

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

**Consolidated Financial Statements and Independent Auditor's Report**

**2022 and 2021**

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

## Representation Letter

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

Declared by

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

Responsible person: Wang Po-Hsun

March 22, 2023

## Independent Auditors' Report

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

### **Audit opinions**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

#### Allowance for loss of accounts receivable

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

Our audit procedures included (without limitation to) evaluating and testing the internal control established by the management to evaluate the impairment loss on accounts receivable; evaluating the adequacy of the policy to provide allowance for loss; analyzing the adequacy of grouping of accounts receivable; testing the provision matrix adopted by Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries, including evaluating whether the determination of account aging 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 consolidated financial statements.

#### Valuation on slow-moving inventories

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

slow-moving inventories involving the significant judgment of the management of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries, we determined the estimation of allowance for slow-moving inventories as a key audit matter.

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

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

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the R.O.C., and for necessary internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then

relevant disclosure of the consolidated financial statements are required to be provided in our audit report to allow users of consolidated financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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

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

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

## **Others**

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

EY Taiwan

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

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

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

Hung Kuo-Sen

Certified Public Accountant

Lee Fang-Wen

March 22, 2023



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

Unit: NT\$ Thousand

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

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

Chairman:

Managerial Officer:

Accounting Officer:

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

Unit: NT\$ Thousand

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

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

Chairman:

Managerial Officer:

Accounting Officer:

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

Unit: NT\$ Thousand

Code	Accounting titles	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	IV/VI.14	\$4,605,204	100.00	\$4,328,507	100.00
5000	Operating cost	IV/VI.6 &17/VII	<u>-3,374,074</u>	<u>-73.27</u>	<u>-3,274,543</u>	<u>(75.65)</u>
5900	Gross profit		<u>1,231,130</u>	<u>26.73</u>	<u>1,053,964</u>	<u>24.35</u>
6000	Operating expenses	VI.16 & 17/VII				
6100	Selling expenses		(611,103)	-13.26	(546,496)	-12.63
6200	Administrative expenses		(219,163)	-4.76	(193,960)	-4.48
6300	Research and development expenses		(114,561)	-2.49	(93,160)	-2.15
6450	Expected credit impairment losses	VI.15	(28,338)	(0.62)	(15,864)	(0.37)
	Total operating expenses		<u>-973,165</u>	<u>-21.13</u>	<u>-849,480</u>	<u>-19.63</u>
6900	Operating income		<u>257,965</u>	<u>5.60</u>	<u>204,484</u>	<u>4.72</u>
7000	Non-operating income and expense	IV/VI.18				
7010	Other income		76,970	1.67	70,292	1.62
7020	Other gains or losses		-42,095	-0.91	-38,673	(0.90)
7050	Financial costs		-37,859	-0.82	-17,952	(0.41)
7060	Share of profit or loss from associates and joint ventures accounted for using equity method		-1,044	-0.02	3,080	0.07
	Total non-operating incomes and expenses		<u>-4,028</u>	<u>-0.08</u>	<u>16,747</u>	<u>0.38</u>
7900	Net income before tax		253,937	5.52	221,231	5.10
7950	Income taxexpenses	IV/VI.20	<u>-83,960</u>	<u>-1.82</u>	<u>-113,443</u>	<u>(2.62)</u>
8200	Current net profit		<u>169,977</u>	<u>3.70</u>	<u>107,788</u>	<u>2.48</u>
8300	Other comprehensive income	IV/VI.19&20				
8310	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs		2,687	0.06	(2,091)	(0.05)
8349	Income taxes related to the items not re-classified		(537)	-0.01	418	0.01
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial		20,747	0.45	-16,713	(0.39)

Code	Accounting titles	Note	2022		2021	
8399	statements of foreign operations Income tax relating to items that may be reclassified subsequently to profit or loss		(4,442)	-0.10	3,072	0.07
	Other comprehensive income of the current year (net amount after-tax)		18,455	0.40	-15,314	-0.36
8500	Total comprehensive income in the current period		<u>\$188,432</u>	<u>4.10</u>	<u>\$92,474</u>	<u>2.12</u>
8600	Net income (loss) attributable to:					
8610	Owners of the Company		\$159,455		\$117,642	
8620	Non-controlling interests		<u>10,522</u>		<u>-9,854</u>	
			<u>\$169,977</u>		<u>\$107,788</u>	
8700	Total comprehensive income attributable to:					
8710	Owners of the Company		\$179,373		\$103,682	
8720	Non-controlling interests		<u>9,059</u>		<u>-11,208</u>	
			<u>\$188,432</u>		<u>\$92,474</u>	
	Earnings per share(NT\$ 元)	VI.21				
9750	Basic earnings per share		<u>\$1.05</u>		<u>\$0.80</u>	
9850	Diluted earnings per share		<u>\$1.00</u>		<u>\$0.80</u>	

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

Chairman:

Managerial Officer:

Accounting Officer:

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

Unit: NT\$ Thousand

Code	Items	Equity attributable to owners of the company								Non-controlling interests	Total Equity	
		Share capital	Conversion of bonds Entitlement certificates	Capital surplus	Retained earnings			Other items of equity	Treasury stocks			Total
					Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of the financial statements of foreign operations				
		3110	3130	3200	3310	3320	3350	3410	3500	31XX	36XX	3XXX
A1	Balance on January 1, 2021	\$1,487,085	\$ -	\$23,745	\$137,165	\$188,685	\$311,386	\$(116,342)	\$(33,031)	\$1,998,693	\$174,204	\$2,172,897
B1	2020Earning provision and appropriation	-	-	-	-	-	-	-	-	-	-	-
B5	Provision of legal reserve	-	-	-	1,206	-	-1,206	-	-	-	-	-
B9	Cash dividend from ordinary shares	-	-	-	-	-	-7,302	-	-	-7,302	-	-7,302
D1	Stock dividend from ordinary shares	7,303	-	-	-	-	-7,303	-	-	-	-	-
D3	2022Net profit (loss)	-	-	-	-	-	117,642	-	-	117,642	-9,854	107,788
D5	2021Other comprehensive income	-	-	-	-	-	-1,673	-12,287	-	-13,960	-1,354	-15,314
M7	Total comprehensive income in the current period	-	-	-	-	-	115,969	-12,287	-	103,682	-11,208	92,474
N1	Change in ownership interests in subsidiaries	-	-	-96	-	-	-	-	-	-96	639	543
O1	Transfer of treasury stocks to employees	-	-	-	-	-	-394	-	20,768	20,374	-	20,374
Z1	Increase/decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-4,435	-4,435
A1	Balance on December 31, 2021	\$1,494,388	\$ -	\$23,649	\$138,371	\$188,685	\$411,150	\$(128,629)	\$(12,263)	\$2,115,351	\$159,200	\$2,274,551
A1	Balance on January 1, 2022	\$1,494,388	\$ -	\$23,649	\$138,371	\$188,685	\$411,150	\$(128,629)	\$(12,263)	\$2,115,351	\$159,200	\$2,274,551
B1	2021Earning provision and appropriation	-	-	-	-	-	-	-	-	-	-	-
B5	Provision of legal reserve	-	-	-	11,557	-	-11,557	-	-	-	-	-
B9	Cash dividend from ordinary shares	-	-	-	-	-	-44,536	-	-	-44,536	-	-44,536
C5	Stock dividend from ordinary shares	29,691	-	-	-	-	-29,691	-	-	-	-	-
	Recognition of equity components due to the issuance of convertible corporate bonds - Those arising from options	-	-	18,804	-	-	-	-	-	18,804	-	18,804
D1	2022Net profit	-	-	-	-	-	159,455	-	-	159,455	10,522	169,977
D3	2022Other comprehensive income	-	-	-	-	-	2,150	17,768	-	19,918	-1,463	18,455
D5	Total comprehensive income in the current period	-	-	-	-	-	161,605	17,768	-	179,373	9,059	188,432
I1	Conversion of convertible corporate bonds	-	57	38	-	-	0	-	-	95	-	95
M7	Change in ownership interests in subsidiaries	-	-	-	-	-	0	-	-	-	3,145	3,145
N1	Transfer of treasury stocks to employees	-	-	-	-	-	-470	-	12,263	11,793	-	11,793
T1	Others	-	-	29	-	-	0	-	-	29	-	29
Z1	Balance on December 31, 2022	\$1,524,079	\$57	\$42,520	\$149,928	\$188,685	\$486,501	\$(110,861)	\$ -	\$2,280,909	\$171,404	\$2,452,313

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

Chairman:

Managerial Officer:

Accounting Officer:

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

Unit: NT\$ Thousand

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

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

Chairman:

Managerial Officer:

Accounting Officer:

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

**I. Company History**

1. Fu Chun Shin Machinery Co., Ltd. was incorporated on July 17, 1991. The Company is primarily engaged in manufacturing, repair, processing and trading of plastic injection machine and tooling, plastic products, electric wires and cables.
2. In order to expand business fields and orient the Company's development toward business diversification, the Company was approved to be renamed as "Fu Chun Shin Machinery Manufacture Co., Ltd." (hereinafter referred to as the "Company") on July 29, 2003.
3. The Company has been listed on Taipei Exchange ("TPEX") since April 5, 2004.
4. The Company's main place of business and registered address is No. 269, Baodong Rd., Pitou Vil., Guanmiao Dist., Tainan City.

**II. Approval Date and Procedures of the Consolidated Financial Statements**

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

**III. New Standards, Amendments and Interpretations Adopted**

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

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

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

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE  
CO., LTD. and its Subsidiaries (Cont'd)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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.

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

- 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:



Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE  
CO., LTD. and its Subsidiaries (Cont'd)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 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”*

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE  
CO., LTD. and its Subsidiaries (Cont'd)

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

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.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE  
CO., LTD. and its Subsidiaries (Cont'd)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(d) Lease Liability in A Sale and Leaseback (Amendments to IFRS 16)

The amendments focus on the additional accounting for leaseback transactions for sellers who are concurrently lessees in IFRS 16 “Leases” to further improve the consistency in the application of the standard.

(e) Non-current Liabilities in Contracts (Amendments to IAS1)

The amendments improved the information related to long-term liabilities contracts provided by enterprises. It is stated that for contractual agreements to be fulfilled within 12 months after the reporting period shall not affect the classification of such liabilities as current or non-current at the end of the reporting period.

The effective dates of said standards and interpretations which were already issued by IASB but have not yet been recognized by the FSC, shall be decided by the FSC. The new or amended standards or interpretations rendered no material effect on the Group.

IV. Summary of Significant Accounting Policies

1. Compliance Statement

The Group’s consolidated financial statements for the years from January 1 to June 30, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRSs, IAS, SIC interpretation and IFRSIC announcement, which has been recognized and put to effect by the FSC as of 2022 and 2021.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan dollars (“NT\$”) unless otherwise stated.

3. Overview of consolidation

2. Principles for preparing consolidated financial statements

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE  
CO., LTD. and its Subsidiaries (Cont'd)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Particularly, the Company controls an investee if and only if it satisfies all of the following three elements:

- (a) Power over the investee (i.e. the Company has existing rights that give it the ability to direct the relevant activities).
- (b) Exposure, or rights, to variable returns from its involvement with the investee, and
- (c) Ability to use its power over the investee to affect the amount of the investor's returns.

When the Company holds, directly or indirectly, the voting rights or other similar rights less than the majority investee's, the Company evaluates whether it still holds power over the investee by taking into account all critical facts and circumstances, including:

- (a) Contractual arrangements with the investee and others with voting rights.
- (b) Rights derived from other contractual arrangements.
- (c) Voting rights and potential voting rights

When the facts and circumstances show changes of any or more of the three controlling elements, the Company re-evaluates whether it still holds power over the investee.

The subsidiaries have been included in the consolidated financial statements since the date of acquisition (namely, the date when the Group acquires the controlling power) in whole, until the date when the Company loses the controlling power over the subsidiaries. The fiscal period and accounting policies adopted by the subsidiaries' financial statements are consistent with those adopted by the parent company. The balance, transactions, and unrealized internal gains and losses and dividends generated from the Group's internal transactions in the Group's internal account shall be derecognized accordingly.

If the Company doesn't lose the controlling power over the subsidiaries as a result of changes in shareholdings in the subsidiaries, the changes in equity should be treated as an equity transaction.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)

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

A subsidiary's total comprehensive income is attributed to the Company's owner and non-controlling interests, irrelevant with balance or loss generated from non-controlling interests.

Where the Group loses the controlling power over a subsidiary,

- (a) it shall derecognize the subsidiary's assets (including goodwill) and liabilities;
- (b) it shall derecognize any carrying amount of the non-controlling interests;
- (c) it shall recognize the fair value of consideration for the acquisition;
- (d) it shall recognize the fair value of any retained investments;
- (e) it shall recognize any gain or loss as the current income;
- (f) it shall re-classify the amount recognized by the parent company to other comprehensive income previously as the current income.

Entities in the preparation of consolidated financial statements:

Investor	Company Name	Principal business lines	Percentage of equity	
			December 31, 2022	December 31, 2021
The Company	一、FU CHUN SHIN CO., LTD. (BVI) FU CHUN SHIN CO., LTD. (BVI)	Primarily engaged in the marketable securities trading and import/export sales.	100.00%	100.00%
The Company	SHING FUH TAI TECHNOLOGY CORP.	Non-ferrous Metal Basic Industries	85.71%	85.71%
The Company	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Sale of plastic injection molding machines, peripheral products, molds and spare parts	92.00%	92.00%
The Company	PT. SHIN PREFORM PLASTIC	Production of PET preforms	99.00%	99.00%
The Company	FCS MACHINERY (THAILAND) CO.,LTD.	Production of PET preforms, and sale and maintenance service for injection machine	100.00%	100.00%
The Company	FCS RG PLASTIC PTE. LTD.	Primarily engaged in import/export sales	65.00% (Note 3)	65.72%

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE  
CO., LTD. and its Subsidiaries (Cont'd)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Company Name	Principal business lines	Percentage of equity	
			December 31, 2022	December 31, 2021
The Company	FCS MACHINERY (INDIA)PRIVATE LIMITED	Production and sale of plastic molding machine and plastic molds	99.99%	99.99%
The Company	FCS PLASTIC MACHINERY(THAILAND) CO.,LTD.	Sale and after-sale of machine and spare parts	100.00%	100.00%
The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Production and sale of plastic molding machine and plastic molds	99.99% (Note 2)	99.99%
The Company	FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Sale and after-sale of machine and spare parts	100.00%	100.00%
FU CHUN SHIN CO., LTD. (BVI)	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Production and sale of plastic molding machine and various plastic products	100.00%	100.00%
FU CHUN SHIN CO., LTD. (BVI)	<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	Production and sale of plastic molding machine and plastic molds	90.50%	90.50%
FU CHUN SHIN CO., LTD. (BVI)	Minidesign Ltd. (Minidesign)	Primarily engaged in the marketable securities trading and import/export sales.	- (Note 1)	100.00%
FU CHUN SHIN CO., LTD. (BVI)	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Production and sale of plastic molding machine and plastic molds	90.50%	90.50%
FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE. LTD.	Primarily engaged in import/export sales	0.72% (Note 3)	-
FU CHUN SHIN CO., LTD. (BVI)	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Production and sale of plastic molding machine and plastic molds	0.01% (Note 2)	-

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Company Name	Principal business lines	Percentage of equity	
			December 31, 2022	December 31, 2021
FCS RG PLASTIC PTE. LTD.	PT.FCS RGP PLASTIC	Primarily engaged in manufacturing of plastic products	100.00%	100.00%

(Note 1) Minidesign Ltd. completed its dissolution and liquidation procedures in Q1 2022.

(Note 2) Subsidiary FU CHUN SHIN CO., LTD. (BVI) acquired 0.01% of the equity of CS MANUFACTURING (INDIA) PRIVATE LIMITED in May 2022, and the Group holds the entire equity in aggregate.

(Note 3) The Board of the Company approved to transfer 56 thousand shares of subsidiary FCS RG PLASTIC PTE.LTD. to FU CHUN SHIN CO., LTD. (BVI) as a resolution on August 11, 2022; the shareholding ratio became 65.00%. The Group holds 65.72% of the equity in aggregate.

#### 4. Foreign currency transaction

The Group's consolidated financial statements are expressed in New Taiwan dollars, the functional currency adopted by the Company. Each entity in the Group decides its own functional currency independently, and measures its financial statement based on the functional currency.

Transactions in foreign currencies conducted by each entity in the Group are retranslated at its functional currency at the foreign exchange rate prevailing at the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing foreign exchange rate on the same day; non-monetary items that are measured at fair value are retranslated at the foreign exchange rate on the same day when the fair value is determined; non-monetary items that are measured at historical cost are retranslated at the foreign exchange rate on the date of initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

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

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized into other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized into profit or loss.

#### 5. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals: (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result



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

in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

#### 6. Criteria for classifying assets and liabilities as current or non-current items

Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those to be exchanged or used to pay off liabilities more than twelve months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:

- (a) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are expected to be paid off within twelve months from the reporting period;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period. Terms of a liability that could, at the option of the trading counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

#### 7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term and highly liquid time deposits or investments (time deposits to be matured within 3 months) that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

## 8. Financial instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities within the scope of IFRS 9 “Financial Instruments” are recognized initially at fair value, plus or minus transaction costs directly attributable to acquisition or issuance of financial assets and financial liabilities (except those classified into financial assets and financial liabilities at fair value through profit or loss).

### (a) Recognition and measurement of financial assets

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. The Company’s business model for managing the financial assets
- B. The contractual cash flow characteristics of the financial assets

#### Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables, financial assets measured at amortized cost and other receivables, etc., on the balance sheet:

- A. Business model managing financial assets: To hold financial assets in order to collect contractual cash flows.
- B. The contractual cash flow characteristics of the financial asset: Cash flows are solely payments of principal and interest on the principal amount outstanding.

Such financial assets (excluding those involving hedging relationship) are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance). A gain or loss is recognized in

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE  
CO., LTD. and its Subsidiaries (Cont'd)

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

profit or loss when the financial asset is derecognized through the amortization process or in order to recognize the impairment gains or losses.

Interest calculated by using the effective interest method (calculated by applying the effective interest rate to the gross carrying amount of a financial asset) or under the following circumstances shall be recognized into profit or loss:

- A. In the case of purchased or originated credit impaired financial assets, the Company applies the credit adjusted effective interest rate to the amortized cost of the financial asset.
- B. In the case of financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets, the Company applies the effective interest rate to the amortized cost of the financial assets.

Financial assets at FVTPL

Except the financial assets classified as measured at amortized cost based on said criteria, all other financial assets are measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value. The gains or losses resulting from remeasurement are recognized in profit or loss, which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group recognizes and measures the allowance for loss of financial assets at amortized costs based on expected credit losses.

The Group measures expected credit losses in a way that reflects:

- A. an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- B. the time value of money;
- C. reasonable and supportable information (that is available without undue cost or effort at the reporting date) about past events, current conditions and forecasts of future economic conditions.

The allowance for loss is measured as follow:

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE  
CO., LTD. and its Subsidiaries (Cont'd)  
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- A. At an amount equal to 12 month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the balance sheet date. Additionally, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current balance sheet date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit impaired financial asset.
- C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the allowance for loss at an amount equal to lifetime expected credit losses.
- D. For the lease payment receivables arising from transactions within the scope of IFRS 16, the Group measures the allowance for loss at an amount equal to lifetime expected credit losses.

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

At each balance sheet date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the balance sheet date and the risk of defaults occurring at initial recognition. Please refer to Note XII for further details on credit risk.

(c) Derecognition of financial assets

Any financial asset held by the Group is derecognized when any of the following circumstances are met:

- A. The contractual rights to receive cash flows from the asset have expired.
- B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable, including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized into profit or loss.

(d) Financial liabilities and equity instruments

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the Group's assets after deducting all of its liabilities. The equity instrument issued by the Group is recognized based on the acquisition price less the direct issue cost.

Financial liabilities

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

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, measured at amortized cost upon initial recognition.

#### Financial liabilities at FVTPL

The financial liabilities at fair value through profit or loss include those held for trading and designated as measured at fair value through profit or loss.

The liabilities which meet any of the following conditions shall be classified with those held for trading:

- A. Liabilities that are incurred principally for the purpose of selling them in a short term;
- B. Liabilities that, upon initial recognition, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking; or
- C. Liabilities that are derivative financial liabilities, except for financial guarantee contracts or derivative financial liabilities that are designated and effective hedging instruments.

For a contract consisting of one or multiple embedded derivative instruments, the entire hybrid (combined) contract may be designated as financial liability at fair value through profit or loss. When any of the following conditions is met and reliable and more relevant information may be provided, it shall be designated as measured at fair value through profit or loss on the initial recognition:

- A. Such designation may derecognize or significantly reduce the inconsistency in measurement or recognition; or
- B. A group of financial liabilities or financial assets and financial liabilities managed at fair value based on the written risk management or investment strategies, with the performance thereof evaluated under the same strategies, and the investment portfolio information provided by the consolidated entity to the management internally also based on the fair value.

The gains or losses generated 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

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method after initial recognition. Gains and losses are recognized into profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When debt instruments subject to contractual terms different from each other significantly are exchanged or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor) between the Group and creditors, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized into profit or loss.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

9. Derivative instruments

The derivative instruments held or issued by the Group are intended to evade foreign interest rate risk and interest rate risk. Those as designated and effective hedging instruments among them shall be stated as financial assets or liabilities for hedging on the balance sheet. Those other than the ones as designated and effective hedging instruments shall be stated as financial assets or liabilities at fair value through profit or loss.

The derivative instruments are measured at the fair value prevailing on the date of execution of the derivative instrument contract at the time of initial recognition, and at fair value subsequently. The derivative instrument with positive fair value is stated as a financial asset. That with negative fair value is stated as a financial liability. The changes in fair value of derivative instruments shall be recognized into profit or loss directly, while if derivative instruments as designated and effective hedging instruments are involved, the changes shall be recognized into profit or loss, or equity, subject to the type of hedge.

If the master contract is not a financial asset or financial liability, when the economic characteristics and risk of the derivative instruments embedded into the contract is not closely related to the contract and the contract is not that at fair value through profit or loss, the embedded derivative instruments shall be treated as independent instruments.

10. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.



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The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants acted in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

#### 11. Inventories

Inventories are valued at lower cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present sellable or producible condition and location are accounted for as follows:

Raw materials – Based on the standard cost usually which may be compared with the actual cost during the financial reporting period, and adjusted, if necessary, to make it closer to that calculated on a weighted average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, exclusive of the borrowing cost.

The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### 12. Investment accounted for using the equity method

The Group's investment in its associates is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture means that the Group has rights over net assets under the joint arrangement (with joint control).

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Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the carrying amount of the investment in the associate or joint venture and other related long-term equity is reduced to zero since the equity method is adopted, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing of the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new shares, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized into "capital surplus" and "investment accounted for using the equity method." When the interest in the associate or joint venture is reduced, the related items previously recognized into other comprehensive income are reclassified into profit or loss or other appropriate items. Said capital surplus recognized is reclassified into profit or loss on a pro rata basis when the Group disposes of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 "Investments in Associates and Joint Ventures." If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount and recognizes the amount into the profit or loss of the associate or joint venture in accordance with IAS 36 "Impairment of Assets." Where said recoverable amount adopts the value in use of the investment. The Group may determine the related value in use of the investment in the following manners:

- (a) The Group's share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture, and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected by the Group to arise from dividends to be received from the investment and its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 "Impairment of Assets."

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retaining investment at its fair value. Upon loss of significant influence over the associate or joint control over the joint venture, any difference between the carrying amount of the associate or joint venture and the fair value of the retaining investment plus proceeds from disposal is recognized into profit or loss. Meanwhile, when the investment in the associate becomes that in the joint venture, or the investment in the joint venture becomes that in the associate, the Group continues to apply the equity method without re-measuring the retained equity.

### 13. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the same and restoring the site on which the same are located, and the necessary interest expenses for construction in progress. Each part of property, plant and equipment that is significant is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful

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life and depreciation. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment." When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as the replacement cost if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the estimated service life of the following assets:

Buildings	7–50 years
Machinery and equipment	2–15 Years
Office equipment	2–8 Years
Transportation Equipment	3–10 Years
Water and electricity utilities	3–16 Years
Leased Improvements	5–11 Years
Other assets	3–10 Years

Any item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset is recognized as profit or loss.

The residual values, service life and methods of depreciation of property, plant and equipment are reviewed at the end of each fiscal year, and the changes resulting from the difference in the expected value and previous estimate are treated as changes in accounting estimates.

#### 14. Investment property

The Group owned investment property is measured initially at cost, including transaction costs. The carrying amount of the investment property includes the cost of repairing or adding the existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of the investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," investment property is measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment property is held by a lessee as the right of use assets and are not held for sale in accordance with IFRS 5, the investment property is measured in accordance with the requirements

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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 Group decides to transfer to or from investment property based on the actual usage of the assets.

Property is transferred to or from investment property when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

#### 15. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- (b) the right to direct the use of the identified asset.

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For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, by maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short term leases or leases of low value assets, the Group, if as a lessee, recognizes the right-of-use asset and lease liability for all leases.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that is not paid at the commencement date:

- (a) Fixed payments (including in substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method, and reduces the carrying amount to reflect the lease payments made.

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At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset by applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the service life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date until expiration of the service life of the right-of-use asset or the end of the lease term, whichever earlier.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short term leases or leases of low value assets. The Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related depreciation expense and interest expense in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis during the lease period.

Group as a lessor

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At the inception of a contract, the Group classifies its leases as either an operating lease or a financing lease. A lease is classified as a financing lease if it substantially transfers all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not so. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and presents them as a receivable amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental revenue on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental revenue when incurred.

#### 16. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination refers to the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets that do not meet the conditions of recognition are not capitalized but recognized into profit or loss when it is incurred.

The service life of intangible assets is assessed as either finite or indefinite.

Intangible assets with finite service life are amortized over the service life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite service life is reviewed at least at the end of each fiscal year. Changes in the expected service life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite service life are not amortized, but are tested for



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impairment annually, either individually or at the cash-generating unit level. The assessment on intangible assets with indefinite service life is reviewed each period to determine whether the indefinite service life continues to be supportable. If not, the change in service life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized into profit or loss.

#### Patent Right

The patent right has been authorized for one decade by the related government agencies.

#### Computer Software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (5 to 10 years).

### 17. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group tests the individual assets or cash-generating units of the assets. If the impairment test result shows that the carrying amount of the asset or cash-generating unit of the asset is more than the recoverable amount thereof, the impairment loss should be recognized. An asset's recoverable amount refers to the net fair value or value in use, whichever higher.

For assets excluding goodwill, an assessment is made at the end of each reporting period regarding whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset, increasing the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had

no impairment loss been recognized for the asset in prior years.

A cash generating unit, or group of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized according to the impairment loss test, it is first allocated to reduce the carrying amount of any goodwill and then allocated to any assets other than goodwill pro rata on the basis of the carrying amount of each asset. Impairment losses relating to goodwill cannot be reversed in future periods for any reason when they are recognized.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized into profit or loss.

#### 18. Treasury stocks

Upon acquisition of the parent company's shares (treasury shares), the Group recognizes them at cost and into the deductions for equity. The price difference in transactions of treasury shares is recognized into the equity.

#### 19. Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follow:

##### Sale of goods

The Group manufactures and sells goods. Sales revenue is recognized when the promised goods are delivered to the customers and control of the goods is transferred to the customers (i.e. the customers direct the use of such goods and obtain the ability of almost residual effects of such goods). The main products of the Group are plastic injection machine units and revenue is recognized based on the consideration stated in the contract.

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The Group provides its customers with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted for in accordance with IAS 37.

The credit period of the Group's sale of goods is from 90 to 150 days. When the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. Such accounts receivable are generally short-term and free from any important financial components. Only a small number of contracts, in cases where the Group transfers the goods to customers but has not yet had a right to an unconditional amount of consideration are recognized as contract assets. In the case of contract assets, the allowance for loss should be measured at an amount equal to lifetime expected credit losses under IFRS 9. However, for some contracts, part of the consideration was received from customers upon signing the contract. The Group has an obligation to provide the goods subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of the Group's said contract liabilities to revenue is usually within one year. Thus, no significant financing component arises.

## 20. Borrowing costs

The borrowing costs of qualifying assets directly attributable to the acquisition, construction or production shall be eligible for capitalization as a part of the costs of such assets. The other borrowing costs are recognized as the expenses when incurred. The borrowing costs include the interests and other costs incurred related to the borrowing of loans.

## 21. Government grants

The Group will not recognize the government grants until it may reasonably assure compliance with the conditions set forth for the government grants and receive the inflow from economic effects of such grants. When the grants are related to assets, they shall be recognized as deferred revenue and as income in installment within the expected service life of the related assets. When the grants are related to expenses, they shall be recognized as income in a reasonable and systematic

manner and in response to the period in which related costs are expected to be incurred.

## 22. Retirement benefit plans

The Company's regulations governing employees' retirement apply to all employees hired by the Company officially. The employees' pension fund is managed by the Pension Supervisory Committee and deposited into the pension fund account as a whole. Said pension fund is deposited under the Committee's name in the specific bank account and hence, not associated with the Company. Therefore, such a fund is not included in said consolidated financial statements. The regulations governing retirement of employees of foreign subsidiaries and branches shall follow the local laws and regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. The pension shall be contributed based on the specific contribution rate applicable locally and recognized into the current-period expenses, in the case of employees of foreign subsidiaries and branches.

The post-employment benefit plan classified as the defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements comprise of changes in return on plan assets and the effect of the asset ceiling, less the net interest on defined benefit liabilities (assets), and actuarial gains and losses. The remeasurements in net defined benefit liabilities (assets) are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. The past service costs are the changes in the present value of defined benefit obligation generated from amendments to or curtailment of the plan and recognized into profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Group recognizes restructuring-related costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

## 23. Income tax

Income tax expenses (gains) are the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

### Tax currently payable

Current-period income tax assets and liabilities for the current and prior periods are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current-period income tax relating to items recognized into other comprehensive income or directly into equity is recognized into other comprehensive income or equity, instead of profit or loss.

The income tax for undistributed earnings is recognized as income tax expense on the date when the shareholders' meeting approves the distribution proposal.

### Deferred tax

Deferred income tax is provided on temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts in the balance sheet.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (b) In respect of taxable temporary differences associated with investments in

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subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at the end of each reporting period and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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(5) Significant Accounting Assumptions and Judgment, And Major Sources of Estimation  
Uncertainty

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Assumptions and estimation

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Accounts receivables—estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows due under the contract (carrying amount) and the cash flows that expect to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted difference. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note VI for more details.

(b) Inventory valuation

Inventory shall be evaluated on the basis of the lower of the cost and net realizable value. The Group must make judgment and estimate to determine the net realizable value of the inventory at the end of the reporting period.

In consideration of the rapid transformation in market, the Group's estimates of the net realizable value of inventories at the end of reporting period takes into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The expected realized value of inventories may serve as the most reliable evidence available at the time the estimates are made. Please refer to Note VI for more details.

(c) Impairment of non-financial assets

Impairment is incurred if the carrying amount of the asset or cash-generating unit is more than the recoverable amount. The recoverable amount refers to the higher of the fair value



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less disposal costs and value in use. The fair value less disposal cost means the amount after the price receivable from sale of assets or required to be paid for transfer of liabilities by market participants in any orderly transactions on the date of measurement less the incremental cost attributable to disposal of assets or cash-generating unit directly. The value in use is calculated based on the discounted cash flow model. The cash flow is estimated based on the budget for the future five years, exclusive of any reorganization that the Group has not committed, or future significant investment required to improve the performance of the tested cash-generating unit asset.

The recoverable amount is likely to be affected by the discount rate applied by the discounted cash flow model and expected future cash inflow and growth rate used for the purpose of extrapolation. For the key assumptions used to decide the recoverable amount of different cash-generating units, including sensitivity analysis, please refer to Note VI.

(d) Retirement benefit plans

The defined benefit cost and the present value of the pension obligation under retirement benefit plan plans are determined using actuarial valuations. An actuarial valuation involves various assumptions, including the determination of the discount rate and increase/decrease in expected salaries.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. Such provisions are based on various factors, such as the experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the territories where the respective Group entities are situated.

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Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are taxable temporary differences. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

VI. Summary of Significant Accounting Titles

1. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Reserve cash	\$2,523	\$2,178
Demand deposits	693,826	531,796
Total	<u>\$696,349</u>	<u>\$533,974</u>

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

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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
Wealth management products	220,646	391,479
Fund	5,464	-
Embedded derivative instruments - Domestic issuance		
Call/put rights of convertible corporate bonds	400	-
Total	<u>\$277,160</u>	<u>\$460,373</u>
Current	\$228,750	\$405,060
Non-current	48,410	55,313
Total	<u>\$277,160</u>	<u>\$460,373</u>

The Group's financial assets at fair value through profit or loss were not provided as security.

As of December 31, 2022, for details of information related to corporate bonds payable of the Group, please refer to Note VI.10.

3. Financial assets at FVOCI

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment in equity instruments at FVOCI - Non-current:		
Unlisted shares	<u>\$57,676</u>	<u>\$-</u>

The Group classifies partial financial assets as financial assets at FVOCI, and they are not

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provided as security.

Regarding investment in equity instruments at FVOCI held by the Group, no dividend income was recognized in 2022 and 2021.

4. Notes receivable

	December 31, 2022	December 31, 2021
Notes receivable – arising from operating activities	\$467,019	\$306,814
Less: Unrealized interest revenue	(3,642)	(870)
Subtotal	463,377	305,944
Less: Allowance for bad debts	(2,638)	(1,126)
Total	<u>\$460,739</u>	<u>\$304,818</u>
Current	\$429,870	\$291,979
Non-current (stated into other non-current assets)	30,869	12,839
Total	<u>\$460,739</u>	<u>\$304,818</u>

The Group's notes receivable were not provided as security.

For the information about the Group's evaluation on impairment and allowance for loss under IFRS 9, please refer to Note VI.15. For the information about credit risk, please refer to Note XII.

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5. Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	\$1,342,398	\$1,235,784
Lease payment receivable	19,341	26,317
Less: Unrealized interest revenue	(20,773)	(20,657)
Unearned financing income on financing lease	(3,779)	(3,376)
Subtotal	1,337,187	1,238,068
Less: Allowance for bad debts	(66,878)	(43,056)
Total	<u>\$1,270,309</u>	<u>\$1,195,012</u>
Current	\$1,256,879	\$1,165,878
Non-current (stated into other non-current assets)	13,430	29,134
Total	<u>\$1,270,309</u>	<u>\$1,195,012</u>

The Group's accounts receivable were not provided as security.

The credit period of the Group's sale to customers from 90 to 150 days. The total carrying amounts were NT\$1,337,187 thousand and NT\$1,238,068 thousand on December 31, 2022 and 2021. For information about the allowance for loss in 2022 and 2021, please refer to Note VI.15 for details. Please refer to Note XII for further details on credit risk.

6. Inventories

	December 31, 2022	December 31, 2021
Raw materials	\$680,073	\$810,907
Work in process	207,757	258,569
Finished goods inventory	512,984	430,377
Product	23,609	27,775
Total	<u>\$1,424,423</u>	<u>\$1,527,628</u>

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The inventory costs recognized by the Company as expenses were NT\$3,374,074 thousand and NT\$3,274,543 thousand in 2022 and 2021, including the gains on the recovery of an inventory price drop of NT\$3,902 thousand due to obsolescence of inventories provided by the Group resulting from the stock selling at various stock age intervals, and the recognition of price drop losses of NT\$1,026 thousand due to the inventory reductions to the net realizable value in 2021.

Said inventories were not provided as security.

7. Property, plant and equipment

	December 31, 2022	December 31, 2021
Property, plant and equipment for own use	\$1,765,265	\$1,616,639
Property, plant and equipment for under operating leases	50,392	-
Total	<u>\$1,815,657</u>	<u>\$1,616,639</u>

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	Land	Buildings	Machinery and equipment	Office equipment	Transportati on Equipment	Water and electricity utilities	Other assets	Unfinished construction	Subtotal	Operating lease - Other equipment	Total
Cost:											
January 1, 2022	\$562,308	\$800,770	\$699,294	\$30,647	\$36,661	\$85,582	\$37,954	\$311,670	\$2,564,886	\$-	\$2,564,886
Add	-	365	22,262	1,319	6,613	3,359	1,486	362,581	397,985	-	397,985
Dispose	-	-	(20,326)	(1,215)	(2,232)	(806)	(433)	-	(25,012)	(7,720)	(32,732)
Other changes	(20,822)	(79,697)	(7,360)	550	(1,224)	(32,760)	(1,282)	(76,619)	(219,214)	92,057	(127,157)
Effects of foreign exchange changes	(504)	1,492	7,102	100	329	367	56	3,673	12,615	(2,403)	10,212
December 31, 2022	<u>\$540,982</u>	<u>\$722,930</u>	<u>\$700,972</u>	<u>\$31,401</u>	<u>\$40,147</u>	<u>\$55,742</u>	<u>\$37,781</u>	<u>\$601,305</u>	<u>\$2,731,260</u>	<u>\$81,934</u>	<u>\$2,813,194</u>
Depreciation and impairment:											
January 1, 2022	\$-	\$378,054	\$428,098	\$25,906	\$30,125	\$54,014	\$32,050	\$-	\$948,247	\$-	\$948,247
Depreciation	-	30,519	38,978	1,814	1,884	9,524	1,441	-	84,160	2,716	86,876
Impairment loss	-	-	5,593	-	-	-	-	-	5,593	-	5,593
Dispose	-	-	(20,020)	(1,208)	(2,055)	(726)	(417)	-	(24,426)	(3,255)	(27,681)
Other changes	-	(17,313)	(11,485)	(240)	(781)	(21,702)	(368)	-	(51,889)	32,784	(19,105)
Effects of foreign exchange changes	-	1,507	2,200	56	228	290	28	-	4,309	(702)	3,607
December 31, 2022	<u>\$-</u>	<u>\$392,767</u>	<u>\$443,364</u>	<u>\$26,328</u>	<u>\$29,401</u>	<u>\$41,400</u>	<u>\$32,734</u>	<u>\$-</u>	<u>\$965,994</u>	<u>\$31,543</u>	<u>\$997,537</u>

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

	Land	Buildings	Machinery and equipment	Office equipment	Transportati on Equipment	Water and electricity utilities	Other assets	Unfinished construction	Subtotal	Operating lease - Other equipment	Total
Cost:											
January 1, 2021	\$556,877	\$806,487	\$655,731	\$29,227	\$36,684	\$87,035	\$36,958	\$97,764	\$2,306,763	\$-	\$2,306,763
Add	6,064	3,195	8,390	1,878	1,000	4,471	1,283	239,527	265,808	-	265,808
Dispose	-	(1,901)	(17,437)	(1,157)	(1,487)	(4,000)	(130)	-	(26,112)	-	(26,112)
Other changes	705	961	54,593	790	727	117	(3)	(25,079)	32,811	-	32,811
Effects of foreign exchange changes	(1,338)	(7,972)	(1,983)	(91)	(263)	(2,041)	(154)	(542)	(14,384)	-	(14,384)
December 31, 2021	<u>\$562,308</u>	<u>\$800,770</u>	<u>\$699,294</u>	<u>\$30,647</u>	<u>\$36,661</u>	<u>\$85,582</u>	<u>\$37,954</u>	<u>\$311,670</u>	<u>\$2,564,886</u>	<u>\$-</u>	<u>\$2,564,886</u>
Depreciation and impairment:											
January 1, 2021	\$-	\$348,321	\$403,840	\$25,142	\$29,741	\$37,974	\$30,491	\$-	\$875,509	\$-	\$875,509
Depreciation	-	32,533	44,493	1,902	1,939	6,446	1,658	-	88,971	-	88,971
Dispose	-	(1,497)	(10,235)	(1,086)	(1,411)	(951)	(67)	-	(15,247)	-	(15,247)
Other changes	-	216	(8,319)	-	-	11,078	-	-	2,975	-	2,975
Effects of foreign exchange changes	-	(1,519)	(1,681)	(52)	(144)	(533)	(32)	-	(3,961)	-	(3,961)
December 31, 2021	<u>\$-</u>	<u>\$378,054</u>	<u>\$428,098</u>	<u>\$25,906</u>	<u>\$30,125</u>	<u>\$54,014</u>	<u>\$32,050</u>	<u>\$-</u>	<u>\$948,247</u>	<u>\$-</u>	<u>\$948,247</u>
Net carrying amount:											
December 31, 2022	<u>\$540,982</u>	<u>\$330,163</u>	<u>\$257,608</u>	<u>\$5,073</u>	<u>\$10,746</u>	<u>\$14,342</u>	<u>\$5,047</u>	<u>\$601,305</u>	<u>\$1,765,266</u>	<u>\$50,391</u>	<u>\$1,815,657</u>
December 31, 2021	<u>\$562,308</u>	<u>\$422,716</u>	<u>\$271,196</u>	<u>\$4,741</u>	<u>\$6,536</u>	<u>\$31,568</u>	<u>\$5,904</u>	<u>\$311,670</u>	<u>\$1,616,639</u>	<u>\$-</u>	<u>\$1,616,639</u>



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As the land where property, plant and equipment are located as stated by the Group falls in the land categories, such as fields and dry land, it is impossible to complete the registration of transfer thereof in the name of the Group. Therefore, it is registered under the name of the trust preliminarily, and a statement of unconditional title transfer has been received from the title owner. For the information about property, plant and equipment provided as security, please refer to Note VIII.

8. Investment property

	Land	Building	Total
Cost:			
January 1, 2022	\$193,373	\$169,912	\$363,285
Other changes	23,199	108,159	131,358
Effects of foreign exchange changes	(170)	(767)	(937)
December 31, 2022	<u>\$216,402</u>	<u>\$277,304</u>	<u>\$493,706</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 and impairment:			
January 1, 2022	\$-	\$134,751	\$134,751
Depreciation in the current period:	-	8,659	8,659
Other changes	-	16,568	16,568
Effects of foreign exchange changes	-	(146)	(146)
December 31, 2022	<u>\$-</u>	<u>\$159,832</u>	<u>\$159,832</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>\$216,402</u>	<u>\$117,472</u>	<u>\$333,874</u>
December 31, 2021	<u>\$193,373</u>	<u>\$35,161</u>	<u>\$228,534</u>
		2022	2021
Rent revenue from investment property		\$48,039	\$41,328
Less: The direct operating expenses incurred by the investment property generating rent revenue in the current period.		(9,587)	(8,060)
Total		<u>\$38,452</u>	<u>\$33,268</u>

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As the land where investment property is located as stated by the Group falls in the land categories, such as fields and dry land, it is impossible to complete the registration of transfer thereof in the name of the Group. Therefore, it is registered under the name of the trust preliminarily, and a statement of unconditional title transfer has been received from the title owner.

For the information about investment property provided as security, please refer to Note VIII.

The fair value of the investment property held by the Group was NT\$419,878 thousand and NT\$302,106 thousand on December 31, 2022 and 2021.

The fair value of investment property held by the Group is based on the evaluations made by the management of the Company. The determination of fair value is based on the support of market evidence; the valuation methods adopted are the income method and comparison method, respectively; the material assumptions and the assessed fair value are as follows:

With income method adopted:

	December 31, 2022	December 31, 2021
Fair value	\$294,891	\$302,106
Discount rate	4.22%	4.10%

With cost method adopted: Refers to the method that deducts cumulative depreciations and other deductions from the rebuilding cost or replacement cost on the date of assessing the price of the target to estimate the price of the assessing target.

	December 31, 2022	December 31, 2021
Fair value	\$43,213	\$-
Ratio of salvage value	26%~38%	-
Remaining useful life	19~29 years	-

With comparison method adopted: Refers to the method that is based on the comparison of the target price to estimate the price of assessing the target through comparison, analysis, and adjustments.

	December 31, 2022	December 31, 2021
Fair value	\$81,774	\$-

#### 9. Short-term borrowings

	Interest rate range (%)	December 31, 2022	December 31, 2021
Unsecured bank borrowings	1.72%~6.36%	\$554,954	\$552,399

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	Interest rate range (%)	December 31, 2022	December 31, 2021
Secured bank borrowings	3.85%	35,705	30,104
Related party borrowings	-	-	13,840
Total		<u>\$590,659</u>	<u>\$596,343</u>

For the information about security for bank borrowings, please refer to Note VIII.

10. Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable:		
Domestic secured ordinary corporate bonds payable	\$360,000	\$360,000
Domestic unsecured convertible corporate bonds payable	475,015	-
Net amount	<u>\$835,015</u>	<u>\$360,000</u>

(a) Domestic secured corporate bonds payable

	December 31, 2022	December 31, 2021
Carrying amount of domestic secured corporate bonds payable	<u>\$360,000</u>	<u>\$360,000</u>

The Group issued the 1st domestic secured corporate bonds at the par value of NT\$360,000 thousand in total on May 28, 2020, for the term of five years. The principal thereof shall be repaid in full upon expiration of five years upon the issuance.

The corporate bonds accrue the interest at the annual interest rate of 0.63%. The interest is payable once per year.

(b) Domestic unsecured convertible corporate bonds payable

	December 31, 2022	December 31, 2021
Elements of liability:		

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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 to redeem) and equity elements (the holder's option to request conversion to ordinary shares of the issuer); the major issuance terms are as follows:

Total issuance amount: NT\$500,000 thousand

Issuance period: From August 24, 2022 to August 24, 2025

Material redemption terms:

- A. From the day after three months after the issuance up to 40 days before the expiry of the issuance period, if the closing price of the Company's ordinary shares exceeds 30% (inclusive) over the conversion price at the time for 30 consecutive business days on TPEx, the Company may redeem the bonds in advance in cash based at the par value of the bonds.
- B. When the amount of the outstanding corporate bonds is 10% lower than the initial total issuance amount, the Company may fully redeem the corporate bonds in advance at the early redemption price.

Conversion method:

- A. Conversion target: Ordinary shares of the Company.
- B. Conversion period: Bondholders may request to convert into the Company's ordinary shares in exchange for a cash repayment of the Company from November 25, 2022 to August 24, 2025.
- C. Conversion price and its adjustment: The conversion price was set at NT\$17.59 per share

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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

(a) The details about long-term borrowings on December 31, 2022 and 2021 are stated as follows:

Creditor	December 31 2022	Interest rate (Note)	Repayment period and rules
The Export-Import Bank of ROC Credit loans	16,891 (US\$550 thousand)		from April 24, 2020 to February 8, 2023, with the principal repaid in full on the date of maturity.
The Export-Import Bank of ROC Credit loans	6,142 (US\$200 thousand)		from April 27, 2020 to April 27, 2023, with the principal repaid averagely in five installments starting as of the second year.
Cathay Bank Credit loans	100,000		from September 28, 2022 to September 27, 2024, with the principal repaid in full on the date of maturity..
Taiwan Business Bank Credit loans	5,555		from December 28, 2018 to December 27, 2023, with the principal repaid averagely in 20 installments.
Bank SinoPac Secured borrowings	25,000		from August 19, 2022 to August 31, 2024, with the principal repaid in full on the date of maturity.
Bank SinoPac Secured borrowings	56,000		from September 21, 2020 to September 30, 2025, with partial principal repaid in installments each year starting from the second year and the remaining principal repaid in full on the date of maturity.
Bank SinoPac Credit loans	30,000		from August 19, 2022 to August 31, 2024, with the principal repaid in full on the date of maturity.
Taipei Fubon Commercial Bank Credit loans	30,000		from December 30, 2021 to December 20, 2023, with the principal repaid in full on the date of maturity.

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Creditor	December 31 2022	Interest rate (Note)	Repayment period and rules
Mega International Commercial Bank (Arranger) Syndicated loan	200,000		from July 25, 2019 to July 25, 2024 with the principal repaid in full on the date of maturity.
The Shanghai Commercial & Savings Bank Credit loans	20,000		from February 11, 2022 to February 11, 2025, with the principal repaid averagely in eight installments as of the second year.
E-Sun Bank Credit loans	60,000		from May 4, 2022 to May 4, 2024, with the principal repaid in full on the date of maturity.
Mega International Commercial Bank Secured borrowings	60,000		from May 28, 2022 to May 27, 2024, with the principal repaid in full on the date of maturity.
Bank of Taiwan Credit loans	30,000		from September 15, 2022 to September 15, 2024, with the principal repaid in full on the date of maturity.
Agricultural Bank of China Secured borrowings	22,040 (RMB5,000 thousand)		RMB2,500 thousand to be repaid on June 26, 2023, RMB2,500 thousand on December 25, 2023, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	12,783 (RMB2,900 thousand)		RMB2,900 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	9,257 (RMB2,100 thousand)		RMB2,100 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	11,020 (RMB2,500 thousand)		RMB1,000 thousand to be repaid on June 25, 2027, RMB1,500 thousand on December 27, 2027, and no repayment in installment applied.

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Creditor	December 31 2022	Interest rate (Note)	Repayment period and rules
Agricultural Bank of China Secured borrowings	24,685 (RMB5,600 thousand)		RMB5,600 thousand to be repaid on December 27, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	48,488 (RMB11,000 thousand)		RMB11,000 thousand to be repaid on December 27, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	17,632 (RMB4,000 thousand)		RMB4,000 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	8,375 (RMB1,900 thousand)		RMB1,900 thousand to be repaid on December 27, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	30,635 (RMB6,950 thousand)		RMB6,950 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	15,781 (RMB3,580 thousand)		RMB3,580 thousand to be repaid on June 25, 2026, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	58,983 (RMB13,381 thousand)		RMB13,381 thousand to be repaid on December 25, 2026, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	20,409 (RMB4,630 thousand)		RMB4,630 thousand to be repaid on December 25, 2026, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	22,040 (RMB5,000 thousand)		RMB5,000 thousand to be repaid on December 25, 2025, and no repayment in installment applied.
Agricultural Bank of China Secured borrowings	13,444 (RMB3,050 thousand)		RMB3,050 thousand to be repaid on June 25, 2027, and no repayment in installment applied.



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Creditor	December 31 2022	Interest rate (Note)	Repayment period and rules
Agricultural Bank of China Secured borrowings	8,596 (RMB1,950 thousand)		RMB1,950 thousand to be repaid on June 25, 2026, and no repayment in installment applied.
E-Sun Bank Credit loans	61,420 (US\$2,000 thousand)		from December 23, 2022 to December 23, 2025, with the principal and interest repaid in 36 installments.
Subtotal	1,025,176		
Less: current portion	(115,601)		
Less: unamortized syndicated loan expenses	(1,413)		
Total	<u>\$908,162</u>		

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

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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.

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Creditor		December 31	Interest rate	Repayment period and rules
		2021	(Note)	
Taipei Fubon		30,000		from December 20, 2021 to December 20, 2023, with the principal repaid in full on the date of maturity.
Commercial Bank				
Secured borrowings				
Mega International		30,000		from July 25, 2019 to July 25, 2024 with the principal repaid in full on the date of maturity.
Commercial Bank				
(Arranger)				
Syndicated loan				
Agricultural Bank of China		21,720		RMB2,500 thousand to be repaid on June 26, 2023, RMB2,500 thousand on December 25, 2023, and no repayment in installment applied.
Secured borrowings		(RMB5,000 thousand)		
Agricultural Bank of China		12,598		RMB2,900 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Secured borrowings		(RMB2,900 thousand)		
Agricultural Bank of China		9,123		RMB2,100 thousand to be repaid on June 25, 2027, and no repayment in installment applied.
Secured borrowings		(RMB2,100 thousand)		
Agricultural Bank of China		10,860		RMB1,000 thousand to be repaid on June 25, 2027, RMB1,500 thousand on December 27, 2027, and no repayment in installment applied.
Secured borrowings		(RMB2,500 thousand)		
Agricultural Bank of China		24,326		RMB5,600 thousand to be repaid on December 27, 2027, and no repayment in installment applied.
Secured borrowings		(RMB5,600 thousand)		
Subtotal		470,170		
Less: current portion		(86,228)		
Less: unamortized syndicated loan expenses		(2,842)		
Total		<u>\$381,100</u>		

The details about commercial paper payable are stated as follows:

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		December 31	Interest	Term of contract and repayment rules
Guarantee or accepting institution		2021	rate (Note)	
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		<u>557,000</u>		
Total		<u><u>\$938,100</u></u>		

Note: The interest rate ranges from 0.89% to 3.95%.

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The commercial paper payable refers to Facility B in the syndicated loan contract signed with Mega Bank. For the information about the credit conditions and term, please refer to Note VI.11(3).

(b) For the information about collaterals provided to secure long-term borrowings, please refer to Note VIII.

(c) Syndicated bank loans

A. The Group signed the syndicated loan contract amounting to NT\$1,500,000 thousand with 14 financial institutions, including Mega Bank, on June 19, 2019. Among other things:

- ①Facility A: NT\$690,000 thousand as the working capital, revolving.
- ②Facility B: NT\$920,000 thousand secured by the commercial paper, revolving.
- ③Facility C: No more than NT\$507,500 thousand to secure the repayment for issuance of corporate bonds, not revolving, and the total of Facility B and Facility C as drawn down no more than Facility B.

B. Until December 31, 2022, NT\$560,000 thousand has been drawn down. The term commences on July 25, 2019 until July 25, 2024. Meanwhile, since the contract was executed, the following financial ratios have been calculated based on the borrower's annual consolidated financial statements audited and certified by a CPA approved by the managing bank, and the borrower's semi-annual consolidated financial statements audited and certified by a CPA approved by the managing bank, and shall be maintained continuously:

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

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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 and its domestic subsidiaries adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages. The Company and its domestic subsidiaries make monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts maintained at the Bureau of Labor Insurance, according to the employee retirement regulations adopted in accordance with the same Act.

Pension benefits for employees of the subsidiaries in China are provided in accordance with the local regulations. The subsidiaries will make contributions of certain percentage of each individual employee's salaries to employee's pension accounts maintained at the relevant government departments.

Pension benefits for employees of foreign subsidiaries and branches are contributed to the accounts maintained at the related retirement management enterprise, in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT\$27,898 thousand and NT\$23,873 thousand, respectively.

### Defined benefit plans

The Group adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount

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equivalent to 6%–15% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the Pension Supervisory Committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in said designated labor pension fund account. If the balance cannot afford to pay pensions calculated for workers retiring in following year as calculated in said manner, the Company and subsidiaries will make up the difference in one appropriation before the end of March in following year.

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The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in self-operation or engaged operation, based on a passive and aggressive investment strategy for long/mid-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits, if any, after the approval of the competent authority. As the Company has no right to participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with Paragraph 142 of IAS 19. The Group expects to contribute NT\$2,860 thousand to its defined benefit plan in the year following December 31, 2022.

As of December 31, 2022, the Group expects its defined benefits plan obligation to become due in 2028.

Pension costs recognized in profit or loss are as follows:

	2022	2021
Current-period service cost	\$140	\$137
Net interest on net defined benefit liabilities (assets)	310	151
Total	<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):



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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2021	\$55,905	\$(8,684)	\$47,221
Current-period service cost	137	-	137
Interest expenses (revenue)	179	(28)	151
Subtotal	56,221	(8,712)	47,509
Remeasurements of net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	141	-	141
Actuarial gains and losses arising from changes in financial assumptions	(2,154)	-	(2,154)
Experience adjustments	4,251	-	4,251
Remeasurement of defined benefit assets	-	(148)	(148)
Subtotal	2,238	(148)	2,090
Benefits paid	(2,733)	2,733	-
Contributions from employer	-	(5,334)	(5,334)
December 31, 2021	\$55,726	\$(11,461)	\$44,265
Current-period service cost	140	-	140
Interest expenses (revenue)	390	(80)	310
Subtotal	56,256	(11,541)	44,715
Remeasurements of net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(1,773)	-	(1,773)
Experience adjustments	7	-	7
Remeasurement of defined benefit assets	-	(921)	(921)
Subtotal	(1,766)	(921)	(2,687)
Benefits paid	(1,730)	1,730	-
Contributions from employer	-	(2,860)	(2,860)
December 31, 2022	\$52,760	\$(13,592)	\$39,168

The following key assumptions are used to determine the Company's defined benefit obligation:

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	December 31, 2022	December 31, 2021
Discount rate	1.20%	0.70%
Expected salary increase rate	1.00%	1.00%

The sensitivity analysis on each significant assumption:

	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increasing by 0.5%	\$-	\$(1,618)	\$-	\$(2,248)
Discount rate decreasing by 0.5%	1,773	-	2,914	-
Expected salary increasing by 0.5%	1,767	-	2,889	-
Expected salary decreasing by 0.5%	-	(1,628)	-	(2,252)

Said sensitivity analysis is conducted on the effect potentially arising from defined benefit obligation in the event of a reasonable change in a single assumption (e.g. discount rate or expected salary), while the other assumptions remain unchanged. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no difference in the methods and assumptions used in preparing the sensitivity analyses between the current period and previous period.

### 13. Equity

#### (1) Ordinary share

Until December 31, 2022 and 2021, the Company's authorized capital and issued share capital were NT\$5,000,000 thousand and NT\$1,800,000 thousand, respectively, and paid-in capital was NT\$1,524,079 thousand and NT\$1,494,388 thousand, respectively, each at a par value of NT\$10 per share for 152,408 thousand shares and 149,439 thousand shares. Each share has one voting right and a right to receive dividends.

The annual shareholders' meeting made the resolution to perform a capital increase from earnings in the amount of NT\$29,691 thousand through issuance of 2,969 thousand new shares on May 31, 2022. The capital increase proposal was approved by the competent authority, and the registration change was 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

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for was 6 thousand ordinary shares; as of December 31, 2022, the registration change for the 6 thousand shares had not been completed; therefore, they were stated under the bond conversion right certificate item.

(2) Capital surplus

	December 31, 2022	December 31, 2021
Issued at premium	\$19,009	\$18,966
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired/disposed of	4,674	4,674
Recognition of equity components due to the issuance of convertible corporate bonds - Those arising from options	18,804	-
Others	33	9
Total	<u>\$42,520</u>	<u>\$23,649</u>

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According to laws and regulations, the capital surplus shall not be used except for making good the deficit of the Company. When the Company incurs no loss, the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company may be capitalized annually in proportion to the paid-in capital. Said capital surplus may also be distributed to shareholders in cash in proportion to the number of shares being held by each of them.

(c) Treasury stocks

A. The Company implements the treasury share system to buy back the Company's shares from TPEX. The changes thereof are specified as follows subject to the cause of buyback:

2022:

Cause of redemption	Number of shares, beginning	Increase in the current period	Decrease in the current period	Number of shares, ending
Number of shares transferred to employees	986 thousand shares	-	986 thousand shares	-

2021:

Cause of redemption	Number of shares, beginning	Increase in the current period	Decrease in the current period	Number of shares, ending
Number of shares transferred to employees	2,656 thousand shares	-	1,670 thousand shares	986 thousand shares

B. Until December 31, 2022 and 2021, the treasury stocks bought back by the Company but remaining uncanceled were nil and 986 thousand shares, amounting to nil and NT\$12,263 thousand, respectively.

C. The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and the Company is not entitled to distribute dividends and to vote.

(d) Earnings distribution and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

A. Pay all taxes and dues;

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- 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, 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:

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	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.

(e) Non-controlling interests

	2022	2021
Balance at January 1	\$159,200	\$174,204
Current-period net profits (loss) attributed to non-controlling interest	10,522	(9,854)
Other comprehensive income attributed to non-controlling interest:		
Exchange differences on translation of the financial statements of foreign operations	(1,463)	(1,354)
Change in ownership interests in subsidiaries	3,145	639
Increase/decrease in non-controlling interests	-	(4,435)
Ending balance	<u>\$171,404</u>	<u>\$159,200</u>

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14. Operating revenue

	2022	2021
Revenue from contracts with customers		
Sales revenue – injection and molding machine	\$4,213,264	\$3,649,132
Sales revenue – revenue from cables	212,187	316,891
Sales revenue – others	179,753	362,484
Total	<u>\$4,605,204</u>	<u>\$4,328,507</u>

(a) Breakdown of revenue

The components of revenue in 2022 are stated as follows:

	Headquarters in Taiwan	Headquarters in Mainland China	Others	Total
Injection and molding machine	\$849,356	\$3,242,250	\$121,658	\$4,213,264
Revenue from cables	212,187	-	-	212,187
Others	156,985	-	22,768	179,753
Total	<u>\$1,218,528</u>	<u>\$3,242,250</u>	<u>\$144,426</u>	<u>\$4,605,204</u>
Point in time of revenue recognition:				
Some point in time	\$1,218,528	\$3,242,250	\$144,426	\$4,605,204

The components of revenue in 2021 are stated as follows:

	Headquarters in Taiwan	Headquarters in Mainland China	Others	Total
Injection and molding machine	\$677,830	\$2,880,002	\$91,300	\$3,649,132
Revenue from cables	316,891	-	-	316,891

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Others	267,739	-	94,745	362,484
Total	<u>\$1,262,460</u>	<u>\$2,880,002</u>	<u>\$186,045</u>	<u>\$4,328,507</u>

Point in time of  
revenue recognition:

Some point in time	\$1,262,460	\$2,880,002	\$186,045	\$4,328,507
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(2) Contract balance

A. Contract assets - current

	December 31, 2022	December 31, 2021	January 1, 2021
Sale of goods	<u>\$2,288</u>	<u>\$11,247</u>	<u>\$8,538</u>

The significant changes in the balance of Group's contract assets in 2022 and 2021 are stated as follows:

	2022	2021
Variance	<u>\$(8,959)</u>	<u>\$2,709</u>

The decrease in the contract assets of the Group in 2022 was due to the fulfillment of collection conditions, and such assets were transferred to accounts receivable. Furthermore, for the evaluation of the impairment, please refer to Note VI.15. For the increase in the contract assets in 2021 was due to the performance of partial contract through sales of products; however, the Company has not been entitled to the rights to collect.

B. Contract liabilities – Current

	December 31, 2022	December 31, 2021	January 1, 2021
Sale of goods	<u>\$189,591</u>	<u>\$333,906</u>	<u>\$262,196</u>

The significant changes in the balance of the Group's contract liabilities in 2022 and 2021 are stated as follows:

	2022	2021
Variance	<u>\$(144,315)</u>	<u>\$71,710</u>

Regarding the changes in contract liabilities of the Group in 2022 and 2021, the decrease in 2022 was due to the achievement of the collection conditions and the transfer into accounts receivables; for the details of impairment evaluation, please refer to Note VI.15; the increase in 2021 was due



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to the partial collection of consideration upon the time of execution of contracts, and the Company had to assume the obligations after the sales of products; therefore, the Group recognized contract liabilities.

15. Expected credit impairment losses

	2022	2021
Operating expenses – Expected credit impairment losses		
Notes receivable	\$1,530	\$ (660)
Accounts receivable	26,808	16,524
Total	<u>\$28,338</u>	<u>\$15,864</u>

Please refer to Note XII for further details on credit risk.

The Group measures the allowance for loss of its contract assets and receivables (including note receivables and accounts receivables) at an amount equal to lifetime expected credit losses, and also measures the allowance for loss with respect to individual trading counterpart with difficulty in finance. This amounted to NT\$171,144 thousand and NT\$125,805 thousand, and allowances for losses were NT\$56,265 thousand and NT\$26,911 thousand, as of December 31, 2022 and 2021, respectively. The other contract assets and receivables (including notes receivable and accounts receivable) were grouped by taking into consideration the trading counterpart's credit rating, region and industry, and the allowance for loss thereof measured by using a provision matrix.

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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	1–2 years	Over 2 years	
Total carrying amount	\$1,379,605	\$166,026	\$69,636	\$11,844	\$4,337	\$260	\$1,631,708
Loss rate	0.00%~ 0.67%	0.00%~ 1.27%	0.00%~ 3.00%	0.00%~ 10.00%	17.88%~ 51.77%	100%	
Lifetime expected credit loss	(6,362)	(1,935)	(1,579)	(2,031)	(1,084)	(260)	(13,251)
Total	<u>\$1,373,243</u>	<u>\$164,091</u>	<u>\$68,057</u>	<u>\$9,813</u>	<u>\$3,253</u>	<u>\$-</u>	<u>\$1,618,457</u>

Note: All of the Group's contract assets and notes receivable have not past due.

The allowance for loss on December 31, 2021 was measured as follows:

	Not Past Due (Note)	Number of overdue days					Total
		Less than 90 days	90–180 days	180–365 days	1–2 years	Over 2 years	
Total carrying amount	\$1,106,548	\$184,462	\$74,995	\$58,196	\$1,999	\$3,254	\$1,429,454
Loss rate	0.00%~ 0.73%	0.00%~ 1.05%	0.00%~ 3.00%	0.00%~ 11.17%	18.74%~ 60.05%	100%	
Lifetime expected credit loss	(4,973)	(1,323)	(1,941)	(4,919)	(861)	(3,254)	(17,271)
Total	<u>\$1,101,575</u>	<u>\$183,139</u>	<u>\$73,054</u>	<u>\$53,277</u>	<u>\$1,138</u>	<u>\$-</u>	<u>\$1,412,183</u>

Note: All of the Group's contract assets and notes receivable have not past due.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)

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

The changes in the allowance for loss of the Group's 2022 contract assets, notes receivable and accounts receivable (including the current and non-current) is stated as follows:

	Contract assets	Notes receivable	Accounts receivable
Balance at January 1	\$-	\$1,126	\$43,056
Increase in the current period	-	1,530	26,808
Written off due to the inability of recovery	-	-	(3,375)
Effects of foreign exchange changes	-	(18)	389
Ending balance	\$-	\$2,638	\$66,878

The changes in the allowance for loss of the Group's 2021 contract assets, notes receivable and accounts receivable (including the current and non-current) is stated as follows:

	Contract assets	Notes receivable	Accounts receivable
Balance at January 1	\$-	\$1,786	\$26,556
Increase in the current period	-	(660)	16,524
Reclassification	-	-	7
Effects of foreign exchange changes	-	-	(31)
Ending balance	\$-	\$1,126	\$43,056

## 16. Leases

### (a) Group as a lessor

For the disclosure of the Group owned investment property, and the investment property held by the right-of-use assets, please refer to Note VI.8. The owned investment property is classified as operating lease as it doesn't substantially transfer all the risks and rewards incidental to ownership of an underlying asset. Fixed lease payments vary depending on a change in an index or a rate. For the information about the lease payments, please refer to Note VI.8.

	2022	2021
Lease income recognized from operating lease		
Income related to fixed lease payments	\$48,039	\$41,328

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO.,  
LTD. and its Subsidiaries (Cont'd)  
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The undiscounted lease payments and the total amount of the residual years to be collected by the Group on December 31, 2022 and 2021, for the operating lease contracts executed by the Group, are stated as follows:

	December 31, 2022	December 31, 2021
No more than one year	\$56,064	\$37,652
More than one year but no more than two years	52,125	22,140
More than two years but no more than three years	50,985	22,140
More than three years but no more than four years	43,388	21,060
More than four years but no more than five years	31,974	13,404
More than five years	39,172	48,480
Total	<u>\$273,708</u>	<u>\$164,876</u>

(b) Group as a lessee

The contracts executed by the Group for lease of land, houses and buildings range from 16 years to 50 years.

The effects posed by the lease to the Group's financial position, financial performance and cash flows are stated as follows:

A. Amount recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

	December 31, 2022	December 31, 2021
Land	\$129,249	\$130,270
Houses and buildings	23,914	25,291
Total	<u>\$153,163</u>	<u>\$155,561</u>

The Group's right-of-use assets increased by NT\$0 and thousand in 2022 and 2021, respectively.

(b) Lease liabilities

December 31, 2022	December 31, 2021
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Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)

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

Lease liabilities	\$25,861	\$26,692
Current	\$1,274	\$1,206
Non-current	24,587	25,486
Total	\$25,861	\$26,692

B. Amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2022	2021
Land	\$2,950	\$2,895
Houses and buildings	1,755	1,722
Total	\$4,705	\$4,617

C. The lessee's cash outflow from leasing activities

The Group's cash outflows from leases totaled NT\$2,292 thousand and NT\$2,083 thousand from January 1 to December 31, in 2022 and 2021, respectively.

17. Summary statement of employee benefits, depreciation and amortization expenses by function:

By function By nature	2022			2021		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefit expense						
Salary expense	\$169,940	\$328,269	\$498,209	\$173,589	\$296,857	\$470,446
Labor and health insurance expense	9,874	17,752	27,626	10,160	17,430	27,590
Pension expenses	8,962	19,386	28,348	7,693	16,468	24,161
Remuneration of Directors	-	5,418	5,418	-	3,245	3,245
Other employee benefit expenses	12,084	7,471	19,555	9,293	7,718	17,011
Depreciation expense	67,409	30,061	97,470	69,015	31,700	100,715
Amortization expenses	-	12,221	12,221	86	12,127	12,213

Note: In 2022 and 2021, the depreciation expenses of investment properties amounted to NT\$2,770 thousand and nil, respectively, and were stated in "non-operating income and expenses - other gains and losses."

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO.,  
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According to the Company's Articles of Incorporation, where there are annual profits at the end of a financial year, no less than 3% of the profits for such year shall be distributed to employees as the remuneration to employees, and no more than 3% thereof as remuneration to directors. Notwithstanding, the accumulated losses, if any, shall have been covered first. By a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, the Group may have the profit distributable as employees' compensation in the form of stock or in cash and report the same to a shareholders' meeting. The information on the Board of Directors' resolution regarding the remuneration to employees and directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit sought in 2022, the Company estimated the remunerations to employees and directors. The remunerations to employees and directors recognized in 2022 were NT\$11,569 thousand and NT\$4,628 thousand, as stated in the salary expenses.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO.,  
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A resolution was passed at a Board of Directors meeting to distribute NT\$11,569 thousand and NT\$4,628 thousand in cash as remuneration to employees and directors for 2022, respectively, on March 22, 2023. No material differences exists between the estimated amounts and the amounts stated as expenses in the 2022 financial report.

The remunerations to employees and directors/supervisors distributed actually in 2021 were NT\$7,630 thousand and NT\$2,435 thousand. No material differences exists between the same and the amounts stated as expenses in the 2021 financial report.

18. Non-operating income and expense

(a) Other income

	2	2
	0	0
	2	2
	2	1
Interest revenue	\$23,490	\$28,801
Other revenue – others	53,480	41,491
Total	\$76,970	\$70,292

(b) Other gains or losses

	2	2
	0	0
	2	2
	2	1
(Losses) on disposal of property, plant and equipment	\$(1,489)	\$(8,613)
(Losses) on net foreign currency exchange	(14,501)	(11,415)
Gains on disposal of financial assets at FVTPL	716	10,492
Impairment losses - property, plant and equipment	(5,593)	(11,086)
	(4,990)	-
Impairment losses - Financial assets at FVTPL		
Impairment losses - Investment accounted for using the equity method	-	(461)
Other expenditure	(16,238)	(17,590)

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO.,  
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(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Total	<u>\$ (42,095)</u>	<u>\$ (38,673)</u>
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(c) Financial costs

	2	2
	0	0
	2	2
	<u>2</u>	<u>1</u>
Interest expenses on bonds	\$ (5,291)	\$ (2,268)
Interest on bank loans	(31,469)	(14,561)
Interest on lease liabilities	(1,064)	(1,088)
Others	<u>(35)</u>	<u>(35)</u>
Total	<u>\$ (37,859)</u>	<u>\$ (17,952)</u>

19. Components of other comprehensive income

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

	Recognize d during the period	Reclassifie d 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 plan	\$2,687	\$-	\$2,687	\$ (537)	\$2,150
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	<u>20,747</u>	<u>-</u>	<u>20,747</u>	<u>(4,442)</u>	<u>16,305</u>
Total other comprehensive income in the current period	<u>\$23,434</u>	<u>\$-</u>	<u>\$23,434</u>	<u>\$ (4,979)</u>	<u>\$18,455</u>

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



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	Recognize d during the period	Reclassifie d 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 plan	\$(2,091)	\$-	\$(2,091)	\$418	\$(1,673)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	(16,713)	-	(16,713)	3,072	(13,641)
Total other comprehensive income in the current period	<u>\$(18,804)</u>	<u>\$-</u>	<u>\$(18,804)</u>	<u>\$3,490</u>	<u>\$(15,314)</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

2 2

Current-period income tax expenses:		
Current-period income tax expenses	\$59,250	\$69,595
Adjustment of the income tax in the previous year in the current period	(8,840)	1,002
Deferred income tax expenses:		
Deferred income tax expenses related to origination and reversal of temporary difference	42,185	50,491
Deferred income tax expenses related to origination and reversal of tax loss and income tax credit	(8,635)	(7,645)
Income tax expenses	<u>\$83,960</u>	<u>\$113,443</u>

(b) Income tax recognized in other comprehensive income

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO.,  
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2 2

Deferred income tax expenses (gains):		
Exchange differences on translation of the financial statements of foreign operations	\$4,442	\$(3,072)
Actuarial gains and losses on defined benefit plan	537	(418)
Income tax related to components of other comprehensive income	\$4,979	\$(3,490)

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

2 2

Net income before tax of continuing operations	\$253,937	\$221,231
Tax at the domestic rates applicable to profits in the country concerned	\$82,176	\$75,059
Tax effect of expenses not deductible (tax-free income) for tax purposes	(4,745)	(2,419)
Tax effect of deferred income tax assets/liabilities	(7,489)	1,455
Deferred income tax without recognizing tax loss	24,805	38,346
Adjustment of the income tax in the previous year in the current period	(8,840)	1,002
Other effects of adjustments based on the tax law on income tax:	(1,947)	-
Income tax expense recognized in profit or loss	\$83,960	\$113,443

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

2022

	Balance at January 1	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Directly recognize in equity	Translation differences	Ending balance
Temporary differences						
Inventory falling price reserves	\$17,038	\$(160)	\$-	\$-	\$38	\$16,916

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)

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

Share of net (gains) on subsidiaries accounted for using equity method	(270,988)	(51,369)	-	-	-	(322,357)
Exchange differences on translation of the financial statements of foreign subsidiaries	11,210	-	(4,442)	-	-	6,768
Accruable pension liabilities	8,853	(482)	(537)	-	-	7,834
Reserve for land value increment tax	(222,545)	-	-	-	-	(222,545)
Unused tax loss	47,633	8,635	-	-	-	56,268
Convertible corporate bonds	-	-	-	(4,701)	-	(4,701)
Others	18,738	9,826	-	-	778	29,342
Deferred income tax (expenses)/gains		<u>\$(33,550)</u>	<u>\$(4,979)</u>	<u>\$(4,701)</u>	<u>\$816</u>	
Net deferred tax assets/(liabilities)	<u>\$(390,061)</u>					<u>\$(432,475)</u>
The information expressed in the balance sheet:						
Deferred tax income assets	<u>\$92,292</u>					<u>\$110,252</u>
Deferred income tax liabilities	<u>\$(482,353)</u>					<u>\$(542,727)</u>

2021

	Balance at January 1	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Translation differences	Ending balance
Temporary differences					
Inventory falling price reserves	\$18,697	\$(1,625)	\$-	\$(34)	\$17,038
Share of net (gains) on subsidiaries accounted for using equity method	(226,336)	(44,652)	-	-	(270,988)
Exchange differences on translation of the financial statements of foreign subsidiaries	8,138	-	3,072	-	11,210
Accruable pension liabilities	9,444	(1,009)	418	-	8,853
Reserve for land value increment tax	(222,545)	-	-	-	(222,545)

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)

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

Unused tax loss	39,988	7,645	-	-	47,633
Others	21,471	(3,205)	-	472	18,738
Deferred income tax				\$438	
(expenses)/gains		<u>\$(42,846)</u>	<u>\$3,490</u>		
Net deferred tax assets/(liabilities)	<u>\$(351,143)</u>				<u>\$(390,061)</u>
The information expressed in the balance sheet:					
Deferred tax income assets	<u>\$93,584</u>				<u>\$92,292</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		Expiration year
		December 31, 2022	December 31, 2021	
2015	70,299	\$47,756	\$47,756	2025
2016	40,988	40,988	40,988	2026
2017	23,024	23,024	23,024	2027
2020	88,171	37,853	37,853	2030
2021	88,545	84,883	88,545	2031
2022	46,838	46,838	-	2032
		<u>\$281,342</u>	<u>\$ 238,166</u>	

The assessment on income tax returns

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

	The assessment on income tax returns
The Company	Authorized until 2020
Subsidiary – SHING FUH TAI TECHNOLOGY CORP.	Authorized until 2020

21. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)

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the ordinary shareholders of the parent company (upon reconciliation of interest on convertible corporate bonds) by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares to be issued when dilutive potential ordinary shares are converted into ordinary shares.

The basic earnings per share and diluted earning per share are calculated as follows:

	2022	2021
(a) Basic earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT\$ Thousand)	\$159,455	\$117,642
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (Thousand Shares) (Note)	151,669	147,061
Basic earnings per share (NT\$)	\$1.05	\$0.80
(b) Diluted earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT\$ Thousand)	\$159,455	\$117,642
Interest on convertible corporate bonds (NT\$ Thousand)	2,418	-
Net profit attributed to ordinary shareholders of parent company upon effect of adjustment and dilution (NT\$ Thousand)	\$161,873	\$117,642
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (Thousand Shares) (Note)	151,669	147,061
Dilution effect:		
Employee bonus – stocks (thousand shares)	765	406
Potential number of shares upon conversion of convertible corporate bonds (thousand shares)	10,050	-
Weighted average number of ordinary shares after adjustment and dilution (Thousand Shares)	162,484	147,467
Diluted earnings per share (NT\$)	\$1.00	\$0.80

Note: The pro forma retroactive adjustment for bonus shares.

There have been no other transactions involving outstanding ordinary shares or potential ordinary shares between the reporting period and the date of approval and publication of the financial statements.

## VII. Related-party Transactions

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO.,  
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Related parties in the transactions with the Group during the reporting period:

Related party name and categories

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Everrank Investment Group Inc.	Substantial shareholder of the Group

Significant transactions among related parties

1. Financing status

The details about capital transactions as of December 31, 2022 and 2021 are stated as follows:

Name of related party: Substantial related party of the Group

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Highest balance	\$-	\$13,840 (US\$500 thousand)
Ending balance	\$-	\$13,840 (US\$500 thousand)

2. Remuneration to the Group's key management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$52,221	\$39,540
Pensions	1,411	1,354
Total	<u>\$53,632</u>	<u>\$40,894</u>

VIII. Pledged assets

The Group has provided the following assets as collaterals:

<u>Item</u>	<u>Carrying amount</u>		<u>Details about the secured debts</u>
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	
Pledged bank deposits (recognized in other current assets)	\$44,979	\$13,395	Endorsements/guarantees provided to others, letter of guarantee, and security deposits for acceptance bills

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Item	Carrying amount		Details about the secured debts
	December 31, 2022	December 31, 2021	
Pledged bank deposits (recognized in other non-current assets)	45,779	60,498	Letter of guarantee and acceptance bill margin, etc.
Property, plant and equipment – land and buildings	594,963	584,629	Long-term borrowings and security deposits for acceptance bills
Investment property	204,445	208,630	Long-term borrowings
Right-of-use assets – land	119,150	119,986	Long-term borrowings and acceptance bills
Total	<u>\$1,009,316</u>	<u>\$987,138</u>	

IX. Significant Contingent Liabilities and Unrecognized Commitments

The Group has had the following contingencies or commitments not included into the financial statements until December 31, 2022:

1.As of December 31, 2022, the Group has applied for a performance bond of NT\$15,200 thousand from the Ministry of Economic Affairs for the development of smart molding technology for high-quality sealed storage tanks.

2.The Company has had the following important contracts until December 31, 2022.

Company Name			Important contract	Contract amount	Amount paid	Amount outstanding
Fu	Chun	Shin	Construction	\$562,139	\$555,434	\$6,705
(Ningbo)	Precision		in progress –	(RMB127,527	(RMB126,006	(RMB1,521
Technology Co., Ltd.			new factory premises	thousand)	thousand)	thousand)

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO.,  
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X. Losses Due to Major Disasters

None.

XI. Significant Events

None.

XII. Others

1. Categories of financial instruments

Financial assets

	December 31, 2022	December 31, 2021
Financial assets at FVTPL:		
Financial assets mandatorily measured at fair value through profit or loss (including the current and non-current)	\$277,160	\$460,373
Financial assets at FVOCI measured at FVOCI	57,676	-
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	693,826	531,796
Notes receivable (including the current and non-current)	460,739	304,818
Accounts receivable (including the current and non-current)	1,270,309	1,195,012
Pledged bank deposits (recognized in other current assets)	44,979	13,395
Pledged bank deposits (recognized in other non-current assets)	45,779	60,498
Refundable deposits (recognized in other non-current assets)	19,794	20,159
Subtotal	2,535,426	2,125,678
Total	\$2,870,262	\$2,586,051



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Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$590,659	\$596,343
Payables	1,252,758	1,435,623
Bonds payable (including the current portion)	835,015	360,000
Long-term borrowings (including the current portion)	1,023,763	1,024,328
Deposits received	12,391	9,994
Lease liabilities	25,861	26,692
Total	<u>\$3,740,447</u>	<u>\$3,452,980</u>

2. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for said financial risk management. Before entering into significant financial transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group shall comply with its financial risk management policies during its financial management activities.

3. Market risk

Market risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of the changes in market prices. The Group's market risk primarily includes foreign exchange rate risk, interest rate risk and other price risks.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the foreign exchange rate risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO.,  
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functional currency) and net investment in foreign operations.

The Group's foreign currency receivables and foreign currency payables are denominated in the same foreign currency in part. Accordingly, the equivalent positions would generate a natural hedging effect. The Group uses forward exchange contracts to manage the foreign exchange rate risk with respect to certain foreign currency payments. Considering that the management of foreign exchange rate risk by said natural hedging and forward exchange contracts do not satisfy the hedge accounting requirements, the Group waives the adoption of hedge accounting. Further, the net investment in foreign operations is considered as strategic investments, for which the Group does not adopt any hedging policy.

The Group's foreign exchange rate risk sensitivity analysis is performed on the effect posed to the Group's income by appreciation/depreciation of foreign currency related to the significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign exchange rate risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivit analysis is as follows:

When NTD appreciates/depreciates against the USD by 1%, the Group's profit for 2022 and 2021 is decreased/increased by NT\$2,434 thousand or NT\$2,373 thousand.

Interest rate risk

The interest rate risk arises when the fluctuation of the market interest rate results in fluctuation in financial instruments' fair value or future cash flow. The Group's interest rate risk arises primarily from the floating rate investment, and fixed rate and floating rate loans.

The Group maintains adequate fixed rate and floating rate portfolio, in addition to interest rate swaps, to manage the interest rate risk. Notwithstanding, as such management does not satisfy the hedge accounting requirements, the Group waives to adopt the hedge accounting.

The sensitivity analysis on the Group's interest rate risk is primarily intended to be conducted against the interest rate exposure items at the end of the financial reporting period, including the floating rate investments, floating rate loans and interest rate swaps. Meanwhile, under the hypothesis of holding for one fiscal year, when the interest rate increases/decreases by 10 basis points, the Group's profit for 2021 and 2020 decreases/increases by NT\$1,663 thousand or NT\$1,092 thousand.

4. Credit Risk Management

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)

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

Credit risk is the risk that a trading counterpart will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for contract assets, accounts receivables and notes receivables) and from its financing activities (primarily for bank deposits and other financial instruments).

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all trading counterparts based on their financial position, rating from credit rating agencies, historical experience in transactions, prevailing economic conditions and the Group's internal rating criteria, etc. The Group also uses certain credit enhancing procedures (such as unearned sales revenue and insurance) to mitigate certain trading counterparts' credit risk.

As of December 31, 2022 and 2021, the top ten contract assets and accounts receivable represented 33.34% and 35.27% of the Group's total contract assets and accounts receivables, respectively. The credit concentration risk of the other contract assets and accounts receivables is relatively insignificant.

The Group's treasury department manages the credit risk over the bank deposits, fixed-income securities and other financial instruments in accordance with the Group's policy. The Group only transacts with trading counterparts approved by the internal control procedures, which are banks and financial institutions, companies and government agencies with good credit ratings. Consequently, there is no significant credit risk for these trading counterparts.

The Group adopted IFRS 9 to assess the expected credit losses, and except for contract assets and receivables, the rest debt instruments not measured at fair value through profit or loss have the allowance for loss measured based on the lowest risk credit at initial procurement, and on every balance sheet date whether the credit risk is significantly increased since the initial recognition is assessed to determine the method and the loss rate for measuring the allowance for loss. The information about the Group's credit risk assessment is stated as follows:

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	\$1,802,852	\$1,555,259

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO.,  
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Note: Adopt the Simplified Approach (to measure the allowance for loss based on the lifetime expected credit loss), including contract assets, notes receivable and accounts receivable.

The financial assets with recovery unable to be reasonably expected (e.g. the issuer or debtor has major financial difficulties, or has gone bankrupt) by the Group are written off.

The Group disposes of the investment in debt instruments with increased credit risks in a timely manner to mitigate the credit loss. To assess the expected credit losses, the forward-looking information (obtained without excessive cost or investment) used also includes general economic information and industry information, and the loss rate is adjusted if the information shows significant impact on the credit losses.

#### 5. Liquidity Risk Management

The Group's objective is to maintain financial resilience through cash and cash equivalents, high-liquidity securities and bank loan contracts. The table below summarizes the maturity profile of the Group's financial liabilities based on the earliest date when the repayment is required and the undiscounted cash flows thereof. The amount so identified also includes the agreed interest. The undiscounted interest amounts of the cash flow of interest payable at floating rate are extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

##### Non-derivative financial instruments

	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
December 31, 2022					
Borrowings	\$725,672	\$622,211	\$302,540	\$-	\$1,650,423
Bonds payable	2,268	863,113	-	-	865,381
Payables	1,252,758	-	-	-	1,252,758
Lease liabilities	2,285	4,570	4,753	22,310	33,918
Financial guarantee contract (Note)	51,710	-	-	-	51,710
December 31, 2021					
Borrowings	\$690,860	\$864,119	\$45,013	\$58,795	\$1,658,787
Bonds payable	2,268	4,536	360,945	-	367,749
Payables	1,435,623	-	-	-	1,435,623
Lease liabilities	2,252	4,504	4,504	24,418	35,678
Financial guarantee contract (Note)	71,082	-	-	-	71,082

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Note: It refers to the maximum limit of amount which the Group might need to pay in order to perform the guarantee obligation, if a financial guarantee contractor holder claims the damages in full against the guarantor. Notwithstanding, given the balance sheet date as expected, the Group considers that it should be unlikely that the Group needs to pay it.

6. Reconciliation of liabilities from financing activities

The information about adjustment of liabilities in 2022:

	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liabilities	Total liabilities from financing activities
January 1, 2022			\$360,000		
Cash flow	\$596,343	\$1,024,328		\$26,692	\$2,007,363
Not changes in cash	(15,453)	(10,924)	494,850	(1,228)	467,245
Changes in the foreign exchange rate	-	-	(19,835)	-	(19,835)
	9,769	10,359	-	397	20,525
December 31, 2022	\$590,659	\$1,023,763	\$835,015	\$25,861	\$2,475,298

The information about adjustment of liabilities in 2021:

	Short-term borrowings	Short-term bills payable	Long-term borrowings	Bonds payable	Lease liabilities	Total liabilities from financing activities
January 1, 2021		\$49,961		\$360,000		
Cash flow	\$597,203		\$781,777		\$27,898	\$1,816,839
Not changes in cash	1,369	(49,961)	235,585	-	(2,083)	184,910
Changes in the foreign exchange rate	-	-	-	-	1,088	1,088
	(2,229)	-	6,966	-	(211)	4,526
December	\$596,343	\$-	\$1,024,328	\$360,000	\$26,692	\$2,007,363

31, 2021

## 7. Fair value of financial instruments

### (a) The methods and assumptions applied in determining the fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses the following methods and assumptions to measure or disclose the fair value of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including TWSE/TPEX-listed stocks, beneficiary certificates, bonds and futures).

C. For equity instruments not traded in an active market (including stocks offered by TWSE/TPEX-listed companies in a private placement, stocks issued by a listed company without active market quotation, and stocks issued by unlisted companies), the fair value is assessed under the market approach. That is, the fair value is estimated based on the price generated from the market where an identical or a comparable company's equity instruments are traded, and other critical information (e.g., the inputs including discounts for lack of marketability, similar company's P/E ratio, similar company's P/B ratio).

D. For investment in debt instruments without active market quotation, bank loans, bonds payable and other non-current liabilities, the fair value is decided based on the trading counterpart's quotation or valuation technique. The valuation technique is decided based on an analysis of cash flow discounts. The interest rate and discount rate hypotheses are based on the information related to similar instruments (e.g. TWSE reference interest rate yield curve, Reuters average quotation of promissory note interest rate and credit risk).

E. The fair value of derivatives which are not options and without public market quotations, is determined based on the trading counterpart's quotation or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the trading counterpart's quotation or appropriate option pricing model (e.g. Black-Scholes Model) or other valuation methods

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(e.g. Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and financial liabilities measured at amortized cost approximate their fair values.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note XII.9 for the fair value measurement hierarchy for financial instruments of the Group.

8. Derivative financial instruments

The information about the derivative financial instruments that fail to satisfy the hedge accounting and remain undue as held by the Group until December 31, 2022 and 2021 is stated as follows:

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Forward exchange contract

The Group enters into forward exchange contracts to manage the exposures of certain transactions, but these contracts are not designated as hedging instruments. The forward exchange contracts are stated as follows:

Item	Contract amount	Period
December 31, 2022 None.		
December 31, 2021 Forward exchange contract	Sell – US\$876 thousand	September 30, 2021–March 29, 2022

Embedded derivative instruments

The Group identified embedded derivatives due to the issuance of convertible corporate bonds, and they were separated from the main contract and treated by measuring at FVTPL; for details of the information on the contract of the transaction, please refer to Note VI.10.

The forward exchange contracts are intended to evade the risk over changes in the foreign exchange rate for net assets or liabilities. Corresponding cash inflow or outflow will be generated upon maturity of these contracts. Besides this, the Company's working fund can afford to cover it. Therefore, no significant cash flow risk might arise.

9. Fair value hierarchy

(a) Definition of fair value hierarchy

All assets and liabilities measured or disclosed at fair value are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Each level of inputs is described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities acquired at the date of measurement.



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Level 2: Inputs observable for the asset or liability, either directly or indirectly, other than quoted prices included within Level 1.

Level 3: Unobservable inputs for the asset or liability.

For assets and liabilities measured at fair value on a recurring basis, the Group reevaluates their classification at the end of each reporting period to determine the amount of any transfer between different fair value hierarchy levels.

(2) Fair value measurement hierarchy

The Group does not have assets that are measured at fair value on a non-recurring basis. The fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

December 31, 2022

	1st Level	2nd Level	3rd Level	Total
<u>Financial assets</u>				
Financial assets at FVTPL				
Fund	\$-	\$5,464	\$-	\$5,464
Shares	-	2,640	48,010	50,650
Wealth management products	-	-	220,646	220,646
Embedded derivative instruments	-	-	400	400
Financial assets at FVOCI				
Unlisted shares	-	-	57,676	57,676

December 31, 2021

	1st Level	2nd Level	3rd Level	Total
<u>Financial assets</u>				
Financial assets at FVTPL				
Forward exchange contract	\$-	\$146	\$-	\$146
Shares	-	6,435	62,313	68,748
Wealth management products	-	-	391,479	391,479

Transfer of fair value measurement hierarchy between Level 1 and Level 2

In 2022 and 2021, there were no transfers of fair value measurement hierarchy between Level

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1 and Level 2.

Breakdown of changes in level 3 repetitive fair value

For assets and liabilities of the Group measured at repetitive fair value in fair value level 3, the reconciliation of the opening and closing balance is set out as follows:

	Assets			
	Financial assets measured at fair value through profit or loss			Measured at FVOCI
	Shares	Wealth management products	Derivative instruments	Unlisted shares
January 1, 2022	\$65,313	\$391,479	\$-	\$-
Total (losses) recognized in 2022:				
Recognized in profit or loss (stated in other gains and losses)	(7,303)	5,622	(342))	-
Issued/acquired in 2022	-	1,724,502	742	57,676
Disposed of/settled in 2022	(10,000)	(1,907,278)	-	-
Effects of foreign exchange changes	-	6,321	-	-
December 31, 2022	\$48,010	\$220,646	\$400	\$57,676

	Assets	
	Financial assets measured at fair value through profit or loss	
	Shares	Wealth management products
January 1, 2021	\$60,000	\$526,236
Total (losses) recognized in 2021:		
Recognized in profit or loss (stated in other gains and losses)	2,313	7,160
Issued/acquired in 2021	3,000	2,126,698
Disposed of/settled in 2021	-	(2,264,533)
Effects of foreign exchange changes	-	(4,082)
December 31, 2021	\$65,313	\$391,479

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Information on fair value level 3 significant unobservable inputs

For assets at repetitive fair value of fair value level 3 of the Group, the significant observable inputs at fair value are set out in the following table:

December 31, 2022:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis and value relationship of the relationship of inputs and fair value
Financial assets: Financial assets measured at fair value through profit or loss					
Embedded derivative instruments	Binary tree convertible bond valuation model		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	Volatility Market approach	Price-to-earnings ratio of similar companies	14.42~18.04	The higher the price-to-earnings ratio of similar companies, the higher the fair value estimate.	When the price-to-earnings ratio of similar companies increase (decreases) by 10%, the profit or loss of the Group will increase/decrease by NT\$7,870 thousand.
Measured at FVOCI					
Unlisted shares	Market approach	Lacking liquidity discount	30.00%	The higher the level of lacking liquidity, the lower the fair value estimates.	When the ratio of lacking liquidity increases (decreases) by 5%, the equity of the Group will increase/decrease by NT\$ 5,276 thousand.

December 31, 2021: None.

Valuation procedures for level 3 fair value measurement

The Group's Finance Department is responsible for carrying out fair value verification, allowing the valuation results to be more true to the market status by using data from independent sources, ensuring the data sources are independent, reliable, consistent with other resources, and represent

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enforceable prices, and they are also responsible for performing analysis on the changes in the value of remeasured or re-evaluated assets and liabilities to ensure the valuation results are reasonable.

10. Significant assets and liabilities denominated in foreign currencies

Information regarding the Group's significant assets and liabilities denominated in foreign currencies is listed below:

December 31, 2022			
	Foreign Currency	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$6,656	30.710	\$204,406
<u>Financial liabilities</u>			
Monetary items:			
USD	14,582	30.710	447,813
December 31, 2021			
	Foreign Currency	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$11,300	27.680	\$312,784
RMB	4,721	4.344	20,509
<u>Financial liabilities</u>			
Monetary items:			
USD	19,012	27.680	526,252

In consideration of the multiple functional currencies adopted by the Group's entities, it is impossible for the Group to disclose the information about exchange gains/losses on various significant assets and liabilities denominated in foreign currencies. In 2022 and 2021, the Group's foreign currency exchange gains (losses) were NT\$14,501 thousand and NT\$11,415 thousand, respectively.

11. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business operations and maximize its shareholders' equity. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

12. Others

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO.,  
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Meanwhile, in order to help the comparison of financial statements, certain titles in the financial statements prepared in the past are re-classified.

**XIII. Other disclosures**

**1. Information on Significant Transactions**

- (a) Financing provided to others: Please refer to Table 1.
- (b) Endorsements/guarantees provided: Please refer to Table 2.
- (c) Ending marketable securities held by the investee: Please refer to Table 3.
- (d) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- (e) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (f) Disposal of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (g) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 4.
- (h) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 5.
- (i) Trading in derivative instruments: Please refer to Note VI.2.
- (j) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Table 10.

**2. Information on Investees:**

- (a) Which may exercise significant influence or control over the investee, directly or indirectly: Please refer to Table 6.
- (b) For those who may exercise control over the investee, directly or indirectly, it is necessary to disclose the information about the transactions referred to in Items 1–9 of the preceding subparagraph, which the investee is engaged in: Please refer to Tables 7 and 8.

**3. Information on Investment in Mainland China:**

- (a). The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, current-period income (losses) of investee and recognized investment income, ending carrying amount of investment, the amount received as dividends from the investee, and the limitation on investee: Please refer to Table 9.

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- (b). Any significant transactions entered into with the investees in Mainland China via a third area, directly or indirectly, and the price, payment terms or unrealized profit or loss thereof, and any other information that may help better understand the effect posed by investments in Mainland China to the financial statements: Please refer to Tables 1, 5 and 10.

4. Information on Major Shareholders: Please refer to Table 11.

XIV. Information on department

For the purpose of management, the Group divides business units by company type, and also the following three business departments to be reported:

FU CHUN SHIN in Taiwan: The Group's parent company, primarily engaged in the production and sale of plastic injection molding machine, maintenance services, tooling, enameled wires and automation equipment, etc.

FU CHUN SHIN in Dongguan: The subsidiary invested by the Group's parent company, primarily engaged in production and sale of plastic injection molding machine, maintenance services and tooling, etc.

FU CHUN SHIN in Ningbo: The subsidiary invested by the Group's parent company, primarily engaged in production and sale of plastic injection molding machine, maintenance services and tooling, etc.

Other companies: The subsidiary invested by the Group's parent company, primarily engaged in export/import trade, production and sale of plastic injection molding machine, maintenance services, tooling, and light guide plate, and production and sale of plastic products, etc.

The management supervise the operating results of the relevant business unit, in order to decide the allocation of resources and performance assessment policy. The department's performance is assessed based on the operating income, and in the manner consistent with that applied to the operating income in the consolidated financial statements.

The inter-departmental transfer pricing is based on the similar arm's length transactions with third parties.

1. Information about the income, assets and liabilities by department:

2022

<u>FU CHUN</u>	<u>FU CHUN</u>	<u>FU CHUN</u>	<u>Other</u>	<u>Reconciliati</u>	<u>Total of the</u>
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	SHIN in Taiwan	SHIN in Dongguan	SHIN in Ningbo	companies	on and derecognition	Group
Income Revenue from external customers	\$1,197,001	\$1,004,900	\$2,078,706	\$324,597	\$-	\$4,605,204
Inter-departmental revenue	62,809	235,172	486,490	692	(785,163)	-
Total revenue	\$1,259,810	\$1,240,072	\$2,565,196	\$325,289	\$(785,163)	\$4,605,204
Departmental profits or losses	\$(54,040)	\$88,542	\$281,064	\$(62,930)	\$1,301	\$253,937
Segment assets	\$2,279,487	\$1,094,414	\$2,505,462	\$1,829,258	\$(705,538)	\$7,003,083
Department liabilities	\$2,605,154	\$608,493	\$782,653	\$1,244,524	\$(690,054)	\$4,550,770

Note: The inter-department revenue is derecognized on consolidation.

2021

	FU CHUN SHIN in Taiwan	FU CHUN SHIN in Dongguan	FU CHUN SHIN in Ningbo	Other companies	Reconciliati on and derecognition	Total of the Group
Income Revenue from external customers	\$1,262,459	\$897,425	\$1,957,205	\$211,418	\$-	\$4,328,507
Inter-departmental revenue	86,619	23,874	348,372	44,598	(503,463)	-
Total revenue	\$1,349,078	\$921,299	\$2,305,577	\$256,016	\$(503,463)	\$4,328,507
Departmental profits or losses	\$(38,612)	\$105,622	\$295,649	\$(141,474)	\$46	\$221,231
Segment assets	\$2,474,368	\$1,001,946	\$2,366,924	\$1,362,647	\$(579,338)	\$6,626,547
Department liabilities	\$2,626,956	\$596,037	\$915,960	\$774,736	\$(561,693)	\$4,351,996

Note: The inter-department revenue is derecognized on consolidation.

## 2. Information by regions:

### A.Revenue from external customers:

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to	2022	2021
Taiwan	\$690,522	\$687,972
Mainland China	3,262,322	2,960,474
Other countries	652,360	680,061
Total	<u>\$4,605,204</u>	<u>\$4,328,507</u>

B. Non-current assets:

to	December 31, 2022	December 31, 2021
Taiwan	\$1,100,710	\$1,142,219
Mainland China	1,167,560	838,705
Other countries	292,686	269,765
Total	<u>\$2,560,956</u>	<u>\$2,250,689</u>

3. Information by product:

Product type	2022	2021
Injection and molding machine	\$4,213,264	\$3,566,770
Cables	212,187	316,891
Light guide plate	13,784	25,266
Others	165,969	419,580
Total	<u>\$4,605,204</u>	<u>\$4,328,507</u>

4. Information on major customers:

The revenue from each customer of the Company and its subsidiaries in 2022 and 2021 was never over 10% of the revenue in the statement of income.



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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	<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	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

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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 transactio n amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provi sion of allo wanc e for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
0	The Company	FCS RG PLASTIC PTE.LTD.	Other receivables	Yes	\$100,000	\$100,000	\$7,581	0%-6.5%-	2	-	Operating capital	-	-	-	\$456,182	\$912,364
1	FU CHUN SHIN CO., LTD. (BVI)	The Company	Other receivables	Yes	300,000	260,000	69,405	0%-6.5%-	2	-	Operating capital	-	-	-	506,013	1,012,025
1	FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE.LTD.	Other receivables	Yes	100,000	100,000	92,915	0%-6.5%-	2	-	Operating capital	-	-	-	506,013	1,012,025
1	FU CHUN SHIN CO., LTD. (BVI)	FCS MACHINERY (THAILAND) CO.,LTD	Other receivables	Yes	40,000	40,000	23,157	0%-6.5%-	2	-	Operating capital	-	-	-	506,013	1,012,025
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Other receivables	Yes	NT\$67,590 thousand (RMB15,000 thousand)	NT\$66,120 thousand (RMB15,000 thousand)	-	0%-6.5%-	2	-	Operating capital	-	-	-	NT\$97,184 thousand (RMB22,047 thousand)	NT\$194,368 thousand (RMB44,094 thousand)
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Other receivables	Yes	NT\$22,530 thousand (RMB5,000 thousand)	NT\$22,040 thousand (RMB5,000 thousand)	-	0%-6.5%-	2	-	Operating capital	-	-	-	NT\$97,184 thousand (RMB22,047 thousand)	NT\$194,368 thousand (RMB44,094 thousand)

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)

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

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 transactio n amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provi sion of allo wanc e for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
1	<b>Fu Chun Shin (Ningbo) Machiner y Manufact ure Co., Ltd.</b>	The Company	Other receivables	Yes	NT\$45,060 thousand (RMB10,000 thousand)	-	-	0%- 6.5%-	2	-	Operating capital	-	-	-	NT\$344,562 thousand (RMB78,167 thousand)	NT\$689,12 4 thousand (RMB156,3 35 thousand)
1	<b>Fu Chun Shin (Ningbo) Machiner y Manufact ure Co., Ltd.</b>	The British Virgin Islands FU CHUN SHIN CO., LTD.	Other receivables	Yes	NT\$45,060 thousand (RMB10,000 thousand)	-	-	0%- 6.5%-	2	-	Operating capital	-	-	-	NT\$344,562 thousand (RMB78,167 thousand)	NT\$689,12 4 thousand (RMB156,3 35 thousand)
1	<b>Fu Chun Shin (Ningbo) Machiner y Manufact ure Co., Ltd.</b>	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Other receivables	Yes	NT\$126,168 thousand (RMB28,000 thousand)	NT\$123,424 thousand (RMB28,000 thousand)	NT\$103,9 43 thousand (RMB23, 581 thousand)	0%- 6.5%-	2	-	Operating capital	-	-	-	NT\$344,562 thousand (RMB78,167 thousand)	NT\$689,12 4 thousand (RMB156,3 35 thousand)

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (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)	Provi sion of allo wanc e for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
1	<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Other receivable s	Yes	NT\$45,060 thousand (RMB10,000 thousand)	-	-	0%- 6.5%-	2	-	Operating capital	-	-	-	NT\$344,562 thousand (RMB78,167 thousand)	NT\$689,124 thousand (RMB156,335 thousand)
1	FCS RG PLASTIC PTE.LTD.	PT. FCS RGP PLASTIC	Other receivable s	Yes	NT\$135,788 thousand (USD4,215 thousand)	NT\$129,444 thousand (USD4,215 thousand)	NT\$117,252 thousand (USD3,818 thousand)	0%- 6.5%-	1	NT\$129,444 thousand (USD4,215 thousand)	Business Transacti on	-	-	-	(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 Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (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)	Guarantee provided by parent	Guarantee provided by subsidiary	Guarantee provided by China	Guarantee provided to subsidiaries in Mainland
		Company Name	Relation											
0	The Company	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	A subsidiary of which more than 50% ordinary shares are held directly	\$456,182	NT\$290,745 thousand (RMB65,958 thousand)	NT\$286,520 thousand (RMB65,000 thousand)	NT\$118,300 thousand (RMB26,838 thousand)	None	12.56%	\$912,364	Y	N	Y	
0	The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	A subsidiary of which more than 50% ordinary shares are held directly	456,182	NT\$80,090 thousand (USD2,000 thousand and INR40,000 thousand)	NT\$76,256 thousand (USD2,000 thousand and INR40,000 thousand)	-	None	3.34%	912,364	Y	N	N	
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	A subsidiary of which more than 50% ordinary shares are held directly	456,182	NT\$322,150 thousand (USD10,490 thousand)	NT\$245,680 thousand (USD8,000 thousand)	NT\$193,473 thousand (USD6,300 thousand)	None	10.77%	912,364	Y	N	N	
0	The Company	FCS RG PLASTIC PTE.LTD.	A subsidiary of which more than 50% ordinary shares are held directly	456,182	NT\$193,290 thousand (USD6,294 thousand)	NT\$184,260 thousand (USD6,000 thousand)	NT\$178,118 thousand (USD5,800 thousand)	33,600	8.08%	912,364	Y	N	N	
1	<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	NT\$344,562 thousand (RMB78,167 thousand)	NT\$188,576 thousand (RMB42,780 thousand)	NT\$184,475 thousand (RMB41,850 thousand)	NT\$136,648 thousand (RMB31,000 thousand)	None	10.71%	NT\$689,124 thousand (RMB156,335 thousand)	N	N	Y	
1	<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	Customers A1-ZZZ	Business Transaction	NT\$344,562 thousand (RMB78,167 thousand)	NT\$199,346 thousand (RMB45,224 thousand)	NT\$66,120 thousand (RMB15,000 thousand)	NT\$51,710 thousand (RMB11,731 thousand)	NT\$9,624 thousand (RMB2,183 thousand)	3.84%	NT\$689,124 thousand (RMB156,335 thousand)	N	N	Y	

Note 1: The information about financing between the Company and its subsidiaries are indicated in two tables and by the following numbers shown in the No. column:

- (1) 0 stands for the Company
- (2) 1 stands for the subsidiary

Note 2: The limit on endorsement/guarantee amount provided by the Company to a single overseas associate shall be no more than 20% of the Company's net worth in the most recent period. The limit of endorsement/guarantee amount provided by the subsidiary to a company engaged in business transaction with it shall be no more than the business transaction amount.

Note 3: The limit on total endorsement/guarantee amount provided by the Company to others shall be no more than 40% of the Company's net worth in the current period. The limit of endorsement/guarantee amount provided by the subsidiary to a company engaged in business transaction with it shall be no more than the business transaction amount.

Note 4: As of December 31, 2022, the foreign exchange rate for conversion of USD to NTD is 30.710, RMB to NTD4.408, and INR to NTD 0.371.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (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)	with the issuers Relationship	Financial statement account	March 31, 2020				Remark
				Number of shares (thousand/unit)	Carrying amount	Shareholding percentage	Fair value	
The Company	Ordinary shares - AUO Corporation	None	Financial assets at FVTPL - Current	176	\$2,640	-	\$2,640	Non-secured or pledged
The Company	Fund - Allianz US Short Duration High Income Bond	None	Financial assets at FVTPL - Current	633	5,464	-	5,464	Non-secured or pledged
				Total	\$8,104		\$8,104	
The Company	Preferred shares - SKS Transformation Flagship I. TW (Resurgo) Co., Ltd.	None	Financial assets at FVTPL - Non-current	5,000	\$47,410	-	\$47,410	Non-secured or pledged
The Company	Ordinary shares - Brilltek	None	Financial assets at FVTPL - Non-current	56	600	-	600	Non-secured or pledged
				Total	\$48,010		\$48,010	

Note 1: Marketable securities refer to the shares, bonds, beneficiary certificates, and securities derived from said instruments within the scope of IFRS 9 “Financial Instruments.”

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (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	NT\$138,261 thousand (RMB31,268 thousand)	11.15%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers	Accounts receivable of NT\$17,167 thousand (RMB3,894 thousand)	3.07%	(Note 1)
<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	The Company	Parent company	Sales	NT\$145,242 thousand (RMB32,847 thousand)	5.66%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers	Accounts receivable of NT\$9,512 thousand (RMB 2,158thousand)	0.99%	(Note 1)
<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Associate	Sales	NT\$335,540 thousand (RMB75,883 thousand)	13.08%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers	Accounts receivable of NT\$129,671 thousand (RMB29,417 thousand)	13.45%	(Note 1)

Note 1: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408; for the year ended December 31, 2022, the average foreign exchange rate for conversion of RMB to NTD is 4.4218.

Note 2: The amount has been written-off in preparation of the consolidated financial statements.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (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	NT\$117,252 thousand (USD3,818 thousand)	(Note 1)	\$-	(Note 2)	NT\$ 3,532 thousand (USD115 thousand)	\$-	
<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	NT\$103,943 thousand (RMB23,581 thousand)	(Note 1)	-	-	NT\$17,632 thousand (RMB4,000 thousand)	-	
<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Associate	NT\$129,671 thousand (RMB29,417 thousand)	3.92	-	-	NT\$82,033 thousand (RMB18,610 thousand)	-	

Note 1: Amount of the loans

Note 5: On May 10, 2022, the board of directors of FCS RG PLASTIC PTE. had approved to transfer of such receivables to loans (business transactions).

Note 3: As of December 31, 2022, the foreign exchange rate for conversion of RMB to NTD is 4.408 and USD to NTD 30.710.

Note 4: The amount has been written-off in preparation of the consolidated financial statements.



Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (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	Remark
				March 31, 2020	End of last year	Number of shares (thousand)	Ratio	Carrying amount			
The Company	FU CHUN SHIN CO., LTD. (BVI)	The British Virgin Islands	Primarily engaged in the marketable securities trading and import/export sales.	\$543,565	\$543,565	17,985	100.00%	\$2,520,703	\$319,716	\$321,012	(Note 1)
	SHING FUH TAI TECHNOLOGY CORP.	Taiwan	Non-ferrous Metal Basic Industries	30,031	11,174	-	85.71%	19,453	1,404	1,204	(Note 1)
	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Indonesia	Sale of plastic injection molding machines, peripheral products, molds and spare parts	17,852	17,852	-	92.00%	11,191	(661)	(609)	(Note 1)
	FCS MACHINERY (THAILAND) CO., LTD.	Thailand	Production of PET preforms, and sale and maintenance service for injection machine	23,250	23,250	-	100.00%	4,348	(7,508)	(7,507)	(Note 1)
	PT. SHIN PREFORM PLASTIC	Indonesia	Production of PET preforms	44,733	44,733	-	99.00%	32,219	(862)	(853)	(Note 1)
	FCS RG PLASTIC PTE.LTD.	Singapore	Primarily engaged in import/export sales	152,590	152,590	-	65.00%	(74,431)	(45,591)	(29,840)	(Note 1) (Note 5)
	FCS MACHINERY (INDIA) PRIVATE LIMITED	India	Production and sale of plastic molding machine and plastic molds	38,930	38,930	-	99.99%	22,073	(58)	(58)	(Note 1)
	FCS PLASTIC MACHINERY (THAILAND) CO., LTD.	Thailand	Sale and after-sale of machine and spare parts	3,377	3,377	-	100.00%	1,694	(2,029)	(2,029)	(Note 1)

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 6 (Cont'd)

Investor	Investor Company	Location	Main business	Investment Amount		As of March 31, 2020			Current income (losses) of the investee	Investment income (losses) recognized in the current period	Remark
				March 31, 2020	End of last year	Number of shares (thousand)	Ratio	Carrying amount			
The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	India	Production and sale of plastic injection machine	\$115,594	\$77,769	-	99.99%	\$67,471	\$(23,654)	\$(23,654)	(Note 1)
	FKT PLASTIC MACHINERY COMPANY LIMITED	Myanmar	Sale of plastic injection machine	461	461	-	33.33%	-	-	-	(Note 3)
	FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Vietnam	Sale and after-sale of machine and spare parts	2,347	1,506	-	100.00%	1,856	380	380	(Note 1)
	JUST NANOTECH CO., LTD.	Taiwan	Manufacturing of machinery and equipment	4,500	4,500	-	45.00%	2,036	86	(1,044)	
The British Virgin Islands FU CHUN SHIN CO., LTD.	Minidesign Ltd.	Samoa Islands	Primarily engaged in the marketable securities trading and import/export sales.	-	NT\$233,681 thousand (USD7,119 thousand)	-	-	-	-	-	(Note 4)
The British Virgin Islands FU CHUN SHIN CO., LTD.	FCS RG PLASTIC PTE.LTD	Singapore	Primarily engaged in import/export sales	-	-	-	0.72%	(824)	(45,591)	(123)	(Note 5)
FCS RG PLASTIC PTE.LTD	PT.FCS RGP PLASTIC	Indonesia	Primarily engaged in manufacturing of plastic products	NT\$235,097 thousand (SGD10,480 thousand)	NT\$235,097 thousand (SGD10,480 thousand)	-	100.00%	NT\$(1,739) thousand (SGD(76) thousand)	NT\$(30,284) thousand (SGD(1,405) thousand)	NT\$(30,284) thousand (SGD(1,405) thousand)	(Note 2)

Note 1: The unrealized gain or loss on upstream transactions among the associates.

Note 2: As of December 31, 2022, the foreign exchange rate for conversion of SGD to NTD is 22.880; for the year ended December 31, 2022, the average foreign exchange rate for conversion of SGD to NTD is 21.5545.

Note 3: Already provided 100% impairment loss in the current period.

Note 4: Already completed the liquidation procedure.

Note 5: On August 11, 2022, the Board of the Company approved to transfer 56 thousand shares of subsidiary FCS RG PLASTIC PTE.LTD. to FU CHUN SHIN CO., LTD. (BVI); the shareholding ratio became 65.00%.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (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	
<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	China Merchants Bank - FNB00683 structured deposits	None	Financial assets at FVTPL - Current	NT\$88,224 thousand (RMB20,014 thousand)	-	NT\$88,224 thousand (RMB20,014 thousand)	(Note 1) (Note 2)
	Bank of China Limited - CSDPY20221479 linked structured deposit	None	Financial assets at FVTPL - Current	NT\$132,422 thousand (RMB30,041 thousand)	-	NT\$132,422 thousand (RMB30,041 thousand)	(Note 1) (Note 2)
			Total	NT\$220,646 thousand		NT\$220,646 thousand (RMB50,055 thousand)	
<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	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 Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (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 Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (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
<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	Production and sale of plastic molding machine and plastic molds	214,970 (USD7,000 thousand)	1	194,548 (USD6,335 thousand)	-	-	194,548 (USD6,335 thousand)	251,252	90.5%	227,383	1,559,202	306,169
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. (Note 3)	Production and sale of plastic molding machine and various plastic products	25,520 (USD831 thousand)	1	13,482 (USD439 thousand)	-	-	13,482 (USD439 thousand)	-	-	-	-	-
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Production and sale of plastic molding machine and plastic molds	453,679 (US\$14,773 thousand)	2	-	-	-	-	22,484	90.5%	20,348	403,235	-

Accumulated investment amount of outflow in Mainland China from Taiwan at the ending of the period (Note 4)	Investment amount approved by Investment Commission, MOEA (Note 4)	Upper limit on the amount of investment in Mainland China stipulated by Investment Commission, MOEA (Note 2)
\$405,030 (HKD50,000 thousand and USD6,774 thousand)	\$453,755 (HKD50,000 thousand, USD6,954 thousand and RMB9,800 thousand)	\$1,368,545

The method of investment may be classified into the following two types:

- (1) To invest in Mainland China via a third area.
- (2) To re-invest with the own capital in Mainland China.
- (3) Others

Note 2: According to the other enterprises, the upper limit on the amount of accumulated investment in Mainland China under the amendments to the “Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area” and “Principle of Review on Investment and Technical Cooperation in Mainland China” dated August 22, 2008 is 60% of the net worth or consolidated net worth, whichever higher.

Note 3: Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. has not participated in the annual inspection on its business license for more than two years. Therefore, its business license was revoked automatically.

Note 4: The NTD herein is identified based on the foreign exchange rate prevailing on December 31, 2022. Specifically, the foreign exchange rate for conversion of HKD to NTD is 3.940, USD to NTD 30.710, and RMB to NTD 4.408.

Note 5: The amount of investment was made directly from the fund distributed from the earnings of other companies of it in Mainland China.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 10

Significant intercompany transactions:

December 31, 2022

No. (Note 1)	Name	Transaction party	Relationship with the transaction party (Note 2)	Transaction status			
				Item	Amount	Transaction Terms (Note 4)	Percentage of total consolidated revenue or total assets (Note 3)
1	<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	3	Sales	\$335,540	-	7.29%
1	<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	The Company	2	Sales	145,242	-	3.15%
1	<b>Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.</b>	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	3	Accounts receivable	129,671	-	1.85%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	The Company	2	Sales	138,261	-	3.00%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	3	Sales	64,413	-	1.40%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	3	Accounts receivable	78,747	-	1.12%
3	FCS RG PLASTIC PTE. LTD.	PT.FCS RGP PLASTIC	3	Other receivables	129,750	-	1.85%
4	FU CHUN SHIN CO., LTD. (BVI)	The Company	2	Other receivables	69,405	-	0.99%
4	FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE.LTD.	3	Other receivables	92,915	-	1.33%

Note 1: The types of business transactions are indicated by the following numbers shown in the No. column:

(1) 0 stands for the parent company

(2) The subsidiaries are numbered from number 1 and so on.

Note 2: The relationship with the transaction party is classified into three categories as follows:

(1) Parent company to subsidiary

(2) Subsidiary to the parent company

(3) Subsidiary to subsidiary

Note 3: For computing the percentage of transaction amount to the total consolidated operating revenue or total assets, if it is for asset and liability account, the computation is based on the percentage of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the percentage of interim cumulative amount to total consolidated operating revenue.

Note 4: No other comparable information on customers may be applied to the transaction price between the parent company and subsidiaries. There is no significant difference between the collection terms and general sales terms. No comparable information may be applied to the other transactions. Therefore, the transaction terms should be decided by both parties through negotiation.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 11

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.