

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

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 intervals of each group is reasonable, and conducting the random check on original documents to check the accuracy of basic information, and also conducting the random check on the collections of accounts receivables during the subsequent period to evaluate the collectability of the accounts.

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

Valuation on slow-moving inventories

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

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

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

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

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

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

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

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

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

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

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		<u>1,092,953</u>	<u>22.03</u>	<u>1,249,461</u>	<u>26.14</u>
	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		<u>3,867,542</u>	<u>77.97</u>	<u>3,531,039</u>	<u>73.86</u>
1xxx	Total assets		<u>\$4,960,495</u>	<u>100.00</u>	<u>\$4,780,500</u>	<u>100.00</u>

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

Chairman:

Managerial Officer:

Accounting Officer:

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

Unit: NT\$ Thousand

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

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

Chairman:

Managerial Officer:

Accounting Officer:

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

Unit: NT\$ Thousand

Code	Accounting titles	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	IV/VI.14/VII VI.5 & 17/VII	\$1,259,810	100.00	\$1,349,078	100.00
5000	Operating cost		-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	VI.12 & 17	860	0.07	207	0.02
5950	Net gross profit		264,180	20.97	232,881	17.26
6000	Operating expenses					
6100	Selling expenses		-178,567	-14.18	-188,382	-13.96
6200	Administrative expenses	VI.15	-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		-5,217	-0.41	-4,028	-0.30
	Total operating expenses		-335,719	-26.65	-318,128	-23.58
6900	Operating(losses)	IV/VI.18/VII	-71,539	-5.68	-85,247	-6.32
7000	Non-operating income and expense					
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	IV/VI.20	-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.19&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					
8310	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs	VI.21	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	VI.21	-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
	Earnings per share(NT\$)					
9750	Basic earnings per share		\$1.05		\$0.80	
9850	Diluted earnings per share		\$1.00		\$0.80	

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

Chairman:

Managerial Officer:

Accounting Officer:

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

Unit: NT\$ Thousand

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

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

Chairman:

Managerial Officer:

Accounting Officer:

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

Unit: NT\$ Thousand

Code	Items	2022	2021	Code	Items	2022	2021
		Amount	Amount			Amount	Amount
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$204,005	\$160,648	B00010	Purchase of financial assets at fair value through profit or loss	(8,687)	(8,278)
A20000	Adjustment items:			B00020	Disposal of financial assets at FVTPL	10,772	3,558
A20010	Income/expenses items:			B01800	Investment accounted for using the equity method	(57,523)	(48,500)
A20100	Depreciation expense	37,714	42,335	B01900	Disposal of investment accounted for using the equity method	-	62
A20200	Amortization expenses	10,160	10,627	B02700	Acquisition of property, plant and equipment	(6,622)	(11,289)
A20300	Expected credit impairment losses	5,217	4,028	B02800	Disposal of property, plant and equipment	692	62
A20400	Net loss(gain) on financial assets at FVTPL	6,047	(3,240)	B04300	(Increase) decrease in other receivables - Related party	(14,341)	72,284
A20900	Interest expenses	19,079	6,512	B04500	Acquisition of intangible assets	(850)	-6,075
A21200	Interest revenue	(5,073)	(5,492)	BBBB	Net cash (outflow) inflow from investing activities	<u>(76,559)</u>	<u>1,824</u>
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	<u>113,313</u>	<u>22,933</u>
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	<u>168,993</u>	<u>47,615</u>
A32180	(Decrease) increase in other payables	(9,261)	27,032	E00200	Cash and cash equivalents at the end of the year	<u>\$96,314</u>	<u>\$168,993</u>
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	<u>(96,297)</u>	<u>90,444</u>				
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	<u>(109,433)</u>	<u>96,621</u>				

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

Chairman:

Managerial Officer:

Accounting Officer:

Fu Chun Shin Machinery Manufacture Co., Ltd.
Notes to Parent Company Only 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 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

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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 of Accounting 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.

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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	<i>IFRS 17 “Insurance Contracts”</i>	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

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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.

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(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

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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

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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

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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

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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

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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

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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.

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The gains or losses generated from 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

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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.

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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

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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

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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.

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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
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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;

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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;

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- (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.

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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).

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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:

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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.

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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.

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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

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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

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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

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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	<u>\$96,314</u>	<u>\$168,993</u>

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The Company's cash and cash equivalents were not provided as security.

2. Financial assets at FVTPL

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$56,514</u>	<u>\$68,894</u>
Current	\$8,104	\$13,581
Non-current	48,410	55,313
Total	<u>\$56,514</u>	<u>\$68,894</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$165,420</u>	<u>\$130,696</u>
Current	\$134,551	\$117,856

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	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

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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:

Investor Company	December 31, 2022		December 31, 2021	
	Amount	Sharehold	Amount	Sharehold
		ng percentage		ng 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%

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	December 31, 2022		December 31, 2021	
		Shareholdi		Shareholdi
		ng		ng
Investor Company	Amount	percentage	Amount	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	74,431		38,193	
long-term equity investments in				
borrowers				
Other non-current liabilities				
(Note 2)				
Total	\$2,683,044		\$2,309,211	

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(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	<u>\$742,051</u>	<u>\$775,129</u>

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.

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	Land	Buildings	Machinery and equipment	Office equipment	Transportatio n Equipment	Water and electricity utilities	Leased Improvement s	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	<u>\$528,969</u>	<u>\$425,949</u>	<u>\$281,900</u>	<u>\$20,757</u>	<u>\$16,496</u>	<u>\$24,220</u>	<u>\$9,689</u>	<u>\$22,085</u>	<u>\$1,225</u>	<u>\$1,331,290</u>
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	<u>\$527,781</u>	<u>\$423,883</u>	<u>\$301,115</u>	<u>\$21,674</u>	<u>\$16,088</u>	<u>\$23,153</u>	<u>\$9,689</u>	<u>\$20,964</u>	<u>\$1,633</u>	<u>\$1,345,980</u>
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	<u>\$-</u>	<u>\$251,074</u>	<u>\$254,969</u>	<u>\$20,011</u>	<u>\$14,881</u>	<u>\$18,772</u>	<u>\$9,449</u>	<u>\$20,083</u>	<u>\$-</u>	<u>\$589,239</u>
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	<u>\$-</u>	<u>\$234,536</u>	<u>\$254,613</u>	<u>\$20,599</u>	<u>\$14,377</u>	<u>\$17,507</u>	<u>\$9,404</u>	<u>\$19,815</u>	<u>\$-</u>	<u>\$570,851</u>
Net carrying amount:										
December 31, 2022	<u>\$528,969</u>	<u>\$174,875</u>	<u>\$26,931</u>	<u>\$746</u>	<u>\$1,615</u>	<u>\$5,448</u>	<u>\$240</u>	<u>\$2,002</u>	<u>\$1,225</u>	<u>\$742,051</u>
December 31, 2021	<u>\$527,781</u>	<u>\$189,347</u>	<u>\$46,502</u>	<u>\$1,075</u>	<u>\$1,711</u>	<u>\$5,646</u>	<u>\$285</u>	<u>\$1,149</u>	<u>\$1,633</u>	<u>\$775,129</u>

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8. Investment property

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Cost:			
January 1, 2022	\$193,373	\$169,912	\$363,285
Other changes	(1,188)	(1,522)	(2,710)
December 31, 2022	<u>\$192,185</u>	<u>\$168,390</u>	<u>\$360,575</u>
January 1, 2021	<u>\$193,373</u>	<u>\$169,912</u>	<u>\$363,285</u>
December 31, 2021	<u>\$193,373</u>	<u>\$169,912</u>	<u>\$363,285</u>
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	<u>\$-</u>	<u>\$139,142</u>	<u>\$139,142</u>
January 1, 2021	<u>\$-</u>	<u>\$127,624</u>	<u>\$127,624</u>
Depreciation in the current period:	<u>-</u>	<u>7,127</u>	<u>7,127</u>
December 31, 2021	<u>\$-</u>	<u>\$134,751</u>	<u>\$134,751</u>
Net carrying amount:			
December 31, 2022	<u>\$192,185</u>	<u>\$29,248</u>	<u>\$221,433</u>
December 31, 2021	<u>\$193,373</u>	<u>\$35,161</u>	<u>\$228,534</u>
		<u>2022</u>	<u>2021</u>
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		<u>\$34,855</u>	<u>\$34,108</u>

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.

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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

	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

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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	<u>\$475,015</u>	<u>\$-</u>
Embedded derivative - Call/put rights under the issuance of domestic convertible corporate bonds (stated as financial assets at FVTPL)	<u>\$400</u>	<u>\$-</u>
Equity element (stated as capital reserve)	<u>\$18,800</u>	<u>\$-</u>

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

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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.

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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.

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Creditor		December 31, 2022	Interest rate (Note)	Repayment period and rules
Taipei	Fubon	30,000		from December 30, 2021 to December 20, 2022, with the principal repaid in full on the date of maturity.
Commercial Bank				
Credit loans				
Mega	International	200,000		from July 25, 2019 to July 25, 2024 with the principal repaid in full on the date of maturity.
Commercial Bank				
(Arranger)				
Syndicated loan				
The	Shanghai	20,000		from February 11, 2022 to February 11, 2025, with the principal repaid in eight installments on average, as of the second year.
Commercial & Savings				
Bank				
Credit				
borrowings				
E-Sun Bank		60,000		from May 4, 2022 to May 4, 2024, with the principal repaid in full on the date of maturity.
Credit loans				
Mega	International	60,000		from May 28, 2022 to May 27, 2024, with the principal repaid in full on the date of maturity.
Commercial Bank				
Secured borrowings				
Bank of Taiwan		30,000		from September 15, 2022 to September 15, 2024, with the principal repaid in full on the date of maturity.
Credit loans				
Subtotal		<u>639,588</u>		
Less: current portion		(73,088)		
Less: unamortized		(1,413)		
syndicated loan				
expenses				
Total		<u><u>\$565,087</u></u>		

Note: The interest rate ranges from 1.54% to 6.29%.

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MANUFACTURE CO., LTD. (Cont'd)**

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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.

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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	<u>\$302,473</u>		

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	<u>\$859,473</u>		

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:

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- 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:

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- ① Current ratio (current assets/current liabilities less convertible current portion re-stated due to put option) shall be maintained as 100% or more.
- ② Liability ratio (total liabilities/tangible assets) shall be no more than 250% (inclusive).
- ③ Interest coverage ratio $\left[\frac{\text{net income before tax} + \text{interest expenses} + \text{depreciation} + \text{amortization}}{\text{interest expenses}} \right]$ 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:

- ① Suspend the borrower from drawing down the facilities, in whole or in part.
- ② Cancel the unused facilities under the contract, in whole or in part.
- ③ Announce 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.

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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

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Net interest on net defined benefit liabilities (assets)	310	151
Total	<u>\$450</u>	<u>\$288</u>

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	<u>\$39,168</u>	<u>\$44,265</u>

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:			

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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	<u>\$52,760</u>	<u>\$(13,592)</u>	<u>\$39,168</u>

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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

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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 completed.

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	<u>\$42,520</u>	<u>\$23,649</u>

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

**Notes to Parent Company Only Financial Statements of FU CHUN SHIN MACHINERY
MANUFACTURE CO., LTD. (Cont'd)**

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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:

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- 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 reserve 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,

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MANUFACTURE CO., LTD. (Cont'd)**

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2022 and 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	<u>\$107,562</u>	<u>\$85,784</u>		

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	<u>\$1,259,810</u>	<u>\$1,349,078</u>
Point in time of revenue recognition:		
Recognized at some point in time	<u>\$1,259,810</u>	<u>\$1,349,078</u>

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MANUFACTURE CO., LTD. (Cont'd)**

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(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

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MANUFACTURE CO., LTD. (Cont'd)**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	2022	2021
Operating expenses – Expected credit impairment losses		
Notes receivable	\$-	\$ (1,730)
Accounts receivable	5,217	5,758
Total	<u>\$5,217</u>	<u>\$4,028</u>

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 (Note)	Number of overdue days				Total
		Less than 90 days	90–180 days	180–365 days	Over 1 year	
Total carrying amount	\$319,017	\$46,714	\$8,548	\$4,981	\$4,348	\$383,608
			0.00%~	0.00%~	17.88%~	
Loss rate	0.00%	0.00%	3.00%	10.00%	100%	
Lifetime expected credit loss	-	-	(256)	(498)	(1,282)	(2,036)

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Total	<u>\$319,017</u>	<u>\$46,714</u>	<u>\$8,292</u>	<u>\$4,483</u>	<u>\$3,066</u>	<u>\$381,572</u>
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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 (Note)	Number of overdue days				Total
		Less than 90 days	90-180 days	180-365 days	Over 1 year	
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	<u>\$369,058</u>	<u>\$51,657</u>	<u>\$19,257</u>	<u>\$10,482</u>	<u>\$39</u>	<u>\$450,493</u>

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	<u>\$-</u>	<u>\$-</u>	<u>\$13,985</u>
January 1, 2021	\$-	\$1,730	\$5,892
Increase (reversal) in the current period	-	(1,730)	5,758
Reclassification	-	-	6
December 31, 2022	<u>\$-</u>	<u>\$-</u>	<u>\$11,656</u>

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MANUFACTURE CO., LTD. (Cont'd)**

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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		
	oper ating costs	oper ating expenses	Tot al	oper ating costs	oper ating expenses	Total
Employee benefit expense						
Salary expense	\$56,002	\$15,263	\$20,863	\$59,868	\$138,847	\$198,715
Labor and health insurance expense	6,441	12,664	19,105	6,549	12,261	18,810

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Pension expenses	2,52 9	6,22 7	8,7 56	2,61 4	5,90 6	8,52 0
Remuneration of Directors	-	5,41 8	5,4 18	-	3,24 5	3,24 5
Other employee benefit expenses	3,11 9	4,98 3	8,1 02	3,30 9	4,96 8	8,27 7
Depreciation expense	28,0 64	9,65 0	37, 714	30,4 41	11,8 94	42,3 35
Amortization expenses	-	10,1 60	10, 160	-	10,6 27	10,6 27

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.

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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	<u>\$59,458</u>	<u>\$56,756</u>

(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	<u>\$(21,837)</u>	<u>\$ (6,689)</u>

**Notes to Parent Company Only Financial Statements of FU CHUN SHIN MACHINERY
MANUFACTURE CO., LTD. (Cont'd)**

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(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	<u>\$(19,079)</u>	<u>\$(6,512)</u>

19. Components of other comprehensive income

The components of other comprehensive income in 2022 are stated as follows:

	Recognize d during the period	Reclassified and adjusted in the current period	Other comprehen sive 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	<u>\$24,897</u>	<u>\$-</u>	<u>\$24,897</u>	<u>\$(4,979)</u>	<u>\$19,918</u>

The components of other comprehensive income in 2021 are stated as follows:

	Recognize d during the period	Reclassified and adjusted in the current period	Other comprehen sive 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:					

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	Recognize d during the period	Reclassified and adjusted in the current period	Other comprehen sive 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	<u>\$(17,450)</u>	<u>\$-</u>	<u>\$(17,450)</u>	<u>\$3,490</u>	<u>\$(13,960)</u>

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	<u>\$44,550</u>	<u>\$43,006</u>

(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	<u>\$4,979</u>	<u>\$(3,490)</u>

(c) The income tax rate applicable to the income tax expenses multiplying by accounting profit is reconciled as follows:

2022	2021
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**Notes to Parent Company Only Financial Statements of FU CHUN SHIN MACHINERY
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Net income before tax of continuing operations	<u>\$204,005</u>	<u>\$160,648</u>
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	<u>\$44,550</u>	<u>\$43,006</u>

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MANUFACTURE CO., LTD. (Cont'd)**

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Balances of deferred income tax assets (liabilities) related to the following items:

2022

	Balance at January 1	Defined benefit costs recognize d in profit or loss	Defined benefit costs recognized in other comprehensi ve 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		<u>\$(41,981)</u>	<u>\$(4,979)</u>	<u>\$(4,701)</u>	
Net deferred tax assets/(liabilities)	<u>\$(407,278)</u>				<u>\$(458,939)</u>
The information expressed in the balance sheet:					
Deferred tax income assets	<u>\$75,075</u>				<u>\$83,788</u>
Deferred income tax liabilities	<u>\$(482,353)</u>				<u>\$(542,727)</u>

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(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

2021

	Balance at January 1	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehens ive 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		<u>\$(41,021)</u>	<u>\$3,490</u>	
Net deferred tax assets/(liabilities)	<u>\$(369,747)</u>			<u>\$(407,278)</u>
The information expressed in the balance sheet:				
Deferred tax income assets	<u>\$74,980</u>			<u>\$75,075</u>
Deferred income tax liabilities	<u>\$(444,727)</u>			<u>\$(482,353)</u>

The information about the Company's unused tax loss is summarized as follows:

Year when it is incurred	Amount of loss	Uncredited balance		
		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
		<u>\$281,342</u>	<u>\$238,166</u>	

The assessment on income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company is as follows:

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	<u>The assessment on income tax returns</u>
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:

	<u>2022</u>	<u>2021</u>
(a) Basic earnings per share		
Current-period profit (\$ Thousand)	<u>\$159,455</u>	<u>\$117,642</u>
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (Thousand Shares) (Note)	<u>151,669</u>	<u>147,061</u>
Basic earnings per share (NT\$)	<u>\$1.05</u>	<u>\$0.80</u>
(b) Diluted earnings per share		
Current-period profit (\$ Thousand)	\$159,455	\$117,642
Interest on convertible corporate bonds (NT\$ Thousand)	<u>2,418</u>	<u>-</u>
Net income upon effect of adjustment and dilution	<u>\$161,873</u>	<u>\$117,642</u>
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)	<u>10,050</u>	<u>-</u>
Weighted average number of ordinary shares after adjustment and dilution (Thousand Shares)	<u>162,484</u>	<u>147,467</u>

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	2022	2021
Diluted earnings per share (NT\$)	<u>\$1.00</u>	<u>\$0.80</u>

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

**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)

	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	<u>\$61,970</u>	<u>\$86,619</u>

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	<u>\$283,641</u>	<u>\$293,606</u>

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	<u>\$82</u>	<u>\$88</u>

**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)

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	<u>\$21,938</u>	<u>\$41,495</u>

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	<u>\$27,784</u>	<u>\$6,916</u>

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

**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)

Manufacture Co., Ltd.

Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	9,106	28,261
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Others	8	248
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Total	<u>\$26,163</u>	<u>\$51,272</u>
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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	<u>\$40,057</u>	<u>\$25,716</u>

(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)	<u>\$69,405</u>	<u>\$134,525</u>

8. Temporary receipts (stated as other non-current liabilities - others)

December 31, 2022	December 31, 2021
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**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)

The Company's subsidiary	<u>\$44,796</u>	<u>\$44,796</u>
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9. Royalty revenue (stated as non-operating income and expense)

	<u>2022</u>	<u>2021</u>
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.	<u>1,742</u>	<u>291</u>
Total	<u>\$28,174</u>	<u>\$25,306</u>

10. Other revenue (stated as non-operating income and expense)

	<u>2022</u>	<u>2021</u>
The Company's subsidiary		
Dongguan Fu Chun Shin Plastic Machinery		
Manufacture Co., Ltd.	\$-	\$4,956
Others	<u>840</u>	<u>-</u>
Total	<u>\$840</u>	<u>\$4,956</u>

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:

	<u>2022</u>	<u>2021</u>
The Company's subsidiary		
FCS RG PLASTIC PTE. LTD.	\$1,836	\$2,960
Others	<u>136</u>	<u>65</u>
Total	<u>\$1,972</u>	<u>\$3,025</u>

12. Financial costs

The interest expenses paid by the Company for the financing of subsidiaries in 2022 and 2021:

	<u>2022</u>	<u>2021</u>
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**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)

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

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MANUFACTURE CO., LTD. (Cont'd)**

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VIII. Pledged assets

The Company has provided the following assets as collaterals:

Item	Carrying amount		Details about the secured debts
	December 31, 2022	December 31, 2021	
Pledged bank deposits (recognized in other current assets)	\$-	\$4,533	Letter of guarantee
Pledged bank deposits (recognized in other current assets)	33,600	-	Endorsements/gua rantees 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	<u>\$807,077</u>	<u>\$789,113</u>	

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

**Notes to Parent Company Only Financial Statements of FU CHUN SHIN MACHINERY
MANUFACTURE CO., LTD. (Cont'd)**
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None.

**Notes to Parent Company Only Financial Statements of FU CHUN SHIN MACHINERY
MANUFACTURE CO., LTD. (Cont'd)**

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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

**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)

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.

**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)

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

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MANUFACTURE CO., LTD. (Cont'd)**

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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:

Credit risk level	Indicators	Expected credit loss measurement method	Total carrying amount	
			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

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MANUFACTURE CO., LTD. (Cont'd)**

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rate are extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

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MANUFACTURE CO., LTD. (Cont'd)**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Non-derivative financial instruments

	Less than 1		Over 5		
	year	2–3 years	4–5 years	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 borrowing s	Short-term bills payable	Long-term borrowing s	Bonds payable	Other payables-rel ated party	Total liabilities from financing activities
January 1, 2022		\$-		\$360,000	\$134,525	
Cash flow	\$159,341		\$945,701			\$1,599,567
Not changes in cash	23,730	-	(307,526)	494,850	(65,120)	145,934
		-		(19,835)	-	
December 31, 2022	-		-			(19,835)
		\$-		\$835,015	\$69,405	
	\$183,071		\$638,175			\$1,725,666

The information about adjustment of liabilities in 2021:

	Short-term borrowing s	Short-term bills payable	Long-term borrowing s	Bonds payable	Other payables-rel ated party	Total liabilities from financing activities
January 1, 2021		\$49,961		\$360,000	\$199,392	
Cash flow	\$198,480		\$781,777			\$1,589,610
	(39,139)	(49,961)	163,924	-	(64,867)	9,957

**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)

December 31,		\$-	\$360,000	\$134,525
2021	<u>\$159,341</u>	<u>\$945,701</u>		<u>\$1,599,567</u>

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

**Notes to Parent Company Only Financial Statements of FU CHUN SHIN MACHINERY
MANUFACTURE CO., LTD. (Cont'd)**

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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.

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MANUFACTURE CO., LTD. (Cont'd)**

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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

	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
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

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MANUFACTURE CO., LTD. (Cont'd)**
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MANUFACTURE CO., LTD. (Cont'd)**

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December 31, 2021

	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
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:

	<u>Assets</u>	
	<u>Financial assets measured at fair value through profit or loss</u>	
	<u>Shares</u>	<u>Derivative instruments</u>
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	<u>\$48,010</u>	<u>\$400</u>

	<u>Assets</u>	
	<u>Financial assets measured at fair value through profit or loss</u>	
	<u>Shares</u>	<u>Derivative instruments</u>
January 1, 2021	\$60,000	\$-

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MANUFACTURE CO., LTD. (Cont'd)**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	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	<u>\$65,313</u>	<u>\$-</u>

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		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

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MANUFACTURE CO., LTD. (Cont'd)**

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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
<u>Financial assets</u>			
Monetary items:			
USD	\$7,093	30.710	\$217,813
RMB	6,515	4.408	28,716
<u>Financial liabilities</u>			
Monetary items:			
USD	1,287	30.710	39,530
RMB	5,934	4.408	26,156

December 31, 2021			
	Foreign Currency	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$9,714	27.680	\$268,884
RMB	14,505	4.344	63,010
<u>Financial liabilities</u>			
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

**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)

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.

**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)

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.

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)

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

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)

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)

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)

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.

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)

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 guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in
		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)	-	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.

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)

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.”

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)

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.

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)

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.

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)

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)

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)

	(THAILAND) CO., LTD.		machine and spare parts								
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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.	Samoa 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)

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)

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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%.

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)

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.

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)

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.

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)

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.

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)

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.

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)

Table 10

Information on Major Shareholders:

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.

Statements of Major Accounting Titles

Item	No./Index
Statement of cash and cash equivalents	1.
Statement of net accounts receivable	2.
Statement of inventories	3.
Statement of changes in investments accounted for using the equity method	4.
Statement of changes in property, plant and equipment	Note VI.7
Statement of changes in accumulated depreciation and accumulated impairment on property, plant and equipment	Note VI.7
Statement of changes in investment property	Note VI.8
Statement of changes in accumulated depreciation and accumulated impairment on investment property	Note VI.8
Statement of short-term borrowings	5.
Statement of accounts payable	6
Statement of other payables	7
Statement of other payables – related party	Note VII
Bonds payable	Note VI.10
Statement of long-term borrowings	Note VI.11
Statement of deferred tax liabilities	Note VI.20
Statement of operating revenue	Note VI.14
Statement of operating costs	VIII
Statement of operating expenses	IX.
Statement of non-operating revenue and expense	Note VI.18

Fu Chun Shin Machinery Manufacture Co., Ltd.

I. Statement of cash and cash equivalents

December 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Summary	Amount	Remarks
Reserve cash		\$354	1.USD converted to NTD
Petty cash		335	Foreign exchange rate: 1: 30.710
Subtotal		689	2. RMB converted to NTD
			Foreign exchange rate: 1: 4.408
Bank checking deposit		276	2. HKD converted to NTD
Bank demand deposit		79,631	Foreign exchange rate: 1: 3.940
Foreign currency demand deposit	US\$ 471,966.03	14,494	4. EUR converted to NTD
	RMB 190,063.70	838	Foreign exchange rate: 1: 32.720
	HK\$ 12,310.45	49	
	€ 10,285.01	337	
Subtotal		95,625	
Total		\$96,314	

Fu Chun Shin Machinery Manufacture Co., Ltd.

II. Statement of net accounts receivable

December 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Customer	Summary	Amount	Remark
Company A	USD 928,944.00 NT\$	\$28,528	1.The other customers' balances do not exceed
Company B	USD 618,347.00 NT\$	18,989	5% of the balance under the title.
Others		187,528	2.USD converted to NTD
Subtotal		235,045	Foreign exchange rate: 1: 30.710
Less: Unrealized interest revenue		(1,231)	3.The allowance for loss is provided based on the
Allowance for loss		(13,985)	collectability.
Total		\$219,829	

Fu Chun Shin Machinery Manufacture Co., Ltd.

III. Statement of inventories

December 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount		Remark
	Stated cost	Net realizable value	
Raw materials and supplies	\$224,716	\$-	The net realizable value is the estimated selling price less the estimated costs for completion of the project and selling expenses.
Work in process	46,450	71,979	
Finished goods	292,632	242,397	
Total	563,798	\$314,376	Including the loss of price decline provided for slow-moving inventories
Less: Allowance for loss of	(66,193)		
Net	\$497,605		

Fu Chun Shin Machinery Manufacture Co., Ltd.
IV. Statement of changes in investments accounted for using the equity method
December 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Balance at January 1		Increase in the current period		Decrease in the current period		Ending balance			Market value or equity net value		Provision of guarantee or pledge	Remarks
	Number of shares (Thousand Shares)	Amount	Number of shares (Thousand Shares)	Amount	Number of shares (Thousand Shares)	Amount	Number of shares (Thousand Shares)	Shareholding percentage	Amount	Unit Price (\$)	Total price		
FU CHUN SHIN CO., LTD. (BVI)	17,985	\$2,170,511	-	\$321,012 (Note 1)	-	(\$640) (Note 8)	17,985	100.00%	\$2,520,703	\$140.16	\$2,520,703	None	-
			-	29,820 (Note 2)									
SHING FUH TAI TECHNOLOGY CORP.	-	(608)	-	1,204 (Note 1)	-	-	-	85.71%	19,453	-	19,453	None	-
			-	18,857 (Note 4)									
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	-	11,825	-	-	-	(609) (Note 1)	-	92.00%	11,191	-	11,191	None	-
						(25) (Note 2)							
FCS MACHINERY(THAILAND) CO., LTD.	-	10,428	-	774 (Note 2)	-	(7,507) (Note 1)	-	100.00%	4,348	-	4,348	None	-
			-	653 (Note 3)									
PT.SHIN PREFORM PLASTIC	-	32,865	-	207 (Note 3)	-	(853) (Note 1)	-	99.00%	32,219	-	32,219	None	-
FCS RG PLASTIC PTE.LTD.	-	(37,585)	-	640 (Note 6)	-	(29,840) (Note 1)	-	65.00%	(74,431)	-	(74,431)	None	(Note 5)
						(7,646) (Note 2)							
FCS MACHINERY(INDIA) PRIVATE LIMITED	-	22,197	-	-	-	(58) (Note 1)	-	100.00%	22,073	-	22,073	None	-
						(66) (Note 2)							
FCS PLASTIC MACHINERY (THAILAND) CO.,LTD.	-	3,561	-	162 (Note 2)	-	(2,029) (Note 1)	-	100.00%	1,694	-	1,694	None	-
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	-	54,204	-	37,825 (Note 4)	-	(23,654) (Note 1)	-	99.99%	67,471	-	67,471	None	-
						(904) (Note 2)							
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	-	540	-	380 (Note 1)	-	-	-	100.00%	1,856	-	1,856	None	-
			-	95 (Note 2)									
			-	841 (Note 4)									
JUST NANOTECH CO., LTD.	-	3,080	-	-	-	(1,044) (Note 1)	-	45.00%	2,036	-	2,036	None	-
Total		\$2,271,018		\$412,470		\$(74,875)			\$2,608,613				

Note 1: The investment income accounted for using the equity method (including derecognition of unrealized profit or loss on inter-company upstream transactions).

Note 2: The exchange differences on translation of the financial statements of foreign operations.

Note 3: Write-off of downstream transactions.

Note 4: New investments

Note 5: The carrying amount of investment income accounted for using the equity method was the balance of loans. Therefore, it was re-stated into other non-current liabilities.

Note 6: Share transfer.

Fu Chun Shin Machinery Manufacture Co., Ltd.

V.Statement of short-term borrowings

December 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Creditor	Type of borrowings	Amount	Term	Pledge or guarantee status
The Export-Import Bank of ROC	Credit loans	\$150,000	1110628-1120628	None
Land Bank of Taiwan	Credit loans	30,000	1110307-1120307	None
The Shanghai Commercial & Savings Bank	Credit loans	3,071	1111229-1121229	None
		\$183,071		

Note: The interest rate ranges from 1.72% to 5.70%.

Fu Chun Shin Machinery Manufacture Co., Ltd.

VI. Statement of accounts payable

December 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Supplier	Memo	Amount	Remark
Company A		\$17,049	The other suppliers' balances do not exceed 5% of the balance under the title.
Company B		9,106	
Company C		6,733	
Others		64,764	
Total		\$97,652	

Fu Chun Shin Machinery Manufacture Co., Ltd.

VII. Statement of other payables

December 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Memo	Amount	Remark
Salary payable	Wages and bonuses payable in December	\$59,595	The balances under the other titles do not exceed 5% of the balance under the title.
Commission payable		16,164	
Other payables		16,331	
Total		92,090	

Fu Chun Shin Machinery Manufacture Co., Ltd.

VIII. Statement of operating costs

For the years ended December 31,

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount	Remarks
For the self-made part:		
Direct raw materials		
Beginning supplies	\$266,540	
Add: Current-period material purchase	1,065,812	
Transferred from others	53,632	
Less: Ending supplies	(224,716)	
Re-stated into service cost	-	
Re-stated into goods	(124,868)	
Re-stated into others	(233,002)	
Current-period consumption	803,398	
Direct labor	19,025	
Production overheads	70,036	
Production cost	892,459	
Add: Beginning work in process	69,525	
Less: Ending work in process	(46,450)	
Sale of work in process	(4,037)	
Cost of finished goods inventory	911,497	
Add: Beginning finished goods	242,016	
Less: Ending finished goods	(292,632)	
Re-stated into others	3,413	
Operating cost – self-made	864,294	
For the transactions:		
Beginning inventories	-	
Add: Transferred from raw materials	124,868	
Re-stated into others	(8,582)	
Less: Ending inventories	-	
Operating cost – merchandising	980,580	
Service cost	-	
Other operating cost	8,464	
Processing cost	6,342	
Lease cost	5,931	
Gains on inventory recovery	(5,500)	
Income from sale of scrap	673	
Total operating costs	\$996,490	

Fu Chun Shin Machinery Manufacture Co., Ltd.

IX. Statement of operating expenses

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Selling expenses	Administrative expenses	Research and development expenses	Expected credit impairment	Total	Remarks
Salary expenditure	\$78,436	\$55,441	\$24,174	\$-	\$158,051	The balances under the other titles do not
Import/export expense	20,811	332	26	-	21,169	
Commissions expense	22,384	-	-	-	22,384	
R&D and experiment expenses	-	-	13,804	-	13,804	
Depreciation	3,292	5,280	1,078	-	9,650	
Various amortizations	1,170	6,699	2,291	-	10,160	
Expected credit impairment losses	-	-	-	5,217	5,217	
Other expenses	52,474	34,142	8,668	-	95,284	
Total	\$178,567	\$101,894	\$50,041	\$5,217	\$335,719	