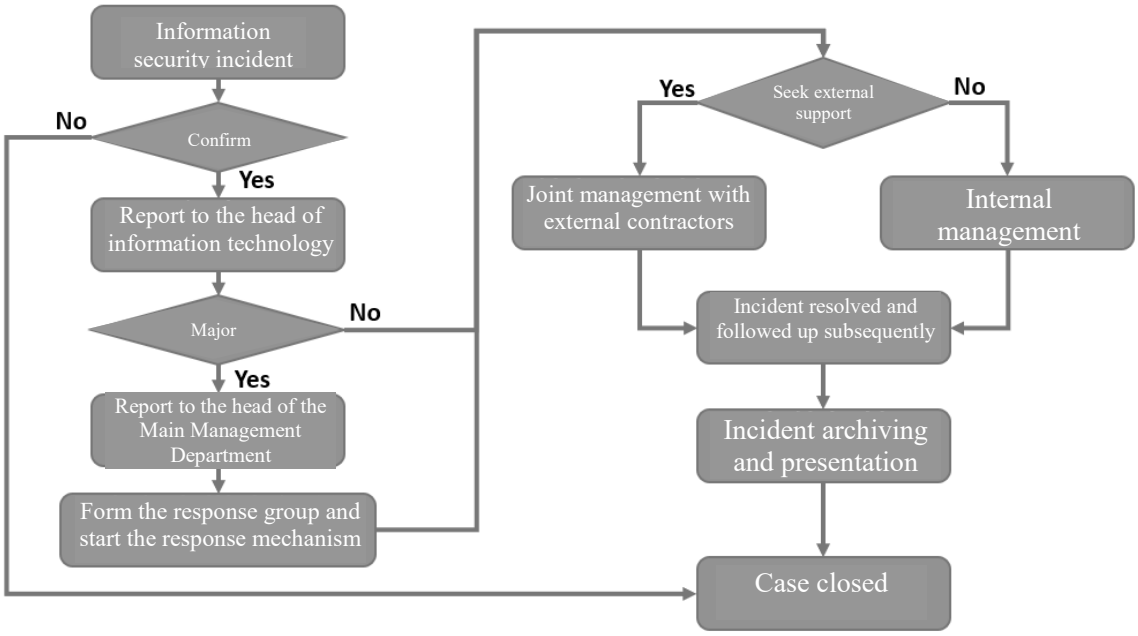


Figure 1. Information security reporting and handling procedure

2. Losses as a result of major information and communication security events, their possible impacts, and countermeasures over the past year up to the date when the Annual Report was printed; if reasonable estimation is impossible, why it is impossible shall be specified: None

VII. Important Contracts

As of the date when the Annual Report was printed, effective supply and distribution contracts, technical collaboration contracts, engineering contracts, long-term borrowings contracts, and other important contracts that are sufficient to impact shareholder equities and those expired over the past year:

Nature of contract	Parties to the contract	Start/End dates of contract	Main contents	Significant restriction clause
Land and surface building leases	Retail Support International	01/01/2017 ~ 12/31/2031	The six lots in Pitouzi, Guanmiao Township owned by the Company, totaling around 3502.95 pings (1 ping = 3.305785 m2) and their surface premises of a combined floor area of around 2,100 pings were put up for lease.	No particular restrictive terms
Land and surface building leases (new)	INFASTECH/TRI-STAR LIMITED TAIWAN BRANCH (B.V.I.)	05/01/2021 ~ 04/30/2026	The 13 lots in Pitouzi, Guanmiao Township owned by the Company, totaling around 8,699 m^2 and their surface premises were put up for lease.	No particular restrictive terms
Land and surface building leases	EATON PHOENIXTEC MMPL CO., LTD.	11/01/2021 ~ 10/31/2027	(Lease 1) Buildings 1 through 4 and the whole employee dormitory at No. 269, Baodong Road, Pitou Neighborhood, Guanmiao District owned by the Company, totaling 1,430 pings(1 ping = 3.305785 m^2), and the square in front of the said buildings that has an area of 169 pings in total. (Lease 2) Buildings and land on the premises in Pitou Neighborhood, Guanmiao District owned by the Company, totaling around 1,873 pings and offices with a combined area of around 341 pings	No particular restrictive terms
Land and surface building leases	SHING FUH TAI TECHNOLOGY CORP.	01/01/2021 ~ 12/31/2025	Building 14 on the four lots of land in Pingtouzi, Guanmiao District, Tainan City owned by the Company, with a combined floor area of around 163 pings, was put up for lease	No particular restrictive terms
Land and surface building leases	TRISON ENTERPRISE CO.	05/01/2021 ~ 04/30/2026	The buildings (No. 12-1 and 12-2) on the two lots of land in Bitouzi, Guanmiao District owned by the Company, totaling around 3502.95 pings	No particular restrictive terms

Nature of contract	Parties to the contract	Start/End dates of contract	Main contents	Significant restriction clause
			(1 ping = 3.305785 m2), with a combined floor area of around 2,166 pings were put up for lease.	
Syndicated loan contract	14 financial institutions, including Mega International Commercial Bank	07/25/2019 ~ 07/25/2024	Total syndicated loan limits of NTD 1.5 billion.	In honor of the special undertakings and matters agreed upon in the contract
Parallel solar photovoltaic power-generating system contract	Genesis Energy Technologies Inc.	August 30, 2010 ~ Expiration date of the electricity purchase contract between FCS and Taipower	1000KW parallel solar photovoltaic-generating system project 1 worth NTD 115.50 million	In honor of the special undertakings and matters agreed upon in the contract
Solar photoelectricity-generating system energy purchase/sale contract	Taiwan Operating Site of Taiwan Power Company	December 30, 2010 ~ expiration date is the end of the 20-year operational period of the power-generating equipment	Energy generated by FCS renwable energy power-generating systems is sold to TaipPower	In honor of the special undertakings and matters agreed upon in the contract
Solar photoelectricity-generating system energy purchase/sale contract	Taiwan Operating Site of Taiwan Power Company	December 30, 2016 ~ expiration date is the end of the 20-year operational period of the power-generating equipment	Energy generated by FCS renwable energy power-generating systems is sold to TaipPower	In honor of the special undertakings and matters agreed upon in the contract

Nature of contract	Parties to the contract	Start/End dates of contract	Main contents	Significant restriction clause
Solar photoelectricity-generating system energy purchase/sale contract	Taiwan Operating Site of Taiwan Power Company	November 20, 2017 ~ expiration date is the end of the 20-year operational period of the power-generating equipment	Energy generated by FCS renwable energy power-generating systems is sold to TaipPower	In honor of the special undertakings and matters agreed upon in the contract
Solar photoelectricity-generating system energy purchase/sale contract	Taiwan Operating Site of Taiwan Power Company	July 12, 2018 ~ expiration date is the end of the 20-year operational period of the power-generating equipment	Energy generated by FCS renwable energy power-generating systems is sold to TaipPower	In honor of the special undertakings and matters agreed upon in the contract

Six. Financial Overview

I. Condensed Balance Sheet and Comprehensive Income Statement Past Five Years and Names of and Audit Opinions from CPAs

(I) Fu Chun Shin Group

1. Consolidated Condensed Balance Sheet- International Financial Reporting Standard (IFRS)

Unit: NTD thousand

Item \ Year		Financial data of the past five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		3,513,737	3,388,422	3,887,891	4,249,898	4,272,666
Property, plant and equipment		1,334,573	1,485,678	1,431,254	1,616,639	1,815,657
Intangible assets		17,767	34,488	42,304	77,950	69,079
Other assets		410,166	585,112	687,727	682,060	845,681
Total assets		5,276,243	5,493,700	6,049,176	6,626,547	7,003,083
Current liabilities	Before distribution	1,919,079	2,056,253	2,288,866	2,491,798	2,188,720
	After distribution	1,990,707	2,070,729	2,296,169	2,536,334	Note 1
Non-current liabilities		1,113,083	1,292,639	1,587,413	1,860,198	2,362,050
Total liabilities	Before distribution	3,032,162	3,348,892	3,876,279	4,351,996	4,550,770
	After distribution	3,103,790	3,363,368	3,883,582	4,396,532	Note 1
Equity attributable to owners of the company		2,070,448	1,959,480	1,998,693	2,115,351	2,280,909
Share capital		1,466,964	1,476,488	1,487,085	1,524,079 註 2	1,524,079
Capital surplus		19,509	25,615	23,745	23,649	42,520
Retained earnings	Before distribution	697,506	639,648	637,236	738,206	825,114
	After distribution	625,878	625,172	629,933	663,979	Note 1
Other equities		-77,788	-146,019	-116,342	-128,629	-110,861
Treasury stocks		-35,743	-36,252	-33,031	-12,263	0

Non-controlling interests		173,633	185,328	174,204	159,200	171,404
Total shareholders' equities	Before distribution	2,244,081	2,144,808	2,172,897	2,274,551	2,452,313
	After distribution	2,172,453	2,130,332	2,165,594	2,230,015	Note 1

Source: The Consolidated Financial Statements of respective years have all be audited and certified by CPAs.

Note 1: Yet to be distributed

Note 2: Some of entries under assets and liabilities for 2021 were recategorized in the 2022 Financial Statements

2. Consolidated Condensed Comprehensive Income Statement - International Financial Reporting Standard (IFRS)

Unit: NTD thousand

Year / Item	Financial Data of the Past Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	3,466,788	3,309,608	3,062,517	4,328,507	4,605,204
Gross profit	966,958	821,670	684,204	1,053,964	1,231,130
Operating loss or profit	155,048	4,697	(20,704)	204,484	257,965
Non-operating income and expense	71,846	35,652	53,911	16,747	-4,208
Net income before tax	226,894	40,349	33,207	221,231	253,937
continuing operating units Current period net profit	120,105	5,259	(7,966)	107,788	169,977
Losses from discontinued units	-	-	-	-	-
Current-period profit (loss)	120,105	5,259	(7,966)	107,788	169,977
Other combined gains or losses of current term (Net value after tax)	(30,618)	(74,163)	32,662	(15,314)	18,455
Total comprehensive income in the current period	89,487	(68,904)	24,696	92,474	188,432
Net profit attributable to the owner of the parent company	100,082	14,527	11,811	117,642	159,455
Net profit attributable to non-controlling interest	20,023	(9,268)	(19,777)	(9,854)	10,522
Total combined gains or losses attributed to the owners of the parent company	70,928	(54,437)	41,787	103,682	179,373
Total combined gains or losses belonging to non-controlling interests	18,559	(14,467)	(17,091)	(11,208)	9,059
Earnings per share	0.69	0.1	0.08	0.8	1.05

Source: The Consolidated Financial Statements of respective years have all be audited and certified by CPAs.

(II) Fu Chun Shin

1. Parent Company-only Condensed Balance Sheet- International Financial Reporting Standard (IFRS)

Item \ Year		Financial data of the past five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		1,231,415	1,423,665	1,100,348	1,249,461	1,092,953
Real-estate properties, plants, and equipment (Note 2)		824,716	809,667	792,979	775,129	742,051
Intangible assets		8,637	26,029	35,249	61,909	53,172
Other assets		2,245,733	2,220,007	2,441,769	2,694,001	3,072,319
Total assets		4,310,501	4,479,368	4,370,345	4,780,500	4,960,495
Current liabilities	Before distribution	1,129,650	1,229,828	810,148	826,075	568,275
	After distribution	1,201,278	1,244,304	817,451	870,611	Note 4
Non-current liabilities		1,110,403	1,290,060	1,561,504	1,839,074	2,111,311
Total liabilities	Before distribution	2,240,053	2,519,888	2,371,652	2,665,149	2,679,586
	After distribution	2,311,681	2,534,364	2,378,955	2,709,685	Note 4
Equity attributable to owners of the company		-	-	-	-	-
Share capital		1,466,964 Note 3	1,476,488 Note 3	1,487,085	1,524,079	1,524,136
Capital surplus		19,509	25,615	23,745	23,649	42,520
Retained earnings	Before distribution	697,506	639,648	637,236	738,206	825,114
	After distribution	625,878	625,172	629,933	663,979	Note 4
Other equities		(77,788)	(146,019)	(116,342)	(128,629)	(110,861)
Treasury stocks		(35,743)	(36,252)	(33,031)	(12,263)	0
Non-controlling interests		-	-	-	-	-
Total shareholder s' right	Before distribution	2,070,448	1,959,480	1,998,693	2,115,351	2,280,909
	After distribution	1,998,820	1,945,004	1,991,390	2,070,815	Note 4

Note 1: The Company started to apply the International Financial Reporting Standard in 2019 and Parent Company-only Financial Statements of respective years been audited and certified by the CPAs since 2012.

Note 2: No assets were re-evaluated for respective years.

Note 3: The share capitals of 2018, 2019, and 2022 include the bond swap warrant certificates that were worth NTD 1,876 thousand, NTD 823 thousand, and NTD 57 thousand, respectively.

Note 4: The 2022 Earnings Distribution Proposal is pending a decision through the shareholders' meeting.

2. Parent Company-only Condensed Comprehensive Income Statement-International Financial Reporting Standard (IFRS)

Year / Item	Financial Data of the Past Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	1,384,460	1,473,067	858,745	1,349,078	1,259,810
Gross profit	251,287	277,934	176,132	232,881	263,320
Operating loss or profit	(60,676)	(70,754)	(106,064)	(85,247)	-71,539
Non-operating income and expense	217,951	89,509	126,518	245,895	275,544
Net income before tax	157,275	18,755	20,454	160,648	204,005
continuing operating units Current period net profit	100,082	14,527	11,811	117,642	159,455
Losses from discontinued units	-	-	-	-	-
Current-period profit (loss)	100,082	14,527	11,811	117,642	159,455
Other combined gains or losses of current term (Net value after tax)	(29,154)	(68,964)	29,976	(13,960)	19,918
Total comprehensive income in the current period	70,928	(54,437)	41,787	103,682	179,373
Net profit attributable to the owner of the parent company	-	-	-	-	-
Net profit attributable to non-controlling interest	-	-	-	-	-
Total combined gains or losses attributed to the owners of the parent company	70,928	(54,437)	41,787	103,682	179,373
Total combined gains or losses belonging to non-controlling interests	-	-	-	-	-
Earnings per share	0.69	0.10	0.08	0.8	1.05

Note 1: The Company started to apply the International Financial Reporting Standard in 2019 and Parent Company-only Financial Statements of respective years been audited and certified by the CPAs since 2012.

(III) Names of CPAs of the Past Five Years and Their Audit Feedback

Year	Name of Firm	Name of CPA	Audit Opinions	Description
2018	EY Taiwan	Hu Zi-Jen, Huang	Unqualified opinion	None

		Shih-Chieh		
2019	EY Taiwan	Huang Shih-Chieh, Lee Fang-Wen	Unqualified opinion	None
2020	EY Taiwan	Huang Shih-Chieh, Lee Fang-Wen	Unqualified opinion	None
2021	EY Taiwan	Hung, Kuo-Sen, Lee, Fang-Wen	Unqualified opinion	None
2022	EY Taiwan	Hung, Kuo-Sen, Lee, Fang-Wen	Unqualified opinion	None

II. Financial Analysis of the Past Five Years

(I) Financial analysis of past five years and reasons for the changes in respective financial ratios over the past two years

1. FCS Group - International Financial Reporting Standard (IFRS)

Analytical item (Note 2) \ Year (Note 1)		Analysis of financial data over the past five years					Reasons for the changes in over the past two years
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt-to-assets ratio	57.47	60.96	64.08	65.68	64.98	Increase/decrease falls short of 20%
	Ratio of long-term capital to real-estate properties, plants, and equipment	251.55	231.37	262.73	255.76	265.16	Increase/decrease falls short of 20%
Solvency %	Current ratio	183.09	162.12	169.86	170.56	195.21	Increase/decrease falls short of 20%
	Quick ratio	116.61	84.44	101.03	97.84	122.15	Current liabilities dropped and the quick ratio climbed due to the repayment of pending costs of goods for the current term and decreased inventories.
	Interest protection multiples	13.47	2.45	2.31	13.32	7.71	Interest protection multiples declined due to the growth in revenue and the increased profit, while the interest expense increased due to the increased interest rate.
Operating capacity	Receivables turnover (frequency)	3.27	2.84	2.39	3.08	2.93	Increase/decrease falls short of 20%
	Average collection days	111.62	128.59	152.50	118.67	124.62	Increase/decrease falls short of 20%
	Inventory turnover (frequency)	2.69	2.19	1.98	2.35	2.29	Increase/decrease falls short of 20%
	Payables turnover (frequency)	4.05	3.93	2.92	3.10	3.38	Increase/decrease falls short of 20%
	Average days of sales	135.51	166.44	184.12	155.52	159.67	Increase/decrease falls short of 20%
	Real estate properties, plants, and equipment turnover (frequency)	2.88	2.35	2.10	2.84	2.68	Increase/decrease falls short of 20%
	Total assets turnover (frequency)	0.69	0.61	0.53	0.68	0.68	Increase/decrease falls short of 20%
Profitability	Return on assets (%)	2.59	0.17	-0.24	1.84	2.87	Revenue growth, increased profit
	Return on equity (%)	5.43	0.24	-0.37	4.85	7.19	
	Ratio of net profit before tax to paid-in capital (%)	15.49	2.73	2.23	14.80	16.66	
	Net profit rate (%)	3.46	0.16	-0.26	2.49	3.69	

	Earnings per share (NTD)	0.69	0.10	0.08	0.80	1.05	
Cash flow	Cash flow ratio (%)	-9.92	-5.21	11.35	5.56	-2.33	Cash flow ratios decreased since there were net cash outflows from operating activities, which were caused by the increased accounts receivable due to the growth in revenue and the decreased accounts payable due to the decreased purchase.
	Cash flow adequacy ratio (%)	69.80	54.03	76.60	29.33	-5.35	
	Cash re-investment ratio (%)	-6.95	-12.35	5.80	2.90	-1.90	
Leverage	Operating leverage	4.66	129.84	-28.23	4.29	3.74	Increase/decrease falls short of 20%
	Financial leverage	1.13	-0.20	0.45	1.10	1.17	Increase/decrease falls short of 20%
Please explain reasons for the changes in respective financial ratios over the past two years. (The analysis may be waived if the increase/decrease falls short of 20%.) Refer to the description of causes for changes as shown in the table above.							

2. Fu Chun Shin - IFRS

Analytical item (Note 2) \ Year (Note 1)		Analysis of financial data over the past five years					
		2018	2019	2020	2021	2022	Reasons for the changes in over the past two years
Financial structure	Debt-to-assets ratio	51.97	56.26	54.27	55.75	54.02	Increase/decrease falls short of 20%
	Ratio of long-term capital to real-estate properties, plants, and equipment	385.69	401.34	448.96	510.16	591.90	Increase/decrease falls short of 20%
Solvency %	Current ratio	109.01	109.55	135.82	151.25	192.33	It was due to the repayment of pending costs of goods for current term and the decreased current liabilities.
	Quick ratio	64.32	74.22	74.06	80.51	99.90	Current liabilities dropped and the quick ratio climbed due to the repayment of pending costs of goods for current term and decreased inventories.
	Interest protection multiples	12.34	2.06	2.08	25.67	11.69	Interest protection multiples declined due to the increased profit, while the interest expense increased due to the increased interest rate.
Operating capacity	Receivables turnover (frequency)	2.74	2.54	1.69	3.10	3.15	Increase/decrease falls short of 20%
	Average collection days	133.25	143.74	216.11	117.59	115.79	Increase/decrease falls short of 20%
	Inventory turnover (frequency)	2.91	2.71	1.76	2.41	1.99	Increase/decrease falls short of 20%
	Payables turnover (frequency)	13.66	8.19	4.92	6.11	5.93	Increase/decrease falls short of 20%
	Average days of sales	125.53	134.63	207.21	151.46	183.87	Inventory turnover rate decreased and average days sales in inventory increased mainly due to the decline of revenue, the decreased cost of sales, and a slight decline in inventories.
	Real estate properties, plants, and equipment turnover (frequency)	1.69	1.80	1.07	1.72	1.66	Increase/decrease falls short of 20%
	Total assets turnover (frequency)	0.34	0.34	0.19	0.29	0.26	Increase/decrease falls short of 20%
Profitability	Return on assets (%)	2.67	0.64	0.51	2.68	3.58	Mainly due to increased profit.
	Return on equity (%)	4.86	0.72	0.60	5.72	7.25	
	Ratio of net profit before tax to paid-in capital (%)	10.73	1.27	1.38	10.75	13.39	
	Net profit rate (%)	7.23	0.99	1.38	8.72	12.66	

	Earnings per share (NTD)	0.69	0.09	0.08	0.80	1.05	
Cash flow	Cash flow ratio (%)	-1.19	6.50	11.98	11.70	-19.26	Cash flow ratios decreased due to the repayment of pending costs of goods for current term, which led to net cash outflows from operating activities.
	Cash flow adequacy ratio (%)	12.18	21.70	33.72	39.79	8.61	
	Cash re-investment ratio (%)	-6.78	0.56	2.47	2.15	-3.33	
Leverage	Operating leverage	-3.96	-3.09	-0.97	-2.49	-2.99	Increase/decrease falls short of 20%
	Financial leverage	0.81	0.80	0.85	0.93	0.79	Increase/decrease falls short of 20%
Please explain reasons for the changes in respective financial ratios over the past two years. (The analysis may be waived if the increase/decrease falls short of 20%.) Refer to the description of causes for changes as shown in the table above.							

Note 1: All have been audited by the CPAs.

Note 2: The following calculation formula shall be shown at the end of the Annual Report:

1. Financial structure
   (1) Liability-to-asset ratio = Total liabilities/ Total assets
   (2) Long term capital to property, plant, and equipment ratio = (Total equities + Non-current liabilities)/Net value of property, plant and equipment
2. Solvency
   (1) Current ratio=Current assets/ Current liabilities.
   (2) Quick ratio = (Current assets − Inventory − Advance payments)/Current liabilities.
   (3) Interest protection multiples = Income tax and net profit before interest/Interest expenditure of current term
3. Management ability
   (1) Receivables (including accounts receivable and receivable notes from operations) turnover = Net sales value/ mean balance of receivables of each term (including accounts receivable and receivable notes from operations).
   (2) Average collection days =365/Receivable turnover ratio
   (3) Inventory turnover = Sales cost/mean inventory
   (4) Payables (including accounts payable and payable notes from operations) turnover = Net sales value/ mean balance of payables of each term (including accounts payable and payable notes from operations).
   (5) Average sales days =365/Inventory turnover
   (6) Real estate properties, plants, and equipment turnover = Net sales value/Mean net amount of real estate properties, plants, and equipment
   (7) Total asset turnover = Net sales value/Mean total assets
4. Profitability
   (1) Return on assets = [After-tax income + interest × (1-tax rate)]/Gross assets on average
   (2) Return on equity = After-tax income/Mean total equity
   (3) Net profit rate = After-tax profits and losses/Net sales value
   (4) Earnings per share = (Income that belongs to the clients of the parent company − Preferred stock dividend)/Weighted average number of shares (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities
   (2) Net cash flow adequacy ratio = Net cash flow from business activities over the past five years/(capital expenditure + increase in inventory + cash dividend) over the past five years.
   (3) Cash reinvestment ratio = (net cash flow from business activities - cash dividends)/(net value of real estate properties, plants, and equipment + long-term investment + other non-current assets + working capital) (Note 5)
6. Leverage:

(1) Operating leverage = (Net operating income − Change in operating costs and expenses)/Operating profit (Note 6).

(2) Financial leverage = Operating profit/(Operating profit - interest expenditure).

Note 3: Pay particular attention to the following while deciding the formula for calculating the earnings per share as given above:

1. Use the weighted-average common stock shares instead of the outstanding shares at the end of the year.
2. With capital increase in cash or transaction of treasury stock shares, the circulation period shall be considered in the calculation of weighted average number of shares.
3. With earnings-transferred capital increase or capital reserve-transferred capital increase, while calculating the earnings per share for the past year and half year, adjustments shall be made retroactively reflective of the capital increase ratio; there is no need to consider the issue period for the said capital increase.
4. If the preferred stock shares are accumulated shares that cannot be converted, the dividends for the specific year (distributed or not) shall be subtracted from the net profit after tax or the net loss after tax shall be added. If the preferred stock shares are not accumulated in nature, on the other hand, with net profit after tax, the dividends for the said preferred stock shall be subtracted from the net profit after tax; in case of deficit, on the other hand, no adjustments are needed.

Note 4: Pay particular attention to the following while deciding cash flow analysis:

1. Net cash flows from operating activities are the net cash inflows under operating activities in the Cash Flow Statement.
2. Capital expenditure refers to the cash outflows for capital investments each year.
3. The increase in inventory is included only when the balance at end of term is greater than that at start of term; if the inventory is reduced at the end of the year, it is counted as zero.
4. Cash dividends include those for common stock and preferred stock shares.
5. Gross amount of real estate properties, plants, and equipment is the total of real estate properties, plants, and equipment before cumulative depreciation is subtracted.

Note 5: The issuer shall divide respective operating costs and operating expenses by their nature to fixed and variable ones. If estimates or subjective judgments are involved, attention shall be paid to their legitimacy and consistency.

Note 6: When the Company’s shares are not denominated or the denomination per share is not NTD 10.00, the ratio to the paid-in capital as mentioned in the foregoing shall be calculated with the ratio of equities belonging to the owner of the parent company as shown in the Balance Sheet instead.

III. Audit Committee's Review Report of Financial Statements of the Past Year

Fu Chun Shin Machinery Manufacture Co., Ltd.

Audit Committee's 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 CPAs Hung, Kuo-Sen and Lee, Fang-Wen 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 the earnings distribution proposal are found compliant 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 General Shareholders' Meeting of the Company

Fu Chun Shin Machinery Manufacture Co., Ltd.

Convener of Audit Committee Huang, Chung-Hui

March 22, 2023

IV. Consolidated Financial Statement of the Parent Company and Its Subsidiaries of the Past Year Audited and Certified by CPAs: Refer to Appendix I for details.

V. Parent Company-only Financial Statements of the Past Year Audited and Certified by CPAs: Refer to Appendix II for details.

VI. Impacts of Latest Financial Difficulties Encountered by the Company and Any of Its Affiliates on the Company's Financial Standing, if Any, in the Past Year Up to the Date the Annual Report Was Printed: None.

Seven. Discussion and Analysis of Financial Standing and Financial Performance and Risks

I. Financial Standing:

Financial Standing Comparative Analysis Table

Unit: NTD Thousand

Item \ Year	December 31, 2022	December 31, 2021	Difference	
			Amount	%
Current assets	4,272,666	4,249,898	22,768	0.54%
Non-current assets	2,730,417	2,376,649	353,768	14.89%
Total assets	7,003,083	6,626,547	376,536	5.68%
Current liabilities	2,188,720	2,491,798	(303,078)	(12.16%)
Non-current liabilities	2,362,050	1,860,198	501,852	26.98%
Total liabilities	4,550,770	4,351,996	198,774	4.57%
Share capital	1,524,079	1,494,388	29,691	1.99%
Capital surplus	42,520	23,649	18,871	79.80%
Retained earnings	825,114	738,206	86,908	11.77%
Total shareholders' equities	2,452,313	2,274,551	177,762	7.82%

Note: Main reasons for the major changes (with a change ratio of 20% and above and an absolute amount involved in the change reaching NTD 10 million) in the assets, liabilities, and shareholder equity over the past two years and the impacts and countermeasures in the future shall be specified.

Analysis and clarification: The increased non-current liabilities and capital reserve were the results of issuance of the domestic convertible corporate bonds on August 24, 2022 worth NTD 500,000 thousand that are separately included as part of liabilities and equities reflective of the issue price.

II. Operational Achievements:

(I) Management Outcome Comparative Analysis:

Management Outcome Comparative Analysis Table

Unit: NT$ Thousand

Item	2022 Amount	2021 Amount	Increased (decreased) amount	Change ratio
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%
Net operating profit	257,965	204,484	53,481	26.15%
Non-operating income and expense	(4,028)	16,747	(20,775)	(124.05%)
Net income before tax	253,937	221,231	32,706	14.78%
Income tax (expenses)	(83,960)	(113,443)	29,483	(25.99%)
Current period net profit	169,977	107,788	62,189	57.70%
Other comprehensive income for the current period (net after tax)	18,455	(15,314)	33,769	(220.51%)
Total comprehensive income in the current period	188,432	92,474	95,958	103.77%

Clarification:

1. The increase in the operating gross profit was mainly due to the growth in revenue and the year-on-year increase in the gross profit of injection molding machines of NTD 191,550 thousand.
2. The increase in the operating expenditure was mainly due to the growth in revenue and the year-on-year increase in hiring expenditure, commission expenditure, and R&D expenditure.
3. The decrease in non-operating income and expenditure were mainly due to the increase in additional borrowings and the increase in interest rates for the year, which led to the year-on-year increase in interest expenditure.
4. The decrease in income tax expenditure was mainly due to the offset of deficits borne by the subsidiary in Mainland China and the tentative difference that were listed under deferred income tax assets this year.
5. The increase in other combined gains or losses for the current term was the result of the difference in converted amounts from financial statements of overseas operating entities.
6. The increase in the total combined gains or losses for the current term was mainly the result of increased net profit for the current term.

(II) Analysis of changes in operating gross profit: The gross profit rate of 2022 was 26.73%, an increase of 2.38% from the 24.35% in 2021, mainly because of the growth in the revenue of injection molding machines and the year-on-year increase in the gross profit of NTD 191,550 thousand.

III. Cash flows:

(I) Analysis of Changes in Cash Flows Over the Past Year

1. Statement of net cash flows with a change ratio of at least 50% and involving an amount changed reaching at least 5% of the paid-in capital size is as follows:

Unit: NT$ Thousand

Item / Year	Cash flows from operating activities	Cash flows from investing activities	Cash flows from fund-raising activities	Impacts of exchange rate changes on cash and cash equivalents	Net cash flow
2022	(50,989)	(222,785)	440,073	(3,924)	162,375
2021	138,480	(201,553)	195,103	8,722	140,752
Amount changed	(189,469)	(21,232)	244,970	(12,646)	21,623
Change %	(136.82%)	10.53%	125.56%	(144.99%)	15.36%
Versus the paid-in capital	(124.32%)	(13.93%)	160.73%	(8.3%)	14.19%
Clarification: The net cash flows of operating activities showed a year-on-year decrease mainly due to reduced notes payable and accounts payable caused by payments made to suppliers. The cash flows of investing activities showed a year-on-year decrease mainly due to the establishment of plants, the purchase of equipment and additional investments in affiliates applying the equity method. The cash flows of fund-raising activities showed a year-on-year increase mainly due to the issuance of payable domestic convertible corporate bonds and gradual repayments this year.					

2. Analysis of liquidity over the past two years :

Year / Item	December 31, 2022	December 31, 2021	Increase/Decrease ratio
Cash flow ratio	(2.33%)	5.56%	(141.91%)
Cash flow adequacy ratio	(5.35%)	29.33%	(118.24%)
Cash re-investment ratio	(1.90%)	2.90%	(165.52%)
Information on the analysis of changes in the increase/decrease ratio: The cash flow ratio, cash flow adequacy ratio and cash flow reinvestment ratio showed a year-on-year decrease due to reduced notes payable and accounts payable caused by payments made to suppliers that led to net cash outflows of operating activities.			

(II) Analysis of cash liquidity in the coming year

Unit: NT$ Thousand

Balance of cash at start of term①	Expected net cash flows from operating activities throughout the year②	Expected cash out-flows throughout the year③	Estimated cash surplus (shortage) amount ① + ② − ③	Remedy for expected cash shortage	
				Investment plan	Wealth management plan
696,349	200,000	750,000	146,349	_	-
Clarification: The Company forecasts future growth trends according to the operating accomplishments of 2022 and estimates new cash inflows generated because of operating activities for 2023 of about NTD 200,000 thousand reflective of the Company's fund-raising policy. Meanwhile, to address investment needs and to repay borrowings from banks, cash outflows are estimated to be about NTD 750,000. It is expected that the cash balance is NTD 146,349 thousand. In case of insufficient cash, it will be supported by bank borrowings or capital increase.					

IV. Impacts of Major Capital Expenditure on Finance over the Past Year:

(I) Utilization of major capital expenditure and source of funding:

Unit: NT$ Thousand

Item	Actual or expected sources of funds	Actual or expected date of completion	Total funds	How funds are actually or planned to be utilized				
				2023	2024	2025	2026	2027
None	-	-	-	-	-	-	-	-

(II) Expected possible benefits: None.

V. The reinvestment policy over the past year and main reasons for profits or losses and the improvement plan and the investment plan for the coming year

(I) 2022 reinvestment policy and main reasons for profits or losses and the improvement plan and investment plan:

Investment gains worth NTD 257,002 thousand were recognized for 2022. Main sources of profits were the investment gains recognized of FCS Ningbo and FCS Dongguan. The subsidiary FCS RG PLASTIC PTE., LTD, however, was impacted by COVID-19 and global inflation, suffered from the surge in shipment costs and hence transformed to focus on OEM; due to the fact that full uptime has not been possible, it bears deficits. In order to avoid enlarging losses, we have ended the waste plastic washing business since June 2022, and made a rental offer on land, plant, and equipment. It is expected, with the Group integrating its resources and adjusting the scope of operation as well as strict control over internal expenditure and cost, revenue and profitability should gradually return.

(II) Investment plan for the coming year:

Depending on the expansion in operational scale and the demand for working capital of respective subsidiaries, in case of insufficiency, it shall be supported by funds taken out of the Parent Company or by funds raised on the open market.

VI. Evaluation and Analysis of Risk Matters:

(I) Impacts of Changes in Interest Rate, Exchange Rate, and Inflation on the Company's Profits or Losses and Countermeasures in the Future:

1. Impacts of Changes in Interest Rate, Exchange Rate, and Inflation on the Company's Profits or Losses

Unit: NT$ Thousand

Item \ Year		2021			2022		
		Amount	Ratio to net operating income %	Before tax Net profit %	Amount	Ratio to net operating income %	Before tax Net profit %
Interest rate	Interest revenue	28,801	0.67	13.02	23,490	0.51	9.25
	Interest expenses	17,952	0.41	8.11	37,859	0.82	14.91
Exchange rate	Gains (Losses) from currency exchange	(11,415)	(0.26)	(5.16)	(14,501)	(0.31)	(5.71)

Note: The consolidated operating income of 2021 and 2022 was NTD 4,328,507 thousand and NTD 4,605,204 thousand, respectively; and the consolidated net profit before tax of 2021 and 2022 was NTD 221,231 thousand and NTD 253,937 thousand.

(1) Interest rate:

The Company's interest income of 2021 and 2022 was NTD 28,801 thousand and NTD 23,490 thousand, respectively. The increase was mainly due to the interest income from wealth management products operated by the subsidiary FCS Ningbo. The interest expenditure, on the other hand, was NTD 17,952 thousand and NTD 37,859 thousand, respectively. The increase

was mainly due to the additional long-term borrowings in 2022, whose ratios in the operating income and the net profit before tax change with the operating income and net profit before tax.

The Company's working capital, besides the cash inflows of operating activities or sponsorship from shareholders, mainly came from borrowings from banks at an interest rate comparable to the general market range. The interest expenditure mainly came from the short-term/long-term borrowings from banks. The Company will continue to main optimal relations with banks and watch changes in interest rates in the market to keep the interest expenditure under control and to adequately adjust utilization of funds reflective of changes in the interest rate in order to minimize the impacts of changes in the interest rate on the gains or losses of the Company.

(2) Exchange rate:

In 2021 and 2022, the Company had incurred exchange losses worth NTD 11,415 thousand and NTD 14,501 thousand, respectively. Most sales income and part of purchase expenditure of the Company are valued in foreign currencies. There were higher positions of assets in foreign currencies. Therefore, borrowings in foreign currencies were adequately increased to bring foreign currency assets and foreign currency liabilities to nearly a balance and to accomplish partial natural hedging effects. The Company also pays attention to changes in the exchange rate at all times and adequately responds to them by means of pre-sale at a forward rate or SWAP to help hedge against the exchange rate risk. Besides maintaining optimal relations with the financial institutions, on the other hand, the Company follows trends in market exchange rates and adopts the following two measures in order to reduce the impacts of fluctuating exchange rates on the Company:

A. Periodically forecast demand for and income in foreign currencies and trade or borrow foreign currencies in real time to strike a balance.

B. For products quoted in foreign currencies, take into consideration expected changes in the exchange rate in order to protect reasonable profits for the Company.

The table above shows that the impacts of changes in the exchange rate on the net operating income and net profit before tax of the Company are not significant and the impacts on the gains and losses of the Company remain limited.

(3) Inflation:

The monetary policies adopted by economic powers around the world are fairly under control; there are no material concerns about inflation for the time being. As of the date when the Annual Report was printed, the

Company had not suffered material impacts on its gains or losses as a result of inflation. Close and optimal interactive relations will continue with suppliers and customers in the future and changes in prices on the market will be watched closely so that purchase or sale prices can be adequately adjusted reflective of the fluctuations on the market to minimize impacts of changes in inflation.

(II) Policy on engaging in high-risk and high-leverage investments, lending of funds to others, endorsement and guarantee, and transactions of derivatives, main profit or loss factors, and countermeasures in the future:

1. In 2022, the Company recognized NTD 1,244 thousand as the financial assets (liabilities) appraisal losses as a result of pre-sale at a forward rate of accounts receivable. The Company will watch changes in the exchange rate at all times and adequately takes actions such as pre-sale at a forward rate in order to avoid the exchange rate risk. The forward exchange contracts are intended to lessen the risk of changes in the foreign exchange rate for net assets or liabilities. Corresponding cash inflow or outflow will be generated upon maturity of these contracts. Besides this, the Company's working fund can afford to cover it. Therefore, no significant cash flow risk might arise. There are, however, still no needs to engage in high-risk, leverage investments, and trading of other derivatives.
2. The statement of funds lent by the Company to others in 2022 is as follows. Recipients of such funds were consistently subsidiaries within the Group; no funds were lent to external parties. The funds were lent by the Company mainly because of the required needs for funds of reinvested subsidiaries while their revenue or operational scale continued to grow; they were needed as working capital. Requirements under the Company's "Operating Procedure for Lending to Others" were consistently followed. The maximum limits for funds financing of the Company were NTD 912,364 thousand and the balance of the funds lent to others as approved by the Board of Directors came to NTD 525,000 thousand. The actual amount drawn down by the subsidiaries was NTD 40,057 thousand.

Unit: NT$ Thousand

Borrower	Balance at end of term (limits that may be approved by the Board of Directors)	Actual balance at end of term	Limit of loan to each borrower	Maximum of funds lent
BVI FU CHUN SHIN CO., LTD.	155,000	-	456,182	912,364
FCS RG PLASTIC PET.LTD.	100,000	7,581		
FCS MACHINERY(INDIA) PRIVATE.LTD.	80,000	30,790		
Dongguan Fu Chun Shin Machinery Co. Ltd.	50,000	-		
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	50,000	-		
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	30,000	-		
FCS MACHINERY(THAILAND)CO., LTD.	30,000	1,686		

PT.SHIN PREFORM PLASTIC	10,000	-		
PT.FUCHUNSHIN TECHNOLOGY INDONESIA	10,000	-		
SHING FUH TAI TECHNOLOGY CORP.	10,000	-		

Note: For the statement of funds lent to others by each of the subsidiaries, refer to what is stated in Table 1 under XIII. Other Disclosures as part of the Notes to the Consolidated Financial Statements.

3. The endorsements/guarantees provided by the Company to its subsidiaries in 2022 were primarily needed as the working capital of the subsidiaries and the requirements under the Company's "Endorsement and Guarantee Regulations" were followed. The maximum amount involved in endorsements/guarantees provided by the Company came to NTD 912,364 thousand and the balance of the limits available for endorsements and guarantees as approved by the Board of Directors was NTD 792,716 thousand. The actual amount drawn down by the subsidiaries came to NTD 489,891 thousand.

Unit: NT$ Thousand

Counterpart of endorsement and guarantee	Limits of endorsement and guarantee for a single enterprise	Maximum balance for the current period (Limit of guarantee)	Endorsement at end of term Balance of guarantee (Limit of guarantee)	Endorsement at end of term Balance of guarantee (Actually drawn down)	Maximum limits of endorsement and guarantee
BVI FU CHUN SHIN CO., LTD.	456,182	322,150	245,680	193,473	912,364
FCS MANUFACTURING (INDIA) PRIVATE LIMITED.	456,182	80,090	76,256	-	-
Dongguan Fu Chun Shin Machinery Co. Ltd.	456,182	290,745	286,520	118,300	-
FCS RG PLASTIC PET.LTD.	456,182	193,290	184,260	178,118	-

Note: The limits for endorsements/guarantees to be provided by the subsidiary FCS Ningbo were those answering to the amount involved in current business. There were no other endorsements and guarantees provided by subsidiaries. For the statement of endorsements/guarantees provided to current customers by FCS Ningbo, refer to what is included in Table 2 under XIII. Other Disclosures as part of the Notes to the Consolidated Financial Statements.

(III) Future research and development plans and R&D expenses expected to be devoted:

In order to provide customers with best-quality products, the Company has been adhering to its beliefs regarding R&D of products, that is: "specific", "precise", "rapid", "durable", "stable", "clean", and "electricity-saving". Quality new products have been researched, developed, and manufactured based on these seven major beliefs. For 2023, it is expected to invest NTD 59,600 thousand in total in R&D. Primary R&D products and plans are as follows:

Product of R&D or title of plan	Status	Expected R&D expenditure expected to be invested back in (NTD thousand)	Expected time to completion of mass production	Primary influential factor for the success in R&D in the future
MuCell T150 equipment communication	15%	2,500	Second quarter of 2023	Technology, research and development, project capabilities
Development of multi-stop	90%	13,500	Second quarter of 2023	Technology, research and development,

micro-foam injection shoe-making machine of the third generation				project capabilities
Development of advance/treat leader pin guide	40	1,000	Third quarter of 2023	Technology, research and development, project capabilities
Planning of the SA series	29%	20,800	Fourth quarter of 2023	Technology, research and development, project capabilities
Development of high-end electric control core technologies	60%	19,800	Fourth quarter of 2023	Technology, research and development, project capabilities
Local electric control development and talent nurturing	30%	1,000	Fourth quarter of 2023	Technology, research and development, project capabilities
KEBA i1100 controller upgrade	30%	1,000	Fourth quarter of 2023	Technology, research and development, project capabilities

(IV) Impacts of important domestic and international policies and regulatory changes on the Company's financial performance and the countermeasures:
The Company watches closely changes in important policies and laws domestically and internationally and evaluates their impacts on the Company's financial operations. There were no material undesirable impacts on important domestic and international policies and legal changes over the past year on the financial operation of the Company.

(V) Impacts of changes in technology (including information and communication security risks) and industry on the Company’s finance and business and countermeasures:
The Company watches at all times related technological and industrial changes(including information and communication security risks) in the sector it is in and assigns specialists or a project team to evaluate the impacts of research on the future developments and financial operation of the Company and the countermeasures. There were no material technological changes (including information and communication security risk) and industrial changes on the financial operation of the Company over the past year.

(VI) Impacts of changes in the corporate image on the management of corporate risks and the countermeasures:
The Company has been devoted to maintaining its corporate image and abiding by applicable regulatory requirements. In case of any condition that will impact the corporate image or is against the law, a project team will be formed to prepare the countermeasures. As of the date when the Annual Report was printed, no circumstances impacting the corporate image had occurred yet.

(VII) Expected benefits and possible risks of M&As:
Over the past year up to the date when the Annual Report was printed, the Company did not engage in mergers and acquisitions. Should there be M&A plans in the future, they will be carefully evaluated, taking into consideration whether or not they will bring about substantial synergistic effects for the Company in order to precisely protect

the interests of the Company and those of the shareholders.

(VIII) Expected benefits and risks of expansion of manufacturing facilities:

The Company built additional workshops and put them up for lease in order to bring about rent income. Given the long-term nature of such leases and the fixed rent, no material risks are involved.

(IX) Risks associated with focused purchases or sales:

1. Purchases: For the purchases of raw materials, the Company maintains at least two suppliers in order to decentralize the risk and there is no risk of focused purchases (greater than 10%).
2. Sales: All the sales of the Company are done through dealers or directly. There is no single customer with a sales amount accounting for 10% of the net total sales of the Company and above over the past year. The Company reviews at all times upon shipment if the credit limit is exceeded, monitors payments collected, and pays attention to other interactions with suppliers and notes and letter of credit in order to bring down the risk.

(X) Impacts and risks of transfer or ratio of stock options in large quantities by directors, supervisors or heavyweight shareholders holding more than 10% of all shares on the Company:

No transfer or exchange of equities in large quantities by directors, supervisors, or heavyweight shareholders holding more than 10% of all shares in the Company had occurred.

(XI) Impacts and risks of the change in the management on the Company:

The Company had not experienced change in its management.

(XII) Litigation or non-litigation events, any material litigation, non-litigation or administrative litigation for which judgment has been made or is pending for judgment related to the company and its directors, supervisors, general managers, actual responsible persons, and shareholders holding more than 10% of the Company's shares and, if the result thereof may have significant influence on shareholders' rights and interests or the price of securities, the fact, object amount, litigation commencement date, main parties involved and the settlement condition as of the publication date of the annual report shall be specified: None.

(XIII) Other important risks: None.

VII. Other Important Matters: None.

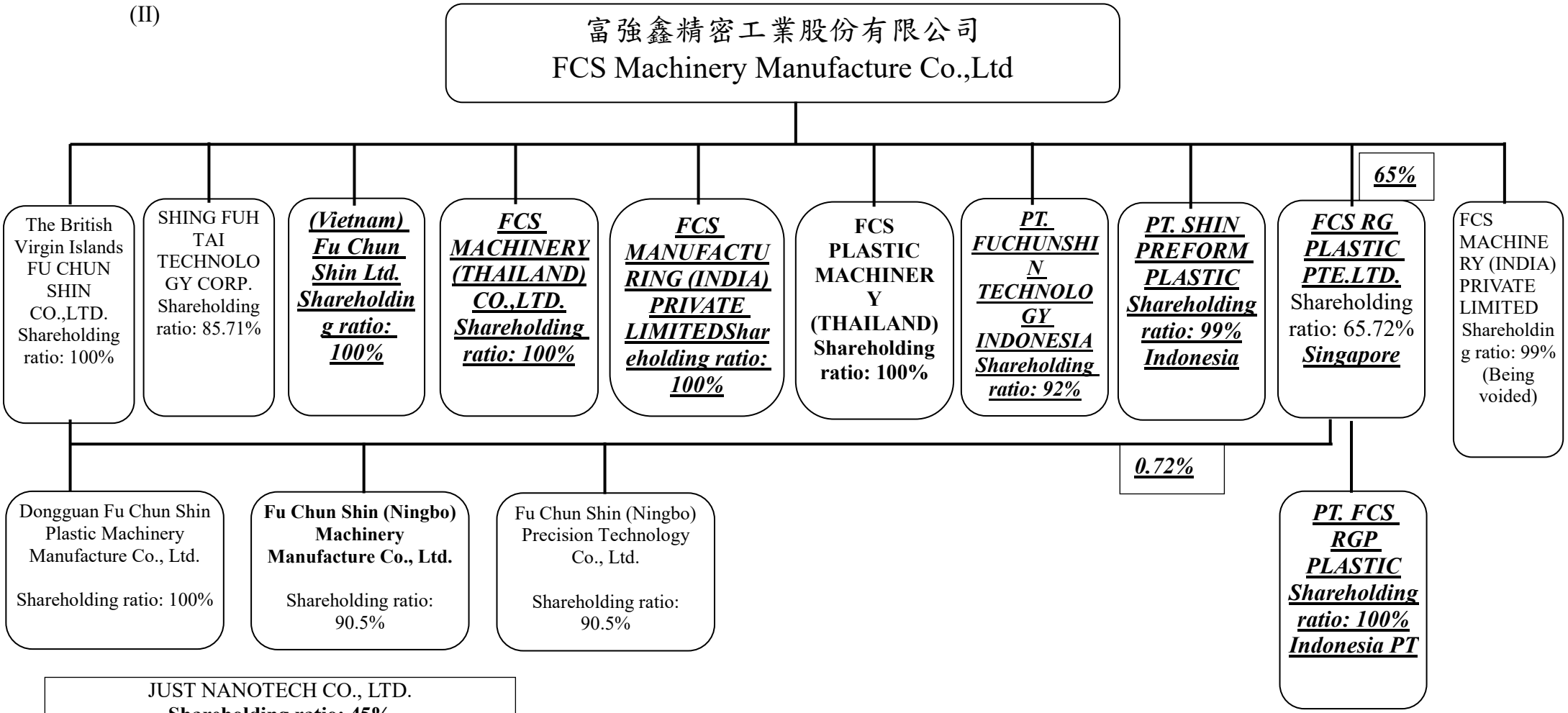
Eight. Special Notes

I. Information of Affiliates

(I) Consolidated Business Report of Affiliates:

1. Profile of respective affiliates

(II) 2022 Fu Chun Shin Group Organizational Structure of Fu Chun Shin Group



2.Profile of respective affiliates

2022

Unit: NTD thousand

Company Name	Date established	Address	Paid-in capital	Major scope of operation or production items	Remarks
BVI FU CHUN SHIN CO., LTD.	02/12/1999	P.O. BOX 3340 Road Town Tortola British Virgin Islands	NTD543,565	Trading of securities and imports/exports	--
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	11/20/1994	No. 18, Jinxia East Road, Shixia Management District, Dalang Township, Dongguan, Guangdong	HKD50,000	Production and sale of plastic molding machine and various plastic products	--
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	11/09/2001	No. 115, Haichuan Road, Jiangbei District, Ningbo, Zhejiang	USD7,000	Production and sale of plastic molding machine and plastic molds	--
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	08/07/2019	Suite 103-2, Building 3, No. 290, Xingci First Road, New Area, Hangzhou Bay, Ningbo, Zhejiang	USD14,773	Production and sale of plastic molding machine and plastic molds	
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd.	08/01/2001	Tianjing Jingnan Economic Development Zone	USD831	Sale and production of plastic molding machine and respective plastic products	--
JUST NANOTECH CO., LTD.	08/21/2006	No. 31, Gongye 2nd Rd., Annan Dist., Tainan City	NTD10,000	Manufacture and distribution of machinery and equipment	--
SHING FUH TAI TECHNOLOGY CORP.	05/22/2000	Building 14, No. 269, Baodong Rd., Guanmiao Dist., Tainan City	NTD33,200	Non-ferrous Metal Basic Industries	--
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	10/22/2015	J1. Sultan Hasanudin No. 263-265, Tambun City, Blok D3, Bekasi, Java Barat, Indonesia	USD 650	Sale of plastic injection molding machines, peripheral products, molds and spare parts	--
PT. SHIN PREFORM PLASTIC	05/03/2017	Komplek Tunas BIZPRK Industrial Eastate Type 11-U, Kel. Belian, Kec. Batam Kota	USD 1,500	Production of PET preforms	--
FCS MACHINERY(THAILAND) CO.,LTD.	11/06/2017	N0.152 Chartered Square Buliding, 30 Floor, Room 30-1,Unit 3057, Nortth Sathorn Road, Silom Sub-District, Bangrak District, Bangkok Metropolis	THB 25,000	Production of PET preforms, and sale and maintenance service for injection machine	--

Company Name	Date established	Address	Paid-in capital	Major scope of operation or production items	Remarks
FCS PLASTIC MACHINERY (THAILAND)CO.,LTD.	2020.6.30	48 SOI THEP SA-NGA2, UDOM SUK 51 ALLEY, BANG CHAK, PHRA KHANONG, BANGKOK 10260, THAILAND	THB 3,750	Sale and after-sale of machine and spare parts	--
FCS RG PLASTIC PTE.LTD.	2018.01.25	10ANSON ROAD #05-17 INTERNATIONAL PLAZA SINGAPORE	USD 7,743	Primarily engaged in import/export sales	--
PT. FCS RGP PLASTIC	2018.05.11	JL PATTIMURA KEL KABIL KEC. NONGSA, KOTA BATAM	SGD10,480	Primarily engaged in manufacturing of plastic products	--
FCS MACHINERY (INDIA) PRIVATE LIMITED	2019.08.09	1005, SYNERGY, OPP. COMMERCE HOUSE, NR VODAFONE, CORPORATE ROAD PRAHLADNAGAR AHMEDABAD Ahmedabad GJ 380015 INDIA	INR 87,500	Production and sale of plastic molding machine and plastic molds	--
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	2020.04.27	1005, Synergy, Opp. Commerce House,, Near Vodafone, Corporate Road, Prahladnagar, Ahmedabad, Ahmedabad, Gujarat, India, 380015	INR 295,295	Production and sale of plastic molding machine and plastic molds.	--
FU CHUN SHIN(VIETNAM)COMPANY LIMITED	2021.04.21	NO.134/17 LAC LONG QUAN STREET,WARD3 BISTRICT 11.HO DHI MINH CITY	USD 84	Sale and after-sale of machine and spare parts	

Note 1: All affiliates shall be disclosed, regardless of the scope.

Note 2: For affiliates that have their own plants, if the sales value of products from the plants exceeds 10% of the operating income of the controlling company, the name of the plant, date established, address, and main products shall be added.

Note 3: For affiliates who are foreign companies, the name and address of the company may be shown in English and the date established may be indicated in western date, too. The paid-in capital can also be indicated in foreign currency.

3. Common shareholders for the companies with presumed relationship of control or subordination: N/A.

4. Description of business relationship

(1) Industries covered in the scope of operation of affiliated enterprises as a whole：

Name	Sector
BVI FU CHUN SHIN CO., LTD.	General investment and trading
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Manufacture and trading
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Manufacture and trading
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Manufacture and trading
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd.	Manufacture and trading
JUST NANOTECH CO., LTD.	Manufacture and trading
SHING FUH TAI TECHNOLOGY CORP.	Manufacture and trading
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Trading
PT. SHIN PREFORM PLASTIC	Manufacture and trading
FCS MACHINERY(THAILAND) CO.,LTD.	Manufacture and trading
FCS PLASTIC MACHINERY (THAILAND)CO.,LTD.	Manufacture and trading
FCS RG PLASTIC PTE.LTD.	Trading
PT. FCS RGP PLASTIC	Manufacture and trading
FCS MACHINERY (INDIA) PRIVATE LIMITED	Manufacture and trading
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Manufacture and trading
FU CHUN SHIN(VIETNAM)COMPANY LIMITED	Manufacture and trading

(2) Current division of labor among affiliates that are linked with one another because of their nature of operation:

Name of affiliate	Division of labor
BVI FU CHUN SHIN CO., LTD.	None.
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Trading and manufacture of plastic injection molding machines.
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Trading and manufacture of plastic injection molding machines and parts and accessories.
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Trading and manufacture of plastic injection molding machines and parts and accessories.

Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd.	None.
JUST NANOTECH CO., LTD.	None.
SHING FUH TAI TECHNOLOGY CORP.	Processing of parts and accessories.
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	
PT. SHIN PREFORM PLASTIC	Production of PET preforms
FCS MACHINERY(THAILAND) CO.,LTD.	Production of PET preforms, and sale and maintenance service for injection machine
Name	Division of labor
FCS PLASTIC MACHINERY (THAILAND)CO.,LTD.	Trading of plastic injection molding machines and other products
FCS RG PLASTIC PTE.LTD.	Primarily engaged in the sale of plastic products
PT. FCS RGP PLASTIC	Primarily engaged in manufacturing of plastic products
FCS MACHINERY (INDIA) PRIVATE LIMITED	Trading of plastic injection molding machines.
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Trading and manufacturing of plastic injection molding machines.
FU CHUN SHIN(VIETNAM)COMPANY LIMITED	Trading and manufacturing of plastic injection molding machines.

5. Profile of directors, supervisors, and presidents of individual affiliates:

2022

Unit: Thousand Shares; NTD Thousand; %

Company Name	Title	Name or Representative	Shares held/amount of sponsorship	
			Share(s)/Portion of sponsorship	Shareholding ratio/ sponsorship ratio(%)
BVI FU CHUN SHIN CO., LTD.	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Wang, Po-Hsun	NTD543,565	100%
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Director	BVI FU CHUN SHIN CO., LTD. Corporate representative: Wang, Po-Hsiang, Wang, Po-Hsun, Wang, Po-Feng, Chiu, Chia-Miao	HKD50,000 —	100% —
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Director	BVI FU CHUN SHIN CO., LTD. Corporate representative: Wang, Po-Hsun, Wang, Chun-Chieh, Chiu, Chia-Miao	USD6,335 —	90.50% —

		Ningbo C,S,I.Power &Machinery Group Co.,Ltd. Corporate representative: Wu, Jie	USD665	9.50%
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd.	Director	BVI FU CHUN SHIN CO., LTD. Corporate representative:	USD439	52.84%
		Wang, Po-Hsiang	—	—
		Wang, Po-Hsun	USD232	27.91%
		Cheng, Ming-Chien	USD120	14.44%

Unit: Thousand Shares; NTD Thousand; %

Company Name	Title	Name or Representative	Shares held/amount of sponsorship	
			Share(s)/Portion of sponsorship	Shareholding ratio/ sponsorship ratio(%)
JUST NANOTECH CO., LTD.	Chairman Director Director Supervisors	Chen Cheng-Chia Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Chiu, Chia-Miao, Wang, Po-Hsun, Wang, Chun-Hsien Wu Jin-Fu Wang, Po-Hsiang	350 / 3,500 450 / 4,500 200 / 2,000 —	35% 45% 20% —
SHING FUH TAI TECHNOLOGY CORP.	Chairman Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Wang, Po-Hsun Chiu, Chia-Miao	- / 28,457 - / 5,382	85.71% 14.29%
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Wang, Chun-Hsien Chen Pei-Chen Huang Kuan-Ju	USD597 USD33 USD20	90% 10%
PT. SHIN PREFORM PLASTIC	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Wang, Chun-Hsien	USD1,485	99%
FCS MACHINERY (THAILAND) CO.,LTD.	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Wang, Po-Hsun, Wang, Chun-Hsien, Sun, Wei-Chen	THB25,000	100%
FCS PLASTIC MACHINERY (THAILAND)CO.,LTD	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Wang, Po-Hsun, Wang, Chun-Hsien, Sun, Wei-Chen	THB 3,750	100%
FCS RG PLASTIC PTE.LTD.	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Wang, Po-Hsun, Wang, Chun-Hsien, Wang, Chun-Chieh ROYAL GOALSON PLASTIC PTE. LTD. Corporate representative: Yao Shan-Hua EVERRANK PLASTIC PTE.LTD. Corporate representative: ZHANG QI XIANG LIONEL KOH JIN KIAT QUEK JIN KUANG BVI FU CHUN SHIN CO., LTD.. Corporate representative: Wang, Po-Hsun	USD5,034 USD854 USD1,800 — USD55	65% 11.03% 23.25% — 0.72%
PT. FCS RGP PLASTIC	Director	FCS RG PLASTIC PTE.LTD Corporate representative: Wang, Po-Hsun	SGD10,480	100%

Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Director	BVI FU CHUN SHIN CO., LTD. Corporate representative: Wang, Po-Hsun Wang, Chun-Chieh Wang, Chun-Hsien Gao Sheng-Shan Ningbo C,S,I.Power &Machinery Group Co.,Ltd. Corporate representative: Wu, Jie	USD13,370 USD1,403	90.5% 9.5%

Company Name	Title	Name or Representative	Shares held/amount of sponsorship	
			Share(s)/Portion of sponsorship	Shareholding ratio/ sponsorship ratio(%)
FCS MACHINERY (INDIA) PRIVATE LIMITED	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Wang, Chun-Chieh Wang, Chun-Hsien Cheng Ting-Liang	INR87,500	99%
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Wang, Chun-Chieh Wang, Chun-Hsien Cheng Ting-Liang	INR295,295	99%
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Cheng Shu-Juan	US84	100%

6. Business overview of respective affiliates

2022 Unit: NTD Thousand

Company Name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Gains or losses for current term (After-tax)	Earnings per share (NTD) (after-tax)
BVI FU CHUN SHIN CO., LTD.	543,565	2,723,536	193,473	2,530,063	—	—	319,716	—
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	196,050 (HKD50,000 thousand)	1,094,414	608,493	485,921	1,252,255	82,413	74,263	—
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	215,005 (USD7,000 thousand)	2,505,462	782,653	1,722,809	2,565,196	248,655	251,252	—
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	433,850 (US$14,773 thousand)	992,897	547,333	445,564	159,200	18,552	22,484	—
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. (Note 1)	28,642 (USD831 thousand)	—	—	—	—	—	—	—
SHING FUH TAI TECHNOLOGY CORP.	33,200	33,839	11,074	22,765	21,665	1,779	1,404	—
JUST NANOTECH CO., LTD.	10,000	—	—	—	—	—	—	—
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	19,431 (US$650 thousand)	15,631	3,240	12,391	7,940	-3,754	-661	—
PT. SHIN PREFORM PLASTIC	45,185 (USD1,500 thousand)	34,130	504	33,626	14,066	-1,031	-862	—

Company Name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Gains or losses for current term (After-tax)	Earnings per share (NTD) (after-tax)
FCS MACHINERY(THAILAND) CO.,LTD.	23,250 (USD757 thousand)	43,919	35,002	8,917	1,989	-6,711	-7,508	—
FCS PLASTIC MACHINERY (THAILAND)CO.,LTD	NTD3,377 (THB 3,750 thousand)	3,228	1,533	1,695	1,447	-3,457	-2,029	—
FCS RG PLASTIC PTE.LTD.	234,538 (US7,000 thousand)	164,504	279,036	-114,532	6,769	-4,702	-45,591	—
PT. FCS RGP PLASTIC	214,427 (SGD10,480 thousand)	163,884	165,633	-1,749	747	-19,240	-30,293	—
FCS MACHINERY (INDIA) PRIVATE LIMITED	38,930 (INR87,500 thousand)	22,559	105	22,454	—	-57	-57	—
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	NTD 77,769 (INR 196,681 thousand)	225,493	158,024	67,469	98,257	-19,775	-23,654	—
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	NTD 1,505 (USD54 thousand)	14,727	12,871	1,856	14,164	-4,411	381	—

Note 1: Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. is being liquidated.

(II) Consolidated Financial Statement of Affiliates:

Please refer to the Declaration in V. Consolidated Financial Statement of the Parent Company and Subsidiaries audited and certified by the CPAs in the past year under “VI. Financial Overview.”

(III) Affiliation Businesses Report: Not applicable.

II. Management of private placement securities in the most recent year and up to the date the Annual Report was printed: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and up to the date the Annual Report was printed: None

IV. Other Matters Requiring Supplementary Information: No, the company does not have pending promised TPEx listing.

Nine. Matters with Important Impacts on Shareholders' Equity or Prices of Securities

I. Matters with important impacts on shareholders' equity or prices of securities as indicated in Article 36 Paragraph 2 Subparagraph 2 of the Securities and Exchange Act in the past year up to date the Annual Report was printed: None.

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

Consolidated Financial Statements and Independent Auditor's Report

2022 and 2021

Company address: No. 269, Baodong Rd., Pitou Vil., Guanmiao Dist., Tainan City
Company Tel. No.: (06)595-0688

Consolidated Financial Statements
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Representation Letter

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with the requirements under IFRS 10 “Consolidated Financial Statements” endorsed and issued into effect by the Financial Supervisory Commission are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2022, (from January 1, 2022 to December 31, 2022) in accordance with "Criteria Governing Preparation of Affiliation Reports" and "Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

Declared by

Company: FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD.

Responsible person: Wang Po-Hsun

March 22, 2023

Independent Auditors' Report

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.

EY Taiwan

The financial report is disclosed to the public upon approval of the competent authority.

Approval reference: Jin-Guan-Zheng-Shen-Zi No. 1100352201

Jin-Guan-Zheng-Shen-Zi No. 1010045851

Hung Kuo-Sen

Certified Public Accountant

Lee Fang-Wen

March 22, 2023

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		2,188,720	31.25	2,491,798	37.60
	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		2,362,050	33.73	1,860,198	28.08
2xxx	Total Liabilities		4,550,770	64.98	4,351,996	65.68
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		825,114	11.78	738,206	11.14
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		2,452,313	35.02	2,274,551	34.32
	Total liabilities and equities		$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 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 taxexpenses	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		20,747	0.45	-16,713	(0.39)

Code	Accounting titles	Note	2022		2021	
	statements of foreign operations					
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		$188,432	4.10	$92,474	2.12
8600	Net income (loss) attributable to:					
8610	Owners of the Company		$159,455		$117,642	
8620	Non-controlling interests		10,522		-9,854	
			$169,977		$107,788	
8700	Total comprehensive income attributable to:					
8710	Owners of the Company		$179,373		$103,682	
8720	Non-controlling interests		9,059		-11,208	
			$188,432		$92,474	
	Earningsper share(NT$元)	VI.21				
9750	Basic earnings per share		$1.05		$0.80	
9850	Dilutedearnings per share		$1.00		$0.80	

(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	Conversion of bonds Entitlement certificates	Capital surplus	Retained earnings			Other items of equity	Treasury stocks	Total		
					Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of the financial statements of foreign operations				
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 0
	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	-	- 0	-	-	-	95	-	95
M7	Change in ownership interests in subsidiaries	-	-	-	-	- 0	-	-	-	-	3,145	3,145
N1	Transfer of treasury stocks to employees	-	-	-	-	-	-470	-	12,263	11,793	-	11,793
T1	Others	-	-	29	-	- 0	-	-	-	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 Amount	2021 Amount	Code	Items	2022 Amount	2021 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	(Decrease)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				0
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:

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries
Note to consolidated financial statements
For the years ended December 31,
2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company History

1. Fu Chun Shin Machinery Co., Ltd. was incorporated on July 17, 1991. The Company is primarily engaged in manufacturing, repair, processing and trading of plastic injection machine and tooling, plastic products, electric wires and cables.

2. In order to expand business fields and orient the Company's development toward business diversification, the Company was approved to be renamed as "Fu Chun Shin Machinery Manufacture Co., Ltd." (hereinafter referred to as the "Company") on July 29, 2003.

3. The Company has been listed on Taipei Exchange ("TPEx") since April 5, 2004.

4. The Company's main place of business and registered address is No. 269, Baodong Rd., Pitou Vil., Guanmiao Dist., Tainan City.

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the "Group") ended on December 31, 2022 and 2021 were approved and released by the Board of Directors on March 22, 2022.

III. New Standards, Amendments and Interpretations Adopted

1. Changes in accounting policies caused by the first-time application of International Financial Reporting Standards (IFRSs)

The Group has adopted the International Financial Reporting Standards (IFRSs)," International Accounting Standards (IAS), Standing Interpretation Committee (SIC) interpretation and International Financial Reporting Standards Interpretations Committee (IFRSIC) announcement, which has been recognized and applied by the Financial Supervisory Commission ("FSC") as of the fiscal year beginning January 1, 2022. The first-time application of new and amended standards rendered no material impact on the Group.

2. The standards or interpretations issued, revised or amended by the International Accounting Standards Board ("IASB") which is recognized by the FSC, but is not yet adopted by the Group by the date for authorization of the financial reports:

Item No.	New, Revised or Amended Standards and Interpretations	Effective date promulgated by the IASB
1	Disclosure Initiative – Accounting policy (amendments to IAS 1)	January 1, 2023
2	Definition ofAccounting Estimate (amendments to IAS 8)	January 1, 2023
3	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).	January 1, 2023

(a) Disclosure Initiative – Accounting policy (amendments to IAS 1)

The amendments are designed to improve the disclosure of accounting policies in order to provide investors and other primary users of the financial statements with more useful information.

(b) Definition ofAccounting Estimate (amendments to IAS 8)

The amendments are made to define the accounting estimates directly, and also amend IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," in order to help entities to distinguish between accounting policies and accounting estimates.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The narrow-scope amendment would narrow the initial recognition exemption in paragraphs 15 and 24 of IAS 12 so that it would not apply to transactions that give rise to both taxable and deductible temporary differences, to the extent the amounts recognized for the temporary differences are the same.

The said standards and interpretations were issued by IASB and endorsed by the FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The Company has assessed that the other new or amended standards or interpretations render no material impact on the Group.

3. The standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are recognized by the FSC, but not yet adopted by the Company by the date for authorization of the financial reports:

Item No.	New, Revised or Amended Standards and Interpretations	Effective date promulgated by the IASB
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided by the IASB
2	*IFRS 17 "Insurance Contracts"*	January 1, 2023
3	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
4	Lease Liability in A Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
5	Non-current Liabilities in Contracts (Amendments to IAS1)	January 1, 2024

(a) Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments address the inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 requires that gains and losses arising from contributions of non-monetary assets to an associate or a joint venture shall be derecognized through downstream transactions. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) *IFRS 17 "Insurance Contracts"*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General Model. Under this model, on initial recognition, an entity shall measure a company of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a company of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach), mainly for short-term contracts.

Upon promulgation of the Standard as of May 2017, the Standard was amended in June 2020 and 2021, so that the effective date should be deferred for another two years (i.e. to be postponed from January 1, 2021 to January 1, 2023) and additional exemptions should be made available; meanwhile, the costs for the adoption of the Standard may be cut through the simplification and certain circumstances may be explained in an easier way by virtue of the amendments. The Standard will replace the provisional one (namely IFRS 4 "Insurance Contracts) after it becomes effective.

(c) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

These are the amendments to paragraphs 69-76 of IAS 1 "Presentation of Financial Statements" and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in A Sale and Leaseback (Amendments to IFRS 16)

The amendments focus on the additional accounting for leaseback transactions for sellers who are concurrently lessees in IFRS 16 "Leases" to further improve the consistency in the application of the standard.

(e) Non-current Liabilities in Contracts (Amendments to IAS1)

The amendments improved the information related to long-term liabilities contracts provided by enterprises. It is stated that for contractual agreements to be fulfilled within 12 months after the reporting period shall not affect the classification of such liabilities as current or non-current at the end of the reporting period.

The effective dates of said standards and interpretations which were already issued by IASB but have not yet been recognized by the FSC, shall be decided by the FSC. The new or amended standards or interpretations rendered no material effect on the Group.

IV. Summary of Significant Accounting Policies

1. Compliance Statement

The Group's consolidated financial statements for the years from January 1 to June 30, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRSs, IAS, SIC interpretation and IFRSIC announcement, which has been recognized and put to effect by the FSC as of 2022 and 2021.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan dollars ("NT$") unless otherwise stated.

3. Overview of consolidation

2. Principles for preparing consolidated financial statements

The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Particularly, the Company controls an investee if and only if it satisfies all of the following three elements:

(a) Power over the investee (i.e. the Company has existing rights that give it the ability to direct the relevant activities).
(b) Exposure, or rights, to variable returns from its involvement with the investee, and
(c) Ability to use its power over the investee to affect the amount of the investor's returns.

When the Company holds, directly or indirectly, the voting rights or other similar rights less than the majority investee's, the Company evaluates whether it still holds power over the investee by taking into account all critical facts and circumstances, including:

(a) Contractual arrangements with the investee and others with voting rights.
(b) Rights derived from other contractual arrangements.
(c) Voting rights and potential voting rights

When the facts and circumstances show changes of any or more of the three controlling elements, the Company re-evaluates whether it still holds power over the investee.

The subsidiaries have been included in the consolidated financial statements since the date of acquisition (namely, the date when the Group acquires the controlling power) in whole, until the date when the Company loses the controlling power over the subsidiaries. The fiscal period and accounting policies adopted by the subsidiaries' financial statements are consistent with those adopted by the parent company. The balance, transactions, and unrealized internal gains and losses and dividends generated from the Group's internal transactions in the Group's internal account shall be derecognized accordingly.

If the Company doesn't lose the controlling power over the subsidiaries as a result of changes in shareholdings in the subsidiaries, the changes in equity should be treated as an equity transaction.

A subsidiary's total comprehensive income is attributed to the Company's owner and non-controlling interests, irrelevant with balance or loss generated from non-controlling interests.

Where the Group loses the controlling power over a subsidiary,

(a) it shall derecognize the subsidiary's assets (including goodwill) and liabilities;
(b) it shall derecognize any carrying amount of the non-controlling interests;
(c) it shall recognize the fair value of consideration for the acquisition;
(d) it shall recognize the fair value of any retained investments;
(e) it shall recognize any gain or loss as the current income;
(f) it shall re-classify the amount recognized by the parent company to other comprehensive income previously as the current income.

Entities in the preparation of consolidated financial statements:

Investor	Company Name	Principal business lines	Percentage of equity	
			December 31, 2022	December 31, 2021
The Company	一、FU CHUN SHIN CO., LTD. (BVI) FU CHUN SHIN CO., LTD. (BVI)	Primarily engaged in the marketable securities trading and import/export sales.	100.00%	100.00%
The Company	SHING FUH TAI TECHNOLOGY CORP.	Non-ferrous Metal Basic Industries	85.71%	85.71%
The Company	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Sale of plastic injection molding machines, peripheral products, molds and spare parts	92.00%	92.00%
The Company	PT. SHIN PREFORM PLASTIC	Production of PET preforms	99.00%	99.00%
The Company	FCS MACHINERY (THAILAND) CO.,LTD.	Production of PET preforms, and sale and maintenance service for injection machine	100.00%	100.00%
The Company	FCS RG PLASTIC PTE. LTD.	Primarily engaged in import/export sales	65.00% (Note 3)	65.72%

Investor	Company Name	Principal business lines	Percentage of equity December 31, 2022	Percentage of equity December 31, 2021
The Company	FCS MACHINERY (INDIA)PRIVATE LIMITED	Production and sale of plastic molding machine and plastic molds	99.99%	99.99%
The Company	FCS PLASTIC MACHINERY(THAILAND) CO.,LTD.	Sale and after-sale of machine and spare parts	100.00%	100.00%
The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Production and sale of plastic molding machine and plastic molds	99.99% (Note 2)	99.99%
The Company	FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Sale and after-sale of machine and spare parts	100.00%	100.00%
FU CHUN SHIN CO., LTD. (BVI)	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Production and sale of plastic molding machine and various plastic products	100.00%	100.00%
FU CHUN SHIN CO., LTD. (BVI)	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Production and sale of plastic molding machine and plastic molds	90.50%	90.50%
FU CHUN SHIN CO., LTD. (BVI)	Minidesign Ltd. (Minidesign)	Primarily engaged in the marketable securities trading and import/export sales.	- (Note 1)	100.00%
FU CHUN SHIN CO., LTD. (BVI)	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Production and sale of plastic molding machine and plastic molds	90.50%	90.50%
FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE. LTD.	Primarily engaged in import/export sales	0.72% (Note 3)	-
FU CHUN SHIN CO., LTD. (BVI)	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Production and sale of plastic molding machine and plastic molds	0.01% (Note 2)	-

Investor	Company Name	Principal business lines	Percentage of equity	
			December 31, 2022	December 31, 2021
FCS RG PLASTIC PTE. LTD.	PT.FCS RGP PLASTIC	Primarily engaged in manufacturing of plastic products	100.00%	100.00%

(Note 1) Minidesign Ltd. completed its dissolution and liquidation procedures in Q1 2022.

(Note 2) Subsidiary FU CHUN SHIN CO., LTD. (BVI) acquired 0.01% of the equity of CS MANUFACTURING (INDIA) PRIVATE LIMITED in May 2022, and the Group holds the entire equity in aggregate.

(Note 3) The Board of the Company approved to transfer 56 thousand shares of subsidiary FCS RG PLASTIC PTE.LTD. to FU CHUN SHIN CO., LTD. (BVI) as a resolution on August 11, 2022; the shareholding ratio became 65.00%. The Group holds 65.72% of the equity in aggregate.

4. Foreign currency transaction

The Group's consolidated financial statements are expressed in New Taiwan dollars, the functional currency adopted by the Company. Each entity in the Group decides its own functional currency independently, and measures its financial statement based on the functional currency.

Transactions in foreign currencies conducted by each entity in the Group are retranslated at its functional currency at the foreign exchange rate prevailing at the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing foreign exchange rate on the same day; non-monetary items that are measured at fair value are retranslated at the foreign exchange rate on the same day when the fair value is determined; non-monetary items that are measured at historical cost are retranslated at the foreign exchange rate on the date of initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 "Financial Instruments" are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized into other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized into profit or loss.

5. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals: (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result

in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

6. Criteria for classifying assets and liabilities as current or non-current items

Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
(b) Assets held mainly for trading purposes;
(c) Assets that are expected to be realized within twelve months from the reporting period;
(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those to be exchanged or used to pay off liabilities more than twelve months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:

(a) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
(b) Liabilities arising mainly from trading activities;
(c) Liabilities that are expected to be paid off within twelve months from the reporting period;
(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period. Terms of a liability that could, at the option of the trading counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term and highly liquid time deposits or investments (time deposits to be matured within 3 months) that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

8. Financial instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments" are recognized initially at fair value, plus or minus transaction costs directly attributable to acquisition or issuance of financial assets and financial liabilities (except those classified into financial assets and financial liabilities at fair value through profit or loss).

(a) Recognition and measurement of financial assets

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. The Company's business model for managing the financial assets
B. The contractual cash flow characteristics of the financial assets

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables, financial assets measured at amortized cost and other receivables, etc., on the balance sheet:

A. Business model managing financial assets: To hold financial assets in order to collect contractual cash flows.
B. The contractual cash flow characteristics of the financial asset: Cash flows are solely payments of principal and interest on the principal amount outstanding.

Such financial assets (excluding those involving hedging relationship) are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance). A gain or loss is recognized in

profit or loss when the financial asset is derecognized through the amortization process or in order to recognize the impairment gains or losses.

Interest calculated by using the effective interest method (calculated by applying the effective interest rate to the gross carrying amount of a financial asset) or under the following circumstances shall be recognized into profit or loss:

A. In the case of purchased or originated credit impaired financial assets, the Company applies the credit adjusted effective interest rate to the amortized cost of the financial asset.
B. In the case of financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets, the Company applies the effective interest rate to the amortized cost of the financial assets.

Financial assets at FVTPL

Except the financial assets classified as measured at amortized cost based on said criteria, all other financial assets are measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value. The gains or losses resulting from remeasurement are recognized in profit or loss, which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group recognizes and measures the allowance for loss of financial assets at amortized costs based on expected credit losses.

The Group measures expected credit losses in a way that reflects:

A. an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
B. the time value of money;
C. reasonable and supportable information (that is available without undue cost or effort at the reporting date) about past events, current conditions and forecasts of future economic conditions.

The allowance for loss is measured as follow:

A. At an amount equal to 12 month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the balance sheet date. Additionally, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current balance sheet date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit impaired financial asset.

C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the allowance for loss at an amount equal to lifetime expected credit losses.

D. For the lease payment receivables arising from transactions within the scope of IFRS 16, the Group measures the allowance for loss at an amount equal to lifetime expected credit losses.

At each balance sheet date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the balance sheet date and the risk of defaults occurring at initial recognition. Please refer to Note XII for further details on credit risk.

(c) Derecognition of financial assets

Any financial asset held by the Group is derecognized when any of the following circumstances are met:

A. The contractual rights to receive cash flows from the asset have expired.

B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.

C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable, including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized into profit or loss.

(d) Financial liabilities and equity instruments

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the Group's assets after deducting all of its liabilities. The equity instrument issued by the Group is recognized based on the acquisition price less the direct issue cost.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, measured at amortized cost upon initial recognition.

Financial liabilities at FVTPL

The financial liabilities at fair value through profit or loss include those held for trading and designated as measured at fair value through profit or loss.

The liabilities which meet any of the following conditions shall be classified with those held for trading:

A. Liabilities that are incurred principally for the purpose of selling them in a short term;

B. Liabilities that, upon initial recognition, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking; or

C. Liabilities that are derivative financial liabilities, except for financial guarantee contracts or derivative financial liabilities that are designated and effective hedging instruments.

For a contract consisting of one or multiple embedded derivative instruments, the entire hybrid (combined) contract may be designated as financial liability at fair value through profit or loss. When any of the following conditions is met and reliable and more relevant information may be provided, it shall be designated as measured at fair value through profit or loss on the initial recognition:

A. Such designation may derecognize or significantly reduce the inconsistency in measurement or recognition; or

B. A group of financial liabilities or financial assets and financial liabilities managed at fair value based on the written risk management or investment strategies, with the performance thereof evaluated under the same strategies, and the investment portfolio information provided by the consolidated entity to the management internally also based on the fair value.

The gains or losses generated form such financial liabilities are stated as income, which include any interest paid by the financial liabilities.

Financial assets measured at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate

method after initial recognition. Gains and losses are recognized into profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When debt instruments subject to contractual terms different from each other significantly are exchanged or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor) between the Group and creditors, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized into profit or loss.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

9. Derivative instruments

The derivative instruments held or issued by the Group are intended to evade foreign interest rate risk and interest rate risk. Those as designated and effective hedging instruments among them shall be stated as financial assets or liabilities for hedging on the balance sheet. Those other than the ones as designated and effective hedging instruments shall be stated as financial assets or liabilities at fair value through profit or loss.

The derivative instruments are measured at the fair value prevailing on the date of execution of the derivative instrument contract at the time of initial recognition, and at fair value subsequently. The derivative instrument with positive fair value is stated as a financial asset. That with negative fair value is stated as a financial liability. The changes in fair value of derivative instruments shall be recognized into profit or loss directly, while if derivative instruments as designated and effective hedging instruments are involved, the changes shall be recognized into profit or loss, or equity, subject to the type of hedge.

If the master contract is not a financial asset or financial liability, when the economic characteristics and risk of the derivative instruments embedded into the contract is not closely related to the contract and the contract is not that at fair value through profit or loss, the embedded derivative instruments shall be treated as independent instruments.

10. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants acted in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

11. Inventories

Inventories are valued at lower cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present sellable or producible condition and location are accounted for as follows:

Raw materials – Based on the standard cost usually which may be compared with the actual cost during the financial reporting period, and adjusted, if necessary, to make it closer to that calculated on a weighted average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, exclusive of the borrowing cost.

The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

12. Investment accounted for using the equity method

The Group's investment in its associates is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture means that the Group has rights over net assets under the joint arrangement (with joint control).

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the carrying amount of the investment in the associate or joint venture and other related long-term equity is reduced to zero since the equity method is adopted, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing of the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new shares, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized into "capital surplus" and "investment accounted for using the equity method." When the interest in the associate or joint venture is reduced, the related items previously recognized into other comprehensive income are reclassified into profit or loss or other appropriate items. Said capital surplus recognized is reclassified into profit or loss on a pro rata basis when the Group disposes of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 "Investments in Associates and Joint Ventures." If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount and recognizes the amount into the profit or loss of the associate or joint venture in accordance with IAS 36 "Impairment of Assets." Where said recoverable amount adopts the value in use of the investment. The Group may determine the related value in use of the investment in the following manners:

(a) The Group's share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture, and the proceeds on the ultimate disposal of the investment; or

(b) The present value of the estimated future cash flows expected by the Group to arise from dividends to be received from the investment and its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 "Impairment of Assets."

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retaining investment at its fair value. Upon loss of significant influence over the associate or joint control over the joint venture, any difference between the carrying amount of the associate or joint venture and the fair value of the retaining investment plus proceeds from disposal is recognized into profit or loss. Meanwhile, when the investment in the associate becomes that in the joint venture, or the investment in the joint venture becomes that in the associate, the Group continues to apply the equity method without re-measuring the retained equity.

13. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the same and restoring the site on which the same are located, and the necessary interest expenses for construction in progress. Each part of property, plant and equipment that is significant is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful

life and depreciation. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment." When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as the replacement cost if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the estimated service life of the following assets:

Buildings	7–50 years
Machinery and equipment	2–15 Years
Office equipment	2–8 Years
Transportation Equipment	3–10 Years
Water and electricity utilities	3–16 Years
Leased Improvements	5–11 Years
Other assets	3–10 Years

Any item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset is recognized as profit or loss.

The residual values, service life and methods of depreciation of property, plant and equipment are reviewed at the end of each fiscal year, and the changes resulting from the difference in the expected value and previous estimate are treated as changes in accounting estimates.

14. Investment property

The Group owned investment property is measured initially at cost, including transaction costs. The carrying amount of the investment property includes the cost of repairing or adding the existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of the investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," investment property is measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment property is held by a lessee as the right of use assets and are not held for sale in accordance with IFRS 5, the investment property is measured in accordance with the requirements

of IFRS 16.

Depreciation is calculated on a straight line basis over the estimated service life of the following assets:

Building	5–50 years

Investment property is derecognized and relevant profit or loss is recognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The Group decides to transfer to or from investment property based on the actual usage of the assets.

Property is transferred to or from investment property when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

15. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, by maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short term leases or leases of low value assets, the Group, if as a lessee, recognizes the right-of-use asset and lease liability for all leases.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that is not paid at the commencement date:

(a) Fixed payments (including in substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method, and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset by applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the service life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date until expiration of the service life of the right-of-use asset or the end of the lease term, whichever earlier.

The Group applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short term leases or leases of low value assets. The Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related depreciation expense and interest expense in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis during the lease period.

Group as a lessor

At the inception of a contract, the Group classifies its leases as either an operating lease or a financing lease. A lease is classified as a financing lease if it substantially transfers all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not so. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and presents them as a receivable amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental revenue on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental revenue when incurred.

16. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination refers to the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets that do not meet the conditions of recognition are not capitalized but recognized into profit or loss when it is incurred.

The service life of intangible assets is assessed as either finite or indefinite.

Intangible assets with finite service life are amortized over the service life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite service life is reviewed at least at the end of each fiscal year. Changes in the expected service life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite service life are not amortized, but are tested for

impairment annually, either individually or at the cash-generating unit level. The assessment on intangible assets with indefinite service life is reviewed each period to determine whether the indefinite service life continues to be supportable. If not, the change in service life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized into profit or loss.

Patent Right

The patent right has been authorized for one decade by the related government agencies.

Computer Software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (5 to 10 years).

17. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group tests the individual assets or cash-generating units of the assets. If the impairment test result shows that the carrying amount of the asset or cash-generating unit of the asset is more than the recoverable amount thereof, the impairment loss should be recognized. An asset's recoverable amount refers to the net fair value or value in use, whichever higher.

For assets excluding goodwill, an assessment is made at the end of each reporting period regarding whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset, increasing the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had

no impairment loss been recognized for the asset in prior years.

A cash generating unit, or group of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized according to the impairment loss test, it is first allocated to reduce the carrying amount of any goodwill and then allocated to any assets other than goodwill pro rata on the basis of the carrying amount of each asset. Impairment losses relating to goodwill cannot be reversed in future periods for any reason when they are recognized.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized into profit or loss.

18. Treasury stocks

Upon acquisition of the parent company's shares (treasury shares), the Group recognizes them at cost and into the deductions for equity. The price difference in transactions of treasury shares is recognized into the equity.

19. Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follow:

Sale of goods

The Group manufactures and sells goods. Sales revenue is recognized when the promised goods are delivered to the customers and control of the goods is transferred to the customers (i.e. the customers direct the use of such goods and obtain the ability of almost residual effects of such goods). The main products of the Group are plastic injection machine units and revenue is recognized based on the consideration stated in the contract.

The Group provides its customers with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted for in accordance with IAS 37.

The credit period of the Group's sale of goods is from 90 to 150 days. When the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. Such accounts receivable are generally short-term and free from any important financial components. Only a small number of contracts, in cases where the Group transfers the goods to customers but has not yet had a right to an unconditional amount of consideration are recognized as contract assets. In the case of contract assets, the allowance for loss should be measured at an amount equal to lifetime expected credit losses under IFRS 9. However, for some contracts, part of the consideration was received from customers upon signing the contract. The Group has an obligation to provide the goods subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of the Group's said contract liabilities to revenue is usually within one year. Thus, no significant financing component arises.

20. Borrowing costs

The borrowing costs of qualifying assets directly attributable to the acquisition, construction or production shall be eligible for capitalization as a part of the costs of such assets. The other borrowing costs are recognized as the expenses when incurred. The borrowing costs include the interests and other costs incurred related to the borrowing of loans.

21. Government grants

The Group will not recognize the government grants until it may reasonably assure compliance with the conditions set forth for the government grants and receive the inflow from economic effects of such grants. When the grants are related to assets, they shall be recognized as deferred revenue and as income in installment within the expected service life of the related assets. When the grants are related to expenses, they shall be recognized as income in a reasonable and systematic

manner and in response to the period in which related costs are expected to be incurred.

22. Retirement benefit plans

The Company's regulations governing employees' retirement apply to all employees hired by the Company officially. The employees' pension fund is managed by the Pension Supervisory Committee and deposited into the pension fund account as a whole. Said pension fund is deposited under the Committee's name in the specific bank account and hence, not associated with the Company. Therefore, such a fund is not included in said consolidated financial statements. The regulations governing retirement of employees of foreign subsidiaries and branches shall follow the local laws and regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. The pension shall be contributed based on the specific contribution rate applicable locally and recognized into the current-period expenses, in the case of employees of foreign subsidiaries and branches.

The post-employment benefit plan classified as the defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements comprise of changes in return on plan assets and the effect of the asset ceiling, less the net interest on defined benefit liabilities (assets)), and actuarial gains and losses. The remeasurements in net defined benefit liabilities (assets) are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. The past service costs are the changes in the present value of defined benefit obligation generated from amendments to or curtailment of the plan and recognized into profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

23. Income tax

Income tax expenses (gains) are the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Tax currently payable

Current-period income tax assets and liabilities for the current and prior periods are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current-period income tax relating to items recognized into other comprehensive income or directly into equity is recognized into other comprehensive income or equity, instead of profit or loss.

The income tax for undistributed earnings is recognized as income tax expense on the date when the shareholders' meeting approves the distribution proposal.

Deferred tax

Deferred income tax is provided on temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts in the balance sheet.
Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
(b) In respect of taxable temporary differences associated with investments in

subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at the end of each reporting period and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(5) Significant Accounting Assumptions and Judgment, And Major Sources ff Estimation Uncertainty

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Assumptions and estimation

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Accounts receivables–estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows due under the contract (carrying amount) and the cash flows that expect to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted difference. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note VI for more details.

(b) Inventory valuation

Inventory shall be evaluated on the basis of the lower of the cost and net realizable value. The Group must make judgment and estimate to determine the net realizable value of the inventory at the end of the reporting period.

In consideration of the rapid transformation in market, the Group's estimates of the net realizable value of inventories at the end of reporting period takes into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The expected realized value of inventories may serve as the most reliable evidence available at the time the estimates are made. Please refer to Note VI for more details.

(c) Impairment of non-financial assets

Impairment is incurred if the carrying amount of the asset or cash-generating unit is more than the recoverable amount. The recoverable amount refers to the higher of the fair value

less disposal costs and value in use. The fair value less disposal cost means the amount after the price receivable from sale of assets or required to be paid for transfer of liabilities by market participants in any orderly transactions on the date of measurement less the incremental cost attributable to disposal of assets or cash-generating unit directly. The value in use is calculated based on the discounted cash flow model. The cash flow is estimated based on the budget for the future five years, exclusive of any reorganization that the Group has not committed, or future significant investment required to improve the performance of the tested cash-generating unit asset.

The recoverable amount is likely to be affected by the discount rate applied by the discounted cash flow model and expected future cash inflow and growth rate used for the purpose of extrapolation. For the key assumptions used to decide the recoverable amount of different cash-generating units, including sensitivity analysis, please refer to Note VI.

(d) Retirement benefit plans

The defined benefit cost and the present value of the pension obligation under retirement benefit plan plans are determined using actuarial valuations. An actuarial valuation involves various assumptions, including the determination of the discount rate and increase/decrease in expected salaries.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. Such provisions are based on various factors, such as the experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the territories where the respective Group entities are situated.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are taxable temporary differences. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

VI. Summary of Significant Accounting Titles

1. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Reserve cash	$2,523	$2,178
Demand deposits	693,826	531,796
Total	$696,349	$533,974

The Group's cash and cash equivalents were not provided as security.

2. Financial assets at FVTPL

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss:		
Financial derivatives without designated hedgin relationship		
Forward exchange contract	$-	$146
Shares	50,650	68,748
Wealth management products	220,646	391,479
Fund	5,464	-
Embedded derivative instruments - Domestic issuance		
Call/put rights of convertible corporate bonds	400	-
Total	$277,160	$460,373
Current	$228,750	$405,060
Non-current	48,410	55,313
Total	$277,160	$460,373

The Group's financial assets at fair value through profit or loss were not provided as security.

As of December 31, 2022, for details of information related to corporate bonds payable of the Group, please refer to Note VI.10.

3. Financial assets at FVOCI

	December 31, 2022	December 31, 2021
Investment in equity instruments at FVOCI - Non-current:		
Unlisted shares	$57,676	$-

The Group classifies partial financial assets as financial assets at FVOCI, and they are not

provided as security.

Regarding investment in equity instruments at FVOCI held by the Group, no dividend income was recognized in 2022 and 2021.

4. Notes receivable

	December 31, 2022	December 31, 2021
Notes receivable – arising from operating activities	$467,019	$306,814
Less: Unrealized interest revenue	(3,642)	(870)
Subtotal	463,377	305,944
Less: Allowance for bad debts	(2,638)	(1,126)
Total	$460,739	$304,818
Current	$429,870	$291,979
Non-current (stated into other non-current assets)	30,869	12,839
Total	$460,739	$304,818

The Group's notes receivable were not provided as security.

For the information about the Group's evaluation on impairment and allowance for loss under IFRS 9, please refer to Note VI.15. For the information about credit risk, please refer to Note XII.

5. Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$1,342,398	$1,235,784
Lease payment receivable	19,341	26,317
Less: Unrealized interest revenue	(20,773)	(20,657)
Unearned financing income on financing lease	(3,779)	(3,376)
Subtotal	1,337,187	1,238,068
Less: Allowance for bad debts	(66,878)	(43,056)
Total	$1,270,309	$1,195,012
Current	$1,256,879	$1,165,878
Non-current (stated into other non-current assets)	13,430	29,134
Total	$1,270,309	$1,195,012

The Group's accounts receivable were not provided as security.

The credit period of the Group's sale to customers from 90 to 150 days. The total carrying amounts were NT$1,337,187 thousand and NT$1,238,068 thousand on December 31, 2022 and 2021. For information about the allowance for loss in 2022 and 2021, please refer to Note VI.15 for details. Please refer to Note XII for further details on credit risk.

6. Inventories

	December 31, 2022	December 31, 2021
Raw materials	$680,073	$810,907
Work in process	207,757	258,569
Finished goods inventory	512,984	430,377
Product	23,609	27,775
Total	$1,424,423	$1,527,628

The inventory costs recognized by the Company as expenses were NT$3,374,074 thousand and NT$3,274,543 thousand in 2022 and 2021, including the gains on the recovery of an inventory price drop of NT$3,902 thousand due obsolescence of inventories provided by the Group resulting from the stock selling at various stock age intervals, and the recognition of price drop losses of NT$1,026 thousand due to the inventory reductions to the net realizable value in 2021.

Said inventories were not provided as security.

7. Property, plant and equipment

	December 31, 2022	December 31, 2021
Property, plant and equipment for own use	$1,765,265	$1,616,639
Property, plant and equipment for under operating leases	50,392	-
Total	$1,815,657	$1,616,639

	Land	Buildings	Machinery and equipment	Office equipment	Transportation Equipment	Water and electricity utilities	Other assets	Unfinished construction	Subtotal	Operating lease - Other equipment	Total
Cost:											
January 1, 2022	$562,308	$800,770	$699,294	$30,647	$36,661	$85,582	$37,954	$311,670	$2,564,886	$-	$2,564,886
Add	-	365	22,262	1,319	6,613	3,359	1,486	362,581	397,985	-	397,985
Dispose	-	-	(20,326)	(1,215)	(2,232)	(806)	(433)	-	(25,012)	(7,720)	(32,732)
Other changes	(20,822)	(79,697)	(7,360)	550	(1,224)	(32,760)	(1,282)	(76,619)	(219,214)	92,057	(127,157)
Effects of foreign exchange changes	(504)	1,492	7,102	100	329	367	56	3,673	12,615	(2,403)	10,212
December 31, 2022	$540,982	$722,930	$700,972	$31,401	$40,147	$55,742	$37,781	$601,305	$2,731,260	$81,934	$2,813,194
Depreciation and impairment:											
January 1, 2022	$-	$378,054	$428,098	$25,906	$30,125	$54,014	$32,050	$-	$948,247	$-	$948,247
Depreciation	-	30,519	38,978	1,814	1,884	9,524	1,441	-	84,160	2,716	86,876
Impairment loss	-	-	5,593	-	-	-	-	-	5,593	-	5,593
Dispose	-	-	(20,020)	(1,208)	(2,055)	(726)	(417)	-	(24,426)	(3,255)	(27,681)
Other changes	-	(17,313)	(11,485)	(240)	(781)	(21,702)	(368)	-	(51,889)	32,784	(19,105)
Effects of foreign exchange changes	-	1,507	2,200	56	228	290	28	-	4,309	(702)	3,607
December 31, 2022	$-	$392,767	$443,364	$26,328	$29,401	$41,400	$32,734	$-	$965,994	$31,543	$997,537

	Land	Buildings	Machinery and equipment	Office equipment	Transportation Equipment	Water and electricity utilities	Other assets	Unfinished construction	Subtotal	Operating lease - Other equipment	Total
Cost:											
January 1, 2021	$556,877	$806,487	$655,731	$29,227	$36,684	$87,035	$36,958	$97,764	$2,306,763	$-	$2,306,763
Add	6,064	3,195	8,390	1,878	1,000	4,471	1,283	239,527	265,808	-	265,808
Dispose	-	(1,901)	(17,437)	(1,157)	(1,487)	(4,000)	(130)	-	(26,112)	-	(26,112)
Other changes	705	961	54,593	790	727	117	(3)	(25,079)	32,811	-	32,811
Effects of foreign exchange changes	(1,338)	(7,972)	(1,983)	(91)	(263)	(2,041)	(154)	(542)	(14,384)	-	(14,384)
December 31, 2021	$562,308	$800,770	$699,294	$30,647	$36,661	$85,582	$37,954	$311,670	$2,564,886	$-	$2,564,886
Depreciation and impairment:											
January 1, 2021	$-	$348,321	$403,840	$25,142	$29,741	$37,974	$30,491	$-	$875,509	$-	$875,509
Depreciation	-	32,533	44,493	1,902	1,939	6,446	1,658	-	88,971	-	88,971
Dispose	-	(1,497)	(10,235)	(1,086)	(1,411)	(951)	(67)	-	(15,247)	-	(15,247)
Other changes	-	216	(8,319)	-	-	11,078	-	-	2,975	-	2,975
Effects of foreign exchange changes	-	(1,519)	(1,681)	(52)	(144)	(533)	(32)	-	(3,961)	-	(3,961)
December 31, 2021	$-	$378,054	$428,098	$25,906	$30,125	$54,014	$32,050	$-	$948,247	$-	$948,247
Net carrying amount:											
December 31, 2022	$540,982	$330,163	$257,608	$5,073	$10,746	$14,342	$5,047	$601,305	$1,765,266	$50,391	$1,815,657
December 31, 2021	$562,308	$422,716	$271,196	$4,741	$6,536	$31,568	$5,904	$311,670	$1,616,639	$-	$1,616,639

As the land where property, plant and equipment are located as stated by the Group falls in the land categories, such as fields and dry land, it is impossible to complete the registration of transfer thereof in the name of the Group. Therefore, it is registered under the name of the trust preliminarily, and a statement of unconditional title transfer has been received from the title owner. For the information about property, plant and equipment provided as security, please refer to Note VIII.

8. Investment property

	Land	Building	Total
Cost:			
January 1, 2022	$193,373	$169,912	$363,285
Other changes	23,199	108,159	131,358
Effects of foreign exchange changes	(170)	(767)	(937)
December 31, 2022	$216,402	$277,304	$493,706
January 1, 2021	$193,373	$169,912	$363,285
December 31, 2021	$193,373	$169,912	$363,285
Depreciation and impairment:			
January 1, 2022	$-	$134,751	$134,751
Depreciation in the current period:	-	8,659	8,659
Other changes	-	16,568	16,568
Effects of foreign exchange changes	-	(146)	(146)
December 31, 2022	$-	$159,832	$159,832
January 1, 2021	$-	$127,624	$127,624
Depreciation in the current period:	-	7,127	7,127
December 31, 2021	$-	$134,751	$134,751
Net carrying amount:			
December 31, 2022	$216,402	$117,472	$333,874
December 31, 2021	$193,373	$35,161	$228,534

	2022	2021
Rent revenue from investment property	$48,039	$41,328
Less: The direct operating expenses incurred by the investment property generating rent revenue in the current period.	(9,587)	(8,060)
Total	$38,452	$33,268

As the land where investment property is located as stated by the Group falls in the land categories, such as fields and dry land, it is impossible to complete the registration of transfer thereof in the name of the Group. Therefore, it is registered under the name of the trust preliminarily, and a statement of unconditional title transfer has been received from the title owner.

For the information about investment property provided as security, please refer to Note VIII.

The fair value of the investment property held by the Group was NT$419,878 thousand and NT$302,106 thousand on December 31, 2022 and 2021.

The fair value of investment property held by the Group is based on the evaluations made by the management of the Company. The determination of fair value is based on the support of market evidence; the valuation methods adopted are the income method and comparison method, respectively; the material assumptions and the assessed fair value are as follows:

With income method adopted:

	December 31, 2022	December 31, 202
Fair value	$294,891	$302,106
Discount rate	4.22%	4.10%

With cost method adopted: Refers to the method that deducts cumulative depreciations and other deductions from the rebuilding cost or replacement cost on the date of assessing the price of the target to estimate the price of the assessing target.

	December 31, 2022	December 31, 202
Fair value	$43,213	$-
Ratio of salvage value	26%~38%	-
Remaining useful life	19~29 years	-

With comparison method adopted: Refers to the method that is based on the comparison of the target price to estimate the price of assessing the target through comparison, analysis, and adjustments.

	December 31, 2022	December 31, 202
Fair value	$81,774	$-

9. Short-term borrowings

	Interest rate range (%)	December 31, 2022	December 31, 202
Unsecured bank borrowings	1.72%~6.36%	$554,954	$552,399

	Interest rate range (%)	December 31, 2022	December 31, 202
Secured bank borrowings	3.85%	35,705	30,104
Related party borrowings	-	-	13,840
Total		$590,659	$596,343

For the information about security for bank borrowings, please refer to Note VIII.

10. Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable:		
Domestic secured ordinary corporate bonds payable	$360,000	$360,000
Domestic unsecured convertible corporate bonds payable	475,015	-
Net amount	$835,015	$360,000

(a) Domestic secured corporate bonds payable

	December 31, 2022	December 31, 2021
Carrying amount of domestic secured corporate bonds payable	$360,000	$360,000

The Group issued the 1st domestic secured corporate bonds at the par value of NT$360,000 thousand in total on May 28, 2020, for the term of five years. The principal thereof shall be repaid in full upon expiration of five years upon the issuance.

The corporate bonds accrue the interest at the annual interest rate of 0.63%. The interest is payable once per year.

(b) Domestic unsecured convertible corporate bonds payable

	December 31, 2022	December 31, 2021
Elements of liability:		

Nominal value of domestic unsecured convertible corporate bonds payable	$499,900	$-
Discount of domestic unsecured convertible corporate bonds payable	(24,885)	-
Net amount	$475,015	$-
Embedded derivative - Call/put rights under the issuance of domestic convertible corporate bonds (stated as financial assets at FVTPL)	$400	$-
Equity element (stated as capital reserve)	$18,800	$-

The Company issued domestic unsecured convertible corporate bonds with a coupon rate of 0% on August 24, 2022. Analyzed based on the contract terms of the convertible corporate bonds, the components include primary liability, embedded derivatives (the issuer's option to redeem and the holder's option to request the issuer to redeem) and equity elements (the holder's option to request conversion to ordinary shares of the issuer); the major issuance terms are as follows:

Total issuance amount: NT$500,000 thousand

Issuance period: From August 24, 2022 to August 24, 2025

Material redemption terms:

A. From the day after three months after the issuance up to 40 days before the expiry of the issuance period, if the closing price of the Company's ordinary shares exceeds 30% (inclusive) over the conversion price at the time for 30 consecutive business days on TPEx, the Company may redeem the bonds in advance in cash based at the par value of the bonds.
B. When the amount of the outstanding corporate bonds is 10% lower than the initial total issuance amount, the Company may fully redeem the corporate bonds in advance at the early redemption price.

Conversion method:

A. Conversion target: Ordinary shares of the Company.
B. Conversion period: Bondholders may request to convert into the Company's ordinary shares in exchange for a cash repayment of the Company from November 25, 2022 to August 24, 2025.
C. Conversion price and its adjustment: The conversion price was set at NT$17.59 per share

upon the issuance; if any matters of conversion price adjustments stated in the issuance terms occur to the Company's ordinary shares, the conversion price shall be adjusted according to the formula stated in the issuance terms. The conversion price on December 31, 2022 was NT$17.59 per share.

D. Redemption upon expiry: Outstanding corporate bonds will be redeemed at the par value.

In addition, the conversion amount of the corporate bonds as of December 31, 2022 and 2021 was NT$100 thousand and nil, and the total number of shares was 57 thousand shares and nil, respectively.

11. Long-term borrowings

(a) The details about long-term borrowings on December 31, 2022 and 2021 are stated as follows:

Creditor	December 31 2022	Interest rate (Note)	Repayment period and rules
The Export-Import Bank of ROC Credit loans	16,891 (US$550 thousand)		from April 24, 2020 to February 8, 2023, with the principal repaid in full on the date of maturity.
The Export-Import Bank of ROC Credit loans	6,142 (US$200 thousand)		from April 27, 2020 to April 27, 2023, with the principal repaid averagely in five installments starting as of the second year.
Cathay Bank Credit loans	100,000		from September 28, 2022 to September 27, 2024, with the principal repaid in full on the date of maturity..
Taiwan Business Bank Credit loans	5,555		from December 28, 2018 to December 27, 2023, with the principal repaid averagely in 20 installments.
Bank SinoPac Secured borrowings	25,000		from August 19, 2022 to August 31, 2024, with the principal repaid in full on the date of maturity.
Bank SinoPac Secured borrowings	56,000		from September 21, 2020 to September 30, 2025, with partial principal repaid in installments each year starting from the second year and the remaining principal repaid in full on the date of maturity.
Bank SinoPac Credit loans	30,000		from August 19, 2022 to August 31, 2024, with the principal repaid in full on the date of maturity.
Taipei Fubon Commercial Bank Credit loans	30,000		from December 30, 2021 to December 20, 2023, with the principal repaid in full on the date of maturity.

Creditor	December 31 2022	Interest rate (Note)	Repayment period and rules
Mega International Commercial Bank (Arranger) Syndicated loan	200,000		from July 25, 2019 to July 25, 2024 with the principal repaid in full on the date of maturity.
The Shanghai Commercial & Savings Bank Credit loans	20,000		from February 11, 2022 to February 11, 2025, with the principal repaid averagely in eight installments as of the second year.
E-Sun Bank Credit loans	60,000		from May 4, 2022 to May 4, 2024, with the principal repaid in full on the date of maturity.
Mega International Commercial Bank Secured borrowings	60,000		from May 28, 2022 to May 27, 2024, with the principal repaid in full on the date of maturity.
Bank of Taiwan Credit loans	30,000		from September 15, 2022 to September 15, 2024, with the principal repaid in full on the date of maturity.
Agricultural Bank of China Secured borrowings	22,040 (RMB5,000 thousand)		RMB2,500 thousand to be repaid on June 26, 2023, RMB2,500 thousand on December 25, 2023, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	12,783 (RMB2,900 thousand)		RMB2,900 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	9,257 (RMB2,100 thousand)		RMB2,100 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	11,020 (RMB2,500 thousand)		RMB1,000 thousand to be repaid on June 25, 2027, RMB1,500 thousand on December 27, 2027, and no repayment in installment applied.

Creditor	December 31 2022	Interest rate (Note)	Repayment period and rules
Agricultural Bank of China Secured borrowings	24,685 (RMB5,600 thousand)		RMB5,600 thousand to be repaid on December 27, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	48,488 (RMB11,000 thousand)		RMB11,000 thousand to be repaid on December 27, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	17,632 (RMB4,000 thousand)		RMB4,000 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	8,375 (RMB1,900 thousand)		RMB1,900 thousand to be repaid on December 27, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	30,635 (RMB6,950 thousand)		RMB6,950 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	15,781 (RMB3,580 thousand)		RMB3,580 thousand to be repaid on June 25, 2026, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	58,983 (RMB13,381 thousand)		RMB13,381 thousand to be repaid on December 25, 2026, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	20,409 (RMB4,630 thousand)		RMB4,630 thousand to be repaid on December 25, 2026, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	22,040 (RMB5,000 thousand)		RMB5,000 thousand to be repaid on December 25, 2025, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	13,444 (RMB3,050 thousand)		RMB3,050 thousand to be repaid on June 25, 2027, and no repayment in installment applied.

Creditor	December 31 2022	Interest rate (Note)	Repayment period and rules
Agricultural Bank of China Secured borrowings	8,596 (RMB1,950 thousand)		RMB1,950 thousand to be repaid on June 25, 2026, and no repayment in installment applied.
E-Sun Bank Credit loans	61,420 (US$2,000 thousand)		from December 23, 2022 to December 23, 2025, with the principal and interest repaid in 36 installments.
Subtotal	1,025,176		
Less: current portion	(115,601)		
Less: unamortized syndicated loan expenses	(1,413)		
Total	$908,162		

Note: The interest rate ranges from 1.54% to 6.29%.

Creditor	December 31 2021	Interest rate (Note)	Repayment period and rules
The Export-Import Bank of ROC Credit loans	$16,608 (US$600 thousand)		from July 12, 2019 to January 5, 2022, with the principal repaid in full on the date of maturity.
The Export-Import Bank of ROC Credit loans	28,000		from August 15, 2019 to August 14, 2022, with the principal repaid averagely in five installments as of the second year.
The Export-Import Bank of ROC Credit loans	17,992 (US$650 thousand)		from April 24, 2020 to December 29, 2022, with the principal repaid in full on the date of maturity.
The Export-Import Bank of ROC Credit loans	15,224 (US$550 thousand)		from April 24, 2020 to February 8, 2023, with the principal repaid in full on the date of maturity.
The Export-Import Bank of ROC Credit loans	16,608 (US$600 thousand)		from April 27, 2020 to April 27, 2023, with the principal repaid averagely in five installments starting as of the second year.
Cathay Bank Credit loans	100,000		from September 28, 2021 to September 27, 2023, with the principal repaid in full on the date of maturity.
Taiwan Business Bank Credit loans	11,111		from December 28, 2018 to December 27, 2023, with the principal repaid averagely in 20 installments.
Bank SinoPac Secured borrowings	25,000		from August 5, 2021 to August 5, 2023, with the principal repaid in full on the date of maturity.
Bank SinoPac Secured borrowings	63,000		from September 21, 2020 to September 30, 2025, with partial principal repaid in installments each year starting from the second year and the remaining principal repaid in full on the date of maturity.
Mega International Commercial Bank Secured borrowings	38,000		from May 28, 2021 to May 27, 2023, with the principal repaid in full on the date of maturity.

Creditor	December 31 2021	Interest rate (Note)	Repayment period and rules
Taipei Fubon Commercial Bank Secured borrowings	30,000		from December 20, 2021 to December 20, 2023, with the principal repaid in full on the date of maturity.
Mega International Commercial Bank (Arranger) Syndicated loan	30,000		from July 25, 2019 to July 25, 2024 with the principal repaid in full on the date of maturity.
Agricultural Bank of China Secured borrowings	21,720 (RMB5,000 thousand)		RMB2,500 thousand to be repaid on June 26, 2023, RMB2,500 thousand on December 25, 2023, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	12,598 (RMB2,900 thousand)		RMB2,900 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	9,123 (RMB2,100 thousand)		RMB2,100 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	10,860 (RMB2,500 thousand)		RMB1,000 thousand to be repaid on June 25, 2027, RMB1,500 thousand on December 27, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	24,326 (RMB5,600 thousand)		RMB5,600 thousand to be repaid on December 27, 2027, and no repayment in installment applied.
Subtotal	470,170		
Less: current portion	(86,228)		
Less: unamortized syndicated loan expenses	(2,842)		
Total	$381,100		

The details about commercial paper payable are stated as follows:

Guarantee or accepting institution	December 31 2021	Interest rate (Note)	Term of contract and repayment rules
Mega International Commercial Bank (Arranger) Syndicated loan	$557,000		from July 25, 2019 to July 25, 2024, with the principal repaid in full on the date of maturity.
Less: Discounts on bills payable	-		
Subtotal	557,000		
Total	$938,100		

Note: The interest rate ranges from 0.89% to 3.95%.

The commercial paper payable refers to Facility B in the syndicated loan contract signed with Mega Bank. For the information about the credit conditions and term, please refer to Note VI.11(3).

(b) For the information about collaterals provided to secure long-term borrowings, please refer to Note VIII.

(c) Syndicated bank loans

A. The Group signed the syndicated loan contract amounting to NT$1,500,000 thousand with 14 financial institutions, including Mega Bank, on June 19, 2019. Among other things:
①Facility A: NT$690,000 thousand as the working capital, revolving.
②Facility B: NT$920,000 thousand secured by the commercial paper, revolving.
③Facility C: No more than NT$507,500 thousand to secure the repayment for issuance of corporate bonds, not revolving, and the total of Facility B and Facility C as drawn down no more than Facility B.

B. Until December 31, 2022, NT$560,000 thousand has been drawn down. The term commences on July 25, 2019 until July 25, 2024. Meanwhile, since the contract was executed, the following financial ratios have been calculated based on the borrower's annual consolidated financial statements audited and certified by a CPA approved by the managing bank, and the borrower's semi-annual consolidated financial statements audited and certified by a CPA approved by the managing bank, and shall be maintained continuously:
①Current ratio (current assets/current liabilities less convertible current portion re-stated due to put option) shall be maintained as 100% or more.
②Liability ratio (total liabilities/tangible assets) shall be no more than 250% (inclusive).
③ Interest coverage ratio 〔 (net income before tax+interest expenses+depreciation+amortization)/interest expenses shall be maintained as double or more.

C. In the case of any inconsistency with said financial ratios, any application for drawdown of unused facility from the improvement period from the most recent date of interest payment after the managing bank's notice until the borrower presents the financial statements audited/reviewed by a CPA certifying that it has improved it shall be suspended, except the revolving balance of the rollover, if any. Meanwhile, the relevant interest and margin shall be calculated based on the lending interest rate on Facility A and margin rate on Facility B and Facility C plus 0.1%–0.2%.

D. Where it is not improved during the period, the managing bank is entitled to take any action per the contract or resolution rendered through majority votes by the bank syndicate, including but not limited to:

①Suspend the borrower from drawing down the facilities, in whole or in part.

②Cancel the unused facilities under the contract, in whole or in part.

③Announce that maturity of any principal, interest, expenses, and any other accounts payable under the contract is accelerated, in whole or in part.

12. Retirement benefit plans

Defined contribution plans

The Company and its domestic subsidiaries adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages. The Company and its domestic subsidiaries make monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts maintained at the Bureau of Labor Insurance, according to the employee retirement regulations adopted in accordance with the same Act.

Pension benefits for employees of the subsidiaries in China are provided in accordance with the local regulations. The subsidiaries will make contributions of certain percentage of each individual employee's salaries to employee's pension accounts maintained at the relevant government departments.

Pension benefits for employees of foreign subsidiaries and branches are contributed to the accounts maintained at the related retirement management enterprise, in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT$27,898 thousand and NT$23,873 thousand, respectively.

Defined benefit plans

The Group adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount

equivalent to 6%–15% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the Pension Supervisory Committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in said designated labor pension fund account. If the balance cannot afford to pay pensions calculated for workers retiring in following year as calculated in said manner, the Company and subsidiaries will make up the difference in one appropriation before the end of March in following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in self-operation or engaged operation, based on a passive and aggressive investment strategy for long/mid-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits, if any, after the approval of the competent authority. As the Company has no right to participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with Paragraph 142 of IAS 19. The Group expects to contribute NT$2,860 thousand to its defined benefit plan in the year following December 31, 2022.

As of December 31, 2022, the Group expects its defined benefits plan obligation to become due in 2028.

Pension costs recognized in profit or loss are as follows:

	2022	2021
Current-period service cost	$140	$137
Net interest on net defined benefit liabilities (assets)	310	151
Total	$450	$288

The defined benefit obligation and fair value of plan assets are reconciled as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$52,760	$55,726
Fair value of plan assets	(13,592)	(11,461)
Net defined benefit liability	$39,168	$44,265

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2021	$55,905	$(8,684)	$47,221
Current-period service cost	137	-	137
Interest expenses (revenue)	179	(28)	151
Subtotal	56,221	(8,712)	47,509
Remeasurements of net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	141	-	141
Actuarial gains and losses arising from changes in financial assumptions	(2,154)	-	(2,154)
Experience adjustments	4,251	-	4,251
Remeasurement of defined benefit assets	-	(148)	(148)
Subtotal	2,238	(148)	2,090
Benefits paid	(2,733)	2,733	-
Contributions from employer	-	(5,334)	(5,334)
December 31, 2021	$55,726	$(11,461)	$44,265
Current-period service cost	140	-	140
Interest expenses (revenue)	390	(80)	310
Subtotal	56,256	(11,541)	44,715
Remeasurements of net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(1,773)	-	(1,773)
Experience adjustments	7	-	7
Remeasurement of defined benefit assets	-	(921)	(921)
Subtotal	(1,766)	(921)	(2,687)
Benefits paid	(1,730)	1,730	-
Contributions from employer	-	(2,860)	(2,860)
December 31, 2022	$52,760	$(13,592)	$39,168

The following key assumptions are used to determine the Company's defined benefit obligation:

	December 31, 2022	December 31, 2021
Discount rate	1.20%	0.70%
Expected salary increase rate	1.00%	1.00%

The sensitivity analysis on each significant assumption:

	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increasing by 0.5%	$-	$(1,618)	$-	$(2,248)
Discount rate decreasing by 0.5%	1,773	-	2,914	-
Expected salary increasing by 0.5%	1,767	-	2,889	-
Expected salary decreasing by 0.5%	-	(1,628)	-	(2,252)

Said sensitivity analysis is conducted on the effect potentially arising from defined benefit obligation in the event of a reasonable change in a single assumption (e.g. discount rate or expected salary), while the other assumptions remain unchanged. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no difference in the methods and assumptions used in preparing the sensitivity analyses between the current period and previous period.

13. Equity

(1)Ordinary share

Until December 31, 2022 and 2021, the Company's authorized capital and issued share capital were NT$5,000,000 thousand and NT$1,800,000 thousand, respectively, and paid-in capital was NT$1,524,079 thousand and NT$1,494,388 thousand, respectively, each at a par value of NT$10 per share for 152,408 thousand shares and 149,439 thousand shares. Each share has one voting right and a right to receive dividends.

The annual shareholders' meeting made the resolution to perform a capital increase from earnings in the amount of NT$29,691 thousand through issuance of 2,969 thousand new shares on May 31, 2022. The capital increase proposal was approved by the competent authority, and the registration change was competed.

The amount of conversion applied for the 1st tranche of domestic secured convertible corporate bonds issued by the Company was NT$57 thousand in 2022, and the conversion to issuance applied

for was 6 thousand ordinary shares; as of December 31, 2022, the registration change for the 6 thousand shares had not been completed; therefore, they were statedunder the bond conversion right certificate item.

(2)Capital surplus

	December 31, 2022	December 31, 2021
Issued at premium	$19,009	$18,966
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired/disposed of	4,674	4,674
Recognition of equity components due to the issuance of convertible corporate bonds - Those arising from options	18,804	-
Others	33	9
Total	$42,520	$23,649

According to laws and regulations, the capital surplus shall not be used except for making good the deficit of the Company. When the Company incurs no loss, the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company may be capitalized annually in proportion to the paid-in capital. Said capital surplus may also be distributed to shareholders in cash in proportion to the number of shares being held by each of them.

(c) Treasury stocks

A. The Company implements the treasury share system to buy back the Company's shares from TPEx. The changes thereof are specified as follows subject to the cause of buyback:

2022:

Cause of redemption	Number of shares, beginning	Increase in the current period	Decrease in the current period	Number of shares, ending
Number of shares transferred to employees	986 thousand shares	-	986 thousand shares	-

2021:

Cause of redemption	Number of shares, beginning	Increase in the current period	Decrease in the current period	Number of shares, ending
Number of shares transferred to employees	2,656 thousand shares	-	1,670 thousand shares	986 thousand shares

B. Until December 31, 2022 and 2021, the treasury stocks bought back by the Company but remaining uncanceled were nil and 986 thousand shares, amounting to nil and NT$12,263 thousand, respectively.

C. The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and the Company is not entitled to distribute dividends and to vote.

(d) Earnings distribution and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

A. Pay all taxes and dues;

B. Compensate all losses;
C. Set aside 10% as the legal reserve;
D. Set aside or reverse special reserve in accordance with law and regulations or the competent authority's order.
E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's dividend policy 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 Board of Directors shall prepare the distribution proposal annually and present it at the shareholders' meeting. 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.
According to the Company Act, the legal reserve shall be set aside, unless it amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Group. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or in cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes the distributable earnings, it may set aside the special reserve from the difference between the balance of special reserve already set aside at the first-time adoption of IFRSs and the deduction net amount of other shareholders' equity. If the deduction net amount of other shareholders' equity reverses, the earnings of the reversing part can be distributed.

In accordance with the FSC's order under Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, the Company set aside the special reserve from the unrealized revaluation increments and (gains on) cumulative translation adjustment transferred to the retained earnings after it chose to adopt the exemptions under IFRS 1 "First-time Adoption of International Financial Reporting Standards" on the date of translation, when the Company adopted the IFRS initially. When related assets are used, disposed of or reclassified by the Company subsequently, the original rate to state the special reserves could be used to reverse the earnings distribution.

The special reserves provided by the Company at the first-time adoption of IFRS were both NT$188,685 thousand on December 31, 2022 and 2021. The Company didn't use, dispose of or reclassify related assets or reverse special earnings to undistributed earnings on December 31, 2022and 2021.

The following earnings provision and appropriation proposal and dividend per share for 2022 and 2021 were proposed by the Company's Board of Directors on March 22, 2023 and resolved by the annual shareholders' meeting on May 31, 2022:

	Earnings provision and appropriation		Dividends Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$16,114	$11,557		
Cash dividend from ordinary shares	45,724	44,536	$0.30	$0.30
Stock dividend from ordinary shares	45,724	29,691	0.30	0.20
Total	$107,562	$85,784		

For the information about estimate bases and recognized amount of the remuneration to employees and directors, please refer to Note VI.17.

(e) Non-controlling interests

	2022	2021
Balance at January 1	$159,200	$174,204
Current-period net profits (loss) attributed to non-controlling interest	10,522	(9,854)
Other comprehensive income attributed to non-controlling interest:		
Exchange differences on translation of the financial statements of foreign operations	(1,463)	(1,354)
Change in ownership interests in subsidiaries	3,145	639
Increase/decrease in non-controlling interests	-	(4,435)
Ending balance	$171,404	$159,200

14. Operating revenue

	2022	2021
Revenue from contracts with customers		
Sales revenue – injection and molding machine	$4,213,264	$3,649,132
Sales revenue – revenue from cables	212,187	316,891
Sales revenue – others	179,753	362,484
Total	$4,605,204	$4,328,507

(a) Breakdown of revenue

The components of revenue in 2022 are stated as follows:

	Headquarters in Taiwan	Headquarters in Mainland China	Others	Total
Injection and molding machine	$849,356	$3,242,250	$121,658	$4,213,264
Revenue from cables	212,187	-	-	212,187
Others	156,985	-	22,768	179,753
Total	$1,218,528	$3,242,250	$144,426	$4,605,204
Point in time of revenue recognition:				
Some point in time	$1,218,528	$3,242,250	$144,426	$4,605,204

The components of revenue in 2021 are stated as follows:

	Headquarters in Taiwan	Headquarters in Mainland China	Others	Total
Injection and molding machine	$677,830	$2,880,002	$91,300	$3,649,132
Revenue from cables	316,891	-	-	316,891

Others	267,739	-	94,745	362,484
Total	$1,262,460	$2,880,002	$186,045	$4,328,507
Point in time of revenue recognition:				
Some point in time	$1,262,460	$2,880,002	$186,045	$4,328,507

(2) Contract balance

A. Contract assets - current

	December 31, 2022	December 31, 2021	January 1, 2021
Sale of goods	$2,288	$11,247	$8,538

The significant changes in the balance of Group's contract assets in 2022 and 2021 are stated as follows:

	2022	2021
Variance	$(8,959)	$2,709

The decrease in the contract assets of the Group in 2022 was due to the fulfillment of collection conditions, and such assets were transferred to accounts receivable. Furthermore, for the evaluation of the impairment, please refer to Note VI.15. For the increase in the contract assets in 2021 was due to the performance of partial contact through sales of products; however, the Company has not been entitled to the rights to collect.

B. Contract liabilities – Current

	December 31, 2022	December 31, 2021	January 1, 2021
Sale of goods	$189,591	$333,906	$262,196

The significant changes in the balance of the Group's contract liabilities in 2022 and 2021 are stated as follows:

	2022	2021
Variance	$(144,315)	$71,710

Regarding the changes in contract liabilities of the Group in 2022 and 2021, the decrease in 2022 was due to the achievement of the collection conditions and the transfer into accounts receivables; for the details of impairment evaluation, please refer to Note VI.15; the increase in 2021 was due

to the partial collection of consideration upon the time of execution of contracts, and the Company had to assume the obligations after the sales of products; therefore, the Group recognized contract liabilities.

15. Expected credit impairment losses

	2022	2021
Operating expenses – Expected credit impairment losses		
Notes receivable	$1,530	$ (660)
Accounts receivable	26,808	16,524
Total	$28,338	$15,864

Please refer to Note XII for further details on credit risk.

The Group measures the allowance for loss of its contract assets and receivables (including note receivables and accounts receivables) at an amount equal to lifetime expected credit losses, and also measures the allowance for loss with respect to individual trading counterpart with difficulty in finance. This amounted to NT$171,144 thousand and NT$125,805 thousand, and allowances for losses were NT$56,265 thousand and NT$26,911 thousand, as of December 31, 2022 and 2021, respectively. The other contract assets and receivables (including notes receivable and accounts receivable) were grouped by taking into consideration the trading counterpart's credit rating, region and industry, and the allowance for loss thereof measured by using a provision matrix.

The allowance for loss on December 31, 2022 was measured as follows:

	Not Past Due	Number of overdue days					
	(Note)	Less than 90 days	90–180 days	180–365 days	1–2 years	Over 2 years	Total
Total carrying amount	$1,379,605	$166,026	$69,636	$11,844	$4,337	$260	$1,631,708
Loss rate	0.00%~ 0.67%	0.00%~ 1.27%	0.00%~ 3.00%	0.00%~ 10.00%	17.88%~ 51.77%	100%	
Lifetime expected credit loss	(6,362)	(1,935)	(1,579)	(2,031)	(1,084)	(260)	(13,251)
Total	$1,373,243	$164,091	$68,057	$9,813	$3,253	$-	$1,618,457

Note: All of the Group's contract assets and notes receivable have not past due.

The allowance for loss on December 31, 2021 was measured as follows:

	Not Past Due	Number of overdue days					
	(Note)	Less than 90 days	90–180 days	180–365 days	1–2 years	Over 2 years	Total
Total carrying amount	$1,106,548	$184,462	$74,995	$58,196	$1,999	$3,254	$1,429,454
Loss rate	0.00%~ 0.73%	0.00%~ 1.05%	0.00%~ 3.00%	0.00%~ 11.17%	18.74%~ 60.05%	100%	
Lifetime expected credit loss	(4,973)	(1,323)	(1,941)	(4,919)	(861)	(3,254)	(17,271)
Total	$1,101,575	$183,139	$73,054	$53,277	$1,138	$-	$1,412,183

Note: All of the Group's contract assets and notes receivable have not past due.

The changes in the allowance for loss of the Group's 2022 contract assets, notes receivable and accounts receivable (including the current and non-current) is stated as follows:

	Contract assets	Notes receivable	Accounts receivable
Balance at January 1	$-	$1,126	$43,056
Increase in the current period	-	1,530	26,808
Written off due to the inability of recovery	-	-	(3,375)
Effects of foreign exchange changes	-	(18)	389
Ending balance	$-	$2,638	$66,878

The changes in the allowance for loss of the Group's 2021 contract assets, notes receivable and accounts receivable (including the current and non-current) is stated as follows:

	Contract assets	Notes receivable	Accounts receivable
Balance at January 1	$-	$1,786	$26,556
Increase in the current period	-	(660)	16,524
Reclassification	-	-	7
Effects of foreign exchange changes	-	-	(31)
Ending balance	$-	$1,126	$43,056

16. Leases

(a) Group as a lessor

For the disclosure of the Group owned investment property, and the investment property held by the right-of-use assets, please refer to Note VI.8. The owned investment property is classified as operating lease as it doesn't substantially transfer all the risks and rewards incidental to ownership of an underlying asset. Fixed lease payments vary depending on a change in an index or a rate. For the information about the lease payments, please refer to Note VI.8.

	2022	2021
Lease income recognized from operating lease		
Income related to fixed lease payments	$48,039	$41,328

The undiscounted lease payments and the total amount of the residual years to be collected by the Group on December 31, 2022 and 2021, for the operating lease contracts executed by the Group, are stated as follows:

	December 31, 2022	December 31, 2021
No more than one year	$56,064	$37,652
More than one year but no more than two years	52,125	22,140
More than two years but no more than three years	50,985	22,140
More than three years but no more than four years	43,388	21,060
More than four years but no more than five years	31,974	13,404
More than five years	39,172	48,480
Total	$273,708	$164,876

(b) Group as a lessee

The contracts executed by the Group for lease of land, houses and buildings range from 16 years to 50 years.

The effects posed by the lease to the Group's financial position, financial performance and cash flows are stated as follows:

A. Amount recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

	December 31, 2022	December 31, 2021
Land	$129,249	$130,270
Houses and buildings	23,914	25,291
Total	$153,163	$155,561

The Group's right-of-use assets increased by NT$0 and thousand in 2022 and 2021, respectively.

(b) Lease liabilities

	December 31, 2022	December 31, 2021

Lease liabilities	$25,861	$26,692
Current	$1,274	$1,206
Non-current	24,587	25,486
Total	$25,861	$26,692

B. Amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2022	2021
Land	$2,950	$2,895
Houses and buildings	1,755	1,722
Total	$4,705	$4,617

C. The lessee's cash outflow from leasing activities

The Group's cash outflows from leases totaled NT$2,292 thousand and NT$2,083 thousand from January 1 to December 31, in 2022 and 2021, respectively.

17. Summary statement of employee benefits, depreciation and amortization expenses by function:

By function / By nature	2022			2021		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefit expense						
Salary expense	$169,940	$328,269	$498,209	$173,589	$296,857	$470,446
Labor and health insurance expense	9,874	17,752	27,626	10,160	17,430	27,590
Pension expenses	8,962	19,386	28,348	7,693	16,468	24,161
Remuneration of Directors	-	5,418	5,418	-	3,245	3,245
Other employee benefit expenses	12,084	7,471	19,555	9,293	7,718	17,011
Depreciation expense	67,409	30,061	97,470	69,015	31,700	100,715
Amortization expenses	-	12,221	12,221	86	12,127	12,213

Note: In 2022 and 2021, the depreciation expenses of investment properties amounted to NT$2,770 thousand and nil, respectively, and were stated in "non-operating income and expenses - other gains and losses."

According to the Company's Articles of Incorporation, where there are annual profits at the end of a financial year, no less than 3% of the profits for such year shall be distributed to employees as the remuneration to employees, and no more than 3% thereof as remuneration to directors. Notwithstanding, the accumulated losses, if any, shall have been covered first. By a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, the Group may have the profit distributable as employees' compensation in the form of stock or in cash and report the same to a shareholders' meeting. The information on the Board of Directors' resolution regarding the remuneration to employees and directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit sought in 2022, the Company estimated the remunerations to employees and directors. The remunerations to employees and directors recognized in 2022 were NT$11,569 thousand and NT$4,628 thousand, as stated in the salary expenses.

A resolution was passed at a Board of Directors meeting to distribute NT$11,569 thousand and NT$4,628 thousand in cash as remuneration to employees and directors for 2022, respectively, on March 22, 2023. No material differences exists between the estimated amounts and the amounts stated as expenses in the 2022 financial report.

The remunerations to employees and directors/supervisors distributed actually in 2021 were NT$7,630 thousand and NT$2,435 thousand. No material differences exists between the same and the amounts stated as expenses in the 2021 financial report.

18. Non-operating income and expense

(a) Other income

	2022	2021
Interest revenue	$23,490	$28,801
Other revenue – others	53,480	41,491
Total	$76,970	$70,292

(b) Other gains or losses

	2022	2021
(Losses) on disposal of property, plant and equipment	$(1,489)	$(8,613)
(Losses) on net foreign currency exchange	(14,501)	(11,415)
Gains on disposal of financial assets at FVTPL	716	10,492
Impairment losses - property, plant and equipment	(5,593)	(11,086)
Impairment losses - Financial assets at FVTPL	(4,990)	-
Impairment losses - Investment accounted for using the equity method	-	(461)
Other expenditure	(16,238)	(17,590)

Total	$(42,095)	$(38,673)

(c) Financial costs

	2022	2021
Interest expenses on bonds	$(5,291)	$(2,268)
Interest on bank loans	(31,469)	(14,561)
Interest on lease liabilities	(1,064)	(1,088)
Others	(35)	(35)
Total	$(37,859)	$(17,952)

19. Components of other comprehensive income

The components of other comprehensive income in 2022 are stated as follows:

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehensive income	Income tax gains (expenses)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of defined benefit plan	$2,687	$-	$2,687	$(537)	$2,150
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	20,747	-	20,747	(4,442)	16,305
Total other comprehensive income in the current period	$23,434	$-	$23,434	$(4,979)	$18,455

The components of other comprehensive income in 2021 are stated as follows:

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehensive income	Income tax gains (expenses)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of defined benefit plan	$(2,091)	$-	$(2,091)	$418	$(1,673)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	(16,713)	-	(16,713)	3,072	(13,641)
Total other comprehensive income in the current period	$(18,804)	$-	$(18,804)	$3,490	$(15,314)

20. Income tax

The components of income tax expenses in 2022 and 2021 are stated as follows:

(a) Income tax recognized in profit or loss

	2	2
Current-period income tax expenses:		
Current-period income tax expenses	$59,250	$69,595
Adjustment of the income tax in the previous year in the current period	(8,840)	1,002
Deferred income tax expenses:		
Deferred income tax expenses related to origination and reversal of temporary difference	42,185	50,491
Deferred income tax expenses related to origination and reversal of tax loss and income tax credit	(8,635)	(7,645)
Income tax expenses	$83,960	$113,443

(b) Income tax recognized in other comprehensive income

	2	2
Deferred income tax expenses (gains):		
Exchange differences on translation of the financial statements of foreign operations	$4,442	$(3,072)
Actuarial gains and losses on defined benefit plan	537	(418)
Income tax related to components of other comprehensive income	$4,979	$(3,490)

(c) The income tax rate applicable to the income tax expenses multiplying by accounting profit is reconciled as follows:

	2	2
Net income before tax of continuing operations	$253,937	$221,231
Tax at the domestic rates applicable to profits in the country concerned	$82,176	$75,059
Tax effect of expenses not deductible (tax-free income) for tax purposes	(4,745)	(2,419)
Tax effect of deferred income tax assets/liabilities	(7,489)	1,455
Deferred income tax without recognizing tax loss	24,805	38,346
Adjustment of the income tax in the previous year in the current period	(8,840)	1,002
Other effects of adjustments based on the tax law on income tax:	(1,947)	-
Income tax expense recognized in profit or loss	$83,960	$113,443

Balances of deferred income tax assets (liabilities) related to the following items:

2022

	Balance at January 1	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Directly recognize in equity	Translation differences	Ending balance
Temporary differences						
Inventory falling price reserves	$17,038	$(160)	$-	$-	$38	$16,916

Share of net (gains) on subsidiaries accounted for using equity method	(270,988)	(51,369)	-	-	-	(322,357)
Exchange differences on translation of the financial statements of foreign subsidiaries	11,210	-	(4,442)	-	-	6,768
Accruable pension liabilities	8,853	(482)	(537)	-	-	7,834
Reserve for land value increment tax	(222,545)	-	-	-	-	(222,545)
Unused tax loss	47,633	8,635	-	-	-	56,268
Convertible corporate bonds	-	-	-	(4,701)	-	(4,701)
Others	18,738	9,826	-	-	778	29,342
Deferred income tax (expenses)/gains		$(33,550)	$(4,979)	$(4,701)	$816	
Net deferred tax assets/(liabilities)	$(390,061)					$(432,475)
The information expressed in the balance sheet:						
Deferred tax income assets	$92,292					$110,252
Deferred income tax liabilities	$(482,353)					$(542,727)

2021

	Balance at January 1	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Translation differences	Ending balance
Temporary differences					
Inventory falling price reserves	$18,697	$(1,625)	$-	$(34)	$17,038
Share of net (gains) on subsidiaries accounted for using equity method	(226,336)	(44,652)	-	-	(270,988)
Exchange differences on translation of the financial statements of foreign subsidiaries	8,138	-	3,072	-	11,210
Accruable pension liabilities	9,444	(1,009)	418	-	8,853
Reserve for land value increment tax	(222,545)	-	-	-	(222,545)

Unused tax loss	39,988	7,645	-	-	47,633
Others	21,471	(3,205)	-	472	18,738
Deferred income tax (expenses)/gains		$(42,846)	$3,490	$438	
Net deferred tax assets/(liabilities)	$(351,143)				$(390,061)
The information expressed in the balance sheet:					
Deferred tax income assets	$93,584				$92,292
Deferred income tax liabilities	$(444,727)				$(482,353)

The information about the Company's unused tax loss is summarized as follows:

Year when it is incurred	Amount of loss	Uncredited balance		Expiration year
		December 31, 2022	December 31, 2021	
2015	70,299	$47,756	$47,756	2025
2016	40,988	40,988	40,988	2026
2017	23,024	23,024	23,024	2027
2020	88,171	37,853	37,853	2030
2021	88,545	84,883	88,545	2031
2022	46,838	46,838	-	2032
		$281,342	$ 238,166	

The assessment on income tax returns

As of December 31, 2022, the assessment on the income tax returns of the Group is as follows:

	The assessment on income tax returns
The Company	Authorized until 2020
Subsidiary – SHING FUH TAI TECHNOLOGY CORP.	Authorized until 2020

21. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to

the ordinary shareholders of the parent company (upon reconciliation of interest on convertible corporate bonds) by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares to be issued when dilutive potential ordinary shares are converted into ordinary shares.

The basic earnings per share and diluted earning per share are calculated as follows:

	2022	2021
(a) Basic earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT$ Thousand)	$159,455	$117,642
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (Thousand Shares) (Note)	151,669	147,061
Basic earnings per share (NT$)	$1.05	$0.80

	2022	2021
(b) Diluted earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT$ Thousand)	$159,455	$117,642
Interest on convertible corporate bonds (NT$ Thousand)	2,418	-
Net profit attributed to ordinary shareholders of parent company upon effect of adjustment and dilution (NT$ Thousand)	$161,873	$117,642
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (Thousand Shares) (Note)	151,669	147,061
Dilution effect:		
Employee bonus – stocks (thousand shares)	765	406
Potential number of shares upon conversion of convertible corporate bonds (thousand shares)	10,050	-
Weighted average number of ordinary shares after adjustment and dilution (Thousand Shares)	162,484	147,467
Diluted earnings per share (NT$)	$1.00	$0.80

Note: The pro forma retroactive adjustment for bonus shares.

There have been no other transactions involving outstanding ordinary shares or potential ordinary shares between the reporting period and the date of approval and publication of the financial statements.

VII. Related-party Transactions

Related parties in the transactions with the Group during the reporting period:

Related party name and categories

Related Party Name	Relationship with the Group
Everrank Investment Group Inc.	Substantial shareholder of the Group

Significant transactions among related parties

1. Financing status

The details about capital transactions as of December 31, 2022 and 2021 are stated as follows:

Name of related party: Substantial related party of the Group

	December 31, 2022	December 31, 2021
Highest balance	$-	$13,840 (US$500 thousand)
Ending balance	$-	$13,840 (US$500 thousand)

2. Remuneration to the Group's key management

	2022	2021
Short-term employee benefits	$52,221	$39,540
Pensions	1,411	1,354
Total	$53,632	$40,894

VIII. Pledged assets

The Group has provided the following assets as collaterals:

	Carrying amount		
Item	December 31, 2022	December 31, 2021	Details about the secured debts
Pledged bank deposits (recognized in other current assets)	$44,979	$13,395	Endorsements/guarantees provided to others, letter of guarantee, and security deposits for acceptance bills

Item	Carrying amount		Details about the secured debts
	December 31, 2022	December 31, 2021	
Pledged bank deposits (recognized in other non-current assets)	45,779	60,498	Letter of guarantee and acceptance bill margin, etc.
Property, plant and equipment – land and buildings	594,963	584,629	Long-term borrowings and security deposits for acceptance bills
Investment property	204,445	208,630	Long-term borrowings
Right-of-use assets – land	119,150	119,986	Long-term borrowings and acceptance bills
Total	$1,009,316	$987,138	

IX. Significant Contingent Liabilities and Unrecognized Commitments

The Group has had the following contingencies or commitments not included into the financial statements until December 31, 2022:

1. As of December 31, 2022, the Group has applied for a performance bond of NT$15,200 thousand from the Ministry of Economic Affairs for the development of smart molding technology for high-quality sealed storage tanks.

2. The Company has had the following important contracts until December 31, 2022.

Company Name	Important contract	Contract amount	Amount paid	Amount outstanding
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Construction in progress – new factory premises	$562,139 (RMB127,527 thousand)	$555,434 (RMB126,006 thousand)	$6,705 (RMB1,521 thousand)

X. Losses Due to Major Disasters

None.

XI. Significant Events

None.

XII. Others

1. Categories of financial instruments

Financial assets

	December 31, 2022	December 31, 2021
Financial assets at FVTPL:		
Financial assets mandatorily measured at fair value through profit or loss (including the current and non-current)	$277,160	$460,373
nancial assets at FVOCI measured at FVOCI	57,676	-
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	693,826	531,796
Notes receivable (including the current and non-current)	460,739	304,818
Accounts receivable (including the current and non-current)	1,270,309	1,195,012
Pledged bank deposits (recognized in other current assets)	44,979	13,395
Pledged bank deposits (recognized in other non-current assets)	45,779	60,498
Refundable deposits (recognized in other non-current assets)	19,794	20,159
Subtotal	2,535,426	2,125,678
Total	$2,870,262	$2,586,051

Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities measured at amortized cost:		
Short-term borrowings	$590,659	$596,343
Payables	1,252,758	1,435,623
Bonds payable (including the current portion)	835,015	360,000
Long-term borrowings (including the current portion)	1,023,763	1,024,328
Deposits received	12,391	9,994
Lease liabilities	25,861	26,692
Total	$3,740,447	$3,452,980

2. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for said financial risk management. Before entering into significant financial transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group shall comply with its financial risk management policies during its financial management activities.

3. Market risk

Market risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of the changes in market prices. The Group's market risk primarily includes foreign exchange rate risk, interest rate risk and other price risks.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the foreign exchange rate risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's

functional currency) and net investment in foreign operations.

The Group's foreign currency receivables and foreign currency payables are denominated in the same foreign currency in part. Accordingly, the equivalent positions would generate a natural hedging effect. The Group uses forward exchange contracts to manage the foreign exchange rate risk with respect to certain foreign currency payments. Considering that the management of foreign exchange rate risk by said natural hedging and forward exchange contracts do not satisfy the hedge accounting requirements, the Group waives the adoption of hedge accounting. Further, the net investment in foreign operations is considered as strategic investments, for which the Group does not adopt any hedging policy.

The Group's foreign exchange rate risk sensitivity analysis is performed on the effect posed to the Group's income by appreciation/depreciation of foreign currency related to the significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign exchange rate risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivit analysis is as follows:

When NTD appreciates/depreciates against the USD by 1%, the Group's profit for 2022 and 2021 is decreased/increased by NT$2,434 thousand or NT$2,373 thousand.

Interest rate risk

The interest rate risk arises when the fluctuation of the market interest rate results in fluctuation in financial instruments' fair value or future cash flow. The Group's interest rate risk arises primarily from the floating rate investment, and fixed rate and floating rate loans.

The Group maintains adequate fixed rate and floating rate portfolio, in addition to interest rate swaps, to manage the interest rate risk. Notwithstanding, as such management does not satisfy the hedge accounting requirements, the Group waives to adopt the hedge accounting.

The sensitivity analysis on the Group's interest rate risk is primarily intended to be conducted against the interest rate exposure items at the end of the financial reporting period, including the floating rate investments, floating rate loans and interest rate swaps. Meanwhile, under the hypothesis of holding for one fiscal year, when the interest rate increases/decreases by 10 basis points, the Group's profit for 2021 and 2020 decreases/increases by NT$1,663 thousand or NT$1,092 thousand.

4. Credit Risk Management

Credit risk is the risk that a trading counterpart will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for contract assets, accounts receivables and notes receivables) and from its financing activities (primarily for bank deposits and other financial instruments).

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all trading counterparts based on their financial position, rating from credit rating agencies, historical experience in transactions, prevailing economic conditions and the Group's internal rating criteria, etc. The Group also uses certain credit enhancing procedures (such as unearned sales revenue and insurance) to mitigate certain trading counterparts' credit risk.

As of December 31, 2022 and 2021, the top ten contract assets and accounts receivable represented 33.34% and 35.27% of the Group's total contract assets and accounts receivables, respectively. The credit concentration risk of the other contract assets and accounts receivables is relatively insignificant.

The Group's treasury department manages the credit risk over the bank deposits, fixed-income securities and other financial instruments in accordance with the Group's policy. The Group only transacts with trading counterparts approved by the internal control procedures, which are banks and financial institutions, companies and government agencies with good credit ratings. Consequently, there is no significant credit risk for these trading counterparts.

The Group adopted IFRS 9 to assess the expected credit losses, and except for contract assets and receivables, the rest debt instruments not measured at fair value through profit or loss have the allowance for loss measured based on the lowest risk credit at initial procurement, and on every balance sheet date whether the credit risk is significantly increased since the initial recognition is assessed to determine the method and the loss rate for measuring the allowance for loss. The information about the Group's credit risk assessment is stated as follows:

			Total carrying amount	
Credit risk level	Indicators	Expected credit loss measurement method	December 31, 2022	December 31, 2021
Simplified Approach (Note)	(Note)	Lifetime expected credit loss	$1,802,852	$1,555,259

Note: Adopt the Simplified Approach (to measure the allowance for loss based on the lifetime expected credit loss), including contract assets, notes receivable and accounts receivable.

The financial assets with recovery unable to be reasonably expected (e.g. the issuer or debtor has major financial difficulties, or has gone bankrupt) by the Group are written off.

The Group disposes of the investment in debt instruments with increased credit risks in a timely manner to mitigate the credit loss. To assess the expected credit losses, the forward-looking information (obtained without excessive cost or investment) used also includes general economic information and industry information, and the loss rate is adjusted if the information shows significant impact on the credit losses.

5. Liquidity Risk Management

The Group's objective is to maintain financial resilience through cash and cash equivalents, high-liquidity securities and bank loan contracts. The table below summarizes the maturity profile of the Group's financial liabilities based on the earliest date when the repayment is required and the undiscounted cash flows thereof. The amount so identified also includes the agreed interest. The undiscounted interest amounts of the cash flow of interest payable at floating rate are extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
December 31, 2022					
Borrowings	$725,672	$622,211	$302,540	$-	$1,650,423
Bonds payable	2,268	863,113	-	-	865,381
Payables	1,252,758	-	-	-	1,252,758
Lease liabilities	2,285	4,570	4,753	22,310	33,918
Financial guarantee contract (Note)	51,710	-	-	-	51,710
December 31, 2021					
Borrowings	$690,860	$864,119	$45,013	$58,795	$1,658,787
Bonds payable	2,268	4,536	360,945	-	367,749
Payables	1,435,623	-	-	-	1,435,623
Lease liabilities	2,252	4,504	4,504	24,418	35,678
Financial guarantee contract (Note)	71,082	-	-	-	71,082

Note: It refers to the maximum limit of amount which the Group might need to pay in order to perform the guarantee obligation, if a financial guarantee contractor holder claims the damages in full against the guarantor. Notwithstanding, given the balance sheet date as expected, the Group considers that it should be unlikely that the Group needs to pay it.

6. Reconciliation of liabilities from financing activities

The information about adjustment of liabilities in 2022:

	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liabilities	Total liabilities from financing activities
January 1, 2022	$596,343	$1,024,328	$360,000	$26,692	$2,007,363
Cash flow	(15,453)	(10,924)	494,850	(1,228)	467,245
Not changes in cash	-	-	(19,835)	-	(19,835)
Changes in the foreign exchange rate	9,769	10,359	-	397	20,525
December 31, 2022	$590,659	$1,023,763	$835,015	$25,861	$2,475,298

The information about adjustment of liabilities in 2021:

	Short-term borrowings	Short-term bills payable	Long-term borrowings	Bonds payable	Lease liabilities	Total liabilities from financing activities
January 1, 2021	$597,203	$49,961	$781,777	$360,000	$27,898	$1,816,839
Cash flow	1,369	(49,961)	235,585	-	(2,083)	184,910
Not changes in cash	-	-	-	-	1,088	1,088
Changes in the foreign exchange rate	(2,229)	-	6,966	-	(211)	4,526
December	$596,343	$-	$1,024,328	$360,000	$26,692	$2,007,363

7.Fair value of financial instruments

(a) The methods and assumptions applied in determining the fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses the following methods and assumptions to measure or disclose the fair value of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including TWSE/TPEx-listed stocks, beneficiary certificates, bonds and futures).

C. For equity instruments not traded in an active market (including stocks offered by TWSE/TPEx-listed companies in a private placement, stocks issued by a listed company without active market quotation, and stocks issued by unlisted companies), the fair value is assessed under the market approach. That is, the fair value is estimated based on the price generated from the market where an identical or a comparable company's equity instruments are traded, and other critical information (e.g., the inputs including discounts for lack of marketability, similar company's P/E ratio, similar company's P/B ratio).

D. For investment in debt instruments without active market quotation, bank loans, bonds payable and other non-current liabilities, the fair value is decided based on the trading counterpart's quotation or valuation technique. The valuation technique is decided based on an analysis of cash flow discounts. The interest rate and discount rate hypotheses are based on the information related to similar instruments (e.g. TWSE reference interest rate yield curve, Reuters average quotation of promissory note interest rate and credit risk).

E. The fair value of derivatives which are not options and without public market quotations, is determined based on the trading counterpart's quotation or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the trading counterpart's quotation or appropriate option pricing model (e.g. Black-Scholes Model) or other valuation methods

(e.g. Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and financial liabilities measured at amortized cost approximate their fair values.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note XII.9 for the fair value measurement hierarchy for financial instruments of the Group.

8. Derivative financial instruments

The information about the derivative financial instruments that fail to satisfy the hedge accounting and remain undue as held by the Group until December 31, 2022 and 2021 is stated as follows:

Forward exchange contract

The Group enters into forward exchange contracts to manage the exposures of certain transactions, but these contracts are not designated as hedging instruments. The forward exchange contracts are stated as follows:

Item	Contract amount	Period
December 31, 2022		
None.		
December 31, 2021		
Forward exchange contract	Sell – US$876 thousand	September 30, 2021–March 29, 2022

Embedded derivative instruments

The Group identified embedded derivatives due to the issuance of convertible corporate bonds, and they were separated from the main contract and treated by measuring at FVTPL; for details of the information on the contract of the transaction, please refer to Note VI.10.

The forward exchange contracts are intended to evade the risk over changes in the foreign exchange rate for net assets or liabilities. Corresponding cash inflow or outflow will be generated upon maturity of these contracts. Besides this, the Company's working fund can afford to cover it. Therefore, no significant cash flow risk might arise.

9. Fair value hierarchy

(a) Definition of fair value hierarchy

All assets and liabilities measured or disclosed at fair value are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Each level of inputs is described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities acquired at the date of measurement.

Level 2: Inputs observable for the asset or liability, either directly or indirectly, other than quoted prices included within Level 1.

Level 3: Unobservable inputs for the asset or liability.

For assets and liabilities measured at fair value on a recurring basis, the Group reevaluates their classification at the end of each reporting period to determine the amount of any transfer between different fair value hierarchy levels.

(2) Fair value measurement hierarchy

The Group does not have assets that are measured at fair value on a non-recurring basis. The fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

December 31, 2022

	1st Level	2nd Level	3rd Level	Total
Financial assets				
Financial assets at FVTPL				
Fund	$-	$5,464	$-	$5,464
Shares	-	2,640	48,010	50,650
Wealth management products	-	-	220,646	220,646
Embedded derivative instruments	-	-	400	400
Financial assets at FVOCI				
Unlisted shares	-	-	57,676	57,676

December 31, 2021

	1st Level	2nd Level	3rd Level	Total
Financial assets				
Financial assets at FVTPL				
Forward exchange contract	$-	$146	$-	$146
Shares	-	6,435	62,313	68,748
Wealth management products	-	-	391,479	391,479

Transfer of fair value measurement hierarchy between Level 1 and Level 2

In 2022 and 2021, there were no transfers of fair value measurement hierarchy between Level

1 and Level 2.

Breakdown of changes in level 3 repetitive fair value

For assets and liabilities of the Group measured at repetitive fair value in fair value level 3, the reconciliation of the opening and closing balance is set out as follows:

	Assets			
	Financial assets measured at fair value through profit or loss			Measured at FVOCI
	Shares	Wealth management products	Derivative instruments	Unlisted shares
January 1, 2022	$65,313	$391,479	$-	$-
Total (losses) recognized in 2022:				
Recognized in profit or loss (stated in other gains and losses)	(7,303)	5,622	(342))	-
Issued/acquired in 2022	-	1,724,502	742	57,676
Disposed of/settled in 2022	(10,000)	(1,907,278)	-	-
Effects of foreign exchange changes	-	6,321	-	-
December 31, 2022	$48,010	$220,646	$400	$57,676

	Assets	
	Financial assets measured at fair value through profit or loss	
	Shares	Wealth management products
January 1, 2021	$60,000	$526,236
Total (losses) recognized in 2021:		
Recognized in profit or loss (stated in other gains and losses)	2,313	7,160
Issued/acquired in 2021	3,000	2,126,698
Disposed of/settled in 2021	-	(2,264,533)
Effects of foreign exchange changes	-	(4,082)
December 31, 2021	$65,313	$391,479

Information on fair value level 3 significant unobservable inputs

For assets at repetitive fair value of fair value level 3 of the Group, the significant observable inputs at fair value are set out in the following table:

December 31, 2022:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis and value relationship of the relationship of inputs and fair value
Financial assets:					
Financial assets measured at fair value through profit or loss					
Embedded derivative instruments	Binary tree convertible bond valuation model	Volatility	34.97%	The higher the volatility the higher the fair value estimate	When the volatility increases (decreases) by 1%, profit or loss of the Group will increase nil/NT$10 thousand.
Unlisted shares	Market approach	Price-to-earnings ratio of similar companies	14.42～18.04	The higher the price-to-earnings ratio of similar companies, the higher the fair value estimate.	When the price-to-earnings ratio of similar companies increase (decreases) by 10%, the profit or loss of the Group will increase/decrease by NT$7,870 thousand.
Measured at FVOCI					
Unlisted shares	Market approach	Lacking liquidity discount	30.00%	The higher the level of lacking liquidity, the lower the fair value estimates.	When the ratio of lacking liquidity increases (decreases) by 5%, the equity of the Group will increase/decrease by NT$ 5,276 thousand.

December 31, 2021: None.

Valuation procedures for level 3 fair value measurement

The Group's Finance Department is responsible for carrying out fair value verification, allowing the valuation results to be more true to the market status by using data from independent sources, ensuring the data sources are independent, reliable, consistent with other resources, and represent

enforceable prices, and they are also responsible for performing analysis on the changes in the value of remeasured or re-evaluated assets and liabilities to ensure the valuation results are reasonable.

10. Significant assets and liabilities denominated in foreign currencies

Information regarding the Group's significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2022		
	Foreign Currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$6,656	30.710	$204,406
Financial liabilities			
Monetary items:			
USD	14,582	30.710	447,813

	December 31, 2021		
	Foreign Currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$11,300	27.680	$312,784
RMB	4,721	4.344	20,509
Financial liabilities			
Monetary items:			
USD	19,012	27.680	526,252

In consideration of the multiple functional currencies adopted by the Group's entities, it is impossible for the Group to disclose the information about exchange gains/losses on various significant assets and liabilities denominated in foreign currencies. In 2022 and 2021, the Group's foreign currency exchange gains (losses) were NT$14,501 thousand and NT$11,415 thousand, respectively.

11. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business operations and maximize its shareholders' equity. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

12. Others

Meanwhile, in order to help the comparison of financial statements, certain titles in the financial statements prepared in the past are re-classified.

XIII. Other disclosures

1. Information on Significant Transactions

(a) Financing provided to others: Please refer to Table 1.
(b) Endorsements/guarantees provided: Please refer to Table 2.
(c) Ending marketable securities held by the investee: Please refer to Table 3.
(d) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
(e) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
(f) Disposal of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
(g) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 4.
(h) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 5.
(i) Trading in derivative instruments: Please refer to Note VI.2.
(j) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Table 10.

2. Information on Investees:

(a) Which may exercise significant influence or control over the investee, directly or indirectly: Please refer to Table 6.
(b) For those who may exercise control over the investee, directly or indirectly, it is necessary to disclose the information about the transactions referred to in Items 1–9 of the preceding subparagraph, which the investee is engaged in: Please refer to Tables 7 and 8.

3. Information on Investment in Mainland China:

(a). The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, current-period income (losses) of investee and recognized investment income, ending carrying amount of investment, the amount received as dividends from the investee, and the limitation on investee: Please refer to Table 9.

(b). Any significant transactions entered into with the investees in Mainland China via a third area, directly or indirectly, and the price, payment terms or unrealized profit or loss thereof, and any other information that may help better understand the effect posed by investments in Mainland China to the financial statements: Please refer to Tables 1, 5 and 10.

4. Information on Major Shareholders: Please refer to Table 11.

XIV. Information on department

For the purpose of management, the Group divides business units by company type, and also the following three business departments to be reported:

FU CHUN SHIN in Taiwan: The Group's parent company, primarily engaged in the production and sale of plastic injection molding machine, maintenance services, tooling, enameled wires and automation equipment, etc.

FU CHUN SHIN in Dongguan: The subsidiary invested by the Group's parent company, primarily engaged in production and sale of plastic injection molding machine, maintenance services and tooling, etc.

FU CHUN SHIN in Ningbo: The subsidiary invested by the Group's parent company, primarily engaged in production and sale of plastic injection molding machine, maintenance services and tooling, etc.

Other companies: The subsidiary invested by the Group's parent company, primarily engaged in export/import trade, production and sale of plastic injection molding machine, maintenance services, tooling, and light guide plate, and production and sale of plastic products, etc.

The management supervise the operating results of the relevant business unit, in order to decide the allocation of resources and performance assessment policy. The department's performance is assessed based on the operating income, and in the manner consistent with that applied to the operating income in the consolidated financial statements.

The inter-departmental transfer pricing is based on the similar arm's length transactions with third parties.

1. Information about the income, assets and liabilities by department:

2022

	FU CHUN	FU CHUN	FU CHUN	Other	Reconciliati	Total of the

	SHIN in Taiwan	SHIN in Dongguan	SHIN in Ningbo	companies	on and derecognition	Group
Income						
Revenue from external customers	$1,197,001	$1,004,900	$2,078,706	$324,597	$-	$4,605,204
Inter-departmental revenue	62,809	235,172	486,490	692	(785,163)	-
Total revenue	$1,259,810	$1,240,072	$2,565,196	$325,289	$(785,163)	$4,605,204
Departmental profits or losses	$(54,040)	$88,542	$281,064	$(62,930)	$1,301	$253,937
Segment assets	$2,279,487	$1,094,414	$2,505,462	$1,829,258	$(705,538)	$7,003,083
Department liabilities	$2,605,154	$608,493	$782,653	$1,244,524	$(690,054)	$4,550,770

Note: The inter-department revenue is derecognized on consolidation.

2021

	FU CHUN SHIN in Taiwan	FU CHUN SHIN in Dongguan	FU CHUN SHIN in Ningbo	Other companies	Reconciliation and derecognition	Total of the Group
Income						
Revenue from external customers	$1,262,459	$897,425	$1,957,205	$211,418	$-	$4,328,507
Inter-departmental revenue	86,619	23,874	348,372	44,598	(503,463)	-
Total revenue	$1,349,078	$921,299	$2,305,577	$256,016	$(503,463)	$4,328,507
Departmental profits or losses	$(38,612)	$105,622	$295,649	$(141,474)	$46	$221,231
Segment assets	$2,474,368	$1,001,946	$2,366,924	$1,362,647	$(579,338)	$6,626,547
Department liabilities	$2,626,956	$596,037	$915,960	$774,736	$(561,693)	$4,351,996

Note: The inter-department revenue is derecognized on consolidation.

2. Information by regions:

A.Revenue from external customers:

to	2022	2021
Taiwan	$690,522	$687,972
Mainland China	3,262,322	2,960,474
Other countries	652,360	680,061
Total	$4,605,204	$4,328,507

B. Non-current assets:

to	December 31, 2022	December 31, 2021
Taiwan	$1,100,710	$1,142,219
Mainland China	1,167,560	838,705
Other countries	292,686	269,765
Total	$2,560,956	$2,250,689

3. Information by product:

Product type	2022	2021
Injection and molding machine	$4,213,264	$3,566,770
Cables	212,187	316,891
Light guide plate	13,784	25,266
Others	165,969	419,580
Total	$4,605,204	$4,328,507

4. Information on major customers:

The revenue from each customer of the Company and its subsidiaries in 2022 and 2021 was never over 10% of the revenue in the statement of income.

Table 1

Financing provided to others:

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower (Note 5)	Limit of total loans (Note 6)
													Name	Value		
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	Other receivables	Yes	$155,000	$155,000	$-	0%-6.5%-	2	-	Operating capital	-	-	-	$456,182	$912,364
0	The Company	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Other receivables	Yes	50,000	50,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	FCS MANUFACTURING (INDIA) PRIVATE. LIMITED.	Other receivables	Yes	80,000	80,000	30,790	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	FCS MACHINERY (THAILAND)CO., LTD.	Other receivables	Yes	30,000	30,000	1,686	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	PT. SHIN PREFORM PLASTIC	Other receivables	Yes	10,000	10,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Other receivables	Yes	10,000	10,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Other receivables	Yes	30,000	30,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Other receivables	Yes	50,000	50,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	SHING FUH TAI TECHNOLOGY CORP.	Other receivables	Yes	10,000	10,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364

Table 1 (Cont'd)

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
0	The Company	FCS RG PLASTIC PTE.LTD.	Other receivables	Yes	$100,000	$100,000	$7,581	0%-6.5%-	2	-	Operating capital	-	-	-	$456,182	$912,364
1	FU CHUN SHIN CO., LTD. (BVI)	The Company	Other receivables	Yes	300,000	260,000	69,405	0%-6.5%-	2	-	Operating capital	-	-	-	506,013	1,012,025
1	FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE.LTD.	Other receivables	Yes	100,000	100,000	92,915	0%-6.5%-	2	-	Operating capital	-	-	-	506,013	1,012,025
1	FU CHUN SHIN CO., LTD. (BVI)	FCS MACHINERY (THAILAND) CO.,LTD	Other receivables	Yes	40,000	40,000	23,157	0%-6.5%-	2	-	Operating capital	-	-	-	506,013	1,012,025
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Other receivables	Yes	NT$67,590 thousand (RMB15,000 thousand)	NT$66,120 thousand (RMB15,000 thousand)	-	0%-6.5%-	2	-	Operating capital	-	-	-	NT$97,184 thousand (RMB22,047 thousand)	NT$194,368 thousand (RMB44,094 thousand)
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Other receivables	Yes	NT$22,530 thousand (RMB5,000 thousand)	NT$22,040 thousand (RMB5,000 thousand)	-	0%-6.5%-	2	-	Operating capital	-	-	-	NT$97,184 thousand (RMB22,047 thousand)	NT$194,368 thousand (RMB44,094 thousand)

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	The Company	Other receivables	Yes	NT$45,060 thousand (RMB10,000 thousand)	-	-	0%-6.5%-	2	-	Operating capital	-	-	-	NT$344,562 thousand (RMB78,167 thousand)	NT$689,124 thousand (RMB156,335 thousand)
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	The British Virgin Islands FU CHUN SHIN CO., LTD.	Other receivables	Yes	NT$45,060 thousand (RMB10,000 thousand)	-	-	0%-6.5%-	2	-	Operating capital	-	-	-	NT$344,562 thousand (RMB78,167 thousand)	NT$689,124 thousand (RMB156,335 thousand)
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Other receivables	Yes	NT$126,168 thousand (RMB28,000 thousand)	NT$123,424 thousand (RMB28,000 thousand)	NT$103,943 thousand (RMB23,581 thousand)	0%-6.5%-	2	-	Operating capital	-	-	-	NT$344,562 thousand (RMB78,167 thousand)	NT$689,124 thousand (RMB156,335 thousand)

Table 1 (Cont'd)

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Other receivables	Yes	NT$45,060 thousand (RMB10,000 thousand)	-	-	0%-6.5%-	2	-	Operating capital	-	-	-	NT$344,562 thousand (RMB78,167 thousand)	NT$689,124 thousand (RMB156,335 thousand)
1	FCS RG PLASTIC PTE.LTD.	PT. FCS RGP PLASTIC	Other receivables	Yes	NT$135,788 thousand (USD4,215 thousand)	NT$129,444 thousand (USD4,215 thousand)	NT$117,252 thousand (USD3,818 thousand)	0%-6.5%-	1	NT$129,444 thousand (USD4,215 thousand)	Business Transaction	-	-	-	(Note 9)	(Note 9)

Note 1: The information about financing between the Company and its subsidiaries are indicated in two tables and by the following numbers shown in the No. column:
(1) 0 stands for the Company
(2) 1 stands for the subsidiary

Note 2: The nature of loan is specified in the following manners:
(1) 1 stands for business transactions
(2) 2 stands for short-term financing needed

Note 3: If the nature of loan is identified as 1, please specify the business transaction amount.

Note 4: If the nature of loan is identified as 2, please specify the reasons for extending loans as needed and the borrower's purposes for funding, e.g. repayment of loan, purchase of equipment and turnover.

Note 5: Limit of financing to an individual borrower shall be no more than 20% of the Company's net worth in the most recent period.

Note 6: Limit of total loaning shall be no more than 40% of the Company's net worth in the most recent period.

Note 7: Subject to the highest balance of fund loaned to others in the current year calculated at the foreign exchange rate prevailing then.

Note 8: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408 and USD to NTD 30.710.

Note 9: The closing balance and the amount utilized for such loans exceeded the limit; the Group had formulated an improvement plan and reported it to the Board on March 22, 2023. Subsequently, the Group continued the follow-up of the implementation of the overdue improvement plan each quarter.

Table 2
Endorsements/guarantees provided for others:

No. (Note 1)	Endorsement/guarantee provider	Guaranteed party		Limits on endorsement/guarantee amount provided to each guaranteed party (Note 2)	Maximum balance for the current period	Ending balance of endorsement/guarantee (Note 4)	Amount actually drawn down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum amount of endorsement/guarantee allowance (Note 3)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in Mainland China
		Company Name	Relation										
0	The Company	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	A subsidiary of which more than 50% ordinary shares are held directly	$456,182	NT$290,745 thousand (RMB65,958 thousand)	NT$286,520 thousand (RMB65,000 thousand)	NT$118,300 thousand (RMB26,838 thousand)	None	12.56%	$912,364	Y	N	Y
0	The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	A subsidiary of which more than 50% ordinary shares are held directly	456,182	NT$80,090 thousand (USD2,000 thousand and INR40,000 thousand)	NT$76,256 thousand (USD2,000 thousand and INR40,000 thousand)	-	None	3.34%	912,364	Y	N	N
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	A subsidiary of which more than 50% ordinary shares are held directly	456,182	NT$322,150 thousand (USD10,490 thousand)	NT$245,680 thousand (USD8,000 thousand)	NT$193,473 thousand (USD6,300 thousand)	None	10.77%	912,364	Y	N	N
0	The Company	FCS RG PLASTIC PTE.LTD.	A subsidiary of which more than 50% ordinary shares are held directly	456,182	NT$193,290 thousand (USD6,294 thousand)	NT$184,260 thousand (USD6,000 thousand)	NT$178,118 thousand (USD5,800 thousand)	33,600	8.08%	912,364	Y	N	N
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	NT$344,562 thousand (RMB78,167 thousand)	NT$188,576 thousand (RMB42,780 thousand)	NT$184,475 thousand (RMB41,850 thousand)	NT$136,648 thousand (RMB31,000 thousand)	None	10.71%	NT$689,124 thousand (RMB156,335 thousand)	N	N	Y
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Customers A1–ZZZ	Business Transaction	NT$344,562 thousand (RMB78,167 thousand)	NT$199,346 thousand (RMB45,224 thousand)	NT$66,120 thousand (RMB15,000 thousand)	NT$51,710 thousand (RMB11,731 thousand)	NT$9,624 thousand (RMB2,183 thousand)	3.84%	NT$689,124 thousand (RMB156,335 thousand)	N	N	Y

Note 1: The information about financing between the Company and its subsidiaries are indicated in two tables and by the following numbers shown in the No. column:

(1) 0 stands for the Company

(2) 1 stands for the subsidiary

Note 2: The limit on endorsement/guarantee amount provided by the Company to a single overseas associate shall be no more than 20% of the Company's net worth in the most recent period. The limit of endorsement/guarantee amount provided by the subsidiary to a company engaged in business transaction with it shall be no more than the business transaction amount.

Note 3: The limit on total endorsement/guarantee amount provided by the Company to others shall be no more than 40% of the Company's net worth in the current period. The limit of endorsement/guarantee amount provided by the subsidiary to a company engaged in business transaction with it shall be no more than the business transaction amount.

Note 4: As of December 31, 2022, the foreign exchange rate for conversion of USD to NTD is 30.710, RMB to NTD4.408, and INR to NTD 0.371.

Table 3

Ending marketable securities held (excluding investment in subsidiaries):

Holding company name	Marketable securities types and name (Note 1)	with the issuers Relationship	Financial statement account	March 31, 2020				Remark
				Number of shares (thousand/unit)	Carrying amount	Shareholding percentage	Fair value	
The Company	Ordinary shares - AUO Corporation	None	Financial assets at FVTPL - Current	176	$2,640	-	$2,640	Non-secured or pledged
The Company	Fund - Allianz US Short Duration High Income Bond	None	Financial assets at FVTPL - Current	633	5,464	-	5,464	Non-secured or pledged
				Total	$8,104		$8,104	
The Company	Preferred shares - SKS Transformation Flagship I. TW (Resurgo) Co., Ltd.	None	Financial assets at FVTPL - Non-current	5,000	$47,410	-	$47,410	Non-secured or pledged
The Company	Ordinary shares - Brilltek	None	Financial assets at FVTPL - Non-current	56	600	-	600	Non-secured or pledged
				Total	$48,010		$48,010	

Note 1: Marketable securities refer to the shares, bonds, beneficiary certificates, and securities derived from said instruments within the scope of IFRS 9 "Financial Instruments."

Table 4

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Buyer/Seller	Related Party	Relation	Transaction Details				The status and reasons of the transaction terms different from common transactions		Notes/accounts receivable (payable)		Remarks
			Purchase /Sale	Amount	Percentage to the total purchase/sale	Payment Terms	Unit Price	Payment Terms	Balance	Percentage to total notes and accounts receivable (payable)	
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	The Company	Parent company	Sales	NT$138,261 thousand (RMB31,268 thousand)	11.15%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers		Accounts receivable of NT$17,167 thousand (RMB3,894 thousand)	3.07%	(Note 1)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	The Company	Parent company	Sales	NT$145,242 thousand (RMB32,847 thousand)	5.66%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers		Accounts receivable of NT$9,512 thousand (RMB 2,158thousand)	0.99%	(Note 1)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Associate	Sales	NT$335,540 thousand (RMB75,883 thousand)	13.08%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers		Accounts receivable of NT$129,671 thousand (RMB29,417 thousand)	13.45%	(Note 1)

Note 1: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408; for the year ended December 31, 2022, the average foreign exchange rate for conversion of RMB to NTD is 4.4218.

Note 2: The amount has been written-off in preparation of the consolidated financial statements.

Table 5

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Company Name	Related Party	Relation	Balance of receivables from related parties (Note 3)	Turnover Rate	Overdue		Subsequent recovered amount of receivables – related party	Provision of allowance for uncollectible accounts	Remarks
					Amount	Actions Taken			
FCS RG PLASTIC PTE.LTD.	PT.FCS RGP PLASTIC	Associate	NT$117,252 thousand (USD3,818 thousand)	(Note 1)	$-	(Note 2)	NT$ 3,532 thousand (USD115 thousand)	$-	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	NT$103,943 thousand (RMB23,581 thousand)	(Note 1)	-	-	NT$17,632 thousand (RMB4,000 thousand)	-	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Associate	NT$129,671 thousand (RMB29,417 thousand)	3.92	-	-	NT$82,033 thousand (RMB18,610 thousand)	-	

Note 1: Amount of the loans
Note 5: On May 10, 2022, the board of directors of FCS RG PLASTIC PTE. had approved to transfer of such receivables to loans (business transactions).
Note 3: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408 and USD to NTD 30.710.
Note 4: The amount has been written-off in preparation of the consolidated financial statements.

Table 6

Which may exercise significant influence or control over the investee, directly or indirectly

Investor	Investor Company	Location	Main business	Investment Amount		As of March 31, 2020			Current income (losses) of the investee	Investment income (losses) recognized in the current period	Remark
				March 31, 2020	End of last year	Number of shares (thousand)	Ratio	Carrying amount			
The Company	FU CHUN SHIN CO., LTD. (BVI)	The British Virgin Islands	Primarily engaged in the marketable securities trading and import/export sales.	$543,565	$543,565	17,985	100.00%	$2,520,703	$319,716	$321,012	(Note 1)
	SHING FUH TAI TECHNOLOGY CORP.	Taiwan	Non-ferrous Metal Basic Industries	30,031	11,174	-	85.71%	19,453	1,404	1,204	(Note 1)
	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Indonesia	Sale of plastic injection molding machines, peripheral products, molds and spare parts	17,852	17,852	-	92.00%	11,191	(661)	(609)	(Note 1)
	FCS MACHINERY (THAILAND) CO., LTD.	Thailand	Production of PET preforms, and sale and maintenance service for injection machine	23,250	23,250	-	100.00%	4,348	(7,508)	(7,507)	(Note 1)
	PT. SHIN PREFORM PLASTIC	Indonesia	Production of PET preforms	44,733	44,733	-	99.00%	32,219	(862)	(853)	(Note 1)
	FCS RG PLASTIC PTE.LTD.	Singapore	Primarily engaged in import/export sales	152,590	152,590	-	65.00%	(74,431)	(45,591)	(29,840)	(Note 1) (Note 5)
	FCS MACHINERY (INDIA) PRIVATE LIMITED	India	Production and sale of plastic molding machine and plastic molds	38,930	38,930	-	99.99%	22,073	(58)	(58)	(Note 1)
	FCS PLASTIC MACHINERY (THAILAND) CO., LTD.	Thailand	Sale and after-sale of machine and spare parts	3,377	3,377	-	100.00%	1,694	(2,029)	(2,029)	(Note 1)

Table 6 (Cont'd)

Investor	Investor Company	Location	Main business	Investment Amount		As of March 31, 2020			Current income (losses) of the investee	Investment income (losses) recognized in the current period	Remark
				March 31, 2020	End of last year	Number of shares (thousand)	Ratio	Carrying amount			
The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	India	Production and sale of plastic injection machine	$115,594	$77,769	-	99.99%	$67,471	$(23,654)	$(23,654)	(Note 1)
	FKT PLASTIC MACHINERY COMPANY LIMITED	Myanmar	Sale of plastic injection machine	461	461	-	33.33%	-	-	-	(Note 3)
	FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Vietnam	Sale and after-sale of machine and spare parts	2,347	1,506	-	100.00%	1,856	380	380	(Note 1)
	JUST NANOTECH CO., LTD.	Taiwan	Manufacturing of machinery and equipment	4,500	4,500	-	45.00%	2,036	86	(1,044)	
The British Virgin Islands FU CHUN SHIN CO., LTD.	Minidesign Ltd.	Samoan Islands	Primarily engaged in the marketable securities trading and import/export sales.	-	NT$233,681 thousand (USD7,119 thousand)	-	-	-	-	-	(Note 4)
The British Virgin Islands FU CHUN SHIN CO., LTD.	FCS RG PLASTIC PTE.LTD	Singapore	Primarily engaged in import/export sales	-	-	-	0.72%	(824)	(45,591)	(123)	(Note 5)
FCS RG PLASTIC PTE.LTD	PT.FCS RGP PLASTIC	Indonesia	Primarily engaged in manufacturing of plastic products	NT$235,097 thousand (SGD10,480 thousand)	NT$235,097 thousand (SGD10,480 thousand)	-	100.00%	NT$(1,739) thousand (SGD(76) thousand)	NT$(30,284) thousand (SGD(1,405) thousand)	NT$(30,284) thousand (SGD(1,405) thousand)	(Note 2)

Note 1: The unrealized gain or loss on upstream transactions among the associates.
Note 2: As of December 31, 2022, the foreign exchange rate for conversion of SGD to NTD is 22.880; for the year ended December 31, 2022, the average foreign exchange rate for conversion of SGD to NTD is 21.5545.
Note 3: Already provided 100% impairment loss in the current period.
Note 4: Already completed the liquidation procedure.
Note 5: On August 11, 2022, the Board of the Company approved to transfer 56 thousand shares of subsidiary FCS RG PLASTIC PTE.LTD. to FU CHUN SHIN CO., LTD. (BVI); the shareholding ratio became 65.00%.

Table 7

For those which may exercise control over the investee, directly or indirectly, it is necessary to disclose the information about the investee further:

Ending marketable securities held by the investee:

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	March 31, 2020			Remarks
				Carrying amount	Shareholding	Fair value	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	China Merchants Bank - FNB00683 structured deposits	None	Financial assets at FVTPL - Current	NT$88,224 thousand (RMB20,014 thousand)	-	NT$88,224 thousand (RMB20,014 thousand)	(Note 1) (Note 2)
	Bank of China Limited - CSDPY20221479 linked structured deposit	None	Financial assets at FVTPL - Current	NT$132,422 thousand (RMB30,041 thousand)	-	NT$132,422 thousand (RMB30,041 thousand)	(Note 1) (Note 2)
			Total	NT$220,646 thousand		NT$220,646 thousand (RMB50,055	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Huamo Intelligent Equipment (Jiaxing) Co., Ltd.	None	Financial assets at FVOCI - Non-current	NT$15,428 thousand (RMB3,500 thousand)	4.67%	NT$15,428 thousand (RMB3,500 thousand)	(Note 1)
FU CHUN SHIN CO., LTD. (BVI)	Huamo Intelligent Equipment (Jiaxing) Co., Ltd.	None	Financial assets at FVOCI - Non-current	NT$42,248 thousand	13.07%	NT$42,248 thousand	(Note 1)
			Total	NT$57,676		NT$57,676 thousand	

Note 1: Marketable securities refer to the shares, bonds, beneficiary certificates, and securities derived from said instruments within the scope of IFRS 9 "Financial Instruments."

Note 2: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408.

Table 8

For those which may exercise control over the investee, directly or indirectly, it is necessary to disclose the information about the investee further:
Marketable securities acquired and disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital:

The company acquired and disposed of	Marketable securities types and name (Note 1)	Financial statement account	January 1, 2022		Acquisition		Disposal				March 31, 2020		
			Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price (Note 2)	Book cost	Gains or losses on disposal	Number of shares	Amount	Note
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	China Merchants Bank - Structured deposits and other securities	Financial assets at FVTPL - Current	-	$134,320 (RMB30,029 thousand)	-	$969,760 (RMB220,000 thousand)	-	$1,017,331 (RMB230,792 thousand)	$1,013,840 (RMB230,000 thousand)	$3,491 (RMB792 thousand)	-	$88,224 (RMB20,014 thousand)	(Note 3) (Note 4)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Bank of China Limited - Linked structured deposit and other securities	Financial assets at FVTPL - Current	-	$268,787 (RMB60,091 thousand)	-	$749,360 (RMB170,000 thousand)	-	$885,885 (RMB200,972 thousand)	$881,600 (RMB200,000 thousand)	$4,285 (RMB972 thousand)	-	$132,422 (RMB30,041 thousand)	(Note 3) (Note 4)

Note 1: Marketable securities refer to the shares, bonds, beneficiary certificates, and securities derived from said instruments.
Note 2: Include 6% VAT.
Note 3: The amount at the beginning and the end of the period includes financial asset valuation adjustments.
Note 4: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408.

Table 9

Disclosure of information on investment in Mainland China:

Name of Investee in Mainland China	Main business	Paid-in capital	Method of investment (Note 1)	Accumulated investment amount of outflow from Taiwan at the beginning of the period	Investment Flows		Accumulated investment amount of outflow from Taiwan at the ending of the period (Note 4)	Net Income (Loss) of the Investee	Ownership percentage of direct or indirect investment	Gain (loss) on investment recognized in the current period	Carrying amount of investment at the ending of the period	Repatriated proceeds of investments until this period
					Outward (Note 4)	Inward (Note 4)						
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Production and sale of plastic molding machine and various plastic products	$197,000 (HKD50,000 thousand)	1	$197,000 (HKD50,000 thousand)	-	-	$197,000 (HKD50,000 thousand)	$74,263	100%	$74,263	$485,921	$178,302
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Production and sale of plastic molding machine and plastic molds	214,970 (USD7,000 thousand)	1	194,548 (USD6,335 thousand)	-	-	194,548 (USD6,335 thousand)	251,252	90.5%	227,383	1,559,202	306,169
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. (Note 3)	Production and sale of plastic molding machine and various plastic products	25,520 (USD831 thousand)	1	13,482 (USD439 thousand)	-	-	13,482 (USD439 thousand)	-	-	-	-	-
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Production and sale of plastic molding machine and plastic molds	453,679 (US$14,773 thousand)	2	-	-	-	-	22,484	90.5%	20,348	403,235	-

Accumulated investment amount of outflow in Mainland China from Taiwan at the ending of the period (Note 4)	Investment amount approved by Investment Commission, MOEA (Note 4)	Upper limit on the amount of investment in Mainland China stipulated by Investment Commission, MOEA (Note 2)
$405,030 (HKD50,000 thousand and USD6,774 thousand)	$453,755 (HKD50,000 thousand, USD6,954 thousand and RMB9,800 thousand)	$1,368,545

The method of investment may be classified into the following two types:

(1) To invest in Mainland China via a third area.

(2) To re-invest with the own capital in Mainland China.

(3) Others

Note 2: According to the other enterprises, the upper limit on the amount of accumulated investment in Mainland China under the amendments to the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" and "Principle of Review on Investment and Technical Cooperation in Mainland China" dated August 22, 2008 is 60% of the net worth or consolidated net worth, whichever higher.

Note 3: Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. has not participated in the annual inspection on its business license for more than two years. Therefore, its business license was revoked automatically.

Note 4: The NTD herein is identified based on the foreign exchange rate prevailing on December 31, 2022. Specifically, the foreign exchange rate for conversion of HKD to NTD is 3.940, USD to NTD 30.710, and RMB to NTD 4.408.

Note 5: The amount of investment was made directly from the fund distributed from the earnings of other companies of it in Mainland China.

Table 10

Significant intercompany transactions:

December 31, 2022

No. (Note 1)	Name	Transaction party	Relationship with the transaction party (Note 2)	Transaction status			
				Item	Amount	Transaction Terms (Note 4)	Percentage of total consolidated revenue or total assets (Note 3)
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	3	Sales	$335,540	-	7.29%
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	The Company	2	Sales	145,242	-	3.15%
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	3	Accounts receivable	129,671	-	1.85%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	The Company	2	Sales	138,261	-	3.00%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	3	Sales	64,413	-	1.40%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	3	Accounts receivable	78,747	-	1.12%
3	FCS RG PLASTIC PTE. LTD.	PT.FCS RGP PLASTIC	3	Other receivables	129,750	-	1.85%
4	FU CHUN SHIN CO., LTD. (BVI)	The Company	2	Other receivables	69,405	-	0.99%
4	FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE.LTD.	3	Other receivables	92,915	-	1.33%

Note 1: The types of business transactions are indicated by the following numbers shown in the No. column:

(1) 0 stands for the parent company

(2) The subsidiaries are numbered from number 1 and so on.

Note 2: The relationship with the transaction party is classified into three categories as follows:

(1) Parent company to subsidiary

(2) Subsidiary to the parent company

(3) Subsidiary to subsidiary

Note 3: For computing the percentage of transaction amount to the total consolidated operating revenue or total assets, if it is for asset and liability account, the computation is based on the percentage of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the percentage of interim cumulative amount to total consolidated operating revenue.

Note 4: No other comparable information on customers may be applied to the transaction price between the parent company and subsidiaries. There is no significant difference between the collection terms and general sales terms. No comparable information may be applied to the other transactions. Therefore, the transaction terms should be decided by both parties through negotiation.

Table 11

Information on Major Shareholders:

Shares / Name of major shareholder	Shares held (shares)	Shareholding percentage
Wang Po-Hsun	11,679,385	7.66%

Note 1: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for shareholders holding greater than five percent of the shares completed the process of registration and book-entry delivery in dematerialized form, including treasury shares, at the last business date of each quarter. There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note 2: As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Security Exchange Act, the shareholders have to disclose the insider equity more than ten percent of the shares, including their own shares and their delivery to the trust, and have the right to make decisions on the trust property. Information on insider equity is available on the Market Observation Post System (MOPS) website.

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Fu Chun Shin Machinery Manufacture Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report

2022 and 2021

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

Company Tel. No.: (06)595-0688

Parent Company Only Financial Statements
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Independent Auditors' Report

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 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 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:

7. 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.

8. 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.

9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.

10. 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.

11. 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.

12. 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.

EY Taiwan
The financial report is disclosed to the public upon approval of the competent authority.
Approval reference: Jin-Guan-Zheng-Shen-Zi No. 1100352201
Approval reference: Jin-Guan-Zheng-Shen-Zi No. 1010045851

Hung Kuo-Sen

Certified Public Accountant:

Lee Fang-Wen

March 22, 2023

Fu Chun Shin Machinery Manufacture Co., Ltd.
Unconsolidated Balance Sheets
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	$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		568,275	11.46	826,075	17.28
	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		2,111,311	42.56	1,839,074	38.48
2xxx	Total Liabilities		2,679,586	54.02	2,665,149	55.76
	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		825,114	16.63	738,206	15.44
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		2,280,909	45.98	2,115,351	44.24
	Total liabilities and equities		$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.
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.14/VII	$1,259,810	100.00	$1,349,078	100.00
5000	Operating cost	VI.5 & 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

	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	Exchange differences on translation of the financial statements of foreign operations		
Code		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
	2020Earning 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	$1,494,388	$ -	$23,649	$138,371	$188,685	$411,150	$(128,629)	$(12,263)	$2,115,351
A1	Balance on January 1, 2022	$1,494,388	$ -	$23,649	$138,371	$188,685	$411,150	$(128,629)	$(12,263)	$2,115,351
	2021Earning 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	$1,524,079	$57	$42,520	$149,928	$188,685	$486,501	$(110,861)	$ -	$2,280,909

(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 Amount	2021 Amount	Code	Items	2022 Amount	2021 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)	CCCC	Cash flows from financing activities:		
A23500	Loss on financial asset impairment	4,990	-	C00100	Increase in short-term borrowings	337,269	334,879
A23700	Loss on non-financial asset impairment	5,593	461	C00200	Decrease in short-term borrowings	(313,539)	(374,018)
A23900	Unrealized gains on sales	-	5,605	C00600	Decrease in short-term notes and bills payable	-	(49,961)
A24000	Realized (gains) on sales	(860)	(207)	C01200	Issuance of bonds	494,850	-
A30000	Changes in operating assets/liabilities:			C01600	Proceeds from long-term borrowings	548,156	385,146
A31125	Decrease (increase) in contract assets	8,959	(322)	C01700	Repayments of long-term borrowings	(855,682)	(221,222)
A31130	(Increase) in notes receivable	(16,695)	(31,183)	C03000	Increase in deposits received	93	-
A31150	Decrease in accounts receivable	88,464	11,516	C03700	(Decrease) in other payables - Related party	(65,120)	(64,867)
A31180	Decrease (increase) in other receivables	2,701	(4,813)	C04500	Allocation of cash dividends	(44,536)	(7,302)
A31190	Decrease(increase) in other receivables – Related party	(20,868)	(1,078)	C05100	Employees' subscription for treasury stocks	11,793	20,374
A31200	Decrease (increase) in inventories	14,429	(94,260)	C09900	Other financing activities	29	(96)
A31240	Decrease(increase) in other current assets	15,557	(24,742)	CCCC	Net cash inflow from financing activities	113,313	22,933
A31990	(Increase) decrease in other non-current assets	(11,951)	10,915				
A32125	(Decrease)decreasein contract assets	(55,621)	32,934				
A32130	(Decrease) increase in notes receivable	(1,203)	972	EEEE	(Decrease) increase in cash and cash equivalents for the current period	(72,679)	121,378
A32150	(Decrease) increase in accounts receivable	(137,722)	110,191	E00100	Cash and cash equivalents at the beginning of the year	168,993	47,615
A32180	(Decrease) increase in other payables	(9,261)	27,032	E00200	Cash and cash equivalents at the end of the year	$96,314	$168,993
A32230	Increase (decrease) in other current liabilities	343	(5,316)				
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:

I. Company History

1. Fu Chun Shin Machinery Co., Ltd. was incorporated on July 17, 1991. The Company is primarily engaged in manufacturing, repair, processing and trading of plastic injection machine and tooling, plastic products, electric wires and cables.

2. In order to expand business fields and orient the Company's development toward business diversification, the Company was approved to be renamed as "Fu Chun Shin Machinery Manufacture Co., Ltd." (hereinafter referred to as the "Company") on July 29, 2003.

3. The Company has been listed on Taipei Exchange ("TPEx") since April 5, 2004.

4. The Company's main place of business and registered address is No. 269, Baodong Rd., Pitou Vil., Guanmiao Dist., Tainan City.

II. Approval Date and Procedures of the Consolidated Financial Statements

The parent company only financial statements of the Company ended on December 31, 2022 and 2021 were approved and released by the Board of Directors on March 22, 2023.

III. Application of New Standards, Amendments and Interpretations

1. Changes in accounting policies caused by the first-time application of International Financial Reporting Standards (IFRSs)

The Company has adopted the International Financial Reporting Standards (IFRSs)," International Accounting Standards (IAS), Standing Interpretation Committee (SIC) interpretation and International Financial Reporting Standards Interpretations Committee (IFRSIC) announcement, which has been recognized and applied by the Financial Supervisory Commission ("FSC") as of the

fiscal year since January 1, 2022. The first-time application of new and amended standards rendered no material impact on the Company.

2. The standards or interpretations issued, revised or amended by the International Accounting Standards Board ("IASB") which are recognized by the FSC, but are not yet adopted by the Company by the date for authorization of the financial reports:

Item No.	New, Revised or Amended Standards and Interpretations	Effective date promulgated by the IASB
1	Disclosure Initiative – Accounting policy (amendments to IAS 1)	January 1, 2023
2	Definition of Accounting Estimate (amendments to IAS 8)	January 1, 2023
3	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).	January 1, 2023

(a) Disclosure Initiative – Accounting policy (amendments to IAS 1)

The amendments are designed to improve the disclosure of accounting policies in order to provide investors and other primary users of the financial statements with more useful information.

(b) Definition ofAccounting Estimate (amendments to IAS 8)

The amendments are made to define the accounting estimates directly, and also amend IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," in order to help entities to distinguish between accounting policies and accounting estimates.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The narrow-scope amendment would narrow the initial recognition exemption in paragraphs 15 and 24 of IAS 12 so that it would not apply to transactions that give rise to both taxable and deductible temporary differences, to the extent the amounts recognized for the temporary differences are the same.

Said standards and interpretations were issued by IASB and endorsed by the FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The Company has assessed that these and other new or amended standards or interpretations render no material impact on the Company.

3. The standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are recognized by the FSC, but not yet adopted by the Company by the date for authorization of the financial reports:

Item No.	New, Revised or Amended Standards and Interpretations	Effective date promulgated by the IASB
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided by the IASB
2	*IFRS 17 "Insurance Contracts"*	January 1, 2023
3	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
4	Lease Liability in A Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
5	Non-current Liabilities in Contracts (Amendments to IAS1)	January 1, 2024

(a) Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments address the inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 requires that gains and losses arising from contributions of non-monetary assets to an associate or a joint venture shall be derecognized through downstream transactions. IFRS 10 requires full

profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) *IFRS 17 "Insurance Contracts"*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General Model. Under this model, on initial recognition, an entity shall measure a company of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a company of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach), mainly for short-term contracts.

Upon promulgation of the Standard as of May 2017, the Standard was amended in June 2020 and 2021, so that the effective date should be deferred for another two years (i.e. to be postponed from January 1, 2021 to January 1, 2023) and additional exemptions should be made available; meanwhile, the costs for the adoption of the Standard may be cut through the simplification and certain circumstances may be explained in an easier way by virtue of the amendments. The Standard will replace the provisional one (namely IFRS 4 "Insurance Contracts) after it becomes effective.

(c) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

These are the amendments to paragraphs 69-76 of IAS 1 "Presentation of Financial Statements" and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in A Sale and Leaseback (Amendments to IFRS 16)

The amendments focus on the additional accounting for leaseback transactions for sellers who are concurrently lessees in IFRS 16 "Leases" to further improve the consistency in the application of the standard.

(e) Non-current Liabilities in Contracts (Amendments to IAS1)

The amendments improved the information related to long-term liabilities contracts provided by enterprises. It is stated that for contractual agreements to be fulfilled within 12 months after the reporting period shall not affect the classification of such liabilities as current or non-current at the end of the reporting period.

The effective dates of said standards and interpretations which were already issued by IASB but have not yet been recognized by the FSC, shall be decided by the FSC. The new or amended standards or interpretations rendered no material effect on the Company.

IV. Summary of Significant Accounting Policies

1. Compliance Statement

The Company's parent company only financial statements for 2022 and 2021 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. Basis of preparation

The Company prepared the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." According to article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income presented in the parent company only financial statements are the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements are the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis. Therefore, the investments in subsidiaries are disclosed under "Investments accounted for using the equity method" in the parent company only financial statements and changes in value are adjusted.

The parent company only financial statements have been prepared on the historical cost basis

except for financial instruments which are measured at fair value.

3. Foreign currency transaction

The Company's parent company only financial statements are expressed in New Taiwan dollars, which is the Company's functional currency.

Transactions in foreign currencies are retranslated at its functional currency at the foreign exchange rate prevailing at the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing foreign exchange rate on the same day; non-monetary items that are measured at fair value are retranslated at the foreign exchange rate on the same day when the fair value is determined; non-monetary items that are measured at historical cost are retranslated at the foreign exchange rate on the date of initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 "Financial Instruments" are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized into other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized into profit or loss.

4. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals: (a) when the partial disposal

involves the loss of control of a subsidiary that includes a foreign operation; and (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

5. Criteria for classifying assets and liabilities as current or non-current items

Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
(b) Assets held mainly for trading purposes;
(c) Assets that are expected to be realized within twelve months from the reporting period;
(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those to be exchanged or used to pay off liabilities more than twelve months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:

(a) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
(b) Liabilities arising mainly from trading activities;
(c) Liabilities that are expected to be paid off within twelve months from the reporting period;
(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period. Terms of a liability that could, at the option of the trading counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term and highly liquid time deposits or investments (time deposits to be matured within 3 months) that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

7. Financial instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments" are recognized initially at fair value, plus or minus transaction costs directly attributable to acquisition or issuance of financial assets and financial liabilities (except those classified into financial assets and financial liabilities at fair value through profit or loss).

(a). Recognition and measurement of financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost and at fair value through profit or loss considering both factors below:

A. The Company's business model for managing the financial assets
B. The contractual cash flow characteristics of the financial assets

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables, financial assets measured at amortized cost and other receivables, etc., on the balance sheet:

A. Business model managing financial assets: To hold financial assets in order to collect contractual cash flows.
B. The contractual cash flow characteristics of the financial asset: Cash flows are solely payments of principal and interest on the principal amount outstanding.

Such financial assets (excluding those involving hedging relationship) are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance). A gain or loss is recognized in profit or loss when the financial asset is

derecognized through the amortization process or in order to recognize the impairment gains or losses.

Interest calculated by using the effective interest method (calculated by applying the effective interest rate to the gross carrying amount of a financial asset) or under the following circumstances shall be recognized into profit or loss:

A. In the case of purchased or originated credit impaired financial assets, the Company applies the credit adjusted effective interest rate to the amortized cost of the financial asset.
B. In the case of financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets, the Company applies the effective interest rate to the amortized cost of the financial assets.

Financial assets at FVTPL:

Except the financial assets classified as measured at amortized cost based on said criteria, all other financial assets are measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value. The gains or losses resulting from remeasurement are recognized in profit or loss, which includes any dividend or interest received on such financial assets.

(b). Impairment of financial assets

The Company recognizes and measures the allowance for loss of financial assets at amortized costs based on expected credit losses.

The Company measures expected credit losses in a way that reflects:

A. an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
B. the time value of money;
C. reasonable and supportable information (that is available without undue cost or effort at the reporting date) about past events, current conditions and forecasts of future economic conditions.

The allowance for loss is measured as follow:

A. At an amount equal to 12 month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is

determined to have low credit risk at the balance sheet date. Additionally, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current balance sheet date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit impaired financial asset.

C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses.

D. For the lease payment receivables arising from transactions within the scope of IFRS 16, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses.

At each balance sheet date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the balance sheet date and the risk of default occurring at initial recognition. Please refer to Note XII for further details on credit risk.

(c) Derecognition of financial assets

Any financial asset held by the Company is derecognized when any of the following circumstances are met:

A. The contractual rights to receive cash flows from the asset have expired.

B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.

C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable, including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized into profit or loss.

(d) Financial liabilities and equity instruments

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the Company's assets after deducting all of its liabilities. The equity instrument issued by the Company is recognized based on the acquisition price less the direct issue cost.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, measured at amortized cost upon initial recognition.

Financial liabilities at FVTPL

The financial liabilities at fair value through profit or loss include those held for trading and designated as measured at fair value through profit or loss.

The liabilities which meet any of the following conditions shall be classified those held for trading:

A. Liabilities that are incurred principally for the purpose of selling them in a short term;
B. Liabilities that, upon initial recognition, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking; or
C. Liabilities that are derivative financial liabilities, except for financial guarantee contracts or derivative financial liabilities that are designated and effective hedging instruments.

For a contract consisting of one or multiple embedded derivative instruments, the entire hybrid (combined) contract may be designated as financial liability at fair value through profit or loss. When any of the following conditions is met and reliable and more relevant information may be provided, it shall be designated as measured at fair value through profit or loss on the initial recognition:

A. Such designation may derecognize or significantly reduce the inconsistency in measurement or recognition; or
B. A group of financial liabilities or financial assets and financial liabilities managed at fair value based on the written risk management or investment strategies, with the performance thereof evaluated under the same strategies, and the investment portfolio information provided by the consolidated entity to the management internally also based on the fair value.

The gains or losses generated form such financial liabilities are stated as income, which include any interest paid by the financial liabilities.

Financial assets measured at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized into profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When debt instruments subject to contractual terms different from each other significantly are exchanged or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor) between the Company and creditors, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized into profit or loss.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

8. Derivative instruments

The derivative instruments held or issued by the Company are intended to evade foreign interest rate risk and interest rate risk. Those as designated and effective hedging instruments among them shall be stated as financial assets or liabilities for hedging on the balance sheet. Those other than the ones as designated and effective hedging instruments shall be stated as financial assets or liabilities at fair value through profit or loss.
The derivative instruments are measured at the fair value prevailing on the date of execution

of the derivative instrument contract at the time of initial recognition, and at fair value subsequently. The derivative instrument with positive fair value is stated as a financial asset. That with negative fair value is stated as a financial liability. The changes in fair value of derivative instruments shall be recognized into profit or loss directly, while if derivative instruments as designated and effective hedging instruments are involved, the changes shall be recognized into profit or loss, or equity, subject to the type of hedge.

If the master contract is not a financial asset or financial liability, when the economic characteristics and risk of the derivative instruments embedded into the contract is not closely related to the contract and the contract is not that at fair value through profit or loss, the embedded derivative instruments shall be treated as independent instruments.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants acted in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

10. Inventories

Inventories are valued at lower cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present sellable or producible condition and location are accounted for as follows:

Raw materials – Based on the standard cost usually which may be compared with the actual cost during the financial reporting period, and adjusted, if necessary, to make it closer to that calculated on a weighted average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, exclusive of the borrowing cost.

The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

11. Investment accounted for using the equity method

The Company's investment in its associates is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture means that the Company has rights over net assets under the joint arrangement (with joint control).

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post acquisition change in the Company's share of net assets of the associate or joint venture. After the carrying amount of the investment in the associate or joint venture and other related long-term equity is reduced to zero since the equity method is adopted, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing of the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new shares, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership

interest, the increase or decrease in the interest in the associate or joint venture is recognized into "capital surplus" and "investment accounted for using the equity method." When the interest in the associate or joint venture is reduced, the related items previously recognized into other comprehensive income are reclassified into profit or loss or other appropriate items. Said capital surplus recognized is reclassified into profit or loss on a pro rata basis when the Group disposes of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 "Investments in Associates and Joint Ventures." If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount and recognizes the amount into the profit or loss of the associate or joint venture in accordance with IAS 36 "Impairment of Assets." Where said recoverable amount adopts the value in use of the investment. The Company may determine the related value in use of the investment in the following manners:

(a) The Company's share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture, and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected by the Company to arise from dividends to be received from the investment and its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 "Impairment of Assets."

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognizes any retaining investment at its fair value. Upon loss of significant influence over the associate or joint control over the joint venture, any difference between the carrying amount of the associate or joint venture and the fair value of the retaining investment plus proceeds from disposal is recognized into profit or loss. Meanwhile, when the investment in the associate becomes that in the joint venture, or the investment in the joint venture becomes that in the associate, the Company continues to

apply the equity method without re-measuring the retained equity.

12. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the same and restoring the site on which the same are located, and the necessary interest expenses for construction in progress. Each part of property, plant and equipment that is significant is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful life and depreciation. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment." When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as the replacement cost if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the estimated service life of the following assets:

Buildings	7–50 years
Machinery and equipment	2–15 Years
Office equipment	2–8 Years
Transportation Equipment	3–6 Years
Water and electricity utilities	5–16 years
Leased Improvements	5–11 Years
Other equipment	5–10 Years

Any item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the asset is recognized into profit or loss.

The residual values, service life and methods of depreciation of property, plant and equipment are reviewed at the end of each fiscal year, and the changes resulting from the difference in the expected value and previous estimate are treated as changes in accounting estimates.

13. Investment property

The Company owned investment property is measured initially at cost, including transaction costs. The carrying amount of the investment property includes the cost of repairing or adding the existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of the investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," investment property is measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment property is held by a lessee as the right of use assets and are not held for sale in accordance with IFRS 5, the investment property is measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight line basis over the estimated service life of the following assets:

Building	5–50 years

Investment property is derecognized and relevant profit or loss is recognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The Company decides to transfer to or from investment property based on the actual usage of the assets.

Property is transferred to or from investment property when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

14. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from the use of the identified asset;

and

(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, by maximizing the use of observable information.

The Company as a lessee

Except for leases that meet and elect short term leases or leases of low value assets, the Company, if as a lessee, recognizes the right-of-use asset and lease liability for all leases.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that is not paid at the commencement date:

(a) Fixed payments (including in substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method, and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset by applying a cost model.
If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the service life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date until expiration of the service life of the right-of-use asset or the end of the lease term, whichever earlier.

The Company applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short term leases or leases of low value assets. The Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related depreciation expense and interest expense in the statements of comprehensive income.

For short term leases or leases of low value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis during the lease period.

The Company as a lessor

At the inception of a contract, the Company classifies its leases as either an operating lease or a financing lease. A lease is classified as a financing lease if it substantially transfers all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not so. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and presents them as a receivable amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental revenue on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental revenue when incurred.

15. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination refers to the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets that do not meet the conditions of recognition are not capitalized but recognized into profit or loss when it is incurred.

The service life of intangible assets is assessed as either finite or indefinite.
Intangible assets with finite service life are amortized over the service life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite service life is reviewed at least at the end of each fiscal year. Changes in the expected service life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite service life are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment on intangible assets with indefinite service life is reviewed each period to determine whether the indefinite service life continues to be supportable. If not, the change in service life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized into profit or loss.

Patent Right

The patent right has been authorized for one decade by the related government agencies.

Computer Software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (5 to 10 years).

16. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company tests the individual assets or cash-generating units of the assets. If the impairment test result shows that the carrying amount of the asset or cash-generating unit of the asset is more than the recoverable amount thereof, the impairment loss should be recognized. An asset's recoverable amount refers to the net fair value or value in use, whichever higher.

For assets excluding goodwill, an assessment is made at the end of each reporting period regarding whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset, increasing the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or group of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized according to the impairment loss test, it is first allocated to reduce the carrying amount of any goodwill and then allocated to any assets other than goodwill pro rata on the basis of the carrying amount of each asset. Impairment losses relating to goodwill cannot be reversed in future periods for any reason when they are recognized.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized into profit or loss.

17. Treasury stocks

Upon acquisition of the Company's shares (treasury shares), the Company recognizes them at cost and into the deductions for equity. The price difference in transactions of treasury shares is recognized into the equity.

18. Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follow:

Sale of goods

The Company manufactures and sells goods. Sales revenue is recognized when the promised goods are delivered to the customers and control of the goods is transferred to the customers (i.e. the customers direct the use of such goods and obtain the ability of almost residual effects of such goods). The main products of the Company are plastic injection machine units and revenue is recognized based on the consideration stated in the contract.

The Company provides its customers with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted for in accordance with IAS 37.

The credit period of the Company's sale of goods is from 90 to 150 days. When the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. Such accounts receivable are generally short-term and free from any important financial components. Few contracts are recognized as contract assets, when the Company transfers the goods to customers but has not yet had a right to an unconditional amount of consideration. In the case of contract assets, the allowance for loss should be measured at an amount equal to lifetime expected credit losses under IFRS 9. However, for some contracts, part of the consideration was received from customers upon signing the contract. The Company has an obligation to provide the goods subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of the Company's said contract liabilities to revenue is usually within one year. Thus, no significant financing component arises.

19. Borrowing costs

The borrowing costs of qualifying assets directly attributable to the acquisition, construction or production shall be eligible for capitalization as a part of the costs of such assets. The other borrowing costs are recognized as the expenses when incurred. The borrowing costs include the interests and other costs incurred related to the borrowing of loans.

20. Government grants

The Company will not recognize the government grants until it may reasonably assure compliance with the conditions set forth for the government grants and receive the inflow from economic effects of such grants. When the grants are related to assets, they shall be recognized as deferred revenue and as income in installment within the expected service life of the related assets. When the grants are related to expenses, they shall be recognized as income in a reasonable and systematic manner and in response to the period in which related costs are expected to be incurred.

21. Retirement benefit plans

The Company's regulations governing employees' retirement apply to all employees hired by the Company officially. The employees' pension fund is managed by the Pension Supervisory Committee and deposited into the pension fund account as a whole. Said pension fund is deposited under the Committee's name in the specific bank account and hence, not associated with the Company. Therefore, such a fund is not included in said parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

The post-employment benefit plan classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements comprise of changes in return on plan assets and the effect of the asset ceiling, less the net interest on defined benefit liabilities (assets),
and actuarial gains and losses.

The remeasurements in net defined benefit liabilities (assets) are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. The past service costs are the changes in the present value of defined benefit obligation generated from amendments to or curtailment of the plan and recognized into profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

22. Income tax

Income tax expenses (gains) are the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current-period income tax

Current-period income tax assets and liabilities for the current and prior periods are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current-period income tax relating to items recognized into other comprehensive income or directly into equity is recognized into other comprehensive income or equity, instead of profit or loss.

The income tax for undistributed earnings is recognized as income tax expense on the date when the shareholders' meeting approves the distribution proposal.

Deferred tax

Deferred income tax is provided on temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts in the balance sheet.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business

combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at the end of each reporting period and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

The preparation of the Company's parent company only financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Assumptions and estimation

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Accounts receivables–estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to

lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows due under the contract (carrying amount) and the cash flows that expect to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted difference. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note VI for more details.

(b) Inventory valuation

Inventory shall be evaluated on the basis of the lower of the cost and net realizable value. The Company must make judgment and estimate to determine the net realizable value of the inventory at the end of the reporting period.

In consideration of the rapid transformation in market, the Company's estimates of the net realizable value of inventories at the end of reporting period takes into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The expected realized value of inventories may serve as the most reliable evidence available at the time the estimates are made. Please refer to Note VI for more details.

(c) Impairment of non-financial assets

Impairment is incurred if the carrying amount of the asset or cash-generating unit is more than the recoverable amount. The recoverable amount refers to the higher of the fair value less disposal costs and value in use. The fair value less disposal cost means the amount after the price receivable from sale of assets or required to be paid for transfer of liabilities by market participants in any orderly transactions on the date of measurement less the incremental cost attributable to disposal of assets or cash-generating unit directly. The value in use is calculated based on the discounted cash flow model. The cash flow is estimated based on the budget for the future five years, exclusive of any reorganization that the Company has not committed to, or significant future investment required to improve the performance of the tested cash-generating unit asset.

The recoverable amount is likely to be affected by the discount rate applied by the discounted cash flow model and expected future cash inflow and growth rate used for the purpose of extrapolation. For the key assumptions used to decide the recoverable amount of different cash-generating units, including sensitivity analysis, please refer to Note VI.

(d) Retirement benefit plans

The defined benefit cost and the present value of the pension obligation under retirement benefit plan plans are determined using actuarial valuations. An actuarial valuation involves various assumptions, including the determination of the discount rate and increase/decrease in expected salaries.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. Such provisions are based on various factors, such as the experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are taxable temporary differences. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

VI. Summary of Significant Accounting Titles

1. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Reserve cash	$689	$408
Demand deposits	95,625	168,585
Total	$96,314	$168,993

The Company's cash and cash equivalents were not provided as security.

2. Financial assets at FVTPL

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss:		
Financial derivatives without designated hedging relationship		
Forward exchange contract	$-	$146
Shares	50,650	68,748
Fund	5,464	-
Embedded derivative instruments - Domestic issuance	400	-
Call/put rights of convertible corporate bonds		
Total	$56,514	$68,894
Current	$8,104	$13,581
Non-current	48,410	55,313
Total	$56,514	$68,894

The Company's financial assets at fair value through profit or loss were not provided as security.

As of December 31, 2022, for details of information related to corporate bonds payable of the Company, please refer to Note VI.10.

3. Notes receivable

	December 31, 2022	December 31, 2021
Notes receivable – arising from operating activities	$166,787	$131,509
Less: Unrealized interest revenue	(1,367)	(813)
Subtotal	165,420	130,696
Less: Allowance for bad debts	-	-
Subtotal	165,420	130,696
Total	$165,420	$130,696
Current	$134,551	$117,856

	December 31, 2022	December 31, 2021
Non-current (stated into other non-current assets)	30,869	12,840
Total	$165,420	$130,696

The Company's notes receivable were not provided security.

For information about the Company's evaluation of impairment and allowance for losses under IFRS 9, please refer to Note VI.15. For information about credit risk, please refer to Note XII.

4. Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$212,900	$284,531
Less: Unrealized interest revenue	(1,024)	(860)
Subtotal	211,876	283,671
: Less: Allowance for bad debts	(13,985)	(11,656)
Subtotal	197,891	272,015
Accounts receivable – related party	22,145	41,989
Less: Unrealized interest revenue	(207)	(494)
Subtotal	21,938	41,495
Total	$219,829	$313,510

The Company's notes receivable were not provided as security.

The credit period of the Company's sale to customers from 90 to 150 days. The total carrying amounts were NT$233,814 thousand and NT$325,166 thousand on December 31, 2022 and 2021. For information about the allowance for loss in 2022 and 2021, please refer to Note VI.15 for details. Please refer to Note XII for further details on credit risk.

5. Inventories

	December 31, 2022	December 31, 2021
Raw materials	$208,044	$231,956
Work in process	45,142	67,646
Finished goods inventory	244,419	206,786
Total	$497,605	$506,388

The inventory costs recognized by the Company as expenses were NT$996,490 thousand and NT$1,110,799 thousand in 2022 and 2021, including the gains on revaluation on net realizable value of inventories after the stock selling at various stock age intervals of NT$5,500 thousand and NT$835 thousand in 2022 and 2021.

Said inventories were not provided as security.

6. Investment accounted for using the equity method

IV. Statement of changes in the Company's investments accounted for using the equity method:

	December 31, 2022		December 31, 2021	
Investor Company	Amount	Shareholding percentage	Amount	Shareholding percentage
Investment in subsidiaries:				
FU CHUN SHIN CO., LTD. (BVI)	$2,520,703	100.00%	$2,170,511	100.00%
SHING FUH TAI TECHNOLOGY CORP.	19,453	85.71%	(608)	85.71%
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	11,191	92.00%	11,825	92.00%
FCS MACHINERY (THAILAND) CO., LTD.	4,348	100.00%	10,428	100.00%
PT. SHIN PREFORM PLASTIC	32,219	99.00%	32,865	99.00%
FCS RG PLASTIC PTE. LTD. (Note 1)	(74,431)	65.00%	(37,585)	65.72%
FCS MACHINERY (INDIA) PRIVATE LIMITED	22,073	99.99%	22,197	99.99%
FCS PLASTIC MACHINERY (THAILAND) CO., LTD.	1,694	100.00%	3,561	100.00%
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	67,471	99.99%	54,204	99.99%
FU CHUN SHIN (VIETNAM)	1,856	100.00%	540	100.00%

	December 31, 2022		December 31, 2021	
Investor Company	Amount	Shareholding percentage	Amount	Shareholding percentage
COMPANY LIMITED				
JUST NANOTECH CO., LTD.	2,036	45.00%	3,080	45.00%
Subtotal	2,608,613		2,271,018	
Add: Transfer of balance of long-term equity investments in borrowers	74,431		38,193	
Other non-current liabilities (Note 2)				
Total	$2,683,044		$2,309,211	

(Note 1) The Board of the Company approved to transfer 56 thousand shares of subsidiary FCS RG PLASTIC PTE.LTD.

(Note 2) As of December 31, 2022 and 2021, the carrying amount of the equity net worth on the financial statements of others subsidiaries recognized by the Company was negative. Therefore, investments accounted for using the equity method generated the credit balance. As the Company will continue to support the investee, the balance of the carrying amount of the investment accounted for using the equity method is transferred to other non-current liabilities as required.

The investments in subsidiaries are disclosed under "Investments accounted for using the equity method" in the parent company only financial statements and changes in value are adjusted.

7. Property, plant and equipment

	December 31, 2022	December 31, 2021
Property, plant and equipment for own use	$742,051	$775,129

All of the property, plant and equipment stated by the Company are provided for own use.

As the land where property, plant and equipment locate, as stated by the Company, falls in the land categories, such as fields and dry land, it is impossible to complete the registration of transfer thereof in the name of the Company. Therefore, it is registered under the name of the trust preliminarily, and a statement of unconditional title transfer has been received from the title owner. For the information about property, plant and equipment provided as security, please refer to Note VIII.

Notes to Parent Company Only Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. (Cont'd)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Land	Buildings	Machinery and equipment	Office equipment	Transportation Equipment	Water and electricity utilities	Leased Improvements	Other assets	Unfinished construction	Total
Cost:										
January 1, 2022	$527,781	$423,883	$301,115	$21,674	$16,088	$23,153	$9,689	$20,964	$1,633	$1,345,980
Add	-	225	3,966	219	78	892	-	1,046	196	6,622
Dispose	-	-	(17,259)	(1,136)	(30)	-	-	(210)	-	(18,635)
Transfer	-	319	-	-	-	-	-	285	(604)	-
Other changes	1,188	1,522	(5,922)	-	360	175	-	-	-	(2,677)
December 31, 2022	$528,969	$425,949	$281,900	$20,757	$16,496	$24,220	$9,689	$22,085	$1,225	$1,331,290
January 1, 2021	$521,012	$423,013	$297,029	$21,366	$15,796	$22,808	$9,689	$20,964	$1,311	$1,332,988
Add	6,064	745	2,427	116	256	150	-	-	1,531	11,289
Dispose	-	-	(3,044)	-	(726)	-	-	-	-	(3,770)
Transfer	705	125	-	192	-	-	-	-	(1,022)	-
Other changes	-	-	4,703	-	762	195	-	-	(187)	5,473
December 31, 2021	$527,781	$423,883	$301,115	$21,674	$16,088	$23,153	$9,689	$20,964	$1,633	$1,345,980
Depreciation and impairment:										
January 1, 2022	$-	$234,536	$254,613	$20,599	$14,377	$17,507	$9,404	$19,815	$-	$570,851
Depreciation	-	15,040	13,939	548	510	1,265	45	478	-	31,825
Impairment loss	-	-	5,593	-	-	-	-	-	-	5,593
Dispose	-	-	(17,260)	(1,136)	(6)	-	-	(210)	-	(18,612)
Other changes	-	1,498	(1,916)	-	-	-	-	-	-	(418)
December 31, 2022	$-	$251,074	$254,969	$20,011	$14,881	$18,772	$9,449	$20,083	$-	$589,239
January 1, 2021	$-	$218,475	$242,302	$19,906	$14,444	$16,455	$9,359	$19,068	$-	$540,009
Depreciation	-	16,061	15,951	693	659	1,052	45	747	-	35,208
Dispose	-	-	(3,044)	-	(726)	-	-	-	-	(3,770)
Other changes	-	-	(596)	-	-	-	-	-	-	(596)
December 31, 2021	$-	$234,536	$254,613	$20,599	$14,377	$17,507	$9,404	$19,815	$-	$570,851
Net carrying amount:										
December 31, 2022	$528,969	$174,875	$26,931	$746	$1,615	$5,448	$240	$2,002	$1,225	$742,051
December 31, 2021	$527,781	$189,347	$46,502	$1,075	$1,711	$5,646	$285	$1,149	$1,633	$775,129

8. Investment property

	Land	Building	Total
Cost:			
January 1, 2022	$193,373	$169,912	$363,285
Other changes	(1,188)	(1,522)	(2,710)
December 31, 2022	$192,185	$168,390	$360,575
January 1, 2021	$193,373	$169,912	$363,285
December 31, 2021	$193,373	$169,912	$363,285
Depreciation:			
January 1, 2022	$-	$134,751	$134,751
Depreciation in the current period:	-	5,889	5,889
Other changes	-	(1,498)	(1,498)
December 31, 2022	$-	$139,142	$139,142
January 1, 2021	$-	$127,624	$127,624
Depreciation in the current period:	-	7,127	7,127
December 31, 2021	$-	$134,751	$134,751
Net carrying amount:			
December 31, 2022	$192,185	$29,248	$221,433
December 31, 2021	$193,373	$35,161	$228,534

	2022	2021
Rent revenue from investment property	$41,672	$42,168
Less: The direct operating expenses incurred by the investment property generating rent revenue in the current period.	(6,817)	(8,060)
Total	$34,855	$34,108

As the land where investment property is located as stated by the Company falls in the land categories, such as fields and dry land, it is impossible to complete the registration of transfer thereof in the name of the Company. Therefore, it is registered under the name of the trust preliminarily, and a statement of unconditional title transfer has been received from the title owner.

For the information about investment property provided as security, please refer to Note VIII.

The fair value of the investment property held by the Company was NT$294,891 thousand and NT$302,106 thousand on December 31, 2022 and 2021.

The fair value of the investment property held by the Company was based on the management's evaluation on December 31, 2022 and 2021. The fair value was determined based on the evidence available on the market and valued based on the Income Method. The parameters adopted primarily include:

	December 31, 2022	December 31, 2021
Discount rate	4.22%	4.10%

9. Short-term borrowings

	Interest rate range (%)	December 31, 2022	December 31, 2021
Unsecured bank borrowings	1.72%～5.70%	$183,071	$159,341

10. Bonds payable

Bonds payable	December 31, 2022	December 31, 2021
Domestic secured ordinary corporate bonds payable	$360,000	$360,000
Domestic unsecured convertible corporate bonds payable	475,015	-
Net amount	$835,015	$360,000

(a) Domestic secured corporate bonds payable

	December 31, 2022	December 31, 2021
Carrying amount of domestic secured corporate bonds payable	$360,000	$360,000

The Company issued the 1st domestic secured corporate bonds at the par value of NT$360,000 thousand in total on May 28, 2020, for the term of five years. The principal thereof shall be repaid in full upon expiration of five years upon the issuance.

The corporate bonds accrue the interest at the annual interest rate of 0.63%. The interest is payable once per year.

(b) Domestic unsecured convertible corporate bonds payable

	December 31, 2022	December 31, 2021
Elements of liability:		
Nominal value of domestic unsecured convertible corporate bonds payable	$499,900	$-
Discount of domestic unsecured convertible corporate bonds payable	(24,885)	-
Net amount	$475,015	$-
Embedded derivative - Call/put rights under the issuance of domestic convertible corporate bonds (stated as financial assets at FVTPL)	$400	$-
Equity element (stated as capital reserve)	$18,800	$-

The Company issued domestic unsecured convertible corporate bonds with a coupon rate of 0% on August 24, 2022. Analyzed based on the contract terms of the convertible corporate bonds, the components include primary liability, embedded derivatives (the issuer's option to redeem and the holder's option to request the issuer's redemption) and equity elements (the holder's option to request conversion to ordinary shares of the issuer); the major issuance terms are as follows:

Total issuance amount: NT$500,000 thousand

Issuance period: From August 24, 2022 to August 24, 2025

Material redemption terms:

A. From the day after three months after the issuance up to 40 days before the expiry of the issuance

period, if the closing price of the Company's ordinary shares exceeds 30% (inclusive) over the conversion price at the time for 30 consecutive business days on TPEx, the Company may redeem the bonds in advance in cash based at the par value of the bonds.

B. When the amount of the outstanding corporate bonds is 10% lower than the initial total issuance amount, the Company may fully redeem the corporate bonds in advance at the early redemption price.

Conversion method:

A. Conversion target: Ordinary shares of the Company.
B. Conversion period: Bondholders may request to convert into the Company's ordinary shares in exchange for a cash repayment of the Company from November 25, 2022 to August 24, 2025.
C. Conversion price and its adjustment: The conversion price was set at NT$17.59 per share upon the issuance; if any matters of conversion price adjustments stated in the issuance terms occur to the Company's ordinary shares, the conversion price shall be adjusted according to the formula stated in the issuance terms. The conversion price on December 31, 2022 was NT$17.59 per share.
D. Redemption upon expiry: Outstanding corporate bonds will be redeemed at the par value.

In addition, the conversion amount of the corporate bonds as of December 31, 2022 and 2021 was NT$100 thousand and nil, and the total number of shares was 57 thousand shares and nil, respectively.

11. Long-term borrowings

(1)The details about long-term borrowings on December 31, 2022 and 2021 are stated as follows:

Creditor	December 31, 2022	Interest rate (Note)	Repayment period and rules
The Export-Import Bank of ROC Credit loans	16,891 (US$550 thousand)		from April 24, 2020 to February 8, 2023, with the principal repaid in full on the date of maturity.
The Export-Import Bank of ROC Credit loans	6,142 (US$200 thousand)		from April 27, 2020 to April 27, 2023, with the principal repaid averagely in five installments starting as of the second year.
Cathay Bank Credit loans	100,000		from September 28, 2021 to September 27, 2023, with the principal repaid in full on the date of maturity.
Taiwan Business Bank Credit loans	5,555		from December 28, 2018 to December 27, 2023, with the principal repaid in 20 installments on average.
Bank SinoPac Secured borrowings	25,000		from August 19, 2022 to August 31, 2024, with the principal repaid in full on the date of maturity.
Bank SinoPac Secured borrowings	56,000		from September 21, 2020 to September 30, 2025, with partial principal repaid in installments each year starting from the second year and the remaining principal repaid in full on the date of maturity.
Bank SinoPac Credit loans	30,000		from August 19, 2022 to August 31, 2024, with the principal repaid in full on the date of maturity.

Creditor	December 31, 2022	Interest rate (Note)	Repayment period and rules
Taipei Fubon Commercial Bank Credit loans	30,000		from December 30, 2021 to December 20, 2022, with the principal repaid in full on the date of maturity.
Mega International Commercial Bank (Arranger) Syndicated loan	200,000		from July 25, 2019 to July 25, 2024 with the principal repaid in full on the date of maturity.
The Shanghai Commercial & Savings Bank Credit borrowings	20,000		from February 11, 2022 to February 11, 2025, with the principal repaid in eight installments on average, as of the second year.
E-Sun Bank Credit loans	60,000		from May 4, 2022 to May 4, 2024, with the principal repaid in full on the date of maturity.
Mega International Commercial Bank Secured borrowings	60,000		from May 28, 2022 to May 27, 2024, with the principal repaid in full on the date of maturity.
Bank of Taiwan Credit loans	30,000		from September 15, 2022 to September 15, 2024, with the principal repaid in full on the date of maturity.
Subtotal	639,588		
Less: current portion	(73,088)		
Less: unamortized syndicated loan expenses	(1,413)		
Total	$565,087		

Note: The interest rate ranges from 1.54% to 6.29%.

Creditor	December 31, 2021	Interest rate (Note)	Repayment period and rules
The Export-Import Bank of ROC Credit loans	$16,608 (US$600 thousand)		from July 12, 2019 to January 5, 2022, with the principal repaid in full on the date of maturity.
The Export-Import Bank of ROC Credit loans	28,000		from August 15, 2019 to August 14, 2022, with the principal repaid averagely in five installments as of the second year.
The Export-Import Bank of ROC Credit loans	17,992 (US$650 thousand)		from April 24, 2020 to December 29, 2022, with the principal repaid in full on the date of maturity.
The Export-Import Bank of ROC Credit loans	15,224 (US$550 thousand)		from April 24, 2020 to February 8, 2023, with the principal repaid in full on the date of maturity.
The Export-Import Bank of ROC Credit loans	16,608 (US$600 thousand)		from April 27, 2020 to April 27, 2023, with the principal repaid averagely in five installments starting as of the second year.
Cathay Bank Credit loans	100,000		from September 28, 2021 to September 27, 2023, with the principal repaid in full on the date of maturity.
Taiwan Business Bank Credit loans	11,111		from December 28, 2018 to December 27, 2023, with the principal repaid averagely in 20 installments.
Bank SinoPac Secured borrowings	25,000		from August 5, 2021 to August 5, 2023, with the principal repaid in full on the date of maturity.
Bank SinoPac Secured borrowings	63,000		from September 21, 2020 to September 30, 2025, with partial principal repaid in installments each year starting from the second year and the remaining principal repaid in full on the date of maturity.
Mega International Commercial Bank Secured borrowings	38,000		from May 28, 2021 to May 27, 2023, with the principal repaid in full on the date of maturity.
Taipei Fubon Commercial Bank Secured borrowings	30,000		from December 30, 2021 to December 20, 2023, with the principal repaid in full on the date of maturity.

Creditor	December 31, 2021	Interest rate (Note)	Repayment period and rules
Mega International Commercial Bank (Arranger) Syndicated loan	30,000		from July 25, 2019 to July 25, 2024 with the principal repaid in full on the date of maturity.
Subtotal	391,543		
Less: current portion	(86,228)		
Less: unamortized syndicate loan expenses	(2,842)		
Total	$302,473		

The details about commercial paper payable are stated as follows:

Guarantee or accepting institution	December 31, 2021	Interest rate (Note)	Term of contract and repayment rules
Mega International Commercial Bank (Arranger) Syndicated loan	$557,000		from July 25, 2019 to July 25, 2024, with the principal repaid in full on the date of maturity.
Less: Discounts on bills payable	-		
Subtotal	557,000		
Total	$859,473		

Note: The interest rate ranges from 0.89% to 1.79%.

The commercial paper payable refers to Facility B in the syndicated loan contract signed with Mega Bank. For the information about the credit conditions and term, please refer to Note VI.11(3).

(2)For the information about collaterals provided to secure long-term borrowings, please refer to Note VIII.

(3)Syndicated bank loans

A. The Company signed the syndicated loan contract amounting to NT$1,500,000 thousand with 14 financial institutions including Mega Bank on June 19, 2019. Among other things:

①Facility A: NT$690,000 thousand as the working capital, revolving.

②Facility B: NT$920,000 thousand secured by the commercial paper, revolving.

③Facility C: No more than NT$507,500 thousand to secure the repayment for issuance of corporate bonds, not revolving, and the total of Facility B and Facility C as drawn down no more than Facility B.

B. Until December 31, 2022, NT$560,000 thousand has been drawn down. The term commences on July 25, 2019 until July 25, 2024. Meanwhile, since the contract was executed, the following financial ratios have been calculated based on the borrower's annual consolidated financial statements audited and certified by a CPA approved by the managing bank, and the borrower's semi-annual consolidated financial statements audited and certified by a CPA approved by the managing bank, and shall be maintained continuously:

①Current ratio (current assets/current liabilities less convertible current portion re-stated due to put option) shall be maintained as 100% or more.

②Liability ratio (total liabilities/tangible assets) shall be no more than 250% (inclusive).

③ Interest coverage ratio 〔 (net income before tax+interest expenses+depreciation+amortization)/interest expenses shall be maintained as double or more.

C. In the case of any inconsistency with said financial ratios, any application for drawdown of unused facility from the improvement period from the most recent date of interest payment after the managing bank's notice until the borrower presents the financial statements audited/reviewed by a CPA certifying that it has improved it shall be suspended, except the revolving balance of the rollover, if any. Meanwhile, the relevant interest and margin shall be calculated based on the lending interest rate on Facility A and margin rate on Facility B and Facility C plus 0.1%–0.2%.

D. Where it is not improved during the period, the managing bank is entitled to take any action per the contract or resolution rendered through majority votes by the bank syndicate, including but not limited to:

①Suspend the borrower from drawing down the facilities, in whole or in part.

②Cancel the unused facilities under the contract, in whole or in part.

③Announce that maturity of any principal, interest, expenses, and any other accounts payable under the contract is accelerated, in whole or in part.

12. Retirement benefit plans

Defined contribution plans

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages. The Company make monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts maintained at the Bureau of Labor Insurance, according to the employee retirement regulations adopted in accordance with the same Act.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT$8,306 thousand and NT$8,232 thousand, respectively.

Defined benefit plans

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 6%–15% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the Pension Supervisory Committee. Before the end of each year, the Company assesses the balance in said designated labor pension fund account. If the balance cannot afford to pay pensions calculated for workers retiring in the following year as calculated in said manner, the Company will make up the difference in one appropriation before the end of March in following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in house or under mandating, based on a passive aggressive investment strategy for long/mid-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits, if any, after the approval of the competent authority. As the Company has no right to participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with Paragraph 142 of IAS 19. The Company expects to contribute NT$2,860 thousand to its defined benefit plan in the year following December 31, 2022.

As of December 31, 2022, the Company expects its defined benefits plan obligation to become due in 2028.

Pension costs recognized in profit or loss are as follows:

	2022	2021
Current-period service cost	$140	$137

Net interest on net defined benefit liabilities (assets)	310	151
Total	$450	$288

The defined benefit obligation and fair value of plan assets are reconciled as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$52,760	$55,726
Fair value of plan assets	(13,592)	(11,461)
Net defined benefit liability	$39,168	$44,265

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2021	$55,905	$(8,684)	$47,221
Current-period service cost	137	-	137
Interest expenses (revenue)	179	(28)	151
Subtotal	56,221	(8,712)	47,509
Remeasurements of net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	141	-	141
Actuarial gains and losses arising from changes in financial assumptions	(2,154)	-	(2,154)
Experience adjustments	4,251	-	4,251
Remeasurement of defined benefit assets	-	(148)	(148)
Subtotal	2,238	(148)	2,090
Benefits paid	(2,733)	2,733	-
Contributions from employer	-	(5,334)	(5,334)
December 31, 2021	$55,726	$(11,461)	$44,265
Current-period service cost	140	-	140
Interest expenses (revenue)	390	(80)	310
Subtotal	56,256	(11,541)	44,715
Remeasurements of net defined benefit liabilities/assets:			

Actuarial gains and losses arising from changes in financial assumptions	(1,773)	-	(1,773)
Experience adjustments	7	-	7
Remeasurement of defined benefit assets	-	(921)	(921)
Subtotal	(1,766)	(921)	(2,687)
Benefits paid	(1,730)	1,730	-
Contributions from employer	-	(2,860)	(2,860)
December 31, 2022	$52,760	$(13,592)	$39,168

The following key assumptions are used to determine the Company's defined benefit obligation:

	December 31, 2022	December 31, 2021
Discount rate	1.20%	0.70%
Expected salary increase rate	1.00%	1.00%

The sensitivity analysis on each significant assumption:

	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increasing by 0.5%	$-	$(1,618)	$-	$(2,248)
Discount rate decreasing by 0.5%	1,773	-	2,914	-
Expected salary increasing by 0.5%	1,767	-	2,889	-
Expected salary decreasing by 0.5%	-	(1,628)	-	(2,252)

Said sensitivity analysis is conducted on the effect potentially arising from defined benefit obligation in the event of a reasonable change in a single assumption (e.g. discount rate or expected salary), while the other assumptions remain unchanged. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no difference in the methods and assumptions used in preparing the sensitivity analyses between the current period and previous period.

13. Equity

(a) Ordinary share

Until December 31, 2022 and 2021, the Company's authorized capital and issued share capital were NT$5,000,000 thousand and NT$1,800,000 thousand, respectively, and paid-in capital was NT$1,524,079 thousand and NT$1,494,388 thousand, respectively, each at a par value of NT$10 per

share for 152,408 thousand shares and 149,439 thousand shares. Each share has one voting right and a right to receive dividends.

The annual shareholders' meeting made the resolution to perform a capital increase from earnings in the amount of NT$29,691 thousand through issuance of 2,969 thousand new shares on May 31, 2022.

The capital increase proposal was approved by the competent authority, and the registration change was competed.

The amount of conversion applied for the 1st tranche of domestic secured convertible corporate bonds issued by the Company was NT$57 thousand in 2022, and the conversion to issuance applied for was 6 thousand ordinary shares; as if December 31, 2022, the change in registration for the 6 thousand shares had not been completed; therefore, they were stated under the bond conversion right certificate item.

(b) Capital surplus

	December 31, 2022	December 31, 2021
Issued at premium	$19,009	$18,966
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired/disposed of	4,674	4,674
Recognition of equity components due to the issuance of convertible corporate bonds - Those arising from options	18,804	-
Others	33	9
Total	$42,520	$23,649

According to laws and regulations, the capital surplus shall not be used except for making good the deficit of the Company. When the Company incurs no loss, the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company may be capitalized annually in proportion to the paid-in capital. Said capital surplus may

also be distributed to shareholders in cash in proportion to the number of shares being held by each of them.

(c) Treasury stocks

A. The Company implements the treasury share system to buy back the Company's shares from TPEx. The changes thereof are specified as follows subject to the cause of buyback:

2022:

Cause of redemption	Number of shares, beginning	Increase in the current period	Decrease in the current period	Number of shares, ending
Number of shares transferred to employees	986 thousand shares	-	986 thousand shares	-

2021:

Cause of redemption	Number of shares, beginning	Increase in the current period	Decrease in the current period	Number of shares, ending
Number of shares transferred to employees	2,656 thousand shares	-	1,670 thousand shares	986 thousand shares

B. Until December 31, 2022 and 2021, the treasury stocks bought back by the Company but remaining uncanceled were nil and 986 thousand shares, amounting to nil and NT$12,263 thousand, respectively.

C. The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and the Company is not entitled to distribute dividends and to vote.

(d) Earnings distribution and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

A. Pay all taxes and dues;
B. Compensate all losses;
C. Set aside 10% as the legal reserve;
D. Set aside or reverse special reserve in accordance with law and regulations or the competent authority's order.
E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's dividend policy 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 Board of Directors shall prepare the distribution proposal annually and present it at the shareholders' meeting. 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.

According to the Company Act, the legal reserve shall be set aside, unless it amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Group. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or in cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes the distributable earnings, it may set aside the special reserve from the difference between the balance of special reserve already set aside at the first-time adoption of IFRSs and the deduction net amount of other shareholders' equity. If the deduction net amount of other shareholders' equity reverses, the earnings of the reversing part can be distributed.

In accordance with the FSC's order under Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, the Company set aside the special reserve from the unrealized revaluation increments and (gains on) cumulative translation adjustment transferred to the retained earnings after it chose to adopt the exemptions under IFRS 1 "First-time Adoption of International Financial Reporting Standards" on the date of translation, when the Company adopted the IFRS initially. When related assets are used, disposed of or reclassified by the Company subsequently, the original rate to state the special reserves could be used to reverse the earnings distribution.

The special reserves provided by the Company at the first-time adoption of IFRS were both NT$188,685 thousand on December 31, 2022 and 2021. The Company didn't use, dispose of or reclassify related assets or reverse special earnings to undistributed earnings on December 31,

2022and 2021.

The following earnings provision and appropriation proposal and dividend per share for 2022 and 2021 were proposed by the Company's Board of Directors on March 22, 2023 and resolved by the annual shareholders' meeting on May 31, 2022:

	Earnings provision and appropriation		Dividends Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$16,114	$11,557		
Cash dividend from ordinary shares	45,724	44,536	$0.30	$0.30
Stock dividend from ordinary shares	45,724	29,691	0.30	0.20
Total	$107,562	$85,784		

For the information about estimate bases and recognized amount of the remuneration to employees and directors, please refer to Note VI.17.

14. Operating revenue

The information about the Company's revenue from contracts with customers in 2022 and 2021 is stated as follows:

(a) Breakdown of revenue

	2022	2021
Injection and molding machine	$763,450	$730,533
Revenue from cables	212,187	316,891
Others	284,173	301,654
Total	$1,259,810	$1,349,078
Point in time of revenue recognition:		
Recognized at some point in time	$1,259,810	$1,349,078

(b) Contract balance

A. Contract assets - current

	December 31, 2022	December 31, 2021	January 1, 2021
Sale of goods	$2,288	$11,247	$10,925

The significant changes in the balance of Company's contract assets in 2022 and 2021 are stated as follows:

	2022	2021
Variance	$(8,959)	$322

The increase in the Company's contract assets in 2021 resulted from certain contracts which were intended for the sale of goods but not entitled to collect payment. For the effect posed by the impairment, please refer to Note VI.15.

B. Contract liabilities – Current

	December 31, 2022	December 31, 2021	January 1, 2021
Sale of goods	$50,152	$105,773	$72,839

The significant changes in the balance of Company's contract liabilities in 2022 and 2021 are stated as follows:

	2022	2021
Variance	$(55,621)	$32,934

The decrease in the Company's contract liabilities in 2022 was due to the fulfillment of collection conditions, and such assets were transferred to accounts receivable; the increase in the contract liabilities in 2021 resulted from some contracts collecting part of the consideration from customers upon signing the contract and causing the Company to bear the obligation to sell the goods subsequently and recognize these amounts as contract liabilities.

15. Expected credit impairment losses

	2022	2021
Operating expenses – Expected credit impairment losses		
Notes receivable	$-	$ (1,730)
Accounts receivable	5,217	5,758
Total	$5,217	$4,028

Please refer to Note XII for further details on credit risk.

The Company measures the allowance for loss of its contract assets and receivables (including note receivables and accounts receivables) at an amount equal to lifetime expected credit losses, and also measures the allowance for loss with respect to individual trading counterparties with difficulty in finance. The accounts receivable have amounted to NT$17,914 thousand and NT$12,118 thousand, and allowances for losses as NT$11,949 thousand and NT$7,158 thousand, on December 31, 2022 and 2021, respectively. The other contract assets and receivables (including notes receivable and accounts receivable) were grouped by taking into consideration the trading counterpart's credit rating, region and industry, and the allowance for loss thereof measured by using a provision matrix.

The allowance for loss on December 31, 2022 was measured as follows:

	Not Past Due	Number of overdue days				
	(Note)	Less than 90 days	90–180 days	180–365 days	Over 1 year	Total
Total carrying amount	$319,017	$46,714	$8,548	$4,981	$4,348	$383,608
Loss rate	0.00%	0.00%	0.00%~ 3.00%	0.00%~ 10.00%	17.88%~ 100%	
Lifetime expected credit loss	-	-	(256)	(498)	(1,282)	(2,036)

Total	$319,017	$46,714	$8,292	$4,483	$3,066	$381,572

Note: All of the Company's contract assets, accounts receivable - related party, and notes receivable have not past due.

The allowance for loss on December 31, 2021 was measured as follows:

	Not Past Due	Number of overdue days				
	(Note)	Less than 90 days	90–180 days	180–365 days	Over 1 year	Total
Total carrying amount	$369,058	$51,657	$19,852	$11,647	$2,777	$454,991
Loss rate	0.00%	0.00%	0.00%~ 3.00%	0.00%~ 10.00%	18.74%~ 100%	
Lifetime expected credit loss	-	-	(595)	(1,165)	(2,738)	(4,498)
Total	$369,058	$51,657	$19,257	$10,482	$39	$450,493

Note: All of the Company's contract assets, accounts receivable - related party, and notes receivable have not past due.

The changes in the allowance for loss of the Company's 2022 and 2021 contract assets, notes receivable and accounts receivable are stated as follows:

	Contract assets	Notes receivable	Accounts receivable
January 1, 2022	$-	$-	$11,656
Increase (reversal) in the current period	-	-	5,217
Written off due to the inability of recovery	-	-	(2,888)
December 31, 2022	$-	$-	$13,985
January 1, 2021	$-	$1,730	$5,892
Increase (reversal) in the current period	-	(1,730)	5,758
Reclassification	-	-	6
December 31, 2022	$-	$-	$11,656

16. Leases

The Company as lessor

For the Company's disclosure of the Company owned investment property, please refer to VI.8 for details. The owned investment property is classified as operating lease as it doesn't substantially transfer all the risks and rewards incidental to ownership of an underlying asset. Fixed lease payments vary depending on a change in an index or a rate. For the information about the lease payments, please refer to Note VI.8.

	2022	2021
Lease income recognized from operating lease		
Income related to fixed lease payments	$41,690	$42,168

The undiscounted lease payments and the total amount of the residual years to be collected by the Company on December 31, 2022 and 2021, for the operating lease contracts executed by the Group, are stated as follows:

	December 31, 2022	December 31, 2021
No more than one year	$42,063	$38,492
More than one year but no more than two years	42,063	22,980
More than two years but no more than three years	40,923	22,980
More than three years but no more than four years	32,487	21,900
More than four years but no more than five years	25,615	13,404
More than five years	39,172	48,480
Total	$222,323	$168,236

17. Summary statement of employee benefits, depreciation and amortization expenses by function:

By function / By nature	2022			2021		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefit expense						
Salary expense	$56,002	$152,633	$208,635	$59,868	$138,847	$198,715
Labor and health insurance expense	6,441	12,664	19,105	6,549	12,261	18,810

Pension expenses	2,529	6,227	8,756	2,614	5,906	8,520
Remuneration of Directors	-	5,418	5,418	-	3,245	3,245
Other employee benefit expenses	3,119	4,983	8,102	3,309	4,968	8,277
Depreciation expense	28,064	9,650	37,714	30,441	11,894	42,335
Amortization expenses	-	10,160	10,160	-	10,627	10,627

The Company's employees were 295 persons and 298 persons on December 31, 2022 and 2021. three out of them didn't work as employees concurrently.

A company with its shares listed on TWSE or TPEx shall also disclose the following information:

(a). The average employee benefits expense was NT$839 thousand in the current year, and NT$795 thousand in the previous year.
(b). The average employee salary expense was NT$716 thousand in the current year, and NT$674 thousand in the previous year.
(c). The average employee salary expense was increased by 6%.
(d). The remuneration of supervisors was nil in the current year, and NT$321 thousand in the previous year; the Company established its Audit Committee on May 31, 2022 to replace of the functions of supervisors; therefore, the amount of the year is nil.
(e). The Company's remuneration policy:
A. The Company has defined in its Articles of Incorporation the remuneration policy for employees and directors, and also established the Remuneration Committee to evaluate and supervise the remuneration system of the Company for directors, supervisors and managers. The reasonable remuneration to directors and managers is determined by taking into consideration the Company's business performance, future risk, development strategies and industrial trends, as well as personal contribution to the Company's performance.
B. The Company established the sound employee benefit system in accordance with laws, in order to provide employees with favorable remuneration and benefit conditions. The remuneration to employees consists of monthly salary, bonus allocated subject to business performance, and reward to employees subject to the annual profit and per the Articles of Incorporation. The Company performs the performance appraisal on all colleagues throughout the Company periodically each year, in order to verify all colleagues' work performance and as the basis for determination of promotion, training development and payment of remuneration.

According to the Company's Articles of Incorporation, where there are annual profits at the end of a financial year, no less than 3% of the profits for such year shall be distributed to employees as the remuneration to employees, and no more than 3% thereof as remuneration to directors.

Notwithstanding, the accumulated losses, if any, shall have been covered first. By a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, the Group may have the profit distributable as employees' compensation in the form of stock or in cash and report the same to a shareholders' meeting. The information on the Board of Directors' resolution regarding the remuneration to employees and directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit sought in 2022, the Company estimated the remunerations to employees and directors. The remunerations to employees and directors recognized in 2022 were NT$11,569 thousand and NT$4,628 thousand, as stated in the salary expenses.

A resolution was passed at a Board of Directors meeting to distribute NT$11,569 thousand and NT$4,628 thousand in cash as remuneration to employees and directors, respectively, on March 22, 2023. No material differences exists between the estimated amounts and the amounts stated as expenses in the 2022 financial report.

The remunerations to employees and directors/supervisors distributed actually in 2021 were NT$7,630 thousand and NT$2,435 thousand. No material differences exists between the same and the amounts stated as expenses in the 2021 financial report.

18. Non-operating income and expense

(a) Other income

	2022	2021
Interest revenue	$5,073	$5,492
Other revenue – others	54,385	51,264
Total	$59,458	$56,756

(b) Other gains or losses

	2022	2021
Gains on disposal of property, plant and equipment	$669	$88
Gains (losses) on net foreign currency exchange	2,335	(843)
(Losses) gains on Financial assets at FVTPL	(6,047)	3,240
Impairment losses - property, plant and equipment	(5,593)	-
Impairment losses - Financial assets at FVTPL	(4,990)	-
Other expenditure	(8,211)	(9,174)
Total	$(21,837)	$(6,689)

(c) Financial costs

	2022	2021
Interest expenses on bonds	$(5,291)	$(2,268)
Interest on related party borrowings	-	5,662
Interest on bank loans	(13,753)	(9,871)
Others	(35)	(35)
Total	$(19,079)	$(6,512)

19. Components of other comprehensive income

The components of other comprehensive income in 2022 are stated as follows:

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehensive income	Income tax gains (expenses)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of defined benefit programs	$2,687	$-	$2,687	$(537)	$2,150
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	22,210	-	22,210	(4,442)	17,768
Total other comprehensive income in the current period	$24,897	$-	$24,897	$(4,979)	$19,918

The components of other comprehensive income in 2021 are stated as follows:

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehensive income	Income tax gains (expenses)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of defined benefit programs	$(2,091)	$-	$(2,091)	$418	$(1,673)
Items that may be reclassified subsequently to profit or loss:					

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehensive income	Income tax gains (expenses)	Amount after tax
Exchange differences on translation of the financial statements of foreign operations	(15,359)	-	(15,359)	3,072	(12,287)
Total other comprehensive income in the current period	$(17,450)	$-	$(17,450)	$3,490	$(13,960)

20. Income tax

The components of income tax expenses in 2022 and 2021 are stated as follows:

(a) Income tax recognized in profit or loss

	2022	2021
Current-period income tax expenses:		
Adjustment of the income tax in the previous year in the current period	$2,569	$1,985
Deferred income tax expenses:		
Deferred income tax expenses (gains) related to origination and reversal of temporary difference	50,616	48,666
Deferred income tax expenses (gains) related to origination and reversal of tax loss and income tax credit	(8,635)	(7,645)
Income tax expenses	$44,550	$43,006

(b) Income tax recognized in other comprehensive income

	2022	2021
Deferred income tax expenses (gains):		
Exchange differences on translation of the financial statements of foreign operations	$4,442	$(3,072)
Actuarial gains and losses on defined benefit plan	537	(418)
Income tax related to components of other comprehensive income	$4,979	$(3,490)

(c) The income tax rate applicable to the income tax expenses multiplying by accounting profit is reconciled as follows:

	2022	2021

Net income before tax of continuing operations	$204,005	$160,648
Income tax calculated at the Company's statutory income tax rate, 20%	$40,801	$32,130
Tax effect of expenses not deductible (tax-free income) for tax purposes	478	5,524
Tax effect of deferred income tax assets/liabilities	702	3,367
Adjustment of the income tax in the previous year in the current period	2,569	1,985
Income tax expense recognized in profit or loss	$44,550	$43,006

Balances of deferred income tax assets (liabilities) related to the following items:

2022

	Balance at January 1	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Directly recognize in equity	Ending balance
Temporary differences					
Inventory falling price reserves	$14,339	$(1,100)	$-	$-	$13,239
Share of net (gains) on subsidiaries accounted for using equity method	(270,988)	(51,369)	-	-	(322,357)
Exchange differences on translation of the financial statements of foreign subsidiaries	11,210	-	(4,442)	-	6,768
Accruable pension liabilities	8,853	(482)	(537)	-	7,834
Reserve for land value increment tax	(222,545)	-	-	-	(222,545)
Unused tax loss	47,633	8,635	-	-	56,268
Convertible corporate bonds	-	-	-	(4,701)	(4,701)
Others	4,220	2,335	-	-	6,555
Deferred income tax (expenses)/gains		$(41,981)	$(4,979)	$(4,701)	
Net deferred tax assets/(liabilities)	$(407,278)				$(458,939)
The information expressed in the balance sheet:					
Deferred tax income assets	$75,075				$83,788
Deferred income tax liabilities	$(482,353)				$(542,727)

2021

	Balance at January 1	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Ending balance
Temporary differences				
Inventory falling price reserves	$14,506	$(167)	$-	$14,339
Share of net (gains) on subsidiaries accounted for using equity method	(226,336)	(44,652)	-	(270,988)
Exchange differences on translation of the financial statements of foreign subsidiaries	8,138	-	3,072	11,210
Accruable pension liabilities	9,444	(1,009)	418	8,853
Reserve for land value increment tax	(222,545)	-	-	(222,545)
Unused tax loss	39,988	7,645	-	47,633
Others	7,058	(2,838)	-	4,220
Deferred income tax (expenses)/gains		$(41,021)	$3,490	
Net deferred tax assets/(liabilities)	$(369,747)			$(407,278)
The information expressed in the balance sheet:				
Deferred tax income assets	$74,980			$75,075
Deferred income tax liabilities	$(444,727)			$(482,353)

The information about the Company's unused tax loss is summarized as follows:

		Uncredited balance		
Year when it is incurred	Amount of loss	December 31, 2022	December 31, 2021	Expiration year
2015	70,299	$47,756	$47,756	2025
2016	40,988	40,988	40,988	2026
2017	23,024	23,024	23,024	2027
2020	88,171	37,853	37,853	2030
2021	88,545	84,883	88,545	2031
2022	46,838	46,838	-	2032
		$281,342	$238,166	

The assessment on income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company is as follows:

	The assessment on income tax returns
The Company	Authorized until 2020

21. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary shareholders of the Company (upon reconciliation of interest on convertible corporate bonds) by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares to be issued when dilutive potential ordinary shares are converted into ordinary shares.

The basic earnings per share and diluted earning per share are calculated as follows:

	2022	2021
(a) Basic earnings per share		
Current-period profit ($ Thousand)	$159,455	$117,642
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (Thousand Shares) (Note)	151,669	147,061
Basic earnings per share (NT$)	$1.05	$0.80
(b) Diluted earnings per share		
Current-period profit ($ Thousand)	$159,455	$117,642
Interest on convertible corporate bonds (NT$ Thousand)	2,418	-
Net income upon effect of adjustment and dilution	$161,873	$117,642
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (Thousand Shares) (Note)	151,669	147,061
Dilution effect:		
Employee bonus – stocks (thousand shares)	765	406
Potential number of shares upon conversion of convertible corporate bonds (thousand shares)	10,050	-
Weighted average number of ordinary shares after adjustment and dilution (Thousand Shares)	162,484	147,467

	2022	2021
Diluted earnings per share (NT$)	$1.00	$0.80

Note: The pro forma retroactive adjustment for bonus shares.

There have been no other transactions involving outstanding ordinary shares or potential ordinary shares between the reporting period and the date of approval and publication of the financial statements.

VII. Related-party Transactions

Related parties in the transactions with the Company during the reporting period:

Related party name and categories

Related Party Name	Relationship with the Company
FU CHUN SHIN CO., LTD. (BVI)	The Company's subsidiary
SHING FUH TAI TECHNOLOGY CORP.	The Company's subsidiary
FCS MACHINERY (THAILAND) CO., LTD.	The Company's subsidiary
FCS MACHINERY (INDIA) PRIVATE LIMITED	The Company's subsidiary
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	The Company's subsidiary
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	The Company's subsidiary
FCS RG PLASTIC PET.LTD.	The Company's subsidiary
FCS PLASTIC MACHINERY(THAILAND) CO., LTD.	The Company's subsidiary
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	The Company's subsidiary
PT. SHIN PREFORM PLASTIC	The Company's subsidiary

Significant transactions among related parties

1. Sales

	2022	2021
The Company's subsidiary		
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	$3,533	$30,777
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	32,692	11,982
FCS MACHINERY (THAILAND) CO., LTD.	582	32,200
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	12,480	-
PT. SHIN PREFORM PLASTIC	7,418	101
Others	5,265	11,559
Total	$61,970	$86,619

The Company sells products to the related party at cost plus overhead as the selling price. Notwithstanding, as it is the only customer of the Company to whom the Company sells the spare parts of finished goods, and no other comparable customers exist. The Company's collection terms applicable to the general customers require payment due within 90–150 days, or in installments, which are equivalent to those applicable to related parties.

2. Purchase

	2022	2021
The Company's subsidiary		
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	$138,261	$107,430
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	145,242	177,271
Others	138	8,905
Total	$283,641	$293,606

The Company purchases goods from related parties at cost plus overhead as the purchasing price. The payment terms are equivalent to those applicable to the general purchases.

3. Notes receivable – related party

	December 31, 2022	December 31, 2021
The Company's subsidiary	$82	$88

4. Accounts receivable – related party

	December 31, 2022	December 31, 2021
The Company's subsidiary		
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	$-	$11,297
FCS MACHINERY (THAILAND) CO., LTD.	9,947	23,675
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	8,559	-
FCS PLASTIC MACHINERY(THAILAND) CO., LTD.	830	4,320
Others	2,809	2,697
Subtotal	22,145	41,989
Less: Unrealized interest revenue	(207)	(494)
Total	$21,938	$41,495

5. Other receivables – related party (not for financing)

	December 31, 2022	December 31, 2021
The Company's subsidiary		
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	$21,775	$5,161
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	4,288	1,358
Other subsidiaries	1,721	397
Total	$27,784	$6,916

6. Accounts receivable – related party

	December 31, 2022	December 31, 2021
The Company's subsidiary		
Dongguan Fu Chun Shin Plastic Machinery	$17,049	$22,763

Manufacture Co., Ltd.		
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	9,106	28,261
Others	8	248
Total	$26,163	$51,272

7. Financing status

(a) The Company's loans to related parties: (stated as other receivables - related party)

	December 31, 2022	December 31, 2021
The Company's subsidiary		
SHING FUH TAI TECHNOLOGY CORP.	$-	$1,905
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	-	4,184
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	-	14,723
FCS MACHINERY (INDIA) PRIVATE LIMITED	30,790	4,904
FCS MACHINERY (THAILAND) CO.,LTD.	1,686	-
FCS RG PLASTIC PTE.LTD	7,581	-
Total	$40,057	$25,716

(b) The Company's financing for related parties: (stated as other payables - related party)

	December 31, 2022	December 31, 2021
The Company's subsidiary		
FU CHUN SHIN CO., LTD. (BVI)	$69,405	$134,525

8. Temporary receipts (stated as other non-current liabilities - others)

	December 31, 2022	December 31, 2021

The Company's subsidiary	$44,796	$44,796

9. Royalty revenue (stated as non-operating income and expense)

	2022	2021
The Company's subsidiary		
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	$4,337	$5,534
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	22,095	19,481
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	1,742	291
Total	$28,174	$25,306

10. Other revenue (stated as non-operating income and expense)

	2022	2021
The Company's subsidiary		
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	$-	$4,956
Others	840	-
Total	$840	$4,956

11. Interest revenue (stated as non-operating income and expense)

The Company's revenue from the loan interest collected from subsidiaries in 2022 and 2021:

	2022	2021
The Company's subsidiary		
FCS RG PLASTIC PTE. LTD.	$1,836	$2,960
Others	136	65
Total	$1,972	$3,025

12. Financial costs

The interest expenses paid by the Company for the financing of subsidiaries in 2022 and 2021:

	2022	2021

The Company's subsidiary		
FU CHUN SHIN CO., LTD. (BVI)	$-	$(5,662)

13. Others

Until December 31, 2022 and 2021, certain loan contracts governing borrowings by the Company's subsidiaries from financial institutions have required that the Company should bear the liability of guarantee jointly.

14. The Company Remuneration to the Company's key management

	2022	2021
Short-term employee benefits	$39,308	$28,823
Pensions	1,411	1,354
Total	$40,719	$30,177

VIII. Pledged assets

The Company has provided the following assets as collaterals:

Item	Carrying amount December 31, 2022	Carrying amount December 31, 2021	Details about the secured debts
Pledged bank deposits (recognized in other current assets)	$-	$4,533	Letter of guarantee
Pledged bank deposits (recognized in other current assets)	33,600	-	Endorsements/guarantees provided
Property, plant and equipment – land and buildings	569,032	575,950	Long-term borrowings
Investment property	204,445	208,630	Long-term borrowings
Total	$807,077	$789,113	

IX. Significant Contingent Liabilities and Unrecognized Commitments

The Company has had the following contingencies or commitments not included into the financial statements until December 31, 2022:

As of December 31, 2022, the Company has applied for a performance bond of NT$15,200 thousand from the the Ministry of Economic Affairs for the development of smart molding technology for high-quality sealed storage tanks.

X. Losses Due to Major Disasters

None.

XI. Significant Events

None.

XII. Others

1. Categories of financial instruments

Financial assets

	December 31, 2022	December 31, 2021
Financial assets at FVTPL:		
Financial assets mandatorily measured at fair value through profit or loss (including the current and non-current)	$56,514	$68,894
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	95,625	168,585
Notes receivable (including the current and non-current)	165,420	130,696
Accounts receivable (including the current and non-current)	219,829	313,510
Other receivables	3,509	6,210
Other receivables – Related party	67,841	32,632
Pledged bank deposits (recognized in other current assets)	33,600	-
Pledged time deposits (recognized in other non-current assets)	-	4,533
Refundable deposits (recognized in other non-current assets)	1,977	2,124
Subtotal	587,801	658,290
Total	$644,315	$727,184

Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities measured at amortized cost:		
Short-term borrowings	$183,071	$159,341
Payables	259,958	473,070
Bonds payable (including the current portion)	835,015	360,000
Long-term borrowings (including the current portion)	638,175	945,701
Deposits received	10,087	9,994
Total	$1,926,306	$1,948,106

2. Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for said

financial risk management. Before entering into significant financial transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company shall comply with its financial risk management policies during its financial management activities.

3. Market risk

Market risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of the changes in market prices. The Company's market risk primarily includes foreign exchange rate risk, interest rate risk and other price risks.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the foreign exchange rate risk relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and net investment in foreign operations.

The Company's foreign currency receivables and foreign currency payables are denominated in the same foreign currency in part. Accordingly, the equivalent positions would generate the natural hedging effect. The Company uses forward exchange contracts to manage the foreign exchange rate risk with respect to certain foreign currency payments. Considering that the management of foreign exchange rate risk by said natural hedge and forward exchange contract does not satisfy the hedge accounting requirements, the Company waives to adopt the hedge accounting. Further, the net investment in foreign operations is considered as the strategic investment, for which the Company does not adopt any hedging policy.

The Company's foreign exchange rate risk sensitivity analysis is performed on the effect posed to the Company's income by appreciation/depreciation of foreign currency related to the significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign exchange rate risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

(1)When NTD appreciates/depreciates against USD by 1%, the Company's profit for 2022 and 2021 decreases/increases by NT$1,783 thousand or NT$1,519 thousand.

(2)When NTD appreciates/depreciates against RMB by 1%, the Company's profit for 2022 and 2021 decreases/increases by NT$26 thousand and NT$120 thousand.

Interest rate risk

The interest rate risk arises when the fluctuation of the market interest rate results in fluctuation in financial instruments' fair value or future cash flow. The Company's interest rate risk arises primarily from the floating rate investment, and fixed rate and floating rate loans.

The Company maintains adequate fixed rate and floating rate portfolio, in addition to interest rate swaps, to manage the interest rate risk. Notwithstanding, as such management does not satisfy the hedge accounting requirements, the Group waives to adopt the hedge accounting.
The sensitivity analysis on the Company's interest rate risk is primarily intended to be conducted against the interest rate exposure items at the end of the financial reporting period, including the floating rate investments, floating rate loans and interest rate swaps. Meanwhile, under the hypothesis of holding for one fiscal year, when the interest rate increases/decreases by 10 basis points, the Company's profit for 2022 and 2021 decreases/increases by NT$1,527 thousand or NT$932 thousand, respectively.

4. Credit Risk Management

Credit risk is the risk that a trading counterpart will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for contract assets, accounts receivables and notes receivables) and from its financing activities (primarily for bank deposits and other financial instruments).

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all trading counterparts based on their financial position, rating from credit rating agencies, historical experience in transactions, prevailing economic conditions and the Company's internal rating criteria, etc. The Company also uses certain credit enhancing procedures (such as unearned sales revenue and insurance) to mitigate certain trading counterparts' credit risk.

As of December 31, 2022 and 2021, the top ten contract assets and accounts receivable represent 43% and 70% of the Company's total contract assets and accounts receivables, respectively. The credit concentration risk of the other accounts receivables is relatively insignificant.

The Company's treasury department manages the credit risk over the bank deposits, fixed-income securities and other financial instruments in accordance with the Company's policy. The Company only transacts with trading counterparts approved by the internal control procedures, which are banks and financial institutions, companies and government agencies with good credit ratings. Consequently, there is no significant concern about performance of contract and no

significant credit risk for these trading counterparts arises therefor.

The Company adopted IFRS 9 to assess the expected credit losses, and except for contract assets and receivables, the rest debt instruments not measured at fair value through profit or loss have the allowance for loss measured based on the lowest risk credit at initial procurement, and on every balance sheet date whether the credit risk is significantly increased since the initial recognition is assessed to determine the method and the loss rate for measuring the allowance for loss. The information about the Company's credit risk assessment is stated as follows:

			Total carrying amount	
Credit risk level	Indicators	Expected credit loss measurement method	December 31, 2022	December 31, 2021
Simplified Approach (Note)	(Note)	Lifetime expected credit loss	$401,522	$467,109

Note: Adopt the Simplified Approach (to measure the allowance for loss based on the lifetime expected credit loss), including contract assets, notes receivable (including related party) and accounts receivable (including related party).

The financial assets with recovery unable to be reasonably expected (e.g. the issuer or debtor has major financial difficulties, or has gone bankrupt) by the Company are written off.

The Company disposes of the investment in debt instruments with increased credit risks in a timely manner to mitigate the credit loss. To assess the expected credit losses, the forward-looking information (obtained without excessive cost or investment) used also includes general economic information and industry information, and the loss rate is adjusted if the information shows significant impact on the credit losses.

5. Liquidity Risk Management

The Company's objective is to maintain financial resilience through cash and cash equivalents, high-liquidity securities and bank loan contracts. The table below summarizes the maturity profile of the Company's financial liabilities based on the earliest date when the repayment is required and the undiscounted cash flows thereof. The amount so identified also includes the agreed interest. The undiscounted interest amounts of the cash flow of interest payable at floating

rate are extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
December 31, 2022					
Borrowings	$269,769	$576,004	$-	$-	$845,773
Bonds payable	2,268	863,113	-	-	865,381
Payables	259,958	-	-	-	259,958
December 31, 2021					
Borrowings	$262,296	$838,996	$42,368	$-	$1,143,660
Bonds payable	2,268	4,536	360,945	-	367,749
Payables	473,070	-	-	-	473,070

6. Reconciliation of liabilities from financing activities

The information about adjustment of liabilities in 2022:

	Short-term borrowings	Short-term bills payable	Long-term borrowings	Bonds payable	Other payables-related party	Total liabilities from financing activities
January 1, 2022	$159,341	$-	$945,701	$360,000	$134,525	$1,599,567
Cash flow	23,730	-	(307,526)	494,850	(65,120)	145,934
Not changes in cash	-	-	-	(19,835)	-	(19,835)
December 31, 2022	$183,071	$-	$638,175	$835,015	$69,405	$1,725,666

The information about adjustment of liabilities in 2021:

	Short-term borrowings	Short-term bills payable	Long-term borrowings	Bonds payable	Other payables-related party	Total liabilities from financing activities
January 1, 2021	$198,480	$49,961	$781,777	$360,000	$199,392	$1,589,610
Cash flow	(39,139)	(49,961)	163,924	-	(64,867)	9,957

December 31, 2021	$159,341	$-	$945,701	$360,000	$134,525	$1,599,567

7. Fair value of financial instruments

(a). The methods and assumptions applied in determining the fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses the following methods and assumptions to measure or disclose the fair value of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including TWSE/TPEx-listed stocks, beneficiary certificates, bonds and futures).

C. For equity instruments not traded in an active market (including stocks offered by TWSE/TPEx-listed companies in private placement, stocks issued by a listed company without active market quotation, and stocks issued by unlisted companies), the fair value is assessed under the market approach. That is, the fair value is estimated based on the price generated from the market where an identical or a comparable company's equity instruments are traded, and other critical information (e.g. the inputs including discount for lack of marketability, similar company's P/E ratio, similar company's P/B ratio).

D. For investment in debt instruments without active market quotation, bank loans, bonds payable and other non-current liabilities, the fair value is decided based on the trading counterpart's quotation or valuation technique. The valuation technique is decided based on an analysis of cash flow discounts. The interest rate and discount rate hypotheses are based on the information related to similar instruments (e.g. TWSE reference interest rate yield curve, Reuters average quotation of promissory note interest rate and credit risk).

E. The fair value of derivatives which are not options and without public market quotations, is determined based on the trading counterpart's quotation or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial

instruments is obtained using on the trading counterpart's quotation or appropriate option pricing model (e.g. Black-Scholes Model) or other valuation methods (e.g. Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and financial liabilities measured at amortized cost approximate their fair values.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note XII.9 for the fair value measurement hierarchy for financial instruments of the Company.

8. Derivative financial instruments

The information about the derivative financial instruments that fail to satisfy the hedge accounting and remain undue as held by the Company until December 31, 2022 and 2021 is stated as follows:

Forward exchange contract

The Group enters into forward exchange contracts to manage the exposures of certain transactions, but these contracts are not designated as hedging instruments. The forward exchange contracts are stated as follows:

Item	Contract amount	Period
December 31, 2022		
None.		
December 31, 2021		
Forward exchange contract	Sell – US$876 thousand	September 30, 2021–March 29, 2022

Embedded derivative instruments

The Company identified embedded derivatives due to the issuance of convertible corporate bonds, and they were separated from the main contract and treated by measuring at FVTPL; for details of the information on the contract of the transaction, please refer to VI.10.

The forward exchange contracts are intended to evade the risk over changes in the foreign exchange rate for net assets or liabilities. Corresponding cash inflow or outflow will be generated upon maturity of these contracts. Besides this, the Company's working fund can afford to cover it. Therefore, no significant cash flow risk might arise.

9. Fair value hierarchy

(a) Definition of fair value hierarchy

All assets and liabilities measured or disclosed at fair value are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Each level of inputs is described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities acquired at the date of measurement.
Level 2: Inputs observable for the asset or liability, either directly or indirectly, other than quoted prices included within Level 1.
Level 3: Unobservable inputs for the asset or liability.

For assets and liabilities measured at fair value on a recurring basis, the Group reevaluates their classification at the end of each reporting period to determine the amount of any transfer between different fair value hierarchy levels.

(b) Fair value measurement hierarchy

The Company does not have assets that are measured at fair value on a non-recurring basis. The fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

December 31, 2022

	1st Level	2nd Level	3rd Level	Total
Financial assets:				
Financial assets measured at fair value through profit or loss at FVTPL				
Fund	$-	$5,464	$-	$5,464
Shares	-	2,640	48,010	50,650
Embedded derivatives	-	-	400	400

December 31, 2021

	1st Level	2nd Level	3rd Level	Total
Financial assets:				
Financial assets measured at fair value through profit or loss at FVTPL				
Forward exchange contract	$-	$146	$-	$146
Shares	-	3,435	65,313	68,748

Transfer of fair value measurement hierarchy between Level 1 and Level 2

In 2022 and 2021, there were no transfers of fair value measurement hierarchy between Level 1 and Level 2.

Breakdown of changes in level 3 repetitive fair value

For assets and liabilities of the Company measured at repetitive fair value in fair value level 3, the reconciliation of the opening and closing balance is set out as follows:

	Assets	
	Financial assets measured at fair value through profit or loss	
	Shares	Derivative instruments
January 1, 2022	$65,313	$-
Total (losses) recognized in 2022:		
Recognized in profit or loss (stated in other gains and losses)	(7,303)	(342)
Issued/acquired in 2022	-	742
Disposed of/settled in 2022	(10,000)	-
December 31, 2022	$48,010	$400

	Assets	
	Financial assets measured at fair value through profit or loss	
	Shares	Derivative instruments
January 1, 2021	$60,000	$-

	Assets	
	Financial assets measured at fair value through profit or loss	
Total (losses) recognized in 2021:		
Recognized in profit or loss (stated in other gains and losses)	2,313	-
Issued/acquired in 2021	3,000	-
December 31, 2022	$65,313	$-

Information on fair value level 3 significant unobservable inputs

For assets at the repetitive fair value of fair value level 3 of the Company, the significant observable inputs at fair value are set out in the following table:

December 31, 2022:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis and value relationship of the relationship of inputs and fair value
Financial assets:					
Financial assets measured at fair value through profit or loss					
Embedded derivative instruments	Binary tree convertible bond valuation model Volatility		34.97%	The higher the volatility the higher the fair value estimate	When the volatility increases (decreases) by 1%, profit or loss of the Group will increase nil/NT$10 thousand.
Unlisted shares	Market approach	Price-to-earnings ratio of similar companies	14.42～18.04	The higher the price-to-earnings ratio of similar companies, the higher the fair value estimate.	When the price-to-earnings ratio of similar companies increase (decreases) by 10%, the profit or loss of the Group will increase/decrease by NT$7,870 thousand.

December 31, 2021: None.

Valuation procedures for level 3 fair value measurement

The Company's Finance Department is responsible for carrying out fair value verification, allowing the valuation results to be more true to the market status by using data from independent sources, ensuring the data sources are independent, reliable, consistent with other resources, and

represent enforceable prices, and they are also responsible for performing analysis on the changes in the value of remeasured or re-evaluated assets and liabilities to ensure the valuation results are reasonable.

10. Significant assets and liabilities denominated in foreign currencies

Information regarding the Company's significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2022		
	Foreign Currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$7,093	30.710	$217,813
RMB	6,515	4.408	28,716
Financial liabilities			
Monetary items:			
USD	1,287	30.710	39,530
RMB	5,934	4.408	26,156

	December 31, 2021		
	Foreign Currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$9,714	27.680	$268,884
RMB	14,505	4.344	63,010
Financial liabilities			
Monetary items:			
USD	4,226	27.680	116,976
RMB	11,746	4.344	51,025

Said information is disclosed based on the carrying amount denominated in foreign currency (already converted to functional currency).

In consideration of the multiple functional currencies adopted by the Company, it is impossible for the Company to disclose the information about exchange gains/losses on various significant assets and liabilities denominated in foreign currencies. In 2022 and 2021, the Company's foreign currency exchange gains (losses) were NT$2,335 thousand and NT$(843) thousand, respectively.

11. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong

credit rating and healthy capital ratios in order to support its business operations and maximize its shareholders' equity. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. Other disclosures

1. Information on Significant Transactions
   (a) Financing provided to others: Please refer to Table 1.
   (b) Endorsements/guarantees provided: Please refer to Table 2.
   (c) Ending marketable securities held by the investee: Please refer to Table 3.
   (d) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
   (e) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
   (f) Disposal of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
   (7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 4.
   (8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 5.
   (9) Trading in derivative instruments: Please refer to Note VI.2.
2. Information on Investees:
   (a) Which may exercise significant influence or control over the investee, directly or indirectly: Please refer to Table 6.
   (b) For those who may exercise control over the investee, directly or indirectly, it is necessary to disclose the information about the transactions referred to in Items 1–9 of the preceding subparagraph, which the investee is engaged in: Please refer to Tables 7 and 8.

3. Information on Investment in Mainland China:
   (a) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, current-period income (losses) of investee and recognized investment income, ending carrying amount of investment, the amount received as dividends from the investee, and the limitation on investee: Please refer to Table 9.
   (b) Any significant transactions entered into with the investees in Mainland China via a third area, directly or indirectly, and the price, payment terms or unrealized profit or loss thereof, and any other information that may help better understand the effect posed by investments in Mainland China to the financial statements: Please refer to Tables 1, 4, 5, 7 and 9.

4. Information on Major Shareholders: Please refer to Table 10.

XIV. Information on business department

The Company may be exempted from preparing such information in accordance with Article 22 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Such information has been disclosed in the consolidated financial statements.

Table 1
Financing provided to others:

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower (Note 5)	Limit of total loans (Note 6)
													Name	Value		
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	Other receivables	Yes	$155,000	$155,000	$-	0%-6.5%-	2	-	Operating capital	-	-	-	$456,182	$912,364
0	The Company	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Other receivables	Yes	50,000	50,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	FCS MANUFACTURING (INDIA) PRIVATE. LIMITED.	Other receivables	Yes	80,000	80,000	30,790	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	FCS MACHINERY (THAILAND)CO., LTD.	Other receivables	Yes	30,000	30,000	1,686	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	PT. SHIN PREFORM PLASTIC	Other receivables	Yes	10,000	10,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Other receivables	Yes	10,000	10,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Other receivables	Yes	30,000	30,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Other receivables	Yes	50,000	50,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364
0	The Company	SHING FUH TAI TECHNOLOGY CORP.	Other receivables	Yes	10,000	10,000	-	0%-6.5%-	2	-	Operating capital	-	-	-	456,182	912,364

Table 1 (Cont'd)

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
0	The Company	FCS RG PLASTIC PTE.LTD.	Other receivables	Yes	$100,000	$100,000	$7,581	0%-6.5%-	2	-	Operating capital	-	-	-	$456,182	$912,364
1	FU CHUN SHIN CO., LTD. (BVI)	The Company	Other receivables	Yes	300,000	260,000	69,405	0%-6.5%-	2	-	Operating capital	-	-	-	506,013	1,012,025
1	FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE.LTD.	Other receivables	Yes	100,000	100,000	92,915	0%-6.5%-	2	-	Operating capital	-	-	-	506,013	1,012,025
1	FU CHUN SHIN CO., LTD. (BVI)	FCS MACHINERY (THAILAND) CO.,LTD	Other receivables	Yes	40,000	40,000	23,157	0%-6.5%-	2	-	Operating capital	-	-	-	506,013	1,012,025
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Other receivables	Yes	67,590 (RMB15,000 thousand)	66,120 (RMB15,000 thousand)	-	0%-6.5%-	2	-	Operating capital	-	-	-	97,184 (RMB22,047 thousand)	194,368 (RMB44,094 thousand)
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Other receivables	Yes	22,530 (RMB5,000 thousand)	22,040 (RMB5,000 thousand)	-	0%-6.5%-	2	-	Operating capital	-	-	-	97,184 (RMB22,047 thousand)	194,368 (RMB44,094 thousand)
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	The Company	Other receivables	Yes	45,060 (RMB10,000 thousand)	-	-	0%-6.5%-	2	-	Operating capital	-	-	-	344,562 (RMB78,167 thousand)	689,124 (RMB156,335 thousand)
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	The British Virgin Islands FU CHUN SHIN CO., LTD.	Other receivables	Yes	45,060 (RMB10,000 thousand)	-	-	0%-6.5%-	2	-	Operating capital	-	-	-	344,562 (RMB78,167 thousand)	689,124 (RMB156,335 thousand)
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Other receivables	Yes	126,168 (RMB28,000 thousand)	123,424 (RMB28,000 thousand)	103,943 (RMB23,581 thousand)	0%-6.5%-	2	-	Operating capital	-	-	-	344,562 (RMB78,167 thousand)	689,124 (RMB156,335 thousand)

Table 1 (Cont'd)

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Other receivables	Yes	$45,060 (RMB10,000 thousand)	-	-	0%-6.5%-	2	-	Operating capital	-	-	-	$344,562 (RMB78,167 thousand)	$689,124 (RMB156,335 thousand)
1	FCS RG PLASTIC PTE.LTD.	PT. FCS RGP PLASTIC	Other receivables	Yes	135,788 (USD4,215 thousand)	129,444 (USD4,215 thousand)	117,252 (USD3,818 thousand)	0%-6.5%-	1	129,444 (USD4,215 thousand)	Business Transaction	-	-	-	(Note 9)	(Note 9)

Note 1: The information about financing between the Company and its subsidiaries are indicated in two tables and by the following numbers shown in the No. column:
(1) 0 stands for the Company
(2) 1 stands for the subsidiary
Note 2: The nature of loan is specified in the following manners:
(1) 1 stands for business transactions
(2) 2 stands for short-term financing needed
Note 3: If the nature of loan is identified as 1, please specify the business transaction amount.
Note 4: If the nature of loan is identified as 2, please specify the reasons for extending loans as needed and the borrower's purposes for funding, e.g. repayment of loan, purchase of equipment and turnover.
Note 5: Limit of financing to an individual borrower shall be no more than 20% of the Company's net worth in the most recent period.
Note 6: Limit of total loaning shall be no more than 40% of the Company's net worth in the most recent period.
Note 7: Subject to the highest balance of fund loaned to others in the current year calculated at the foreign exchange rate prevailing then.
Note 8: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408 and USD to NTD 30.710.
Note 9: The closing balance and the amount utilized for such loans exceeded the limit; the Group had formulated an improvement plan and reported it to the Board on March 22, 2023. Subsequently, the Group continued the follow-up of the implementation of the overdue improvement plan each quarter.

Table 2
Endorsements/guarantees provided for others:

No. (Note 1)	Endorsement/guarantee provider	Guaranteed party		Limits on endorsement/guarantee amount provided to each guaranteed party (Note 2)	Maximum balance for the current period	Ending balance of endorsement/guarantee (Note 4)	Amount actually drawn down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum amount of endorsement/guarantee allowance (Note 3)	The guarante provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in [illegible]
		Company Name	Relation										
0	The Company	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	A subsidiary of which more than 50% ordinary shares are held directly	$456,182	$290,745 (RMB65,958 thousand)	$286,520 (RMB65,000 thousand)	$118,300 (RMB26,838 thousand)	None	12.56%	$912,364	Y	N	Y
0	The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	A subsidiary of which more than 50% ordinary shares are held directly	456,182	80,090 (USD2,000 thousand and INR40,000 thousand)	76,256 (USD2,000 thousand and INR40,000 thousand) thousand)	-	None	3.34%	912,364	Y	N	N
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	A subsidiary of which more than 50% ordinary shares are held directly	456,182	322,150 (USD10,490 thousand)	245,680 (USD8,000 thousand)	193,473 (USD6,300 thousand)	None	10.77%	912,364	Y	N	N
0	The Company	FCS RG PLASTIC PTE.LTD.	A subsidiary of which more than 50% ordinary shares are held directly	456,182	193,290 (USD6,294 thousand)	184,260 (USD6,000 thousand)	178,118 (USD5,800 thousand)	NT$33,600	8.08%	912,364	Y	N	N
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	344,562 (RMB78,167 thousand)	188,576 (RMB42,780 thousand)	184,475 (RMB41,850 thousand)	136,648 (RMB31,000 thousand)	None	10.71%	689,124 (RMB156,335 thousand)	N	N	Y
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Customers A1–ZZZ	Business Transaction	344,562 (RMB78,167 thousand)	199,346 (RMB45,224 thousand)	66,120 (RMB15,000 thousand)	51,710 (RMB11,731 thousand)	9,624 (RMB2,183 thousand)	3.84%	689,124 (RMB156,335 thousand)	N	N	Y

Note 1: The information about financing between the Company and its subsidiaries are indicated in two tables and by the following numbers shown in the No. column:
(1) 0 stands for the Company
(2) 1 stands for the subsidiary
Note 2: The limit on endorsement/guarantee amount provided by the Company to a single overseas associate shall be no more than 20% of the Company's net worth in the most recent period. The limit of endorsement/guarantee amount provided by the subsidiary to a company engaged in business transaction with it shall be no more than the business transaction amount.
Note 3: The limit on total endorsement/guarantee amount provided by the Company to others shall be no more than 40% of the Company's net worth in the current period. The limit of endorsement/guarantee amount provided by the subsidiary to a company engaged in business transaction with it shall be no more than the business transaction amount.
Note 4: As of December 31, 2022, the foreign exchange rate for conversion of USD to NTD is 30.710, RMB to NTD4.408, and INR to NTD 0.371.

Table 3

Ending marketable securities held (excluding investment in subsidiaries):

Holding company name	Marketable securities types and name (Note 1)	Relationship with the issuers	Financial statement account	March 31, 2020				Remark
				Number of shares (thousand/unit)	Carrying amount	Shareholding percentage	Fair value	
The Company	Ordinary shares - AUO Corporation	None	Financial assets at FVTPL - Current	176	$2,640	-	$2,640	Non-secured or pledged
The Company	Fund - Allianz US Short Duration High Income Bond	None	Financial assets at FVTPL - Current	633	5,464	-	5,464	Non-secured or pledged
			Total		$8,104		$8,104	
The Company	Preferred shares - SKS Transformation Flagship I. TW (Resurgo) Co., Ltd.	None	Financial assets at FVTPL - Non-current	5,000	$47,410	-	$47,410	Non-secured or pledged
The Company	Ordinary shares - Brilltek	None	Financial assets at FVTPL - Non-current	56	600	-	600	Non-secured or pledged
			Total		$48,010		$48,010	

Note 1: Marketable securities refer to the shares, bonds, beneficiary certificates, and securities derived from said instruments within the scope of IFRS 9 "Financial Instruments."

Table 4

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Buyer/Seller	Related Party	Relation	Transaction Details				The status and reasons of the transaction terms different from common transactions		Notes/accounts receivable (payable)		Remarks
			Purchase/Sale	Amount	Percentage to the total purchase/sale	Payment Terms	Unit Price	Payment Terms	Balance	Percentage to total notes and accounts receivable (payable)	
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	The Company	Parent company	Sales	$138,261 (RMB31,268 thousand)	11.15%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers		Accounts receivable of NT$17,167 thousand (RMB3,894 thousand)	3.07%	(Note 1)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	The Company	Parent company	Sales	145,242 (RMB32,847 thousand)	5.66%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers		Accounts receivable of NT$9,512 thousand (RMB 2,158thousand)	0.99%	(Note 1)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Associate	Sales	335,540 (RMB75,883 thousand)	13.08%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers		Accounts receivable of NT$129,671 thousand (RMB29,417 thousand)	13.45%	(Note 1)

Note 1: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408; for the year ended December 31, 2022, the average foreign exchange rate for conversion of RMB to NTD is 4.4218.

Table 5
Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Company Name	Related Party	Relation	Balance of receivables from related parties (Note 3)	Turnover Rate	Overdue		Subsequent recovered amount of receivables – related party	Provision of allowance for uncollectible accounts	Remarks
					Amount	Actions Taken			
FCS RG PLASTIC PTE.LTD.	PT.FCS RGP PLASTIC	Associate	$117,252 (USD3,818 thousand)	(Note 1)	$-	(Note 2)	$3,532 (USD115 thousand)	$-	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	103,943 (RMB23,581 thousand)	(Note 1)	-	-	17,632 (RMB4,000 thousand)	-	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Associate	129,671 (RMB29,417 thousand)	3.92	-	-	82,033 (RMB18,610 thousand)	-	

Note 1: Amount of the loans
Note 2: On May 10, 2022, the board of directors of FCS RG PLASTIC PTE. had approved the transfer of such receivables to loans (business transactions).
Note 3: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408 and USD to NTD 30.710.

Table 6
Which may exercise significant influence or control over the investee, directly or indirectly

Investor	Investor Company	Location	Main business	Investment Amount		As of March 31, 2020			Current income (losses) of the investee	Investment income (losses) recognized in the current period	Remarks
				March 31, 2020	End of last year	Number of shares (thousand)	Ratio	Carrying amount			
The Company	FU CHUN SHIN CO., LTD. (BVI)	The British Virgin Islands	Primarily engaged in the marketable securities trading and import/export sales.	$543,565	$543,565	17,985	100.00%	$2,520,703	$319,716	$321,012	(Note 1)
	SHING FUH TAI TECHNOLOGY CORP.	Taiwan	Non-ferrous Metal Basic Industries	30,031	11,174	-	85.71%	19,453	1,404	1,204	(Note 1)
	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Indonesia	Sale of plastic injection molding machines, peripheral products, molds and spare parts	17,852	17,852	-	92.00%	11,191	(661)	(609)	(Note 1)
	FCS MACHINERY (THAILAND) CO., LTD.	Thailand	Production of PET preforms, and sale and maintenance service for injection machine	23,250	23,250	-	100.00%	4,348	(7,508)	(7,507)	(Note 1)
	PT. SHIN PREFORM PLASTIC	Indonesia	Production of PET preforms	44,733	44,733	-	99.00%	32,219	(862)	(853)	(Note 1)
	FCS RG PLASTIC PTE.LTD.	Singapore	Primarily engaged in import/export sales	152,590	152,590	-	65.00%	(74,431)	(45,591)	(29,840)	(Note 1) (Note 5)
	FCS MACHINERY (INDIA) PRIVATE LIMITED	India	Production and sale of plastic molding machine and plastic molds	38,930	38,930	-	99.99%	22,073	(58)	(58)	(Note 1)
	FCS PLASTIC MACHINERY	Thailand	Sale and after-sale of	3,377	3,377	-	100.00%	1,694	(2,029)	(2,029)	(Note 1)

	(THAILAND) CO., LTD.		machine and spare parts								

Table 6 (Cont'd)

Investor	Investor Company	Location	Main business	Investment Amount		As of March 31, 2020			Current income (losses) of the investee	Investment income (losses) recognized in the current period	Remarks
				March 31, 2020	End of last year	Number of shares (thousand)	Ratio	Carrying amount			
The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	India	Production and sale of plastic injection machine	$115,594	$77,769	-	99.99%	$67,471	$(23,654)	$(23,654)	(Note 1)
	FKT PLASTIC MACHINERY COMPANY LIMITED	Myanmar	Sale of plastic injection machine	461	461	-	33.33%	-	-	-	(Note 3)
	FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Vietnam	Sale and after-sale of machine and spare parts	2,347	1,506	-	100.00%	1,856	380	380	(Note 1)
	JUST NANOTECH CO., LTD.	Taiwan	Manufacturing of machinery and equipment	4,500	4,500	-	45.00%	2,036	86	(1,044)	
The British Virgin Islands FU CHUN SHIN CO., LTD.	Minidesign Ltd.	Samoan Islands	Primarily engaged in the marketable securities trading and import/export sales.	-	233,681 (USD7,119 thousand)	-	-	-	-	-	(Note 4)
The British Virgin Islands FU CHUN SHIN CO., LTD.	FCS RG PLASTIC PTE.LTD	Singapore	Primarily engaged in import/export sales	-	-	-	0.72%	(824)	(45,591)	(123)	(Note 5)
FCS RG PLASTIC PTE.LTD	PT.FCS RGP PLASTIC	Indonesia	Primarily engaged in manufacturing of plastic products	235,097 (SGD10,480 thousand)	235,097	-	100.00%	(1,739) (SGD(76) thousand)	(30,284) (SGD(1,405) thousand)	(30,284) (SGD(1,405) thousand)	(Note 2)

Note 1: The unrealized gain or loss on upstream transactions among the associates.
Note 2: As of December 31, 2022, the foreign exchange rate for conversion of SGD to NTD is 22.880; for the year ended December 31, 2022, the average foreign exchange rate for conversion of SGD to NTD is 21.5545.
Note 3: Already provided 100% impairment loss in the current period.
Note 4: Already completed the liquidation procedure.
Note 5: On August 11, 2022, the Board of the Company approved to transfer 56 thousand shares of subsidiary FCS RG PLASTIC PTE.LTD. to FU CHUN SHIN CO., LTD. (BVI); the shareholding ratio became 65.00%.

Table 7
For those which may exercise control over the investee, directly or indirectly, it is necessary to disclose the information about the investee further:
Ending marketable securities held by the investee:

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	March 31, 2020			Remarks
				Carrying amount	Shareholding	Fair value	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	China Merchants Bank - FNB00683 structured deposits	None	Financial assets at FVTPL - Current	NT$88,224 thousand (RMB20,014 thousand)	-	NT$88,224 thousand (RMB20,014 thousand)	(Note 1) (Note 2)
	Bank of China Limited - CSDPY20221479 linked structured deposit	None	Financial assets at FVTPL - Current	NT$132,422 thousand (RMB30,041 thousand)	-	NT$132,422 thousand (RMB30,041 thousand)	(Note 1) (Note 2)
			Total	NT$220,646 thousand (RMB50,055 thousand)		NT$220,646 thousand (RMB50,055 thousand)	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Huamo Intelligent Equipment (Jiaxing) Co., Ltd.	None	Financial assets at FVOCI - Non-current	NT$15,428 thousand (RMB3,500 thousand)	4.67%	NT$15,428 thousand (RMB3,500 thousand)	(Note 1)
FU CHUN SHIN CO., LTD. (BVI)	Huamo Intelligent Equipment (Jiaxing) Co., Ltd.	None	Financial assets at FVOCI - Non-current	NT$42,248 thousand	13.07%	NT$42,248 thousand	(Note 1)
			Total	NT$57,676 thousand		NT$57,676 thousand	

Note 1: Marketable securities refer to the shares, bonds, beneficiary certificates, and securities derived from said instruments within the scope of IFRS 9 "Financial Instruments."
Note 2: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408.

Table 8

For those which may exercise control over the investee, directly or indirectly, it is necessary to disclose the information about the investee further:
Marketable securities acquired and disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital:

The company acquired and disposed of	Marketable securities types and name (Note 1)	Financial statement account	January 1, 2022		Acquisition		Disposal				March 31, 2020		
			Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price (Note 2)	Book cost	Gains or losses on disposal	Number of shares	Amount	Note
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	China Merchants Bank - Structured deposits and other securities	Financial assets at FVTPL - Current	-	$134,320 (RMB30,029 thousand)	-	$969,760 (RMB220,000 thousand)	-	$1,017,331 (RMB230,792 thousand)	$1,013,840 (RMB230,000 thousand)	$3,491 (RMB792 thousand)	-	$88,224 (RMB20,014 thousand)	(Note 3) (Note 4)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Bank of China Limited - Linked structured deposit and other securities	Financial assets at FVTPL - Current	-	$268,787 (RMB60,091 thousand)	-	$749,360 (RMB170,000 thousand)	-	$885,885 (RMB200,972 thousand)	$881,600 (RMB200,000 thousand)	$4,285 (RMB972 thousand)	-	$132,422 (RMB30,041 thousand)	(Note 3) (Note 4)

Note 1: Marketable securities refer to the shares, bonds, beneficiary certificates, and securities derived from said instruments.
Note 2: Include 6% VAT.
Note 3: The amount at the beginning and the end of the period includes financial asset valuation adjustments.
Note 4: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408.

Table 9
Disclosure of information on investment in Mainland China:

Name of Investee in Mainland China	Main business	Paid-in capital	Method of investment (Note 1)	Accumulated investment amount of outflow from Taiwan at the beginning of the period	Investment Flows		Accumulated investment amount of outflow from Taiwan at the ending of the period (Note 4)	Net Income (Loss) of the Investee	Ownership percentage of direct or indirect investment	Gain (loss) on investment recognized in the current period	Carrying amount of investment at the ending of the period	Repatriated proceeds of investments until this period
					Outward (Note 4)	Inward (Note 4)						
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Production and sale of plastic molding machine and various plastic products	$197,000 (HKD50,000 thousand)	1	$197,000 (HKD50,000 thousand)	-	-	$197,000 (HKD50,000 thousand)	$74,263	100%	$74,263	$485,921	$178,302
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Production and sale of plastic molding machine and plastic molds	214,970 (USD7,000 thousand)	1	194,548 (USD6,335 thousand)	-	-	194,548 (USD6,335 thousand)	251,252	90.5%	227,383	1,559,202	306,169
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. (Note 3)	Production and sale of plastic molding machine and various plastic products	25,520 (USD831 thousand)	1	13,482 (USD439 thousand)	-	-	13,482 (USD439 thousand)	-	-	-	-	-
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Production and sale of plastic molding machine and plastic molds	453,679 (US$14,773 thousand)	2	-	-	-	-	22,484	90.5%	20,348	403,235	-

Accumulated investment amount of outflow in Mainland China from Taiwan at the ending of the period (Note 4)	Investment amount approved by Investment Commission, MOEA (Note 4)	Upper limit on the amount of investment in Mainland China stipulated by Investment Commission, MOEA (Note 2)
$405,030 (HKD50,000 thousand and USD6,774 thousand)	$453,755 (HKD50,000 thousand, USD6,954 thousand and RMB9,800 thousand)	$1,368,545

The method of investment may be classified into the following two types:

(1) To invest in Mainland China via a third area.

(2) To re-invest with the own capital in Mainland China.

(3) Others

Note 2: According to the other enterprises, the upper limit on the amount of accumulated investment in Mainland China under the amendments to the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" and "Principle of Review on Investment and Technical Cooperation in Mainland China" dated August 22, 2008 is 60% of the net worth or consolidated net worth, whichever higher.

Note 3: Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. has not participated in the annual inspection on its business license for more than two years. Therefore, its business license was revoked automatically.

Note 4: The NTD herein is identified based on the foreign exchange rate prevailing on December 31, 2022. Specifically, the foreign exchange rate for conversion of HKD to NTD is 3.940, USD to NTD 30.710, and RMB to NTD 4.408.
Note 5: The amount of investment was made directly from the fund distributed from the earnings of other companies of it in Mainland China.

Table 10

Information on Major Shareholders:

Shares / Name of major shareholder	Shares held (shares)	Shareholding percentage
Wang Po-Hsun	11,679,385	7.66%

Note 1: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for shareholders holding greater than five percent of the shares completed the process of registration and book-entry delivery in dematerialized form, including treasury shares, at the last business date of each quarter. There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note 2: As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Security Exchange Act, the shareholders have to disclose the insider equity more than ten percent of the shares, including their own shares and their delivery to the trust, and have the right to make decisions on the trust property. Information on insider equity is available on the Market Observation Post System (MOPS) website.