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FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD.

2023

Annual Report

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One. Letter to Shareholders

Ladies and Gentlemen:

Hello everyone! First of all, on behalf of all members of FCS, I would like to welcome all the shareholders to the shareholders' meeting and express our sincere gratitude to all the shareholders for your longstanding support of the Company!

Looking back on 2023, industries around the world have experienced economic downturns and negative factors, resulting in reduced capital expenditure for expansion and increased production. Many companies experienced monthly revenue fluctuations as a result of this situation. However, FCS, serving as a barometer for industrial economic trends, saw a significant increase in orders for its "All-Electric Injection Molding Machine," "Ultra-large Two-Platen Machine," and "Sandwich / Interval Injection Molding Machine" from major industry clients such as auto parts, luxury consumer goods, and consumer electronics. The auto parts industry saw particularly strong demand, which helped to improve shipment performance and capacity utilization rates in Taiwan, Vietnam, and India. This resulted in a consolidated revenue of NT$1.119 billion in the fourth quarter of 2023, up 16.31% from the previous quarter. For 2023, sales of the Group's multi-component injection molding machines exceeded 545 units, with sales reaching NT$2.31 billion, and overall revenue of NT$3.861 billion in 2023.

Key strategies that contribute to the Company's steadfast pursuit of operational growth objectives for the entire Company include acquiring new clients, modernizing equipment technology, maintaining stringent expense control, optimizing equipment order structures, and increasing production efficiencies. The Company has effectively acquired supply chain clients in the automotive parts sector from Japan, the United States, and Europe in recent years. Additionally, it has attracted clients from diverse industries, including food packaging and sports. The overall rate of growth in orders from new customers has remained robust. Demand for "All-Electric Injection Molding Machines" has increased substantially across industries, including food packaging, 3C, and luxury consumer goods, in particular, as a result of the ESG sustainability development wave. This not only resulted in a significant year-on-year growth of 165.87% in the performance of integrated solutions for all-electric injection machines for 2023, but also, with a current proportion of 5.4%, has the potential to increase further in terms of the absolute quantity of orders on hand. This will provide FCS with consistent and positive

growth momentum for its overall operations in the future.

In order to comply with the global trend of net zero carbon emissions by 2050 and Taiwan's policy of net zero emissions by 2050, FCS established the "Green Task Force" in 2023, leading the industry to promote the collaboration between the factory and the horizontal and vertical supply chain companies. Established the 1+10 "Low-Carbon Injection Molding Ecosystem" project, which was highly recognized by the Industrial Development Bureau, Ministry of Economic Affairs. This project proposes a carbon-reducing pathway and development blueprint for the injection molding industry, focusing on three key areas: ① Optimize energy efficiency ② integrate low-carbon equipment and peripherals ③ develop recycled material technology. By building a low-carbon injection ecosystem and assisting clients in energy-saving and carbon reduction strategies, specific action plans include conducting in-house carbon footprint assessments and carbon reduction technologies, integrating energy-saving production lines with injection peripherals, increasing the use of recycled materials, improving new machine energy-saving technologies, and transforming old machines with energy-saving solutions while also helping reduce the investment burden for customers, allowing them to seize opportunities before the economic recovery, and moves businesses beyond simply adopting net-zero carbon slogans to finding transformation solutions tailored to their specific needs. Customers have responded positively to this approach, which is driving the machinery's sales performance even higher.

Looking ahead to 2024, although negative factors such as global inflation, rising interest rates, and weak consumer demand continue to exist, which affect the intensity and speed of capital expenditures in various industries, we are optimistic that various industries worldwide will actively achieve net zero carbon emissions, environmental protection, and green energy. The rise of ESG, smart manufacturing, and Industry 4.0, combined with the ban on the sale of fossil fuel vehicles in many countries, will result in significant changes in the electric vehicle market. FCS believes that the growth of the electric vehicle market will lead to the production and sale of large-scale automotive machines. In 2023, FCS expanded its new plant in Hangzhou Bay, Ningbo, and began trial production. We hope the expansion will complement our plants' production capacities in Taiwan and India and positively boost the Company's overall operations in the future. Furthermore, in order to comply with the ESG trend, FCS has used green alternative materials and new molding technologies to create lighter-weight products that are more environmentally friendly and recyclable. This includes the ban of chemical foaming

agents in the international footwear industry beginning in 2025. The physical foam injection molding system GENTREX developed by FCS will also be able to meet the demand for machine replacement. Machines and peripheral equipment, on the other hand, are optimized using software to aid in the Company's low-carbon transformation and development.

FCS will also continue to rely on its years of technology in developing a variety of diverse plastic injection molding machines for customers in different industries and one-stop integrated service capabilities, coupled with the establishment of factories in Taiwan, China, and India to circumvent import tariffs, and with 34 direct sales locations and agents in 21 countries providing localized and real-time service, the Company's market order volume continues to grow. As the value of the orders on hand continues to rise, the Group has increased the production capacity of its five largest plants in the Asia Pacific region, contributing to the Company's overall growth.

For the new year, the Company remains cautious, optimistic, and proactive by shaping an organizational culture featuring "high-ranking officers leading by example and total participation and engagement of all members on the team" and working to support the action policy when taking business orders. Meanwhile, management's performance in meeting KPI goals will be monitored to improve the organization's execution. Meanwhile, in accordance with our beliefs in environmental stewardship and philanthropy, we will pursue the interests of stakeholders while fulfilling our social responsibilities through sound corporate governance. Our goal is to reach "a revenue scale of NT$6 billion in the next two years, and the opening of several ten Grade A world's factories in the next 50 years, in order to continue the process of becoming one of the top ten global companies, and create FCS's next 50 years, become Taiwan's century-old plastic injection leader." Finally, we seek the support of all shareholders as we strive to achieve our goals of increased revenue and consistent growth, allowing both the Company and shareholders to benefit from higher profits.

We hereby present the business report on the Company's 2023 operational accomplishments and outline of the Company's 2024 business plan as follows:

I. 2023 Operational Accomplishments

(I) Business plan implementation result

2023 consolidated operational accomplishments are as follows:

Unit: NT$ Thousand

Consolidated income items	2023	2022	Increase (decrease) (%)	Growth rate (%)
Operating revenue	3,861,005	4,605,204	-744,199	-16.16%
Operating cost	2,848,137	3,374,074	-525,937	-15.59%
Gross profit	1,012,868	1,231,130	-218,262	-17.73%
Operating expenses	974,649	973,165	1,484	0.15%
Operating gain (loss)	38,219	257,965	-219,746	-85.18%
Non-operating revenue and expense, net	19,604	-4,028	23,632	586.69%
Net income before tax	57,823	253,937	-196,114	-77.23%
Profit after tax	23,323	169,977	-146,654	-86.28%
Net profit attributed to the parent company	20,597	159,455	-138,858	-87.08%

(II) Budget implementation status: The Company did not release its 2023 financial forecast and hence no budget implementation is involved.

(III) Financial revenue and profitability analysis: 2023

1. Financial revenue and expense:

(1) Income: Operating income was NT$3,861,005 thousand

(2) Expenditure: Operating cost was NT$2,848,137 thousand.
Operating expenses was NT$974,649 thousand.
Non-operating revenue and expense, net was NT$19,604 thousand.

(3) Earnings: The net profit before tax was NT$57,823 thousand and income tax expenses were NT$34,500 thousand, and net profit after tax was NT$23,323 thousand.

2. Profitability analysis:

(1) Return on assets (ROA): 0.65%

(2) Return on equity (ROE): 0.97%

(3) Net profit margin: 0.60%

(4) Earnings per share: NT$0.13

(IV) Research and development:

The Company’s 2023 R&D expenses were NT$102,949 thousand, indicating a decrease of NT$11,612 thousand from NT$114,561 thousand in 2022, a decline of 10.14%.

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

Item No.	Year	Content
1	2022.12	Launched the e-commerce version “iMF 4.0-Lite” to help enterprises easily upgrade to “smart manufacturing”
2	2023.01	FCS was awarded the “Excellent Mechanical Organization Award” by the Chinese Mechanical Engineering Society
3	2023.03	FCS Ningbo was rated one of the “Top 50 Enterprises in the Industry” in Jiangbei District, Ningbo.
4	2023.04	FCS was awarded “2022 Excellent Influential Brand Of Injection Molding Machine” for two consecutive years
5	2023.05	FCS Ningbo was honored with four major awards from Zhuangqiao Street, Jiangbei District, Ningbo City: Top 10 Industrial Enterprises, Golden Eagle Award, and Top 10 Taxpayer and Development Contribution Advanced Group Award
6	2023.06	FCS GW-1600RP Two-Platen Multi-Component Injection Molding Machine won the 2023 Plastic Industry Ringier Technology Innovation Award
7	2023.07	FCS and TIENKANG successfully developed the “multi-functional physical foam injection molding system” GENTREX to provide “net zero revolution” solutions for the transportation and sporting goods industries
8	2023.08	World’s First Super Large Five-Color Two-Platen Multi-Component Injection Molding Machine from FCS Makes Delivery
9	2023.08	FCS Group was awarded three honors in the 2023 China Plastics Machinery Industry Dominant Enterprise Award. The Company was also selected as one of the “Top 10 Comprehensive Strength Enterprises of China Plastics Machinery Manufacturing Industry” in 2023.
10	2023.09	FCS Ningbo was awarded the “2023 Ningbo City Top 100 Competitive Enterprises”
11	2023.10	FCS GW-2200R Large two-platen turntable four-shot precision injection molding machine passed the 2023 Ningbo High-end equipment manufacturing industry’s first domestic product (set) public list
12	2023.12	FCS Releases The SA-h PET Multimodal Medical Product Precision Molding System
13	2023.12	FCS Dongguan was awarded the title of “Friendly Enterprise”
14	2024.03	FCS GW-2200R two-platen X-type four-shot multi-component injection machine won the 2024 Plastic Industry Ringier Technology Innovation Award
15	2024.03	FCS participated in the 1st TAINANPLAS 2024

Under the R&D operating model, the parent company of FU CHUN SHIN in Taiwan is identified as the R&D center of the Group, which works with the

R&D units of various subsidiaries to continue promoting the following R&D strategies:

1. Continue to develop niche products.
2. Optimize the existing product series;
3. Research and develop integrated products and solutions for market segments;
4. Develop iMF smart injection molding arts and crafts platform;
5. Develop servo-driven spontaneous key technologies and talent.

II. Overview of 2024 Business Plan

(I) Business policy

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

1. Based on the ISO three-in-one standard integrated system, implement the systematic management, standardization of procedures and digitalization of operations, in order to establish the foundation for business sustainability.
2. Promote KPI performance target management activities, and shape the organizational culture of "high-ranking officers leading by example and engagement of all members on the team", and fulfilling our missions.
3. Strengthen the operational performance of Vietnam, Indonesia, Thailand, and India plants, implement management systems, recruit more businesses, and increase revenue and profit.
4. The headquarters reserves the management talents of overseas subsidiaries, and strengthens the performance of reinvestment and overseas investments.
5. Plan the Group's medium and long-term capital channels and strengthen the financial structure.
6. Cultivate the export market, actively participate in overseas exhibitions, and develop new business opportunities.
7. Expand new distribution channels in Europe, Middle East and Africa to improve sales performance.
8. Develop segmented market products to create product differentiation and provide comprehensive solutions (special machine for SA-h/p packaging, special machine for blood collection tubes, Mucell, long fiber).
9. Seek industrial strategic alliances and establish a strategic platform mechanism to ensure competitiveness.
10. Mass production of the Hangzhou Bay New Zone factory will expand the Group's processing capacity and production capacity, and optimize the

mainframe's competitiveness in terms of delivery time and cost.

11. Promote T309 project to increase market share in Taiwan and drive machine sales in Taiwan.
12. Focus on the top 2000 manufacturing customers in Taiwan and obtain large batch orders.
13. Promote lean production model in our Taiwan Plant, and implements the advance confirmation of production line materials, supporting material supply and store management to eliminate waste and improve efficiency.
14. Implement the Group's quality conference system to improve the quality of machines and achieve zero customer complaints.
15. Introduce the SPC commissioning system to improve the stability of the machine.
16. The Taiwan Plant has established a smart energy management system.

(II) Sales volume forecast and basis thereof

With reference to the operating results over the years, global economic forecast and relevant market information, the Company estimates that the sales volume of injection molding machines in 2024 will increase compared to 2023. Revenue for enameled wire is expected to remain flat due to a change in the operating model to focus on OEM revenue and the copper price fluctuations, but profits are expected to grow steadily.

(III) Important production & marketing policy:

1. Production policy:
   (1) Solve the bottleneck of the supply chain, and optimize the delivery period and cost.
   (2) Rebuild the production facility and adopt lean production procedures.
   (3) Implement the SPC system to improve the stability of machine.
   (4) Practice the quality meeting system to pursue zero complaint from customers against the products.
2. Sales policy:
   (1) Develop new channels and locations in Europe.
   (2) Improve the business performance of overseas self-operated sites.
   (3) Continue to strengthen the online marketing force.
   (4) Create the customer base for market segments.
   (5) Reserve sales personnel and strengthen application technology and abilities.

III. The Company's future development strategies:

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

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

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

Finally, I wish you

Health and blessings!

Chairman: Po-Hsun Wang

CEO: Alan Wang

June 18, 2024

Two. Company Profile

I. Established on July 17, 1991

II. Company History:

July 1991	The Company was established on July 17, 1991, with a founding capital size of NT$120 million; Mr. Po-Hsun Wang is in charge and the main scope of business was the production and sale of plastic injection-molding machines.
July 1997	Capital increase in cash worth NT$45,000 thousand and capital reserve-transferred capital increase worth NT$26,000 thousand; the share capital came to NT$251,000 thousand after capital increase and it was approved by the Securities and Futures Institute, Ministry of Finance, to turn the Company officially into a public company.
October 1997	The new patent “composite vertical-compression structure” won the TAITRA merit award as a “R&D innovative product” among plastic/rubber machines.
May 1998	Capital increase by cash worth NT$49,000 thousand for repayment of borrowings and for improvement of the financial structure; the share capital after capital increase came to NT$300,000 thousand.
December 1998	HT-620 was honored with TAITRA’s “Taiwan Excellence Award”.
January 1999	For the sake of maximizing the market size in Mainland China, Fu Chin Shin in Dongguan was reinvested in 100% by British Virgin Islands Fu Chun Shin.
December 1999	Gu-25 (gas-assisted injection-molding system) was honored with TAITRA’s “Taiwan Excellence Award”.
January 2000	Capital increase by cash worth NT$41,800 thousand; the share capital after capital increase came to NT$445,000 thousand.
April 2001	The locking force 1000-ton largest dual-color machine in Taiwan (FB-1000R) was successfully developed and devoted to production and sale.
September 2001	The high-speed closed-circuit hybrid dual-color machine (HB-250Y) won the Excellence Award during 2001 Taipeiplas.
December 2001	“Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.” was successfully formed through joint venture with “Ningbo C,S,I.Power &Machinery Group Co.,Ltd.” to officially set up the production site of Fu Chun Shin in East China.
January 2002	HT-150, HB-250Y, and the largest dual-color FB-1000R in Taiwan won the 10th Taiwan Excellence Award.
January 2002	The introduced “inter-system digitalization and corporate synergy integration plan” was reviewed and approved by the Industrial Development Bureau, MOEA. The supply chain e-system, customer relations management system, and product design system will be gradually completed to turn the Company into the only one promoting inter-system digitalization in the domestic plastic injection-molding machine sector.
July 2002	The Company’s product R&D, production and manufacturing, and after-sales service marched towards a new milestone through the ISO-9001:2000 Quality System certification by UK Amtri Veritas.

December 2002	The Company started to be traded over the counter on December 25 after it was approved upon review by the Taipei Exchange as emerging stock.
January 2003	The “Fu Chun Shin Partnership Association” was formed to integrate the upstream and downstream of the plastic machinery industry for a division-of-labor system and to reinforce the competitive advantages of partners in Taiwan while working with one another internationally.
June 2003	The name of the Company was changed to “FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD.” in order to increase its scope of operation and for an enhanced corporate image.
November 2003	The B2B system as part of the digitalization strategy of the Fu Chun Shin Group was officially activated.
December 2003	FCS Ningbo was ISO 9001 (2000) certified.
January 2004	The AE-100 high-speed closed-circuit hybrid injection-molding machine won the 12th Taiwan Excellence Award.
March 2004	The “precision injection-molding remote monitoring system” and the “ultra-high-speed cap production system” won the Excellence Award and Merit Award as a “R&D innovative product” from the Taiwan Association of Machinery Industry and the Taiwan External Trade Development Council, respectively.
April 2004	The Company was officially listed and traded at Taipei Exchange.
June 2004	Unsecured convertible corporate bonds were issued domestically for the first time and were listed and traded at Taipei Exchange.
December 2005	The Department of Commerce under the Ministry of Economic Affairs approved the private placement of common stock shares for capital increase in cash; 8,000 thousand shares were issued and the paid-in capital came to NT$680,530 thousand.
July 2006	The first unsecured corporate bonds in the country under the name of Fu Shin I (66031) stopped trading over the counter.
May 2007	Syndicated loan worth NT$700 million was entered into with 8 banks including Mega International Commercial Bank.
July 2007	Formed Changshu Tian Tai Photoelectric Technology Co., Ltd. jointly with Fuwei through joint reinvestment.
November 2007	Construction of the global brand value-added service network project of FCS with sponsorship from the Department of Industrial Technology, MOEA was completed.
March 2008	FCS Dongguan increased its capital size by HKD 5.1 million (including the distribution of 2006 earnings amounting to HKD 1.1 million and the capital increase in cash amounting to HKD 4 million).
April 2008	Formed the “PIM Lab of FCS Group” jointly with the Innovative Incubation Center of National Kaohsiung First University of Science and Technology.
July 2008	The LM-1800, two-platen composite direct-compression precision injection-molding machine won the 2008 Taiwan Excellence Award.
October 2008	The A-PACK intra-mold labeling production system won the Excellence Award during 2008 Taipeiplas in the “R&D Innovative Product Contest.”
March 2009	Chairman, Po-Hsun Wang, succeeded as Chairman of the 7th Term Yizai Association.

April 2009	FCS Ningbo was rated “Model Business in Technical Innovation of Ningbo City.”
June 2009	The A-Pack intra-mold labeling and production system won the Technical Innovation Award in the Food Packaging Sector.
February 2010	FCS Ningbo was recognized as “National-Level High-tech Technology Enterprise.”
March 2010	The intra-mold labeling and production system won the Merit Award during 2010 TAIPEIPLAS in the R&D innovative product contest.
August 2010	Capital surplus was transferred to increase capital by NT$54,145 thousand.
January 2011	The new FCS identifier was activated to communicate its ambition in innovation and reforms.
March 2011	FCS Ningbo completed the largest TN3600 ultra-large injection-molding machine of the Group and delivered it.
March 2011	The HN-SV-series of energy-saving precision injection molding machine of FCS Ningbo won the “Best Energy-saving Injection Molding Product Award” and the FB-RSV-series of energy-saving multi-component injection molding machine won the Excellence Award as an “optimal injection-molding product.”
September 2011	Capital increase in cash amounting to NT$165,000 thousand.
November 2011	Capital reserve transferred capital increase amounting to NT$69,765 thousand.
December 2011	Signed the Exclusive Dealership Pact for North America with Maruka Corporation.
March 2012	FCS Ningbo was recognized as one of the “Top 30 in the Industry” and won the “Acre-based Production Capacity Award” in Jiangbei District, Ningbo City.
May 2012	The FB-series of energy-saving dual-color injection molding machine won the “Innovative Energy-saving Host Award” as part of the “2002-2012 Ten-Year Track Record Award in China Plastics Industry.”
June 2012	The FCS Group won the Contribution Award as one of the Top Enterprises in the plastics industry in 2011 from HC INTERNATIONAL, INC.
July 2012	The FCS Group was selected one of the candidates for Top 10 injection molding brands by users in China and Top 5 injection molding brands with the most number of users in 2011.
September 2012	FCS Ningbo was selected as one of the Top 10 enterprises given their combined capabilities in the Ningbo injection molding industry.
October 2012	FCS Group attended the “2012 Plastic Machinery Research and Development Innovative Product Contest” and won the Merit Award in the category of plastic injection molding machines and the only Aesthetics Award and Excellence Award winner on the occasion.
November 2012	FCS Group was among one of the “Top 20 Enterprises with Combined Capabilities in the China Plastics Machinery Manufacturing Sector of 2012” and one of the “Top 10 Enterprises in the China Plastic Injection Molding Machine Sector in 2012”.
April 2013	Treasury stock worth NT$4,500 thousand was written off for capital reduction.
May 2013	TTQS National Training Quality System certified.

July 2013	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd. won the "2012-2013 Top 10 Injection Molding Machine Manufacturers in the Plastics Sector".
August 2013	Capital reserve transferred capital increase amounting to NT$33,457 thousand.
September 2013	The HB-1900R large horizontal turntable dual-color machine won the Technical Innovation Award in the Plastics Sector of 2012
October 2013	The Operational headquarters of the FCS Group was completed and inaugurated.
December 2013	FCS Ningbo was selected one of the candidate Top 10 enterprises given their combined capabilities in the 2013 Ningpo injection molding industry again.
March 2014	FCS obtained OHSAS 18001 Occupational Safety and Health Management System.
September 2014	Capital reserve transferred capital increase amounting to NT$22,974 thousand.
October 2014	FCS attended the "2014 Plastic Machinery Research and Development Innovative Product Contest" and won the Excellence Award and the Aesthetics Award, the highest honors on the occasion, for the second time.
October 2014	The HN-series of servo-energy-saving injection molding machines of FCS Ningbo was selected as one of the candidates for the National "Energy-saving Mechanical and Electrical Equipment (Product) Recommendation Catalog."
October 2014	FCS Group was recognized as a model business in the application of digital configuration in the plastic machinery sector of China.
October 2014	FCS Group was among one of the Top 10 Enterprises in the China Plastic Injection Molding Sector of 2014.
December 2014	FCS Ningbo was recognized as one of the Top 10 enterprises given its combined capabilities in the 2014 Ningbo injection molding industry.
February 2015	For the sake of integrating resources throughout the Group and to fulfill the purpose of reasonable operation, the subsidiary Fuwei Optielectronics Corporation was consolidated.
March 2015	Fu Chun Shin signed the syndicated loan and delegation guarantee contract worth NT$1.26 billion with a group of banks.
May 2015	FCS Ningbo was recognized for the second time as one of the "Top 30 in the Industry" in Jiangbei District (2014) and as the "Little Giant Enterprise" in Jiangbei District.
June 2015	The second issuance of secured convertible corporate bonds in the domestic market, totaling NT$300 million, was listed for trading on the OTC market.
August 2015	FCS was ranked fifth among the Top 15 injection molding enterprises in the China injection molding industry of 2015. It is the only Taiwanese injection molding machine brand selected for this honor, and FCS has consistently made it to this list for four consecutive years.
October 2015	To assign shares to employees, the fourth buy-back of treasury stock took place; a total of 3,198 shares were bought back.
October 2015	Capital reserve-transferred capital increase worth NT$23,433 thousand; the share capital after capital increase came to NT$1,195,100 thousand.

October 2015	To broaden its presence on the Southeast Asia market, Fu Chun Shin Indonesia became officially operational.
October 2015	The PIM lab of FCS established its presence in the Industrial Innovation Park of National Kaohsiung First University of Science and Technology.
January 2015	FCS Ningbo was selected one of the candidate Top 10 enterprises given their combined capabilities in the Ningpo Machinery Manufacturing Sector of 2015 and Top 5 Acceleration Enterprises in the Plastic Machinery Manufacturing Sector of Ningpo in 2015.
February 2016	The FCS dual-color injection machine was rated A for its equipment in 2015 by the Gree Group.
August 2016	During the "2016 Plastic/Rubber Machinery R&D Innovative Product Contest" held during 2016 Taipeiplas, the Company's two-platen electrical injection molding machine and the injection machine Industry 4.0 solution - fully electrical/mechanical smart flow balance module won the Excellence Award in two categories, namely "plastic injection molding machinery" and "smart plastic/rubber forming machinery and its peripheral equipment".
September 2016	Earnings-transferred capital increase amounting to NT$35,013 thousand.
March 2017	The FCS injection machine as part of the Industry 4.0 solution - all electrical/mechanical smart flow balance module won the Technical Innovation Award in 2017.
June 2017	SOLIDWORKS PDM was introduced by the FCS Group to herald a new revolutionary era.
July 2017	The HB-1900R horizontal turntable dual-color injection-molding machine won the 26th Taiwan Excellence Award.
August 2017	Earnings-transferred capital increase amounting to NT$48,085 thousand.
August 2018	The innovative smart manufacturing plant of FCS was officially activated and the iMF4.0 (intelligent ManuFactory) was released first in TAIPEIPLAS 2018.
August 2018	The "Injection Machine Industry 4.0 Solution - FA160 Adaptive control for viscosity variation inhibition of melt technology" attended the 2018 Plastic/Rubber Machinery R&D Innovative Product Contest and won the highest honor, Excellence Award.
August 2018	Earnings-transferred capital increase amounting to NT$28,085 thousand.
December 2018	FCS Ningbo was approved and placed on the 2018 list of advantageous enterprises for its smart configuration in Ningbo.
January 2019	The FS dual-color machine was on the list of "40 Years of Reforms and Opening-up - Outstanding Products in Machinery Industry."
February 2019	FCS Ningbo was recognized as "National-Level High-tech Technology Enterprise" for the fourth time.
March 2019	Fu Chun Shin was approved by the Industrial Development Bureau, MOEA, to be included in the "Industrial Upgrade Innovation Platform Assistance Plan" and the "iSCM - Fu Chun Shin AI Innovative Application Program" was activated.

March 2019	PT. FCS RGP Plastic, a subsidiary of FCS Group in Indonesia, officially commenced operations. It specializes in the production of plastic pallets and the recycling of plastic for reuse, thus contributing to the green circular economy and fulfilling corporate social responsibility.
June 2019	The contract for a syndicated loan worth NT$1.5 billion of FCS, with Mega International Commercial Bank as the lead bank, was successfully signed.
July 2019	The multi-component injection machine joint scientific innovation technology center jointly created by the Fu Chun Shin Group and the National Plastic Machinery Quality Inspection Center also took part in the preparation of the standards set by the China Plastics Machinery Industry Association and served as the first party to draft the industrial standards for "multi-component plastic injection molding machines" in China. In honor of the belief in "open, collaborative, and mutually beneficial" developments, the two parties' technical strengths were combined to turn scientific research accomplishments into productivity.
October 2019	FCS successfully shipped the first two-platen injection machines with a mold locking force of 4000 tons
December 2019	FCS Ningbo was recognized as one of the Top 20 enterprises in the plastic manufacturing sector of Ningbo, Top 30 enterprises with combined capabilities in the China plastic machinery manufacturing sector, and Top 15 enterprises in the China plastic injection molding industry. Chairman Chun-Chieh Wang of FCS Ningbo was recognized as an outstanding entrepreneur in the plastics sector of Ningbo.
February 2020	FCS Ningbo was included on the list for "Top 500 Acre-based Production Capacity Heroes" as industrial enterprises of scale in Ningbo in 2019.
June 2020	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd." was reputed as one of the "2020 Top 10 Injection Molding Machine Manufacturers in the Plastics Sector".
September 2020	The new plant groundbreaking ceremony for the new area of Hangzhou Bay was held by the Fu Chun Shin Group. After the new plant is built, it will greatly enhance the R&D and production capabilities and core competitiveness in the industry for special models of the Fu Chun Shin Group; it marks a new milestone in the history of the Group.
November 2020	The Fu Chun Shin FA Series - Smart High-performance Energy-saving Injection Machines won the 29th Taiwan Excellence Award. The "smart high-performance energy-saving injection machine FA-160" that took part in the contest not only was passed four major aspects of product development, namely, product R&D, quality, design, and marketing, but also improved consumers' awareness about the Company's quality machines and its brand. It has won the Taiwan Excellence Award 9 times to date.
January 2021	Won the "National Excellent Healthy Workplace - Dynamics Award." William Huang, Mayor of Tainan, presented separately the "Healthy Workplace Role Model" medal to recognize winners for their devotion to and creativity in caring for the health of their employees and for

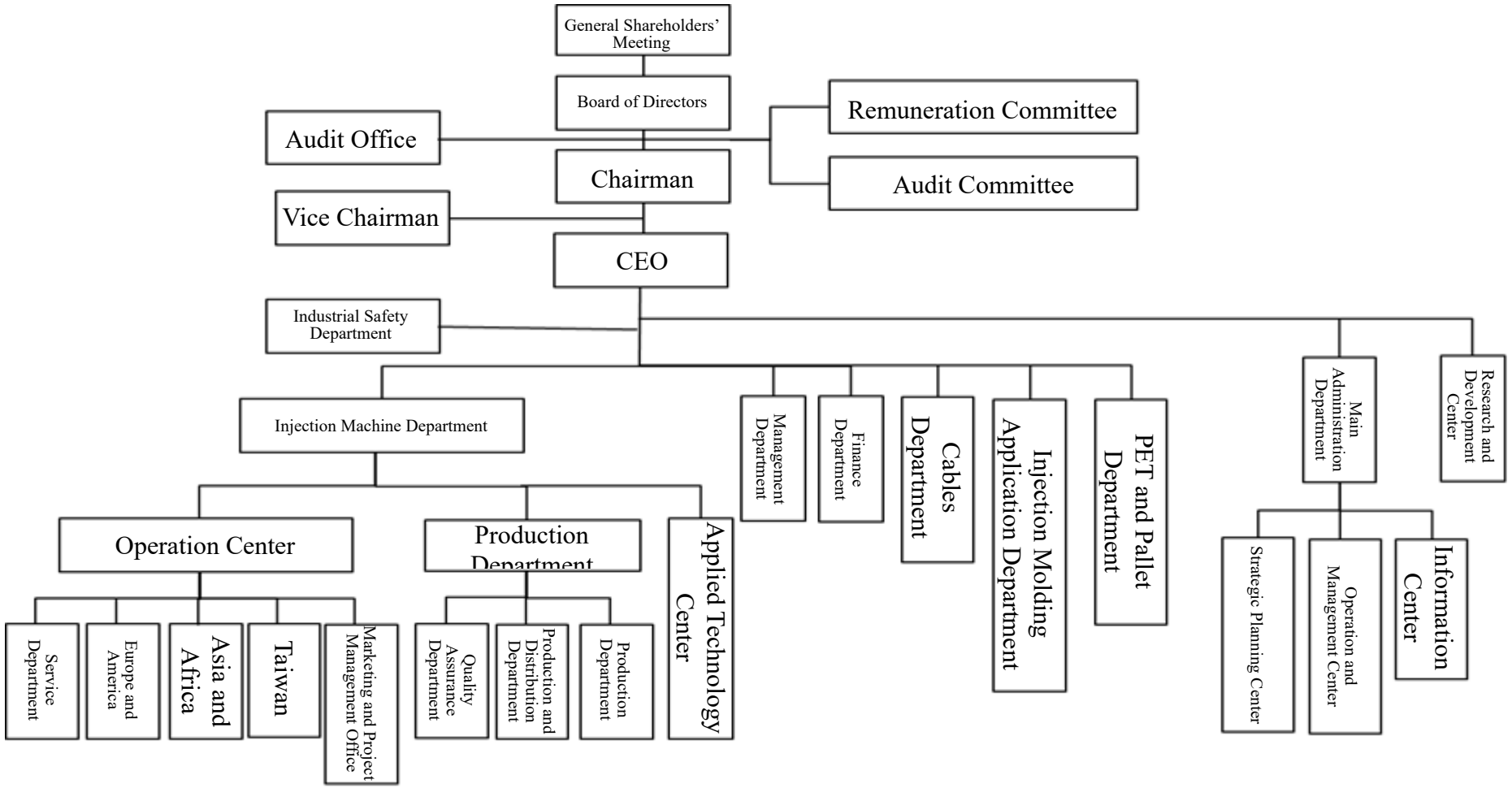
	their outstanding performance in promoting a healthy workplace. President Po-Hsun Wang accepted the medal in person.
March 2021	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd. was reputed as one of the “2020 Top 10 Enterprises with Combined Capabilities in the Plastic Machinery Manufacturing Sector of Ningbo” and the “Enterprises Recognized for Their Anti-pandemic Performance.”
April 2021	The largest international plastics fair in Asia, CHINAPLAS, opened in Shenzhen. The FCS Group showcased its most extensive array of electrical applications to date, focusing on themes such as “all-electric,” “dual-color,” and “energy-saving.”
April 2022	Sales of the multi-component injection machine of the Fu Chun Shin Group throughout 2021 hit a record high, with the annual sales breaking NT$2.2 billion and the number of units sold a year breaking the threshold of 600 units. The mold locking force reached 267,400 tons combined.
May 2022	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd. was honored as one of the “Top 50 Enterprises in the Industry -- Truly Capable Enterprise”.
March 2023	FCS Ningbo was rated one of the “Top 50 Enterprises in the Industry” in Jiangbei District, Ningbo.
March 2023	Given the high demand on the market for new energy, Fu Chun Shin hit a record high in accumulated sales. Sales of the “multi-component injection machine” remain heated in 2022. The annual sales broke the threshold of NT$2.9 billion and the number of units sold reached 550. The mold locking force reached 294,000 tons combined.
April 2023	FCS was awarded “2022 Excellent Influential Brand Of Injection Molding Machine” for two consecutive years.
May 2023	FCS Ningbo was honored with four major awards from Zhuangqiao Street, Jiangbei District, Ningbo City: Top 10 Industrial Enterprises, Golden Eagle Award, and Top 10 Taxpayer and Development Contribution Advanced Group Award.
June 2023	FSC’s 2-platen multi-component precision injection molding machine won the 2023 Ringier Technology Innovation Awards under Plastics Industry.
August 2023	World’s First Super Large Five-Color Two-Platen Multi-Component Injection Molding Machine from FCS Makes Delivery
August 2023	Mega International Commercial Bank led the NT$2 billion syndicated loan from FCS
August 2023	FCS Group was honored with three accolades in the 2023 China Plastic Machinery Industry Advantageous Enterprises selection and was selected into the 2023 “2023 Ningbo Plastics Machinery Manufacturing Top 10 Enterprises by Comprehensive Strength” list.
September 2023	FCS Ningbo was awarded the “2023 Ningbo City Top 100 Competitive Enterprises”
October 2023	FCS GW-2200R Large two-platen turntable four-shot precision injection molding machine passed the 2023 Ningbo High-end equipment manufacturing industry’s first domestic product (set) public list
December 2023	Spreading Positive Energy! FCS Dongguan was awarded the title of “Friendly Enterprise”

January 2024	FCS (Ningbo) Machinery Manufacturing Co., Ltd. was awarded the "2023 Ningbo Plastics Machinery Manufacturing Top 10 Enterprises by Comprehensive Strength (sorted by "Net Profit", "Income from Main Business").
February 2024	The 10th Chairman of the Heritage Association was succeeded by Alan Wang, CEO of FCS Group.
March 2024	FCS GW-2200R two-platen X-type four-shot multi-component injection machine won the 2024 Plastic Industry Ringier Technology Innovation Award

Three. Corporate Governance Report

I. Organizational System

1. Organizational Structure



2. Major Departments and Their Scope of Operation:

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

II. Information on Directors, President, Vice General Managers, Assistant Vice Presidents, and Heads of Departments and Branches

(I) Information on Directors

April 20, 2024

Title	Nationality or registered domicile	Name	Gender/ Age	Date (Inaugurated)	Term in office	Initial date of inauguration	Shares held upon inauguration		Shares held now		Shares held currently by the spouse or any underage child		Shares held in someone else's name		Major education and work experience	Concurrent positions in the Company and in other companies	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relation	
Chairman and Group President	R.O.C.	Po-Hsun Wang	Male 78	2022.05.31	3 years	1991.8.28	11,366,947	7.61%	12,029,766	7.66%	7,021,570	4.47%	–	–	Doctorate in Industrial Engineering and Administration of National Kaohsiung University of Science and Technology Chairman of Fu Chun Shin and President of the Fu Chun Shin Group	(Note 1)	Representative Corporate Director Vice General Manager Vice Chairman CEO	Po-Feng Wang Jane Wang Chun-Chieh Wang Alan Wang	Brothers Brother-Sister Father-Son Father-Son	(Note 11) (Note 12)
Vice Chairman and Chairman and President of Ningbo Branch	R.O.C.	Chun-Chieh Wang	Male 53	2022.05.31	3 years	2007.06.21	6,262,303	4.19%	6,678,055	4.25%	1,786,017	1.14%	–	–	Master's Degree in Business Administration, National Chung Hsing University Chairman of FCS Ningbo	(Note 2)	Chairman CEO	Po-Hsun Wang Alan Wang	Father-Son Brothers	(Note 11)
Director and Vice General Manager	R.O.C.	Chia-Miao Chiu	Male 79	2022.05.31	3 years	1991.8.28	664,659	0.44%	574,040	0.37%	596,692	0.38%	–	–	Department of Graphics Design, National Tainan Industrial High School Chairman, Shyuan Yeu Automation Co., Ltd.	(Note 3)	None	None	None	None
Director and CEO	R.O.C.	Alan Wang	Male 51	2022.05.31	3 years	2010.06.17	5,919,433	3.96%	6,327,105	4.03%	1,430,983	0.91%	–	–	M.Sc., Department of Mechanical and Electro-Mechanical Engineering, National Sun Yat-sen University National Cheng Kung University CEO of Fu Chun Shin	(Note 4)	Chairman Vice Chairman	Po-Hsun Wang Chun-Chieh Wang	Father-Son Brothers	(Note 12)
Director (corporate shareholder)	R.O.C.	Feng Wei Investment Co., Ltd.	27	2022.05.31	3 years	2007.06.21	3,147,253	2.11%	3,306,503	2.11%	–	–	–	–	–	–	None	None	None	None
Director (Corporate representative)	R.O.C.	Representative of Feng Wei Investment Co., Ltd.: Po-Feng Wang	Male 68	2022.05.31	3 years	2007.06.21	651	0.01%	15,601	0.01%	3,318,084	2.11%	–	–	National Tainan Industrial High School Special Assistant at Fu Chun Shin	(Note 5)	Chairman Director	Po-Hsun Wang Suzhen Zhang	Brothers Couple	None
Director	R.O.C.	Hans Wang	Male 45	2022.05.31	3 years	2013.06.20	701,365	0.47%	750,243	0.48%	–	–	–	–	Graduate Institute of Physics, National Sun Yat-sen University Associate Manager of R&D, Innolux Corporation	(Note 6)	None	None	None	None

Title	Nationality or registered domicile	Name	Gender/ Age	Date (Inaugurated)	Term in office	Initial date of inauguration	Shares held upon inauguration		Shares held now		Shares held currently by the spouse or any underage child		Shares held in someone else's name		Major education and work experience	Concurrent positions in the Company and in other companies	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relation	
Director	R.O.C.	Tsung-Cheng Wu	Male 75	2022.05.31	3 years	2003.06.27	–	–	–	–	2,183	0.00%	–	–	Master of Industrial Administration, National Chung Kung University Associate Professor at National Cheng Kung University		None	None	None	None
Director	R.O.C.	Suzhen Zhang	Female 66	2022.05.31	3 years	2013.06.20	3,154,469	2.11%	3,318,084	2.11%	15,601	0.01%	–	–	National Tainan Commercial Vocational Senior High School	(Note 7)	Representative Corporate Director	Po-Feng Wang	Couple	None
Director	R.O.C.	Fei-Ju Chen	Female 62	2022.05.31	3 years	2010.06.17	39,264	0.03%	41,250	0.03%	4,514	0.00%	–	–	Nan Ying Vocational High School Finance Department, Fu Chun Shin	None	None	None	None	None
Independent director	R.O.C.	Wen-Pin Tsai	Male 71	2022.05.31	3 years	2003.06.27	–	–	–	–	–	–	–	–	College of Law, National Taiwan University Associate Professor at National Cheng Kung University, Attorney		None	None	None	None
Independent director	R.O.C.	Ying-Fang Huang	Male 71	2022.05.31	3 years	2016.05.31	–	–	–	–	–	–	–	–	Doctorate in Strategic Management, UK University of Paisley Professor, National Kaohsiung University of Applied Sciences	(Note 8)	None	None	None	None
Independent director	R.O.C.	Chung Hui Huang	Male 68	2022.05.31	3 years	2022.05.31	–	–	–	–	–	–	–	–	EMBA, National Cheng Kung University Person in Charge of Diwan & Company	(Note 9)	None	None	None	None
Independent director	R.O.C.	Bo-Wen Kreng	Male 62	2022.05.31	3 years	2022.05.31	–	–	–	–	–	–	–	–	Doctorate, Purdue University Professor, Department of Industrial and Information Management, National Cheng Kung University	(Note 10)	None	None	None	None

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

Note 2: Vice Chairman of FCS Group; Chairman and President of Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.; Director of FCS RG PLASTIC PTE., LTD; Director of PT. FCS RGP Plastic ; Chairman of Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.; President of Dongguan Fu-Chuang-Sin (Ningbo) Plastic Machinery Manufacturing Co., Ltd.

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

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

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

Note 6: Director of Ji Xiang Investment Co., Ltd.

Note 7: Director of Xinwei Investment Co.,Ltd. , Chairman of Feng Wei Investment Co., Ltd.; Supervisor of Tunglun Co., Ltd.

Note 8: Concurrently served as independent director of Sheng Yu Steel Co., Ltd.

Note 9: Concurrently served as independent director of TYC Brother Industrial Co Ltd., O-TA Precision Industry Co., Ltd., Nam Liong Global Corporation

Note 10: President of Jing-Fong Industry Co., Ltd.

Note 11:The Chairman of the Company and that of FCS Ningbo are of first-degree kinship. Due to the valuable educational background of the latter, who holds a Master's degree in Business Administration from National Chung Hsing University, his expertise and knowledge can be effectively utilized for the benefit of the Company. Therefore, it is deemed necessary to increase the number of independent directors in accordance with the Company's regulations.

Note 12: The Chairman of the Company and that of FCS Ningbo are of first-degree kinship. Due to the valuable educational background of the latter, who holds a M.Sc. from the Department of Mechanical and Electro-Mechanical Engineering, National Sun Yat-sen University and EMBA from National Cheng Kung University, his expertise and knowledge can be effectively utilized for the benefit of the Company. Therefore, it is deemed necessary to increase the number of independent directors in accordance with the Company's regulations.

Major shareholders of corporate shareholders

April 20, 2024

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholder and their holding ratios (Note 2)
Feng Wei Investment Co., Ltd.	Po-Hsiang Wang (6.67%), Suzhen Zhang (14%), Junwei Wang (16.67%), Su-Fen Su Chou (13.33%), Jingwen Wang (13.33%), Jingyi Wang (11%), Su-Shih Chang (10%), Hsiu-Chueh Lin (8.33%).

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

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

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

Information on Directors (II)

I. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors:

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

Criterion / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public offering companies serving as independent directors
Director Alan Wang	M.Sc., Department of Mechanical and Electro-Mechanical Engineering, National Sun Yat-sen University and EMBA, National Cheng Kung University With the work experience required for commercial and corporate operations.	None	None
Director Hans Wang	Graduate Institute of Physics, National Sun Yat-sen University With the work experience required for commercial and corporate operations.	None	None

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

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

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

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

Criterion / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public offering companies serving as independent directors
Director Tsung-Cheng Wu	Master of Industrial Administration, National Chung Kung University With the work experience required for commercial and corporate operations.	None	None
Director Fei-Ju Chen	Nan Ying Vocational High School With the work experience required for commercial and corporate operations.	None	None

Note 1: Professional qualifications and experience: Specify the professionalism and experience of individual directors and supervisors. For those who are Audit Committee members with accounting or financial expertise, for example, the accounting or financial background and work experience shall be specified. Also, the occurrence of any of the conditions under Article 30 of the Company Act shall be indicated.

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

II. Diversification and Independence of Board of Directors:

(I) Diversification of Board of Directors:

1. The Company promotes and respects the diversification policy regarding the Board of Directors. In order to reinforce corporate governance and to promote the normalized composition and structure of the Board of Directors. It is believed that the policy will help boost the overall performance of the Company. The selection of board members adheres strictly to the principle of meritocracy, ensuring a diverse and complementary range of capabilities across various industries. The members must be capable and complementary to one another in cross-industrial fields, including the basic composition (such as age, gender, nationality, etc.) and possess the required industrial experience and related skills (such as finance, accounting, law, and administration). The Company has institutionalized management, standardized processes, and digitized operations. During the final board meeting each year, concrete objectives for the following year are presented, and managers report on the achievement of the current year's goals.
2. The Board of Directors of the Company currently consists of 13 directors, including 4 independent directors and 9 non-independent directors. The directors are all eminent professionals in their respective fields in industry and academia. The Company emphasizes gender equality in the composition of its board members, with a goal of increasing the number of female directors to at least one-third (33%). Currently, the board consists of 85% male members (11 members) and 15% female members (2 members). The Company will make every effort to increase the number of female directors to achieve this goal.
3. One member aged 40~49 years old, two 50~59 years old, five 60~69 years old, and five 70~79 years old; and the mean age of all members of the Board of Directors is 64.
4. All of the directors in the Company (including independent directors) are well-known people in the industry. Four of the members have obtained their doctorate in Taiwan, Mainland China, and the US and 4 obtained their master's degree in Taiwan. The members cover multiple cultures and international horizons. Besides sufficient corporate governance and industrial/technical experience, professional knowledge and skills of the directors cover multiple aspects, industrial, finance and accounting, technical and managerial, etc.
5. The professional knowledge and skills composition of the Company's board members includes: 1 member with expertise in law, 2 members with expertise in finance and accounting, 2 members with expertise in marketing, 5 members with expertise in engineering and machinery, 2 members with expertise in business management, and 1 member with expertise in administrative management.

(II) Independence of Board of Directors:

1. There are a total of 13 directors in the Company, including 9 directors and 4 independent directors.
2. The 4 independent directors account for 30.8% of all directors .2 independent directors have served less than 6 years in office. One independent director has served 2 terms and one more than 3 terms.
3. The independence of the 4 independent directors can be referenced in the "Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" table for details on their independence status.

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

April 20, 2024

Title	Nationality	Name	Gender	Date (Inaugurated)	Shares held		Shares held by the spouse or any underage child		Shares held in someone else's name		Education and work experience	Position held in any other company at present	Manager who is the spouse or a relative within the second degree of kinship			Remarks
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relation	
Vice Chairman	R.O.C. (Taiwan)	Chun-Chieh Wang	Male	2007.01.01	6,678,055	4.25%	1,786,017	1.14%	—	—	Master's Degree, National Chung Hsing University Vice Chairman of Ningbo Branch	(Note 1)	President and Group CEO	Alan Wang	Brothers	Note 7
CEO	R.O.C. (Taiwan)	Alan Wang	Male	2017.12.01	6,327,105	4.03%	1,430,983	0.91%	—	—	M.Sc., Department of Mechanical and Electro-Mechanical Engineering, National Sun Yat-sen University EMBA, National Cheng Kung University CEO, Fu Chun Shin Group	(Note 2)	Vice Chairman and Chairman and President of Ningbo Branch	Chun-Chieh Wang	Brothers	Note 8
Chief Operating Officer	R.O.C. (Taiwan)	Sheng-Tsung Tsai	Male	2017.12.27	274,265	0.17%	—	—	—	—	Master's Degree in Business Administration, National Chengchi University CEO, Fu Chun Shin Group	(Note 3)	None	None	None	None
Vice General Manager	R.O.C.	Jane Wang	Female	2015.05.08	181,809	0.12%	—	—	—	—	Department of Business Administration, Shu-Te University	(Note 4)	None	None	None	None
Assistant Vice President and Chief Corporate Governance Officer	R.O.C. (Taiwan)	Nichole Chang	Female	2008.01.01	530	0.00%	—	—	—	—	EMBA, National Cheng Kung University Program designer, Dongguang Company	None	None	None	None	None

Title	Nationality	Name	Gender	Date (Inaugurated)	Shares held		Shares held by the spouse or any underage child		Shares held in someone else's name		Education and work experience	Position held in any other company at present	Manager who is the spouse or a relative within the second degree of kinship			Remarks
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relation	
Vice General Manager	R.O.C. (Taiwan)	Sam Kao	Male	2017.03.13	70,455	0.04%	884,736	0.56%	—	—	National Pingtung University of Science and Technology Vice General Manager at the Ningbo Branch	(Note 5)	Vice President and President of the Hangzhou Bay Branch	Sally Gao	Sister-Brother	None
Assistant Vice President	R.O.C. (Taiwan)	Sally Gao	Female	2019.04.01	1,786,017	1.14%	6,678,055	4.25%	—	—	EMBA, Shanghai Jiao Tong University Vice General Manager at the Ningbo Branch	(Note 6)	Vice Chairman and Chairman and President of Ningbo Branch Vice General Manager at the Ningbo Branch	Chun-Chieh Wang Sam Kao	Couple Sister-Brother	None

Note 1: Vice Chairman of FCS Group; Chairman and President of Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.; Director of FCS RG PLASTIC PTE., LTD; Director of PT. FCS RGP Plastic ; Chairman of Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.; President of Dongguan Fu-Chuang-Sin (Ningbo) Plastic Machinery Manufacturing Co., Ltd.

Note 2:President and Group CEO of Taiwan Fu Chun Shin ; Chairman of PT. FU CHUN SHIN TECHNOLOGY(INDONESIA); Director of JUST NANOTECH CO., LTD.; Director of PT. FCS RGP Plastic; Director of FCS RG PLASTIC PTE., LTD.; Director of Indonesia PT. Director of Shin Preform Plastic; Director of FCS MACHINERY (THAILAND) CO., LTD.; Director of FCS PLASTIC MACHINERY (THAILAND) CO.; Director of Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.

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

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

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

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

Note 7: The Chairman of the Company and that of FCS Ningbo are of first-degree kinship. Due to the valuable educational background of the latter, who holds a Master's degree in Business Administration from National Chung Hsing University, his expertise and knowledge can be effectively utilized for the benefit of the Company. Therefore, it is deemed necessary to increase the number of independent directors in accordance with the Company's regulations.

Note 8: The Chairman of the Company and that of FCS Ningbo are of first-degree kinship. Due to the valuable educational background of the latter, who holds a M.Sc. from the Department of Mechanical and Electro-Mechanical Engineering, National Sun Yat-sen University and EMBA, National Cheng Kung University, his expertise and knowledge can be effectively utilized for the benefit of the Company. Therefore, it is deemed necessary to increase the number of independent directors in accordance with the Company's regulations.

(III) Remuneration paid to the directors, supervisors, president, and Vice General Manager over the most recent year

1. Remuneration paid to directors (including independent directors)

December 31, 2023; Unit: NTD Thousand

Title	Name	Remuneration of Directors								Ratio of the sum of A, B, C, and D to net profit after tax & (%)		Related remuneration to those who are also employees								Ratio of the sum of A, B, C, D, E, F, and G to net profit after tax & (%)		Remuneration claimed from reinvestees other than subsidiaries or the parent company
		Reward (A)		Retirement and pension (B)		Remuneration to directors (C)		Operational expenditure (D)				Salary, bonus, and special expenditure (E)		Retirement and pension (F)		Remuneration to employees (G)						
																The Company		All companies included in the financial report				
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	Amount paid in cash	Amount in stock	Amount paid in cash	Amount in stock	The Company	All companies included in the financial report	
Chairman	Po-Hsun Wang	0	0	0	0	368	368	50	50	418 2.03%	418 2.03%	3,049	3,049	349	349	1,000	0	1,000	0	4,816 23.38%	4,816 23.38%	0
Director	Chia-Miao Chiu	0	0	0	0	368	368	50	50	418 2.03%	418 2.03%	1,885	2,127	95	95	120	0	120	0	2,518 12.23%	2,760 13.40%	0
Director	Feng Wei Investment Co., Ltd. Corporate representative: Po-Feng Wang	0	0	0	0	368	368	40	40	408 1.98%	408 1.98%	1,570	1,570	79	79	0	0	0	0	408 1.98%	408 1.98%	0
Vice Chairman	Chun-Chieh Wang	0	0	0	0	368	368	50	50	0 0.00%	0 0.00%	1,618	5,147	99	99	1,600	0	1,600	0	1,649 8.01%	1,649 8.01%	0
Director	Alan Wang	0	0	0	0	368	368	50	50	418 2.03%	418 2.03%	2,784	2,784	99	99	1,575	0	1,575	0	3,735 18.13%	7,264 35.27%	0
Director	Hans Wang	0	0	0	0	368	368	50	50	418 2.03%	418 2.03%	2,125	2,125	51	51	250	0	250	0	4,876 23.67%	4,876 23.67%	0
Independent director	Wen-Pin Tsai	0	0	0	0	368	368	90	90	418 2.03%	418 2.03%	0	0	0	0	0	0	0	0	2,844 13.81%	2,844 13.81%	0
Independent director	Ying-Fang Huang	0	0	0	0	368	368	90	90	458 2.22%	458 2.22%	0	0	0	0	0	0	0	0	458 2.22%	458 2.22%	0
Independent director	Chi-Hsiang Wu	0	0	0	0	153	153	0	0	458 2.22%	458 2.22%	0	0	0	0	0	0	0	0	458 2.22%	458 2.22%	0
Independent director	Chung Hui Huang	0	0	0	0	214	214	90	90	153 0.74%	153 0.74%	0	0	0	0	0	0	0	0	153 0.74%	153 0.74%	0
Independent director	Bo-Wen Kreng	0	0	0	0	214	214	90	90	304 1.48%	304 1.48%	0	0	0	0	0	0	0	0	304 1.48%	304 1.48%	0
Independent director	Tsung-Cheng Wu	0	0	0	0	368	368	50	50	304 1.48%	304 1.48%	0	0	0	0	0	0	0	0	304 1.48%	304 1.48%	0
Independent director	Suzhen Zhang	0	0	0	0	368	368	40	40	418 2.03%	418 2.03%	0	0	0	0	0	0	0	0	418 2.03%	418 2.03%	0
Independent director	Fei-Ju Chen	0	0	0	0	368	368	50	50	408 1.98%	408 1.98%	0	0	0	0	0	0	0	0	408 1.98%	408 1.98%	0

Note: 1. Please specify the policy, system, standard and structure of the remuneration to independent directors, and the correlation with the amount of remuneration based on the responsibilities, risks, time invested and other factors: In accordance with Article 27 of the Company's Articles of Incorporation "The Company's directors/supervisors may claim a transportation allowance. The amount thereof shall be resolved in a shareholders' meeting.In addition, the Board of Directors is authorized to determine the remuneration to all directors (including the Chairman of the Board) based on their engagement in the Company's operations, contribution, and the pay level among peers in the industry." Furthermore, as stipulated in Article 31, the Company shall distribute no more than 3% of the current year's profit as directors' remuneration. However, if the Company still has accumulated losses, it shall make up for it. The Company also purchases liability insurance for the directors in order to reduce their risk of being filed a lawsuit against by shareholders or other related parties while performing duties as required by law.

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

2. Remuneration to Supervisors

An Audit Committee has been established to replace supervisors, there this is not applicable.

3. Remuneration to President and Vice General Managers

December 31, 2023; Unit: NTD Thousand

Title	Name	Salary (A)		Retirement and pension (B)		Bonus and special expenditure, etc. (C)		Amount of remuneration to employees (D)				Ratio of the sum of A, B, C, and D to net profit after tax (%)		Remuneration claimed from reinvestees other than subsidiaries or the parent company
		The Company	All companies included in	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial		The Company	All companies included in the financial report	
								Amount paid in cash	Amount in stock	Amount paid in cash	Amount in stock			
Concurrently serves as CEO and General Manager	Alan Wang	1,590	1,590	99	99	1,194	1,194	1,575	0	1,575	0	4,458 21.64%	4,458 21.64%	None
General Manager of Ningbo & Dongguan Branch	Chun-Chieh Wang	1,618	2,777	99	99	0	2,370	1,600	0	1,600	0	3,317 16.10%	6,846 33.24%	None
Vice General Manager of Taiwan FCS	SU JHEN WANG	1,200	1,562	73	73	160	160	100	0	100	0	1,533 7.44%	1,895 9.20%	None
General Manager of Hangzhou Bay Branch	CHENG-SHAN GAO	1,097	2,214	66	66	0	1,692	800	0	800	0	1,963 9.53%	4,772 23.17%	None

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

December 31, 2023; Unit: NTD Thousand

Title	Name	Salary (A)		Retirement and pension (B)		Bonus and special expenditure, etc. (C)		Amount of remuneration to employees (D)				Ratio of the sum of A, B, C, and D to net profit after tax (%)		Remuneration claimed from reinvestees other than subsidiaries or the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Amount paid in cash	Amount in stock	Amount paid in cash	Amount in stock			
General Manager of Ningbo & Dongguan Branch	Chun-Chieh Wang	1,618	2,777	99	99	0	2,370	1,600	0	1,600	0	3,317 16.10%	6,846 33.24%	None
General Manager of Hangzhou Bay Branch	CHENG-SHAN GAO	1,097	2,214	66	66	0	1,692	800	0	800	0	1,963 9.53%	4,772 23.17%	None
Concurrently serves as CEO and General Manager	Alan Wang	1,590	1,590	99	99	1,194	1,194	1,575	0	1,575	0	4,458 21.64%	4,458 21.64%	None
President	Po-Hsun Wang	2,067	2,067	349	349	982	982	1,000	0	1,000	0	4,398 21.35%	4,398 21.35%	None
Sales Department Manager	Hans Wang	844	844	51	51	1,281	1,281	250	0	250	0	2,426 11.78%	2,426 11.78%	None

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

December 31, 2023; Unit: NTD Thousand

	Title	Name	Amount of stock bonus	Amount of cash bonus	Total	Ratio of sum to net profit after tax (%)
Manager	Chief Executive Officer and President	Alan Wang	—	6,945	6,945	4.3557
	Chief Operating Officer	Sheng-Tsung Tsai				
	Vice General Manager	Ching-Ming Tsao				
	Vice General Manager (President of Ningbo)	Chun-Chieh Wang				
	Assistant Vice President (Vice General Manager of Ningbo)	Sam Kao				
	Assistant Vice President Main Office	Nichole Chang				
	Vice General Manager	Benjamin Lee				
	Assistant Vice President (Vice General Manager of Ningbo)	Sally Gao				
	Finance/Accounting Officer	Chung-Ching Liu				

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

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

Unit: NT$ Thousand

Item	2022				2023			
	The Company		All companies in the Consolidated Statement		The Company		All companies in the Consolidated Statement	
	Amount	Ratio of sum to net profit after tax of the parent company (%)	Amount	Ratio of sum to net profit after tax of the parent company (%)	Amount	Ratio of sum to net profit after tax of the parent company (%)	Amount	Ratio of sum to net profit after tax of the parent company (%)
Remuneration of Directors	3,345	2.09%	3,345	2.09%	5,419	26.30%	5,419	26.30%
Remuneration to President and Vice General Manager	17,677	11.09%	17,677	10.40%	8,707	42.27%	11,539	56.02%

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

A. Article 27 of the Company's Articles of Incorporation states that "The Company's directors/supervisors may claim a transportation allowance. The amount thereof shall be resolved in a shareholders' meeting. In addition, the Board of Directors is authorized to determine the remuneration to all directors (including the Chairman of the Board) based on their engagement in the Company's operations, contribution, and the pay level among peers in the industry."

B. Article 28 of the Company's Articles of Incorporation states that "the Company shall appoint managers (including the President). The appointment and dismissal thereof and remuneration to them shall be governed by Article 29 of the Company

Act, where it states that “The Company may retain advisors or important officers per resolution by the Board of Directors.”

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

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

E. Article 31: The Company shall distribute no less than 3% of the annual profit, if any, as the remuneration to employees, and no more than 3% of the annual profit as the remuneration to directors and supervisors, provided that profits must first be taken to offset against any cumulative losses. The annual profit mentioned in the preceding paragraph refers to the pre-tax income before the remuneration to employees, directors and supervisors are deducted for the year. Employees’ remuneration, whether issued as stock or cash, includes employees of subsidiary companies who meet certain conditions.

III. Status of Corporate Governance

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

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

In the most recent year (2023), the Board of Directors met 5 times (A), and the attendance of directors (including independent directors) and supervisors was as follows:

Title	Name (Note 1)	Actual attendance (seated) frequency B	Attendance through proxy	Actual attendance (seated) rate (%) (B/A) (Note 2)	Remarks
Chairman	Po-Hsun Wang	5	0	100%	
Director	Chia-Miao Chiu	5	0	100%	
Director	Representative of Feng Wei Investment Co., Ltd.: Po-Feng Wang	4	0	80%	
Director	Chun-Chieh Wang	5	0	100%	
Director	Alan Wang	5	0	100%	
Director	Hans Wang	5	0	100%	
Director	Suzhen Zhang	4	0	80%	
Director	Fei-Ju Chen	5	0	100%	
Director	Tsung-Cheng Wu	5	0	100%	
Independent director	Ying-Fang Huang	5	0	100%	
Independent director	Wen-Pin Tsai	5	0	100%	
Independent director	Chung Hui Huang	5	0	100%	
Independent director	Bo-Wen Kreng	5	0	100%	

Other matters that should be documented:

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

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

Date/ Session of Board of Directors Meeting	Proposal	Opinions from all independent directors and how the Company addressed them

2023/03/22 The 6th session of the 12th term	1. Approval of the intended change of both CPAs of the Company from the financial statements for the first quarter of 2023 reflective of the internal rotation and adjustment of CPAs. 2. Approval of expenditures for 2023 audit CPA attestation fees of EY Taiwan. 3. Approved the revision of certain provisions of the "Regulations Governing Endorsement/Guarantees"	Approved by all independent directors
2023/05/11 The 7th session of the 12th term	1. Approved the motion to change the Company's head of audit. 2. Approved the appointment of a chief corporate governance officer.	Approved by all independent directors
2023/11/10 The 9th session of the 12th term	1. Approved the revision of the limit of loaning of funds to subsidiaries by FCS 2. Approval of the intended change of both CPAs of the Company from the financial statements for the fourth quarter of 2023 reflective of the internal rotation and adjustment of CPAs.	Approved by all independent directors

(II) Other than the matters mentioned above, the resolutions with records or written statements on which independent directors have dissenting opinions or qualified opinions: None.

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

III. Reinforced assessments of functional objectives (such as setting up the Audit Committee, promoting information transparency, etc.) of the Board of Directors and implementation status of the objectives of the specific year and the most recent year: In addition to disclosing the attendance of directors and supervisors at board meetings and their participation in corporate governance training courses on the Market Observation Post System (MOPS) as required, the Company has also established an investor section on its website. This section includes information on the Audit Committee, the Remuneration Committee, and important resolutions of the Board of Directors, as well as relevant organizational regulations, thereby

enhancing information transparency.

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

Note 2:(1) In the event that directors or supervisors resign before the end of a fiscal year, the date of resignation shall be indicated in the remarks field. The actual attendance rate (%) should be calculated based on the number of board meetings held during their tenure and the number of meetings they actually attended.

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

2. Board of Directors Performance Evaluation: The following evaluations were completed on March 4, 2024

Evaluation cycle (Note 1)	Evaluated period (Note 2)	Scope of evaluation (Note 3)	Evaluation method (Note 4)	Highlights of evaluation (Note 5)
Once a year	2023.1.1~ 2023.12.31	Board of Directors, individual directors and the functional committees	1. Board of Directors Performance Evaluation	Participation in business operations - Excellent Decision-making quality of the Board of Directors - Excellent Composition and structure of Board of Directors - Excellent Election of its directors and continuing education for them - Excellent Internal control - Excellent
			2. Individual Directors Performance Evaluation	Keeping track of corporate goals and missions - Excellent Awareness of duties as a director - Excellent Involvement in corporate operations - Excellent Management of internal relations and communication - Excellent Director’s professionalism and continuing education - Excellent Internal control - Excellent
			3. Remuneration Committee Performance Evaluation	Involvement in corporate operations - Excellent Awareness of the duties of the functional committee - Excellent Decision-making quality of the

Evaluation cycle (Note 1)	Evaluated period (Note 2)	Scope of evaluation (Note 3)	Evaluation method (Note 4)	Highlights of evaluation (Note 5)
				functional committee - Excellent Composition and election of members of the functional committee - Excellent Internal control - Excellent
			4. Audit Committee Performance Evaluation	Involvement in corporate operations - Excellent Awareness of the duties of the functional committee - Excellent Decision-making quality of the functional committee - Excellent Composition and election of members of the functional committee - Excellent Internal control - Excellent

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

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

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

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

Note 5: The highlights of evaluation include at least the following according to the scope of evaluation.

The Board of Directors' performance evaluation shall at least cover the involvement in corporate operations, decision-making quality, the composition and structure of the Board of Directors, the election and continuing education of directors, internal control, etc.

Individual Board members' performance evaluation shall at least cover keeping track of the Company's goals and missions, awareness of the duties of directors, involvement in the Company's operation, internal relations management and communication, professional and continuing education for directors, internal control, etc..

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

(II) Information on the Operational Status of the Audit Committee

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

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

Other matters that should be documented:

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

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

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

- 2023/03/22 The 4th session of the 1st Audit Committee:
  1. Approval of the intended change of both CPAs of the Company from the financial statements for the first quarter of 2023 reflective of the internal rotation and adjustment of CPAs.
  2. Approval of the public expenditure on 2023 audit certification to EY Taiwan.
  3. Approval of the amendment to some articles of the "Regulations for Endorsement and Guarantee".
- 2023/05/11 The 5th session of the 1st Audit Committee:
  1. Approved the motion to change the Company's head of audit.
- 2023/11/10 The 7th session of the 1st Audit Committee:
  1. Approval of the modification made to the limits of funds lent to the subsidiary by Taiwan FCS.
  2. Approval of the intended change of both CPAs of the Company from the financial statements for the fourth quarter of 2023 reflective of the internal rotation and adjustment of CPAs.

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

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

II. For the recusal upon conflicts of interest among independent directors, the name of the

independent director, details of the proposal, reason for the recusal, and participation in the voting process or not shall be described: None.

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

2023/03/22 The 4th session of the 1st Audit Committee:

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

IV. Professional qualifications of the Audit Committee: The Audit Committee of the Company consists of 4 independent directors, whose professional qualifications and experience are as follows:

Wen-Pin Tsai: Former Commissioner of the Examination Yuan, Deputy Mayor of Tainan City, and National Assembly Representative; currently practicing lawyer and adjunct associate professor at National Cheng Kung University.

Ying-Fang Huang: served as Independent Director of GONGIN PRECISION INDUSTRIAL CO., LTD, Director of Fashion Intelligence Co., Ltd. Co., Ltd., Supervisor of Hi-Scene World Enterprise CO.LTD., Director (MOEA) of CSBC Corporation, Taiwan, and Director of KUO TOONG INTERNATIONAL CO.LTD. (Tongchuang Enterprise), Chair of the Department of Industrial Engineering and Management, Kaohsiung University of Science and Technology, President of Fortune Institute of Technology; Independent Director and Convener of Audit Committee of SYSCO Group.

Chung Hui Huang: Formerly Professor of the Department of Accounting Information of Southern Taiwan University of Science and Technology, Certified Public Accountant, and Part-time Lecturer of National Cheng Kung University; currently Independent Director of O-TA Precision Industry Co., Ltd., Independent Director of TYC Brother Industrial Co., Ltd., Independent Director of Nam Liong Global Corporation.

Bo-Wen Kreng: Served as Supervisor and Independent Director of TAYIH KENMOS AUTO PARTS CO., LTD., Supervisor of TA YIH INDUSTRIAL CO., LTD, Independent Director of TYC BROTHER INDUSTRIAL CO, LTD., and Professor of Department of Industrial and Information Management, National Cheng Kung University; currently Director/President of JingFong Industry Co., Ltd.

V. Summary of the annual highlights of the Audit Committee: The Audit Committee held 4 meetings in 2023, and reviewed the following matters:

- Material loaning of funds by endorsement or guarantee
- Qualification, independence and performance evaluation of CPAs
- The appointment, dismissal or compensation of CPAs
- The appointment and dismissal of the internal auditing officer
- The self-evaluation questionnaire for Audit Committee performance
- Review of financial statements

VI. Resolutions of the Audit Committee in 2023:

● 2023/03/22 The 4th session of the 1st Audit Committee:

(1) Approved the proposal for the Company's subsidiary, FCS RG PLASTIC PTE., LTD, to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

(2) Approved the proposal for the Company's subsidiary, Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd., to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

(3) Approved the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of December 31, 2022 of the Company; confirming that there are no instances of disguised financing.

(4) Approved the review of the Company's 2022 parent company-only financial statements and consolidated financial statements.

(5) Approved the Company's 2022 Earnings Distribution and Business Report

(6) Approved the proposal for earnings-transferred capital increase.

(7) Approved the proposal of "Evaluation of the Effectiveness of the Internal Control System" and "Statement of Internal Control System" in 2022.

(8) Approved the intended change of both CPAs of the Company from the financial statements for the first quarter of 2023 reflective of the internal rotation and adjustment of CPAs.

(9) Approved the expenditures for 2023 audit CPA attestation fees of EY Taiwan.

(10) Approved the proposal for the independence and suitability assessment of the Company's CPAs in 2023.

(11) Approved the establishment of the Company's "Guidelines for the Review of Advance Approvals for Non-Assurance Services".

(12) Approved the revision of certain provisions of the "Regulations Governing Endorsement/Guarantees".

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

● 2023/05/11 The 5th session of the 1st Audit Committee

(1) Approved the proposal for the Company's subsidiary, BVI FCS, to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

(2) Approved the proposal for the Company's subsidiary, FCS India, to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

(3) Approved the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of March 31, 2023 of the Company; confirming that there are no instances of disguised financing.

(4) Approved the motion to change the Company's head of internal audit.

(5) Approved the motion for the Company's consolidated financial statements for the first quarter of 2023.

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

● 2023/08/10 The 6th session of the 1st Audit Committee

(1) Approved the proposal for the Company's subsidiary, FCS RG PLASTIC PTE., LTD, to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

(2) Approved the proposal for the Company's subsidiary, BVI FCS, to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

(3) Approval of the subscription of international bonds denominated in US dollars issued by International Bills Finance Corp under a repurchase agreement (RP) with principal protection.

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

● 2013/11/10 The 7th session of the 1st Audit Committee

(1) Approved the revision of the limit of loaning of funds to subsidiaries by FCS.

(2) Approved the 2024 Audit Plan.

(3) Approved the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of September 30, 2023 of the Company; confirming that there are no instances of disguised financing.

(4) Approval of the intended change of both CPAs of the Company from the financial statements for the fourth quarter of 2023 reflective of the internal rotation and adjustment of CPAs.

(5) Approved the motion for the Company's consolidated financial statements for the third quarter of 2023.

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

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

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

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

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

Evaluation item		Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
		Yes	No	Brief Description	
(III)	Has the Company established and implemented risk management and firewall mechanisms with its associated enterprises?	V		The various financial operations between the Company and its affiliates are mutually-independent in principle. The “Regulations Governing Subsidiaries”, the “Regulations Governing Financial Interactions Between Group Corporate Companies and Specific Companies”, the “Internal Control System”, and the “Internal Audit System” in order to create a risk control and firewall mechanism with affiliates. In addition, the Company also holds monthly (or bimonthly) business management meetings with affiliated companies to establish risk control and firewall mechanisms with affiliated companies.	No difference.
(IV)	Has the Company established internal rules against insider trading with undisclosed information?	V		The Company has formulated the “Operational Procedures for the Handling of Material Internal Information and Management for Prevention of Insider Trading” to regulate the compliance of the Company’s insiders. Starting from 2024, the Company has been promoting to all internal personnel that trading the Company’s stock is prohibited during the blackout periods, which are 15 days before the quarterly financial report announcement and 30 days before the annual financial report announcement.	No difference.

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
III. Composition and Responsibilities of the Board of Directors (I) Has the Board of Directors developed diversification policies, substantial management goals and enforced them?		V	Although the Company has not yet formulated a diversity policy, it has set relevant targets to strengthen the diversity of the board of directors during the next re-election of directors. For the current diversity of directors, please refer to the diversity of the board of directors in the Information of Directors (II).	Unspecified.
(II) Has the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law?		V	In addition to setting up the Remuneration Management Committee and the Audit Committee as required by law, no other functional committees have been set up.	No other functional committees have been set up to date.
(III) Has the Company defined the "Board of Directors Performance Evaluation Guidelines" and the evaluation method, conducted performance evaluation annually and regularly, and reported the results of the performance evaluation to the Board of Directors, and applied it to individual directors' remuneration and nomination renewal?	V		The Regulations Governing the Performance Evaluation of the Board of Directors and the evaluation methods thereof were amended and approved by the Remuneration Committee and the Board of Directors on December 29, 2020. An annual self-evaluation of the performance of the Board of Directors and each functional committee is conducted. The evaluation results for 2023 were reported at the Board of Directors meeting on March 15, 2024, and were announced and filed in accordance with regulations. The results of the performance evaluation of the Board of Directors are also used as a reference for the remuneration of directors and the nomination of re-election.	No difference.

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
(IV) Has the Company assessed the independence status of the CPAs at regular intervals?	V		The Audit Committee assesses the independence and suitability of CPAs it engages with annually. In addition to requiring CPAs to provide “Declaration of Independence” and “Audit Quality Indicators (AQIs)”, the evaluation is conducted based on the standards outlined in Note 1 and the 13 AQI indicators. It was confirmed that CPAs have no other financial interests or business relationship with the Company, and that no family member of the CPAs violated the independence requirements. Based on the AQI indicator information, it was verified that the CPAs and their firms surpass the industry average in terms of audit experience and training hours. Additionally, over the past three years, digital auditing tools have been continuously implemented to enhance audit quality. The evaluation results of the most recent year were discussed and approved by the Audit Committee on March 15, 2024, and were submitted to the Board of Directors’ resolution on the evaluation of the independence and suitability of the CPAs.	No difference.

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
IV. For TWSE/TPEx-listed companies, is there competent corporate governance staff and is the number of such employees suitable and a corporate governance officer assigned to take charge of corporate governance-related affairs (including, without limitation, providing directors/supervisors with the required materials for them to perform their duties, assisting directors/supervisors in complying with laws and regulations, addressing matters concerning the Board of Directors meeting and shareholders' meetings, and preparing the Board of Directors and shareholders' meeting minutes)?	V		A Chief Corporate Governance Officer was appointed before June 30, 2023, with 2 subordinates assigned to assist in handling corporate governance-related matters.	No difference.
V. Has the Company established a communication channel and built a designated section on its website for stakeholders (including, without limitation, shareholders, employees, customers, and suppliers, etc.) and properly respond to corporate social responsibility issues that stakeholders are concerned about?	V		Regular labor-management meetings are held quarterly to establish communication channels with employees. Sufficient information is also provided to financial institutions and creditors. Additionally, a dedicated stakeholder section and contact window are set up on the Company's website, ensuring stakeholders have enough information to make informed decisions and protect their rights.	Requirements of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	V		Appointment of the Transfer Agency Department of CTBC Bank Co., Ltd. to handle the shareholders' meeting-related affairs.	Requirements of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
VII. Disclosure of Information (I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	V		The website set up by the Company contains information on operations; there is also the dedicated section for investors where links to information disclosed on finance and corporate governance is available. Investors can also search for related information through the MOPS.	Requirements of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(II) Has the Company adopted other means for disclosure (such as by setting up a website in English, appointing designated persons to take charge of collecting and disclosing corporate information, consolidating the spokesperson system, and posting information on how the Investor Conference is conducted on the corporate website)?	V		1. The Company's website has been set up in 8 languages (Traditional Chinese, Simplified Chinese, English, Indonesian, Portuguese, Spanish, Vietnamese, and Korean) to provide access to information related to the Company. 2. The Company already assigned personnel to take charge of collecting and disclosing corporate information. 3. The spokesperson and acting spokesperson are working well. 4. The Company's website includes a dedicated section for investor conferences, where all related materials and information are made available.	Requirements of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(III) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?		V	The Company did not file financial statements early, but announced and declared its annual financial report (within 3 months), financial reports for the first, second, and third quarters (within 45 days), and monthly operational status (before the 10th day of each month) as is required by Article 36 of the Securities and Exchange Act.	No major deviations.
VIII. Is there any other essential information that would help understand the pursuit of corporate	V		1. Employee rights and employee care: Please refer to V. Labor-Management Relations under Five.	Requirements of the Corporate Governance Best

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

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Brief Description	
			Directors in compliance with applicable requirements and the Internal Control System is required. The Company shall comply with its financial risk management policies during its financial management activities. 7. Implementation of customer policies: The Company quickly answers to and periodically goes on service tours to quality customers and provides them with differential services to meet the needs on the market and to become a permanent business partner of customers. 8. The Company purchases liability insurance for the directors every year. The most recent insurance period was from June 1, 2023 to May 31, 2024. It was reported to the board of directors on May 11, 2023, and was announced and reported in accordance with the regulations after the insurance purchase.	
IX. Please explain improvements that have been made based on the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose enhancements and measures for those that have not yet been improved: Enhancements and optimizations have been made to the disclosure of information on the corporate website and in the annual report. As for the structure of the Board of Directors, efforts will be made during the next election.				

Note 1: Standards for evaluating the independence of CPAs

Evaluation item	Evaluation results	Status of Independence
1. Do the CPAs have direct or material indirect financial interest in the Company?	No	Yes
2. Do the CPAs have any financing or guarantee arrangements with the Company or its directors?	No	Yes
3. Do the CPAs have a close business relationship or potential employment relationship with the Company?	No	Yes
4. Do the CPAs and their audit team members serve as directors, managers, or positions that have material influence on the audit work of the Company currently or in the past two years?	No	Yes
5. Are there any non-audit services provided by the CPAs to the Company that may directly affect the audit work?	No	Yes
6. Do the CPAs act as brokers for the shares or other securities issued by the Company?	No	Yes
7. Do the CPAs act as defendants of the Company or represent the Company in conflicts with third parties?	No	Yes
8. Do the CPAs have any familial relationships with the Company's directors, managers, or personnel who have material influence over audit matters?	No	Yes

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

(1) Profile of Members of the Remuneration Committee

April 12, **2024**

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

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

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

Criterion / Status / (Note 1) Name		Professionalism and experience (Note 2)	Independence (Note 3)	Number of positions as a Remuneration Committee Member in other public offering companies
		corporate operations, a retired professor from related departments required by the Company, and without any of the conditions under Article 30 of the Company Act.	of kinship does not serve as the director, supervisor, or employee of the Company or any of its affiliates. 2. The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company. 3. Not a director, supervisor, or employee of a company related in a specific way to the Company (refer to the requirements in Article 6 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee)? 4. The amount of rewards received for commercial, legal, financial, or accounting services provided to the Company or its affiliates over the past 2 years	

Note 1: Please specify years of work experience, professionalism, and experience and status of independence of individual members of the Remuneration Committee in the table. For independent directors, please refer to Table 1 for related information on directors and supervisors (I). Provide “independent director” or “other” for “Status” (add a note for the convener).

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

Note 3: **Status of Independence:** Specify the status of independence of the members of the Remuneration Committee, including, without limitation, whether or not a specific member, their spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for the Company or any of its affiliates, the number and weight of shares the member, their spouse, or a relative within the second degree of kinship holds, whether or not such member, their spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for a company in a specific relationship with the Company (refer to the requirements in Article 6 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange), and the amount of benefits received for corporate commerce, legal affairs, financial affairs, and accounting services provided over the past 2 years to the Company or any of its affiliates.

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

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

1. The Company's Remuneration Committee has 4 members in total.
2. The term of office of the current committee members: From May 31, 2019 to May 30, 2022. The re-election took place during the General Shareholders' Meeting on May 31, 2022 and the new members will serve a term to May 30, 2025. The Remuneration Committee met 4 times (A) in 2023. Qualification and attendance of the meetings are as follows:

Title	Name	Actual attendance frequency (B)	Attendance through proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Wen-Pin Tsai	4	0	100%	Succeeded upon re-election on 5/31/2022
Member	Chung Hui Huang	4	0	100%	Succeeded upon re-election on 5/31/2022
Member	Ying-Fang Huang	4	0	100%	Succeeded upon re-election on 5/31/2022
Member	Bo-Wen Kreng	4	0	100%	Elected and newly inaugurated on May 31, 2022

Other matters that should be documented:

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

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

- 2023/03/22 The 3rd session of the 5th Remuneration Committee:

Motion: 1. Details of operating bonuses in Q4, 2022
Motion: 2. Approval of the remuneration and reward for managers of 2022.
Motion: 3. Approved the estimation of the total amount of remuneration to employees and directors and supervisors in 2022.
Resolution: It was approved unanimously by all attending committee members.
How the Company addressed opinions from the Remuneration Committee: They were brought forth to the Board of Directors and approved by all attending directors.

- 2023/05/11 The 4th session of the 5th Remuneration Committee:

Motion: 1. Appointment of "Chief Corporate Governance Officer" .
Resolution: It was approved unanimously by all attending committee members.
How the Company addressed opinions from the Remuneration Committee: They were brought forth to the Board of Directors and approved by all attending directors.

● 2023/08/10 The 5th session of the 5th Remuneration Committee:

Motion: 1. Details of operating bonuses in Q1 and Q2 in 2023.

2. Review of the number of 2022 executive bonuses received.

Resolution: It was approved unanimously by all attending committee members.

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

● 2023/12/20 The 6th session of the 5th Remuneration Committee:

Motion: 1. Details of Q3 2023 operating bonuses.

2. Review of the estimate of 2023 year-end bonus.

3. Review of 2024 Remuneration Committee work plan.

Resolution: It was approved unanimously by all attending committee members.

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

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

Note:

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

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

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

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
I. Does the Company establish a governance framework for sustainable development and a dedicated (or ad-hoc) sustainable development unit with authorization by the Board of Directors for senior management to handle related matters, which is supervised by the Board of Directors?	V		(1) Long-term care and visits to the elderly living alone in the community and community blood donation activities are held more than 4 times a year. (2) Provide internships and visits to colleges and universities. Over the years, the Company has provided winter and summer internship opportunities to universities in Southern Taiwan, and more than 15 students are interned at the Company each year. (3) In response to the government's green energy policy, the Company invested NT$200 million to build a 3,000 kWp solar power generation system on the factory rooftops. This system has an annual power generation capacity of 3.5 million kWh and can reduce carbon emissions equivalent to 5.9 Da'an Forest Parks in Taipei per year. (4) In 2023, in response to the Ministry of Economic Affairs' initiative for large enterprises to assist smaller ones in the manufacturing industry with "low-carbon and smart upgrading and transformation," the Company established the "Green Innovation - Low Carbon Plastic Injection Ecosystem Project" task force. This project sets short, medium, and long-term "carbon reduction paths for the injection	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies has been complied with.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
			molding industry and strategic entry points for FCS." Senior executives form the decision-making committee, with managerial-level supervisors from various business units as task force members. Senior executives regularly report the progress and results to the Board of Directors. (5) In 2023, the Company passed the Ministry of Economic Affairs' review for the "Low-Carbon and Smart Upgrading and Transformation Project" that calls for for large enterprises to assist smaller ones in the manufacturing industry. In 2024, the Company was awarded a "Certificate of Appreciation" by the Ministry of Economic Affairs. This project aligns with the government's carbon reduction path for the manufacturing industry. Under the "large enterprises leading small enterprises" model, FCS (the central plant) collaborated with 10 supply chain partners to assist customers in low-carbon transformation, with an estimated annual carbon reduction of 2,460 tCO_2e.	
II. Does the Company perform risk assessments when dealing with environmental, social, and corporate governance-related issues that concern the Company's operations according to the materiality principle and define related risk management policies or strategies?		V	The Company has not yet established a specific risk management policy. However, risk assessments related to operational environmental, social, and corporate governance (ESG) issues are considered when setting goals and budgets for the following year. These assessments are taken into account as	Yet to be defined.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
			references during the annual planning process.	
III. Environmental Issues (I) Has the Company developed an appropriate environmental management system reflective of the industrial characteristics?	V		In terms of promoting environmental safety and health, besides meeting applicable regulatory requirements, the Company connects with the world by enforcing the environmental safety and health system and has been ISO45001 Occupational Safety and Health Management System-certified for three years in a row and the goals set in the ISO 14001 Environmental Management System are determined to be the mid-to-long-term goals.	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies has been complied with.
(II) Is the Company devoted to improving the energy utilization efficiency and using renewable materials with minimal impacts on the environment?	V		Promote corporate green operation management in 2023, from carbon inventory, establishment of smart energy management system, and improvement of high-carbon emission processes. Carbon emission analysis based on the Company's energy use data and energy declaration form shows that air compressors, chillers, pipe benders, and pushers in the production process of injection molding machine are the hotspots of carbon emission and are also the focus of energy conservation and carbon reduction. Accordingly, it is proposed to replace the old air compressor, chiller, pipe bender, and pusher with new ones between 2023 and 2024. The estimated total carbon reduction is 172 tCO_2e, with a carbon reduction rate	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies has been complied with.

Action item		Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
		Yes	No	Brief Description	
				of 11.5 %.	
(III)	Does the Company evaluate potential risks and opportunities now and in the future brought about by climate change for the corporation and adopts responsive measures to climate-related issues?	V		(1) Climate changes is an important issue of concern to investors and businesses. Therefore, the Company pays close attention to various energy-saving, carbon reduction, and greenhouse gas reduction issues and is devoted to developing energy-saving and clean plastic injection molding machines in product R&D. (2) From 2010 to 2017, in response to the government's green energy policy, the Company installed solar photovoltaic power generation systems. The annual power generation capacity is approximately 3.5 million kWh, with an annual carbon reduction equivalent to 5.9 Da'an Forest Parks in Taipei. (3) In 2023, in response to the global trend towards net-zero emissions, integrating into the international supply chain requires a dual-axis transformation towards low carbon and smart technologies. The Company, along with its 10 supply chain partners, jointly invested in low-carbon transformation by implementing four major intelligent energy-saving solutions: corporate carbon management, integration of industry peripherals, assisting customers in upgrading old machines, and smart low-carbon technologies.	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies has been complied with.
(IV)	Does the Company tally the total greenhouse gas emissions, water usage, and waste generated	V		(1) Greenhouse gas emissions: Analysis of the Company's carbon emissions and formulation of	The Corporate Social Responsibility Best Practice

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
over the past two years and have energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management policies in place?			countermeasures based on the energy use data and energy declaration forms in the last two years for 2023. The descriptions are as follows: The power-consuming equipment is elbow welding (38%), air compressor (21%), and chillers, which are processes with high carbon emission; diesel consumption is mainly that of diesel engines, accounting for 78%; among the production processes of injection molding machine, Air compressors, chillers, elbow welding, and elevators are hotspots for carbon emission. The combined annual carbon emission of 1,494 tCO_2e is the focus of energy conservation and carbon reduction. The above equipment will be replaced every year, and it is expected to reduce carbon by 172% in 2025 tCO_2e, with a carbon reduction rate of 11.5%. (2) Total water consumption: The average annual water consumption in the past two years is 12,000 metric tons. To effectively reduce water consumption, the following measures are implemented: Check waterways: Inventory and check waterways in the entire plant to check for leaks and avoid waste; install water meters, add water meters to each business division, and analyze the usage every month. Any abnormalities are traced and improved immediately; water-saving equipment is installed to ensure that the valve	Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
			and two-stage toilet. (3) Total weight of waste: The average weight of total waste in the past two years is 45 metric tons. To effectively reduce the total amount of waste, the following plans are actively implemented: Introduce a digital management system to reduce the amount of paper and toner used; implement garbage sorting and resource recycling and reuse, and commit to garbage reduction and resource reuse in 2022; a reduction target has been set, and the result has been reduced by 27% by 2023.	
IV. Social Issues (I) Has the Company developed related management policies and procedures in accordance with applicable laws and regulations and the International Bill of Human Rights?	V		Comply with relevant laws and regulations, and operate in accordance with the internal control system and the management policies and procedures specified in ISO45001.	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(II) Does the Company define and enforce reasonable employee welfare measures (including compensation, leave, and other benefits, among others) and the operational performance or accomplishments are adequately reflected in the employees' compensation?	V		The Company has the work rules and respective personnel management rules in place that cover basic wages, working hours, leave, pension benefits, labor and health insurance benefits, and occupational injury compensation for employees. All these provisions comply with the relevant regulations of the Labor Standards Act. The Employee Welfare Committee is also available and functions under the Welfare Committee whose	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
			members are elected among the employees to take care of respective benefits. The Company's remuneration policy is proportional to the correlation between one's contribution to the Company and performance and the operational performance.	
(III) Does the Company provide employees with a safe and healthy work environment as well as periodic safety and health education?	V		Passed the ISO45001 certification, and its validity period is from August 17, 2022 to August 17, 2025. Occupational safety performance: The Company has established a daily safety inspection plan, requiring at least 40 inspection points each month. Every six months, an operational environment monitoring is conducted to ensure a safe and healthy working environment for employees. Additionally, a report on cause analysis and improvement measures is presented at the quarterly Occupational Safety and Health Committee meetings. No disabling injury incidents between employees and contractors in 2023; no fines for related violations in 2023; no fire accidents in 2023 In addition, each year, occupational safety and health education and training are allocated for one hour by the industrial safety unit to ensure compliance with relevant laws and regulations.	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
			Further, special health check-ups and health examinations for employees over 65 are conducted annually, and general health check-ups for all employees are carried out every three years, with professional medical consultations also provided. Due to the effective implementation of these measures, the Company has been recognized by the Ministry of Health and Welfare as a "National Outstanding Friendly Workplace" for three consecutive terms (eight years). Equipment safety management: Stationary cranes, stackers, and aerial work vehicles are all hazardous machinery used in the plant. Periodic inspections are conducted to ensure that all equipment can operate safely. All relevant operators are given guidance to obtain operating licenses.	
(IV) Has the Company established an effective training program that helps employees develop skills over the course of their career?	V		(1) The Company has prioritized talent development over the long term and will plan respective internal and external training programs reflective of organizational, departmental, and personal demand. Related educational training criteria such as the "In-service Continuing Education Operating Standards," the "Manpower Development and Retention Operating Standards," the "Assembly Technique	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
			Certification Operating Standards," the "R&D Technical Operating Standards," and the "Large Machine Wall Assembly Technical Operating Standards," etc. are defined to enhance and update the knowledge and skills of employees. In addition, through flexible courses on "teaming" and "self-awareness", for the career empowerment of employees, development of core professional skills and balanced development of body, mind, and heart of employees are taken care at the same time. (2) The Company has been awarded the Bronze Award of the Ministry of Labor's "TTQS" award for 10 consecutive years due to its active cultivation of talents.	
(V) Does the Company comply with laws and international standards concerning customer health and safety, customer privacy, marketing, and labeling of products and services and define related policies and complaint-filing procedures to protect the rights of consumers or customers?	V		The Company follows applicable laws and regulations and international guidelines in the marketing and labeling of products and services.	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(VI) Does the Company define supplier management policies and require that suppliers follow applicable regulations in issues such as environmental protection, occupational safety and health, or human rights of workers and how are they implemented?	V		The Company works closely with suppliers and plans to establish guidelines in the "Supplier Selection and Evaluation Management Procedures" and "Contractor Safety and Health Management Procedures."	The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
V. Does the Company prepare the Sustainability Report or other reports disclosing non-financial information of the Company by referring to international general principles or guidelines in the preparation of reports? Are there opinions from a third-party qualification unit to validate or guarantee the said reports?	V		(1) In 2023, the Company commissioned the Metal Industries Research & Development Centre to assist with the organizational greenhouse gas inventory. By December 2023, the planning documents for the inventory process, operational guidelines, boundary settings, and training (including for FCS and its 10 suppliers) were completed. The inventory is expected to be finalized in the third quarter of 2024. (2) The external verification of greenhouse gases is expected to be completed in the second quarter of 2025. A third-party verification company was confirmed in March 2024. (3) The Metal Industries Research & Development Centre was commissioned in 2024 to assist in the preparation of the sustainability report, which is expected to be completed by 2025.	The Company is yet to prepare the Corporate Social Responsibility Report and other reports that disclose non-financial information of the Company and is yet to obtain validated or qualifying opinions from a third-party certifying body.
VI. If the Company has established its own sustainable development best practice principles according to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the differences between its implementation and the established principles: The Company's Corporate Responsibility Best Practice Principles and related rules are still under preparation.				
VII. Other Important Information to Help Promote Sustainable Developments: (I) The Company highly values industrial safety, environmental protection, and safety and health, among others, and periodically tests the working environment in order to provide employees with a safe workplace. In addition, educational training is provided to newcomers and various professional educational trainings on industrial safety are provided periodically, such as how to use the fire extinguisher, first aid, how to operate dangerous machinery/equipment, how to operate chemicals, and disaster prevention and response, etc. in order to be safe rather than sorry and to be able to correctly, quickly, and effectively curb disasters and protect the safety of staff when material abnormal accidents occur. (II) The Company has formed its Employee Welfare Committee, enforced the pension system, organized various training programs for its employees, had its employees covered by group insurance, and periodically arranges health examinations, among others; it highly values a harmonious relationship with its employees.				

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
(III) For information on other social responsibility activities, refer to the contents of each of the items above.				

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

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

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

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

(VI) Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. According to the regulations of the Taiwan Stock Exchange and the Taipei Exchange, the greenhouse gas inventory and assurance schedule will be reported to the Board of Directors on a quarterly basis from August 2022 for control. 2. In 2023, in response to the Ministry of Economic Affairs' initiative for large enterprises to assist smaller ones in the manufacturing industry with "low-carbon and smart upgrading and transformation," the Company established the "Green Innovation - Low Carbon Plastic Injection Ecosystem Project" task force. This project sets short, medium, and long-term "carbon reduction paths for the injection molding industry and strategic entry points for FCS." Senior executives form the decision-making committee, with managerial-level supervisors from various business units as task force members. Senior executives regularly report the progress and results to the Board of Directors.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The industry will not experience a particularly substantial impact from climate-related risks and opportunities in the medium term. Conversely, it is anticipated that the long-term consequences of climate change will continue to escalate. In order to guarantee consistent growth, the Company must establish ecological manufacturing and design. Due to the existing design and production models, and the need for energy-saving plants, capital budgets must be allocated for R&D, production, and plant administration units to carry out internal transformation. The derived financial problems are both risks and opportunities for the Company.
3. Describe the financial impact of extreme weather events and transformative actions.	The financial impacts of extreme climate events and transformational actions are assessed as follows: 1. Natural disaster risk: Including the impact of sudden natural disasters such as typhoons, floods, and droughts, which may cause interruption and damage to the Company's production and operations. 2. Climate change regulatory risk: The relevant laws and policies formulated by the government in response to climate change may have an adverse impact on the Company's operation and cost structure. 3. Opportunities for energy conservation and environmental protection: Through energy conservation measures, material recycling and reuse, and the use of renewable energy, the Company can reduce energy consumption, reduce waste

	generation, and reduce environmental impact, resulting in lower operating costs and improved environmental benefits. 4. Opportunities to respond to climate change: By formulating plans to reduce greenhouse gas emissions and promoting the use of renewable energy, the Company can reduce carbon emissions and reduce the impact on climate change, while at the same time improving carbon management performance to comply with climate change-related regulations and policy requirements.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company has integrated environmental risk and climate change into its enterprise risk management. The "Green Innovation - Low Carbon Plastic Injection Ecosystem Project" task force is responsible for the continuous monitoring of the impact on operations, including international regulations and extreme weather. The task force is mandated to evaluate the financial impact, adjust the management mechanism, and propose responsive strategies to improve operational resilience. All departments collaborate to assess the impact of climate risks on business processes, and raise employees' awareness of climate change through training to identify risks and opportunities. The senior management participates in the strategy meeting to formulate management decisions and response strategies for major risks.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	As of the date of publication of the annual report, the Company has not yet evaluated its resilience in the face of climate change risks using scenario analysis. Therefore, this is not applicable.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company is transitioning to an international supply chain in response to the global net zero trend, with an emphasis on low-carbon and clever technologies. In partnership with ten supply chain partners, they are implementing four intelligent energy-saving solutions: corporate carbon management, integrated industrial peripherals, assisting customers in the transformation of old machinery, and clever low-carbon technologies. The Company also investing in low-carbon transformation. The anticipated annual carbon reduction is 2,460 tons of CO2e upon the project's completion in 2025. This initiative not only encourages the system's autonomous carbon reduction but also actively assists customers in reducing their carbon emissions, thereby attaining the international "Carbon Handprint" sustainability objective.
7. If internal carbon pricing is used as a planning tool,	As of the date of publication of the annual report, the Company has not used internal

the basis for setting the price should be stated.	carbon pricing as a planning tool, therefore, it is not applicable.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	(1). The Company promotes corporate green operation management in 2023, from carbon inventory, establishment of smart energy management system, and improvement of high-carbon emission processes. Carbon emission analysis based on the Company's energy use data and energy declaration form shows that air compressors, chillers, pipe benders, and pushers in the production process of injection molding machine are the hotspots of carbon emission and are also the focus of energy conservation and carbon reduction. Accordingly, it is proposed to replace the old air compressor, chiller, pipe bender, and pusher with new ones between 2023 and 2024. The estimated annual internal carbon reduction is 172 tCO_2e, with a carbon reduction rate of 11.5 %. (2) Collaborate with 10 supply chain operators to assist customers in low-carbon transformation. It is estimated that carbon reduction will reach 2,288 tons CO2e by 2025. (3). To sum up: the carbon reduction is expected to reach 172 tCO_2e in 2024 and 2,460 tCO_2e in 2025.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plans.	At present, the "Green Innovation - Low Carbon Plastic Injection Ecosystem Project" project is assisting in greenhouse gas inventory, talent training, strategic goals, control mechanism, internal verification and external verification. The expected schedule is as follows: A. Completion of greenhouse gas inventory of the parent company: November 2024 B. Completion of greenhouse gas inventory of subsidiaries: October 2024 C. External verification completed for the parent company: May 2025 D. External verification completed for the subsidiaries: May 2025

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

Evaluation item	Operational status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	
I. Establishment of Ethical Corporate Management Policy and Proposal (I) Does the Board of Directors of the Company stipulate and approve ethical management policies and clearly state the policies and methods of ethical management in the regulations and external documents, and does the Board of Directors and high level executives actively implement the business policies to fulfill its commitment to them?	V		The Company clearly defines its corporate culture as: integrity, harmony, innovation, rapidness, pragmatism, and simplicity. The "Ethical Corporate Management Best Practice Principles" are in place and are being proactively enforced; they are released on the corporate website, too.	The Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?		V	The Company is yet to define an evaluation mechanism for the risk of unethical behavior. There are, however, related regulations in the work rules and respective management guidelines and requirements to be followed on ethical corporate management which are communicated periodically, including related educational trainings to be held from time to time for the Company's employees and suppliers and it is expected to revise the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies".	The Company has not yet established an assessment mechanism for the risk of unethical conduct, or a clearly defined operating procedure, code of conduct, punishment for non-compliance, and a complaint system.
(III) Has the Company specified the operating procedures, behavioral guide, punishment for		V	It is expected to revise the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed	The Company has not yet established an assessment

Evaluation item	Operational status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	
violators, and the disciplinary and complaint-filing system in case of violation in the proposal to prevent against unethical behaviors, and enforced them, and periodically reflected upon and amended the foregoing solution?			Companies" and define the operating procedure, behavioral guide, disciplines for violators, and complaint-filing systems and reflections and modifications will take place periodically.	mechanism for the risk of unethical conduct, or a clearly defined operating procedure, code of conduct, punishment for non-compliance, and a complaint system.
II. Consolidation of Ethical Corporate Management (I) Does the Company evaluate business parties' ethical records and include ethics-related clauses in contracts entered into with the partners?	V		For new suppliers and customers, the Company conducts credit checks or on-site visits to understand their background and avoid transactions with those who have records of dishonest behavior. Additionally, the "Procurement and Supply Contract" explicitly includes clauses on integrity behavior.	Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation and supervision of the ethical corporate management policies and prevention programs against unethical conduct?		V	The Company is yet to set up a devoted unit for the promotion of ethical corporate management; instead, respective units enforce ethical corporate management as needed for operational purpose and the audit department conducts various audits from time to time and reports to the Board of Directors the implementation status.	The Company is yet to have an exclusive unit to help promote ethical corporate management.
(III) Has the Company established policies to prevent against conflicts of interest, provided appropriate channels for filing related complaints and implemented the policies accordingly?	V		The Company has the Partnership Association, which meets and provides educational trainings periodically as well as proper means for stating opinions.	Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies are

Evaluation item	Operational status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	
				fulfilled.
(IV) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPAs periodically?	V		In order to consolidate ethical corporate management, the Company has defined its accounting system, internal control system, and related guidelines. Auditors prepare the annual audit plan reflective of risk assessments and periodically enforce reviews of the accounting system and the internal control system and bring it forth to the Board of Directors.	Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(V) Does the company provide internal and external ethical conduct training programs on a regular basis?	V		The Company periodically communicates its belief in ethical corporate management during the plenary monthly meeting and assigns high-ranking officers to attend external educational trainings.	Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
III. Whistle-blowing System of the Company (I) Does the Company have substantial reporting and incentive systems in place, provide convenient reporting channels, and assign appropriate specialists investigate reported matters?	V		The channel for reporting and the unit for addressing complaints about violations of requirements about ethical corporate management at the Company is the Audit Department. Disciplines are imposed in compliance with work rules and applicable guidelines. Severe circumstances, if any, on the other hand, are turned into the police and prosecution unit for investigation.	Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(II) Has the Company established the standard operating procedures for investigating reported misconduct,		V	The Company is yet to define a standard operating procedure and related confidentiality mechanisms for	The Company has not yet established any

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

(VIII) How they may be found shall be disclosed if the company has established Corporate Governance Principles and related

regulations: Not applicable.

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

(IX) Implementation of Internal Control System:

1. Internal Control System Declaration

Public Companies Internal Control System Declaration
Both the design and implementation are valid.

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

Fu Chun Shin Machinery Manufacture Co., Ltd.
Internal Control System Declaration

Date: March 15, 2024

For the Company's internal control system of 2023, it is hereby declared as follows according to self-assessment findings:

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

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

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

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

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023 **Note 2** the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

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

VII. This Declaration was approved at the meeting of the Company's Board of Directors on March 15, 2024 with no directors expressing dissent out of the 12 Directors in attendance.

Fu Chun Shin Machinery Manufacture Co., Ltd.

Chairman: Po-Hsun Wang Signature and seal

President: Alan Wang Signature and seal

Note 1: For the design and implementation of the internal control system of a public offering company, in cases of major deficiencies throughout the year, clarifications shall be added after Item IV of the Internal

Control System Declaration, with major deficiencies discovered during self-assessments listed and explained and the corrective action and improvement required prior to the Balance Sheet date.

Note 2: The date of declaration is the “end date of a fiscal year”.

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

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

(XI) Important resolutions of the shareholders’ meeting and the board of directors in the most recent year and up to the date of publication of the annual report:

1. Resolutions of the 2023 annual shareholders’ meeting:

In 2023 and as of the printing date of this annual report, a total of one General Shareholders’ Meeting was convened. The 2023 annual General Shareholders’ Meeting of the Company was held on June 15, 2023. The resolutions passed during the meeting are summarized as follows:

(1)Ratification of 2022 Business Report and Financial Statements.

(2)Ratification of 2022 earnings distribution proposal.

2. Decisions made during the 2023 General Shareholders’ Meeting and their implementation:

(1) The Board of Directors proposed the ratification of 2022 Business Report and Financial Statements

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

(2) Proposed by the Board of Directors Proposal for the distribution of earnings in 2022.

Implementation: Cash dividend of NT$0.30 and share dividend of NT$0.30 per share. The Board of Directors is authorized to determine the amount of stock dividend and cash dividend to be distributed according to allotment of shares. The dividend rate shall be adjusted according to the actual number of outstanding shares on the dividend base date.

(3) The Board of Directors proposed the capital increase from earnings to increase capital by issuing new shares, and for every thousad shares, 30 shares would be distributed to the existing shareholders according to the number of shares held on the shareholder roster on the base date of issuance, and 4,572,406 new shares would be issued for each share with a face value of NT$10, totaling NT$45,724,060. The paid-in capital after the capital increase was NT$1,569,859,270.

(4) Amendment of certain provisions of the "Regulations Governing Endorsement/Guarantees".
Implementation status: After the approval of the shareholders' meeting, the revised version will be uploaded to the MOPS as required.

3. Resolutions of the Board of Directors meetings in 2023 and up to the date of publication of the annual report:

In 2023 and up to the publication date of this annual report, a total of 7 board meetings were held. Important resolutions of the meetings are summarized as follows:

The 6th session of the 12th Board of Directors: (March 22, 2023)

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

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

(3) Approval of the proposal for the Company's subsidiary, Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd., to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

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

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

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

(7) Approval of the Company's 2022 Earnings Distribution and Business Report.

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

(9) Approval of the distribution method of remuneration to employees and directors/supervisors in 2022 proposed by the Remuneration Committee.

(10) Approval of the proposal of "Evaluation of the Effectiveness of the Internal Control System" and "Statement of Internal Control System" in 2022.

(11) Approval of the intended determination of the date, time, venue, and

contents of the 2023 General Shareholders' Meeting called for by the Company and exercise of the voting right electronically.

(12) Approval of the intended capital increase amounting to USD 200 thousand in order to supplement the working capital of the subsidiary Vietnam FCS.

(13) Approval of the intended change of both CPAs of the Company from the financial statements for the first quarter of 2023 reflective of the internal rotation and adjustment of CPAs.

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

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

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

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

The 7th session of the 12th Board of Directors: (May 11, 2023)

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

(2) Approved the proposal for the Company's subsidiary, BVI FCS, to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

(3) Approval of the proposal for the Company's subsidiary, FCS India, to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

(4) Approval of the subscription of international bonds denominated in US dollars issued by International Bills Finance Corp under a repurchase agreement (RP) with principal protection.

(5) Approval of the syndicated loan of NT$1.8 billion and the provision of the Company's property, plant and buildings as collaterals.

(6) Approval of the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of March 31, 2023 of the Company; confirming that there are no instances of disguised financing.

(7) Approval of the motion to change the Company's head of internal audit.

(8) Approval of the appointment of a chief corporate governance officer.

(9) Approval of the motion for the Company's consolidated financial

statements for the first quarter of 2023.

The 8th session of the 12th Board of Directors: (August 10, 2023)

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

(2) Approval of the proposal for the Company's subsidiary, FCS RG PLASTIC PTE., LTD, to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

(3) Approval of the proposal for the Company's subsidiary, BVI FCS, to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

(4) Approval of the subscription of international bonds denominated in US dollars issued by International Bills Finance Corp under a repurchase agreement (RP) with principal protection.

(5) Approval of the ratification of the Company's acquisition and disposal of stocks for short-term investments

(6) Approval of the proposed ex-rights, ex-dividend date and capital increase base date set by the Company.

(7) Approval of the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of June 30, 2023 of the Company; confirming that there are no instances of disguised financing.

(8) Approval of the Company's consolidated financial statements for the second quarter of 2023.

The 9th session of the 12th Board of Directors: (November 10, 2023)

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

(2) Approval of the subscription of international bonds denominated in US dollars issued by International Bills Finance Corp under a repurchase agreement (RP) with principal protection.

(3) Approved the ratification of the Company's acquisition and disposal of stocks for short-term investments

(4) Approved the proposal to amend the limit of loaning of funds to subsidiaries by FCS.

(5) Approval of the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of September 30, 2023 of the Company; confirming that there are no instances of disguised financing.

(6) Approval of the 2024 Audit Plan.

(7) Approval of the intended change of both CPAs of the Company from the financial statements for the fourth quarter of 2023 reflective of the internal rotation and adjustment of CPAs.

(8) Approval of the proposal not to distribute cash dividends for the first half of 2023.

(9) Approval of the motion for the Company's consolidated financial statements for the third quarter of 2023.

The 10th session of the 12th Board of Directors: (December 20, 2023)

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

(2) Approval of the proposal for the Company's subsidiary, BVI FCS, to apply for a loan facility from a bank, with the endorsement and guarantee provided by Taiwan FCS.

(3) Approved the ratification of the Company's acquisition and disposal of stocks for short-term investments

(4) Approval of 2024 annual target-setting and strategies report.

(5) Approval of the 2024 Board of Directors meeting agenda.

(6) Approval of the FCS Group estimated year-end bonus for 2023 proposed by the Remuneration Committee.

(7) Approval of the establishment of the Company's "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties".

(8) Approval of the revision of certain provisions of the "Standard Operating Procedures for Handling Directors' Requests."

(9) Approval of amendments to certain provisions of the "Rules and Procedures of Shareholders' Meeting".

The 11th session of the 12th Board of Directors: (March 15, 2024)

(1) Approval of the review of the Company's 2023 parent company-only financial statements and consolidated financial statements.

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

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

(4) Approved the proposal of the Company's subsidiary, FCSC India, to

apply for a loan facility from a bank and have it endorsed by the head office in Taiwan.

(5) Approved the ratification of the Company's acquisition and disposal of stocks for short-term investments

(6) Approval of the accounts receivable, other receivables, advancement payments, and refundable deposits, among other entries, as of December 31, 2023 of the Company; there are no disguised capital financing.

(7) Approval of 2023 Earnings Distribution and Business Report

(8) Approved the distribution method by which the Remuneration Committee to distribute the remuneration to employees and directors in 2023.

(9) Approved the proposal of "Internal control system effectiveness evaluation" and "Internal control system statement" in 2023.

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

(11) Approved the change of the Company's corporate governance officer.

(12) Approval of the public expenditure on 2024 audit certification to EY Taiwan.

(13) Approved the proposal for the independence and suitability assessment of the Company's external auditor in 2023.

(14) Approved the proposal for the independence and suitability assessment of the Company's external auditor in 2024.

(15) Approved the motion to amend the Company's "Guidelines for the Review of Advance Approvals for Non-Validation Services".

(16) Approved the motion for the ratification of the Company's acquisition of the equity of FCS RG PLASTIC PTE. LTD

The 12th session of the 12th Board of Directors: (March 29, 2024)

(1) Approved the repurchase of the Company's shares for transfer to employees. Approval of 2023 annual goals and strategies report.

(XII) In the most recent year and during the current year up to the date of publication of the annual report, if the directors have expressed dissenting opinions with respect to important resolutions passed by the board of directors, and said dissenting opinions have been recorded or prepared as a written declaration, the main content thereof: None.

(XIII) A summary of the resignation and dismissal of the Company's relevant personnel (including the Company's Chairman, President, accounting officer, financial officer, internal audit officer, corporate governance officer, and R&D

officer) in the most recent year and up to the date of publication of the annual report:

1. The change of audit supervisor on May 11, 2023 was approved. Due to the change of position, the auditing supervisor, Chun Li, was relieved of the audit supervisor role effective May 11, 2023, and Pei-Yi Wu was appointed as the new audit supervisor.
2. Approved the establishment of “Chief Corporate Governance Officer” on May 11, 2023 and appointed Manager Chun Li into the position.
3. On March 15, 2024, the change of the Chief Corporate Governance Officer was approved. The Company’s Chief Corporate Governance Officer was originally Manager Chun Li, who retired on February 29, 2024. Deputy General Manager Nichole Chang from the Main Administration Department was appointed as the new Chief Corporate Governance Officer.

IV. Public Expenditure on Attesting CPAs:

Currency: NT$1,000

Name of Accounting Firm	Name of CPA	Duration of audit	Audit expenditure	Non-audit expenditure (1)	Total	Remark
EY Taiwan	Fang-Wen Lee Mink Hu	2023	2,060	698	2,758	

(I) Non-audit fees are mainly NT$320 thousand for tax certification (including transfer pricing report), NT$272 thousand for business registration services, and NT$106 thousand for audit travel expenses.

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

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

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

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

VII. Transfer or pledge of equity interests by a director, managerial officer, or shareholder with a stake of more than 10% in the most recent year or during the current year up to the date of publication of the annual report:

1. Changes in shareholdings of directors, managers and major shareholders

Unit: Share

Title	Name	2023		As of April 20, 2024	
		Increase/ Decrease in the number of shares held	Increase/ Decrease in the number of shares pledged	Increase/ Decrease in the number of shares held	Increase/ Decrease in the number of shares pledged
Chairman and Group President	Po-Hsun Wang	350,381	0	0	0
Vice Chairman and Chairman and President of Ningbo Branch	Chun-Chieh Wang	194,506	0	0	0
Director and Group Vice President	Chia-Miao Chiu	21,088	0	0 (150,000)	0
Director and CEO	Alan Wang	184,284	0	0	0
Director	Feng Wei Investment Co., Ltd. Representative: Po-Feng Wang	96,305	0	0	0
Director	Hans Wang	21,851	0	0	0
Director	Tsung-Cheng Wu	0	0	0	0
Director	Suzhen Zhang	100,526	0	0	0
Director	Fei-Ju Chen	1,201	0	0	0
Independent director	Wen-Pin Tsai	0	0	0	0
Independent director	Ying-Fang Huang	0	0	0	0
Independent director	Chung Hui Huang	0	0	0	0
Independent director	Bo-Wen Kreng	0	0	0	0
Vice President and General Manager of Changshu Tiantai Co., Ltd.	Jane Wang	5,295	0	0	0
Chief Operating Officer	Sheng-Tsung Tsai	9,182 (41,000)	0	0	0
General Manager of Ningbo Hangzhou Bay New Zone	Sam Kao	2,343 (5,000)	0	0 (10,000)	0
Assistant Vice President, Main Office Chief Corporate Governance Officer	Nichole Chang (concurrently served as Chief Corporate Governance Officer in 2024/3)	1,005 (46,000)	0	0 (4,000)	0
Assistant Vice President and Vice General Manager at the Ningbo Branch	Sally Gao	52,019	0	0	0

Title	Name	2023		As of April 20, 2024	
		Increase/ Decrease in the number of shares held	Increase/ Decrease in the number of shares pledged	Increase/ Decrease in the number of shares held	Increase/ Decrease in the number of shares pledged
Head of Finance Department Head of Accounting Department	Chung-Ching Liu	2,200 (19,000)	0	0	0
Vice General Manager	Ching-Ming Tsao (Dismissed on 2023/7)	0	0	0	0
Vice General Manager	Benjamin Lee (Dismissed on 2023/11)	3,324	0	0	0
Vice General Manager and President of India FCS	Ting-Liang Cheng (Dismissed on 2023/5)	46 (8,000)	0	0	0
Chief Corporate Governance Officer	Chun Li (Newly appointed on 2023/5 and dismissed on 2024/3)	586	0	0	0

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

(1) Where the counterparty in the equity transfer is a related party:

Name	Reason for share transfer	Transaction date	Transaction Counterparty	The relationship between the counterparty and the Company's directors, supervisors, managers and shareholders holding more than 10% of the shares	Number of shares	Transaction price
Chia-Miao Chiu	Gift	2024.03.25	Chiu, Chih-Wen	Father and daughter	150,000	14.95

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

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

April 20, 2024 Unit: Share

Name (Note 1)	by the shareholder Shares held		Shares held by the spouse or any underage child		Shareholding under the title of a third party		The title or name and relationship among Top 10 shareholders who are related to or the spouse of each other, or relatives within the second degree of kinship. (Note 3)		Remarks
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Name	Relation	
Po-Hsun Wang	12,029,766	7.66%	7,021,570	4.47%	—	—	Fu Chun Shin Machinery Manufacture Co., Ltd.	Chairman	
							Xiuxia Wang Li Chun-Chieh Wang Alan Wang Suzhen Zhang	Husband and Wife Father-Son Father-Son Sister-in-law	
Xiuxia Wang Li	7,021,570	4.47%	12,029,766	7.66%	—	—	Po-Hsun Wang Chun-Chieh Wang Alan Wang Suzhen Zhang	Couple Mother and Son Mother and Son Husband's Sister-in-law	
Chun-Chieh Wang	6,678,055	4.25%	1,786,017	1.14%	—	—	Fu Chun Shin Machinery Manufacture Co., Ltd.	Vice Chairman	
							Po-Hsun Wang Xiuxia Wang Li Alan Wang	Father-Son Mother and Son Brothers	
Alan Wang	6,327,105	4.03%	1,430,983	0.91%	—	—	Fu Chun Shin Machinery Manufacture Co., Ltd.	CEO	
							Po-Hsun Wang Xiuxia Wang Li Chun-Chieh Wang	Father-Son Mother and Son Brothers	
Suzhen Zhang	3,318,084	2.11%	15,601	0.01%	—	—	Feng Wei Investment Co., Ltd.	Person in charge	
							Po-Hsun Wang Xiuxia Wang Li Jingyi Wang Jingwen Wang Junwei Wang	Husband's brother Husband's sister-in-law Mother and Daughter Mother and Daughter Mother and Son	

Feng Wei Investment Co., Ltd.	3,306,503	2.11%	—	—	—	—	—	—	
Corporate representative: Suzhen Zhang	Same as above.	Same as above.	Same as above.	Same as above.	—	—	Same as above.	Same as above.	
Jingyi Wang	2,161,558	1.38%	438,620	0.28%	—	—	Feng Wei Investment Co., Ltd.	Person in charge	
							Suzhen Zhang Jingwen Wang Junwei Wang	Mother and Daughter Sister Sister-Brother	
Xinwei Investment Co., Ltd.	2,071,523	1.32%	—	—	—	—	—	—	
Corporate representative: Jingyi Wang	Same as above.	Same as above.	Same as above.	Same as above.	—	—	Same as above.	Same as above.	
Jingwen Wang	2,058,722	1.31%	—	—	—	—	Suzhen Zhang Jingyi Wang Junwei Wang	Mother and Daughter Sister Brother-Sister	
Junwei Wang	1,839,790	1.17%	—	—	—	—	Suzhen Zhang Jingyi Wang Jingwen Wang	Mother and Son Sister-Brother Brother-Sister	

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

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

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

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

December 31, 2023 Unit: Thousand shares;%

Re-invested business (Note 1)	Investment made by the Company		Investment by the directors, supervisor, manager, and directly or indirectly controlled business		Comprehensive investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
BVI FU CHUN SHIN CO., LTD.	17,985	100.00%	—	—	17,985	100.00%
SHING FUH TAI TECHNOLOGY CORP.	—	85.71%	—	14.29%	—	100.00%
JUNG SHEN TECHNOLOGY CO., LTD. (Note 9)	1,125	30.00%				
JUST NANOTECH CO., LTD.	450	45.00%	—	—	450	45.00%
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd. (Note 2)	—	100.00%	—	—	—	100.00%
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd. (Note 2)	—	90.50%	—	—	—	90.50%
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. (Note 3)	—	52.84%	—	27.91%	—	80.75%
PT.FUCHUNSHIN TECHNOLOGY INDONESIA	—	92.00%	—	—	—	92.00%
PT. SHIN PREFORM PLASTIC	—	99.00%	—	1.00%	—	100.00%
FCS MACHINERY (THAILAND) CO.,LTD.	—	100.00%	—	—	—	100.00%
FCS RG PLASTIC PTE. LTD (Note 7)	—	65.00%	—	0.72%	—	65.72%
PT.FCS RGP PLASTIC(註4)	—	100%	—	—	—	100%
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	—	100.00%	—	—	—	100.00%
FCS MACHINERY(INDIA) PRIVATE LIMITED	—	99.99%	—	0.01%	—	100.00%
FCS MANUFACTURING (INDIA) PRIVATE LIMITED (Note 5)	—	99.99%	—	0.01%	—	100.00%
FCS PLASTIC MACHINERY(THAILAND) CO.,LTD. (Note 6)	—	100%	—	—	—	100.00%
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd. (Note 2)	—	90.50%	—	—	—	90.50%

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

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

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

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

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

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

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

Note 8: The board of directors of the subsidiary, SHING FUH TAI TECHNOLOGY CORP., resolved to approve the investment in JUNG SHEN TECHNOLOGY CO., LTD. on November 10, 2022, and the establishment was completed in October 2022, with an investment amount of NT$11,250 thousand. As a result, it held 30.00% of said company's shares.

Four. Fund-raising Status

I. Capital and Shares

(I) Source of share capital

The Company's total capital size is set to be NT$5,000,000,000, consisting of 500,000,000 shares. As of now, the paid-in capital has been NT$1,569,859,270 and the total number of shares is 156,985,927. The sources of the paid-in capital are as follows: April 30, 2024

MM/ YYYY	Issue price (NT$)	Approved share capital		Paid-in share capital		Remarks		
		Number of shares (thousand shares)	Amount (thousand)	Number of shares (thousand shares)	Amount (thousand)	Source of share capital	Using Assets other than cash to write off the stock value	Others
1991.07	10	12,000	120,000	12,000	120,000	Created in cash	None	None
1991.08	10	15,000	150,000	15,000	150,000	Capital increase in cash worth NT$30,000 thousand	None	None
1994.09	10	16,500	165,000	16,500	165,000	Capital increase in cash worth NT$15,000 thousand	None	None
1994.12	10	18,000	180,000	18,000	180,000	Capital increase in cash worth NT$15,000 thousand	None	None
1997.07	10	25,100	251,000	25,100	251,000	Capital increase in cash worth NT$45,000 thousad, capital reserve-transferred capital increase worth NT$26,000 thousand (Note 1)	None	None
1998.04	30	30,000	300,000	30,000	300,000	Capital increase in cash worth NT$49,000 thousand (Note 2)	None	None
1998.08	10	44,500	445,000	36,000	360,000	Earnings-transferred capital increase worth NT$30,000 thousand, capital reserve-transferred capital increase worth 30,000 thousand (Note 3)	None	None
1999.09	10	44,500	445,000	40,320	403,200	Earnings-transferred capital increase worth NT$43,200 thousand (Note 4)	None	None
2000.01	22	44,500	445,000	44,500	445,000	Capital increase in cash worth NT$41,800 thousand (Note 5)	None	None
2000.08	10	66,000	660,000	50,000	500,000	Earnings-transferred capital increase worth NT$27,500 thousand, capital reserve-transferred capital increase worth 27,500 thousand (Note 6)	None	None
2003.07	10	66,000	660,000	53,000	530,000	Earnings-transferred capital increase worth NT$30,000 thousand (Note 7)	None	None
2004.06	10	100,000	1,000,000	57,240	572,400	Earnings-transferred capital increase worth NT$42,400 thousand (Note 8)	None	None
2004.10	10	100,000	1,000,000	60,042	600,416	Convertible corporate bonds-transferred capital increase worth NT$28,016 thousand (Note 9)	None	None
2005.01	10	100,000	1,000,000	60,053	600,530	Convertible corporate bonds-transferred capital increase worth NT$114 thousand (Note 10)	None	None
2005.12	6.50	100,000	1,000,000	68,053	680,530	Private placement of common stock shares for capital increase in cash worth NT$80,000 thousand (Note 11)	None	None
2006.07	10	100,000	1,000,000	70,203	702,035	Convertible corporate bonds-	None	None

MM/ YYYY	Issue price (NT$)	Approved share capital		Paid-in share capital		Remarks		
		Number of shares (thousand shares)	Amount (thousand)	Number of shares (thousand shares)	Amount (thousand)	Source of share capital	Using Assets other than cash to write off the stock value	Others
						transferred capital increase worth NT$21,505 thousand (Note 12)		
2006.10	10	100,000	1,000,000	71,218	712,183	Earnings-transferred capital increase worth NT$3,383 thousand, capital reserve-transferred capital increase worth 6,765 thousand (Note 13)	None	None
2008.09	10	100,000	1,000,000	74,067	740,671	Earnings-transferred capital increase worth NT$28,487 thousand (Note 14)	None	None
2009.09	10	100,000	1,000,000	77,750	777,504	Capital reserve-transferred capital increase worth NT$36,833 thousand (Note 15)	None	None
2010.08	10	100,000	1,000,000	83,165	831,650	Capital reserve-transferred capital increase worth NT$54,145 thousand (Note 16)	None	None
2011.09	16.5	150,000	1,500,000	99,665	996,650	Capital increase in cash worth NT$165,000 thousand (Note 17)	None	None
2011.11	10	150,000	1,500,000	106,641	1,066,415	Capital reserve-transferred capital increase worth NT$69,765 thousand (Note 18)	None	None
2012.08	10	150,000	1,500,000	111,974	1,119,736	Capital reserve-transferred capital increase worth NT$53,321 thousand (Note 19)	None	None
2013.04	10	150,000	1,500,000	111,524	1,115,236	Write-off of treasury stock for capital reduction worth NT$4,500 thousand (Note 20)	None	None
2013.08	10	150,000	1,500,000	114,869	1,148,693	Capital reserve-transferred capital increase worth NT$33,457 thousand (Note 21)	None	None
2014.08	10	150,000	1,500,000	117,167	1,171,667	Capital reserve-transferred capital increase worth NT$22,974 thousand (Note 22)	None	None
2015.10	10	150,000	1,500,000	119,510	1,195,100	Capital reserve-transferred capital increase worth NT$23,433 thousand (Note 23)	None	None
2016.09	10	150,000	1,500,000	123,011	1,230,113	Earnings-transferred capital increase worth NT$35,013 thousand (Note 24)	None	None
2017.06	10	150,000	1,500,000	123,385	1,233,855	Convertible corporate bonds-transferred capital increase worth NT$3,742 thousand (Note 25)	None	None
2017.08	10	150,000	1,500,000	128,194	1,281,940	Earnings-transferred capital increase worth NT$48,085 thousand (Note 26)	None	None
2017.12	10	150,000	1,500,000	129,437	1,294,370	Convertible corporate bonds-transferred capital increase worth NT$12,430 thousand (Note 27)	None	None
2018.03	10	150,000	1,500,000	137,322	1,373,220	Convertible corporate bonds-transferred capital increase worth NT$78,849 thousand (Note 28)	None	None

MM/ YYYY	Issue price (NT$)	Approved share capital		Paid-in share capital		Remarks		
		Number of shares (thousand shares)	Amount (thousand)	Number of shares (thousand shares)	Amount (thousand)	Source of share capital	Using Assets other than cash to write off the stock value	Others
2018.06	10	150,000	1,500,000	142,322	1,423,219	Convertible corporate bonds-transferred capital increase worth NT$49,999 thousand (Note 29)	None	None
2018.08	10	150,000	1,500,000	145,130	1,451,304	Earnings-transferred capital increase worth NT$28,085 thousand (Note 30)	None	None
2018.08	10	150,000	1,500,000	145,956	1,459,560	Convertible corporate bonds-transferred capital increase worth NT$8,256 thousand (Note 31)	None	None
2018.12	10	150,000	1,500,000	146,509	1,465,088	Convertible corporate bonds-transferred capital increase worth NT$5,528 thousand (Note 32)	None	None
2019.03	10	150,000	1,500,000	146,696	1,466,964	Convertible corporate bonds-transferred capital increase worth NT$1,876 thousand (Note 33)	None	None
2019.05	10	150,000	1,500,000	146,825	1,468,247	Convertible corporate bonds-transferred capital increase worth NT$1,283 thousand (Note 34)	None	None
2019.08	10	180,000	1,800,000	147,042	1,470,419	Convertible corporate bonds-transferred capital increase worth NT$2,172 thousand (Note 35)	None	None
2019.12	10	180,000	1,800,000	147,567	1,475,665	Convertible corporate bonds-transferred capital increase worth NT$5,247 thousand (Note 36)	None	None
2020.04	10	180,000	1,800,000	147,649	1,476,488	Convertible corporate bonds-transferred capital increase worth NT$823 thousand (Note 37)	None	None
2020.06	10	180,000	1,800,000	148,709	1,487,085	Convertible corporate bonds-transferred capital increase worth NT$10,597 thousand (Note 38)	None	None
2021.11	10	180,000	1,800,000	149,439	1,494,388	Earnings-transferred capital increase worth NT$7,303 thousand (Note 39)	None	None
2022.06	10	500,000	5,000,000	149,439	1,494,388	Applied for an increase in the rated overall capital size (Note 40)	None	None
2022.09	10	500,000	5,000,000	152,408	1,524,078	Earnings-transferred capital increase NT$29,690 thousand (Note 41)	None	None
2023.04	10	500,000	5,000,000	152,414	1,524,135	Convertible corporate bonds-transferred capital increase worth NT$57 thousand (Note 42)	None	None
2023.10	10	500,000	5,000,000	156,986	1,569,859	Earnings-transferred capital increase NT$45,724 thousand (Note 43)	None	None

Note 1: Letter (1997) Tai-Cai-Zheng-(I) No. 52349 dated July 21, 1997 Note 2: Letter (1998) Tai-Cai-Zheng-(I) No. 33128 dated April 20, 1998

Note 3: Letter (1998) Tai-Cai-Zheng-(I) No. 67441 dated August 10, 1998Note 4: Letter (1999) Tai-Cai-Zheng-(I) No. 85014 dated September 28, 1999

Note 5: Letter (2000) Tai-Cai-Zheng-(I) No. 113962 dated January 13, 2000Note 6: Letter (2000) Tai-Cai-Zheng-(I) No. 67511 dated August 4, 2000

Note 7: Letter Tai-Cai-Zheng-(I) No. 0920133818 dated July 28, 2003.Note 8: Letter Tai-Cai-Zheng-(I) No. 0930127630 dated June 18, 2004

Note 9: Letter Jing-Shou-Shang No. 09301196980 dated October 15, 2004 Note 10: Letter Jing-Shou-Shang No. 09401009530 dated January 19, 2005

Note 11: Letter Jing-Shou-Shang No. 09401256260 dated December 13, 2005 Note 12: Letter Jing-Shou-Shang No. 09501158200 dated July 26, 2006
Note 13: Letter Jing-Shou-Shang No. 09501229060 dated October 14, 2006 Note 14: Letter Jing-Shou-Shang No. 09701236440 dated September 12, 2008
Note 15: Letter Jing-Shou-Shang No. 09801202730 dated September 4, 2009 Note 16: Letter Jing-Shou-Shang No. 09901196880 dated August 30, 2010
Note 17: Letter Jing-Shou-Shang No. 1000129580 dated September 9, 2011 Note 18: Letter Jing-Shou-Shang No. 10001254210 dated November 4, 2011
Note 19: Letter Jing-Shou-Shang No. 10101172850 dated August 22, 2012 Note 20: Letter Jing-Shou-Shang No. 10201061510 dated April 3, 2013
Note 21: Letter Jing-Shou-Shang No. 10201171180 dated August 26, 2013 Note 22: Letter Jing-Shou-Shang No. 10301194840 dated August 5, 2014
Note 23: Letter Jing-Shou-Shang No. 10401204320 dated October 6, 2015 Note 24: Letter Jing-Shou-Shang No. 10501232550 dated September 30, 2016
Note 25: Letter Jing-Shou-Shang No. 10601069870 dated June 5, 2017 Note 26: Letter Jing-Shou-Shang No. 10601110840 dated August 8, 2017
Note 27: Letter Jing-Shou-Shang No. 10601163330 dated December 6, 2017 Note 28: Letter Jing-Shou-Shang No. 10701035190 dated April 3, 2018
Note 29: Letter Jing-Shou-Shang No. 10701062190 dated June 7, 2018 Note 30: Letter Jing-Shou-Shang No. 10701102740 dated August 17, 2018
Note 31: Letter Jing-Shou-Shang No. 10701104120 dated August 28, 2018 Note 32: Letter Jing-Shou-Shang No. 10701147680 dated December 5, 2018
Note 33: Letter Jing-Shou-Shang No. 10801034410 dated April 9, 2019 Note 34: Letter Jing-Shou-Shang No. 10801062070 dated May 28, 2019
Note 35: Letter Jing-Shou-Shang No. 10801119670 dated August 28, 2019 Note 36: Letter Jing-Shou-Shang No. 10801174510 dated December 2, 2019
Note 37: Letter Jing-Shou-Shang No. 10901062130 dated April 23, 2020 Note 38: Letter Jing-Shou-Shang No. 10901092440 dated June 4, 2020
Note 39: Letter Jing-Shou-Shang No. 11001198430 dated November 2, 2021 Note 40: Letter Jing-Shou-Shang No. 11101096730 dated June 9, 2022
Note 41: Letter Jing-Shou-Shang No. 11101174730 dated September 14, 2022 Note 42: Letter Jing-Shou-Shang No. 11230059910 dated April 19, 2023
Note 43: Letter Jing-Shou-Shang No. 11230183680 dated October 2, 2023

April 20, 2024 Unit: Share

Type of share	Approved share capital					Remarks
	Shares already issued			Shares yet to be issued	Total	
	TPEx-listed	Yet to be TPEx-listed	Total			
Common stock	156,985,927	-	156,985,927	343,014,073	500,000,000	Note

(II) Shareholder Structure

Record Date: April 20, 2024

Shareholder Structure	Government agency	Financial institution	Other corporations	Foreign institutions and aliens	Individual	Treasury stock	Total
Number of people	0	0	79	39	21,816	1	21,935
Number of shares held	0	0	10,217,010	4,359,111	140,352,806	2,057,000	156,985,927
Holding ratio %	0.00%	0.00%	6.51%	2.78%	89.40%	1.31%	100.00%

(III) Decentralization of equity:

Shareholding classification	Number of shareholders	Number of shares held	Holding ratio
1 -- 999	13,954	834,280	0.53%
1,000 -- 5,000	5,116	10,462,827	6.66%
5,001 -- 10,000	1,223	8,363,268	5.33%
10,001 -- 15,000	646	7,431,216	4.73%
15,001 -- 20,000	177	3,092,085	1.97%
20,001 -- 30,000	296	7,027,795	4.48%
30,001 -- 40,000	120	4,079,531	2.60%
40,001 -- 50,000	90	4,012,775	2.56%
50,001 -- 100,000	163	10,858,495	6.92%
100,001 -- 200,000	58	7,770,269	4.95%
200,001 -- 400,000	38	10,740,404	6.84%
400,001 -- 600,000	19	9,232,966	5.88%
600,001 -- 800,000	6	4,037,557	2.57%
800,001 -- 1000,000	9	8,014,004	5.10%
1,000,001 and more	20	61,028,455	38.88%
Total	21,935	156,985,927	100%

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

List of Major Shareholders

April 20, 2024

Shares / Name of major shareholder	Shares held (shares)	Holding ratio (%)
Po-Hsun Wang	12,029,766	7.66%
Xiuxia Wang Li	7,021,570	4.47%
Chun-Chieh Wang	6,678,055	4.25%
Alan Wang	6,327,105	4.03%
Suzhen Zhang	3,318,084	2.11%
Feng Wei Investment Co., Ltd.	3,306,503	2.11%
Jingyi Wang	2,161,558	1.38%
Xinwei Investment Co., Ltd.	2,071,523	1.32%
Jingwen Wang	2,058,722	1.31%
Junwei Wang	1,839,790	1.17%

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

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

Unit: NTD; Share

Item \ Year			2022 (Distributed in 2023)	2023 (Distributed in 2024)
Market price per share (Note 1)	Maximum		20.80	19.05
	Minimum		15.70	14.85
	Average		17.53	16.74
Net worth per share (Note 2)	Before distribution		14.97	14.13
	After distribution		14.67	Yet to be distributed
Earnings per share	Weighted average number of shares (thousand shares) for the current year		156,241	156,985
	Earnings per Share (Note 3)	Before retroactive adjustment	1.05	0.13
		After retroactive adjustment	1.02	0.13
Dividends per share	Cash dividends		0.30	0.15
	Free share assignment	Stock dividend with earnings	0.30	—
		Stock dividend with capital reserve	—	—
	Accumulated dividends yet to be paid (Note 4)		—	—
Analysis of Return on Investment	Price-to-earning ratio (Note 5)		16.70	128.77
	Price-to-dividend ratio (Note 6)		58.43	111.6
	Cash dividend yield rate (Note 7)		1.71%	0.9%

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

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

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

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

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

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

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

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

(VI) Dividend Policy and Implementation Status

1. The Company's dividend policy:

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

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

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

2. Implementation status:

(1) Dividend distribution over the years: Unit: NTD/share

Item / Year	Cash dividends	Free share assignment	
		Stock dividend with earnings	Stock dividend with capital reserve
1999	—	NT$0.62	NT$0.62
2000	NT$0.50	—	—
2001	NT$0.30	—	—
2002	NTNT0.40	NT$0.60	—
2003	NT$0.40	NT$0.80	—
2004	NT$0.60	—	—
2005	NT$0.05	NT$0.05	NT$0.10
2006	—	—	—
2007	NT$0.1003239	NT$0.40129601	—
2008	—	—	NT$0.50
2009	—	—	NT$0.70
2010	NT$0.95872069	—	NT$0.83888067
2011	NT$0.5019392	—	NT$0.5019392
2012	NT$0.11	—	NT$0.30
2013	NT$0.20	—	NT$0.20
2014	NT$0.40	—	NT$0.20
2015	NT$0.10	NT$0.30	—
2016	NT$0.30	NT$0.40	—
2017	NT$0.30	NT$0.40	—
2018	NT$0.60	NT$0.20	—
2019	NT$0.50	—	—
2020	NT$0.10	—	—
2021	NT$0.05	NT$0.05	—
2022	NT$0.30	NT$0.20	—
2023	NT$0.30	NT$0.30	—
2024 (Note)	NT$0.15	—	

Note: The dividends distributed for 2023 are based on the decisions made during the Board of Directors meetings on March 15, 2024 and the intended distribution is as follows:
Among the undistributed retained earnings from 2023, NT$23,547,889 is set aside to be the cash dividends at NT$0.15 per share. Upon the resolution of the 2024 annual general shareholders' meeting, the Board of Directors is authorized to determine another record date for distribution of dividends and

shares.

(2) Distribution of 2023 earnings intended to be proposed during the current General Shareholders' Meeting:

2023 Earnings Distribution Table Unit: NT$

Summary	Amount	Remarks
1. Undistributed earnings at the beginning of the period	$378,938,956	
2. Add: others	160,856	Note 1
3. Net income for this period	20,597,381	
4. Provision of legal reserve(10%)	(2,075,824)	
5. Distributable earnings for this period	397,621,369	
6. Distributable items:		
Shareholder bonus – cash dividend (NT$0.15 per share)	(23,547,889)	Note 2
7. Undistributed earnings at the end of the period	374,073,480	

Note:

I. Including the actuarial gains and losses of the defined benefit plan of NT$160,856.

II. In the distribution of earnings, priority will be given to the undistributed earnings prior to 2023 and 2022. The distribution of dividends is based on the number of shares distributable as 156,985,927 shares on February 29, 2024.

III. The amount of cash dividend was truncated to the nearest dollar. Fractional amounts were summed up and stated into the Company's other revenue.

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

ndExpressed in NTD Thousand, except for earnings per share, which is expressed in NT$

Item \ Year			2024 (estimated)
Paid-in capital, beginning			1,569,860
Stock or cash dividend for this year	Cash dividend per share (NT$) (Note 1)		NT$0.15
	Number of shares allotted per share for capitalization of earnings (Note 1)		—
	Number of shares allotted per share for capitalization of capital surplus (Note 1)		—
Changes in operating performance	Operating income		Not applicable (Note 2)
	Increase (decrease) in operating income YoY		
	Net income after tax		
	Increase (decrease) in net profit after tax YoY		
	Earnings per share (NT$)		
	Increase (decrease) in earnings per share YoY		
	Annual average return on investment (annual average earning yield)		
Pro forma earnings per share and price-earnings ratio	If the capitalization of earnings is replaced with payout of cash dividends	Imputed earnings per share (NT$)	Not applicable (Note 2)
		Pro forma annual average return on investment	
	If the capitalization of capital surplus is not conducted	Imputed earnings per share (NT$)	
		Pro forma annual average return on investment	
	If the capitalization of capital surplus is not conducted and the capitalization of earnings is replaced with payout of cash dividends	Imputed earnings per share (NT$)	
		Pro forma annual average return on investment	

Note 1: The estimated 2023 stock dividend distribution is based on the earnings distribution proposal approved by the Board of Directors on March 15, 2024.

Note 2: The Company didn't release a 2024 financial forecast, but followed the letter (2002) Tai-Cai-Zheng (I) Zi-No. 002534 from the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan.

(VIII) Remuneration to employees and directors:

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

The Company shall distribute no less than 3% of the annual profit, if any, as the remuneration to employees, and no more than 3% of the annual profit as the remuneration to directors, provided that profits must first be taken to offset against any cumulative losses. The annual profit mentioned in the preceding paragraph refers to the pre-tax profit before the remuneration to employees and directors are deducted for the year. Receivers of the

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

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

   The basis for estimating and allocating the amounts of the remuneration to employees and that to directors for 2023 took into consideration the fact that there were no accumulated deficits that needed to be offset for 2023. Therefore, the pre-tax profit of 2023 before the remuneration to employees and that to directors and the percentage defined in the Articles of Incorporation is adopted as the basis for the estimation and allocation. The operating cost or operating expenditure for the current year is recognized. Should there be differences between the actual amount distributed and the amount that had been estimated and approved through the shareholders' meeting, such differences are recognized as gains or losses in the current fiscal year.

3. Remuneration distribution approved by the Board of Directors:

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

   For the distribution of the remuneration to employees and that to directors for 2023 of the Company, it has been reviewed and approved during the 7th session of the 5th Remuneration Committee and was approved by the Board of Directors on March 15, 2024. The distribution proposal approved by the Board of Directors is as follows: The Company's profit for 2023 consists of NT$38,931,423 (accumulated deficits, if any, in terms of the profit before tax before the remuneration to employees and that to directors are subtracted, need to be deducted first). The remuneration to employees at 7.09% or NT$2,720,249 and that to directors at 2.45% or NT$940,087 are set aside and to be completely distributed in cash.

   The amount of remuneration to employees and directors approved by the Board of Directors is consistent with the estimated amount in the annual financial statements.

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

4. The actual distribution of remuneration to employees, directors, and supervisors in the previous year (including the number of shares, amount, and price of the shares distributed), and any discrepancy between the actual distribution and the recognized remuneration to employees, directors, and supervisors, the reason for the discrepancy, and treatment of such discrepancy : Description of the actual distribution in 2022, as shown in the

table below:

Unit: NTD

2022	Distribution approved by the Board of Directors	Distribution approved through the General Shareholders' Meeting	Actual distribution	Difference	Cause of difference and how it is processed
1. Cash remuneration to employees	11,569,308	11,569,308	11,469,308	100,000	Note 1
2. Remuneration to Directors	4,627,723	4,627,723	4,627,723	0	—
Total	16,197,031	16,197,031	16,097,031	100,000	—

Note 1: Because some of the assigned employees resigned during the 2023 distribution of employee remuneration, the difference was not distributed.

(IX) Buyback of the Company's shares:

1. Buyback of the Company's shares (completed) April 20, 2024

No.	1	2	3	4	5
Purpose of the buyback	Number of shares transferred to employees	Number of shares transferred to employees	To protect Company's credit and shareholder's equity	Number of shares transferred to employees	Number of shares transferred to employees
Buyback period	2005.07.14 to 2005.09.13	2008.07.24 to 2008.09.21	2012.06.15 to 2012.08.14	2015.08.12 to 2015.1010	2018.11.14 to 2019.01.11
Buyback price range	NT$8-12	NT$8-15	NT$12-23	NT$10-16.85	NT$10-17.30
Type and quantity of shares already bought back	400 common stock shares	400 common stock shares	450 common stock shares	3,198 common stock shares	3,440 common stock shares
Value of shares already bought back	NT$4,276 thousand	NT$3,562 thousand	NT$6,982 thousand	NT$37,394 thousand	NT$42,781 thousand
Ratio of the number of shares already bought back to the number of shares expected to be bought back (%)	100%	100%	22.50%	91.37%	98.29%
Quantity of shares already written off and assigned	400 thousand shares	400 thousand shares	450 thousand shares	3,198 thousand shares	3,440 thousand shares
Cumulative quantity of shares of the Company held	0 thousand shares	0 thousand shares	0 thousand shares	0 thousand shares	0 thousand shares
Ratio of the total number of shares in the Company to the total number of outstanding shares (%)	0%	0%	0%	0%	0%

2. Buyback of the Company's shares (ongoing as of the publication of the annual report)

No.	6th
Purpose of the buyback	Number of shares transferred to employees
Buyback period	2014.04.01 to 2014.05.28
Buyback price range	NT$13-21
Type and quantity of shares already bought back	Ongoing
Value of shares already bought back	Ongoing
Ratio of the number of shares already bought back to the number of shares expected to be bought back (%)	Ongoing
Quantity of shares already written off and assigned	-
Cumulative quantity of shares of the Company held	Ongoing
Ratio of the total number of shares in the Company to the total number of outstanding shares (%)	Ongoing

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

II. Corporate Bonds:

Corporate Bonds

Types of corporate bonds	First domestic secured common corporate bonds in 2020
Date of issue	2020/05/28
Par value	NT$1,000,000
Location of Issuance and Transaction	Taipei Exchange
Issue price	Issued according to the par value
Total	NT$360,000,000
Interest rate	Fixed annual rate of 0.63%
Deadline	5-Year Expiration date: 05/28/2025
Guarantee Institution	15 banks, including Mega International Commercial Bank
Trustee	Taiwan Shin Kong Commercial Bank
Underwriting institution	First Securities Inc.
Attesting attorney	Attorney Shu-Chen Chen of Hsieh, Chi & Hsieh Law Offices
CPA	EY Taiwan

Types of corporate bonds		First domestic secured common corporate bonds in 2020
		Jesse Huang, Fang-Wen Lee
Repayment method		Payback of the principal upon maturity at once
No principal repayment		NT$360,000,000
Terms on redemption or early repayment		None
Restrictive terms		None
Name of the credit rating institution, date of rating, and corporate bond rating outcome		None
Other additional rights	Amounts of common stock shares, global depository receipts, or other securities already converted (swapped or subscribed to) as of the date when the Annual Report was printed	Not applicable
	Issue and conversion (swap or subscription) guidelines	None
Possible dilution of shareholding by the regulations and conditions of issuance, conversion, exchange or subscription and impact on existing shareholders' equity		None
Name of the depository for the swap target		None

Types of corporate bonds	Third unsecured convertible corporate bonds in the nation
Date of issue	2022/08/24
Par value	NT$100,000
Location of Issuance and Transaction	Taipei Exchange
Issue price	Issued according to the par value
Total	NT$500,000,000
Interest rate	0%
Deadline	3 years Maturity: August 24, 2025
Guarantee Institution	Not applicable
Trustee	Taipei Fubon Commercial Bank
Underwriting institution	President Securities Corporation
Attesting attorney	Attorney Lee Chi-Lu at Handom Attorneys at Law.
CPA	EY Taiwan Dick Hung, Fang-Wen Lee
Repayment method	Within 10 business days upon expiration

Types of corporate bonds		Third unsecured convertible corporate bonds in the nation
		of convertible corporate bonds, repayment is to take place at once in cash at par value.
No principal repayment		NT$499,900,000 (As of April 30, 2024)
Terms on redemption or early repayment		Refer to the guidelines for the issuance and conversion of the unsecured convertible corporate bonds for the third time in the nation
Restrictive terms		None
Name of the credit rating institution, date of rating, and corporate bond rating outcome		None
Other additional rights	Amounts of common stock shares, global depository receipts, or other securities already converted (swapped or subscribed to) as of the date when the Annual Report was printed	NT$100 thousand (as of April 30, 2024)
	Issue and conversion (swap or subscription) guidelines	Refer to the guidelines for the issuance and conversion of the unsecured convertible corporate bonds for the third time in the nation
Possible dilution of shareholding by the regulations and conditions of issuance, conversion, exchange or subscription and impact on existing shareholders' equity		According to the calculation, the conversion price of the third domestic unsecured convertible corporate bond issuance was NT$16.76, and the additional shares after all the conversions accounted for 19.00% of the current paid-in capital.
Name of the depository for the swap target		None

Profile of convertible corporate bonds

Types of corporate bonds (Note 1)		Third domestic unsecured convertible corporate bonds		
Item \ Year		2022	2023	Up to April 30, 2024 of the current year
Convertible bonds Market price of convertible bonds (Note 2)	Maximum	NT$110	NT$111	109
	Minimum	NT$99.2	NT$98.45	101.05
	Average	NT$105.51	NT$104.50	105.28
Conversion price		NT$17.59	NT$16.76	NT$16.76
Date of issue and conversion price at time of issue		08/24/2022 NT$18.25	08/24/2022 NT$18.25	08/24/2022 NT$18.25
Fulfillment of conversion obligations (Note 3)		Issuance of new shares, with NT$100 thousand already converted	No conversion	No conversion

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

III. Preferred Stock: Not applicable.

IV. Global Depositary Receipt: Not applicable.

V. Employee Share Subscription Warrants: Not applicable.

VI. Restricted Stock Awards: Not applicable.

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

VIII. Implementation of Capital Utilization Plan: Not applicable.

Five. Operational Overview

I. Scope of Operation

(I) Scope of Operation:

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

2. Main scope of operation and the respective operational weights

Unit: NT$ Thousand

Year / Main product	2023	
	Net operating income	Operational weight
Plastics injection molding machine	3,565,784	92.35%
Cables	169,676	4.39%
Others	126,251	3.26%
Total	3,861,005	100.00%

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

(4) Total plant output and systems: The intra-mold labeling and production system, the PET preform injection molding system, the ultra-high speed capping system, the feed-in system, Industry 4.0 production line optimization service, iMF4.0 (Intelligent ManuFactory).
(5) Machine repairs and service.
(6) Processing and trading of magnet wires.
(7) Processing and trading of thin and large light guide plates and vehicle lamps.
(8) Plastic pallets.
(9) PET preform in-house production.

4. New products (services) planned to be developed by the Company
(1) Development of FA second-generation machines.
(2) SA external curvature development project.
(3) All-electric development project for LM and two boards.
(4)SA extra-large PO development project.
(5) Development of GW series.
(6) Development of iMF4.0 MES module.

(II) Industrial Overview

1. Current Status and Development of the Industry

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

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

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

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

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

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

China indicated as early as the "Made in China 2025" released in 2015 that lightweight is a breakthrough technology to be prioritized. As the fad for new energy-driven vehicles remains heated, the demand for plastic automotive parts and components is significantly climbing, too.

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

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

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

On the other hand, benefiting from fields of information and communication, semi-conductors, electric vehicles, smart manufacturing, the demand for smart machinery continues to increase. Coupled with the support of policies by government of various countries, it is expected that the global market of smart machinery will continue to expand. FCS will continue to strengthen the R&D capability of its Headquarters in Taiwan, quality assurance system, and flexible deployment of capacity, raise the competition barrier for peer companies through customization and service differentiation, and increase the market share in customized injection molding machines “smart integration” and “lightweight” features to maintain capacity utilization of each manufacturing base at a good level and take future operation to the next level.

Today, various industries are actively pursuing product design strategies focused on lightweighting, “replacing steel with plastic,” “replacing wood with plastic,” and “replacing glass with plastic.” This trend is particularly evident in the automotive industry.According to the GII market research report, the global injection molding machine market is projected to grow at a compound annual growth rate (CAGR) of 2.7% from 2020 to 2025, reaching an estimated market size of USD 10.45 billion by 2025.

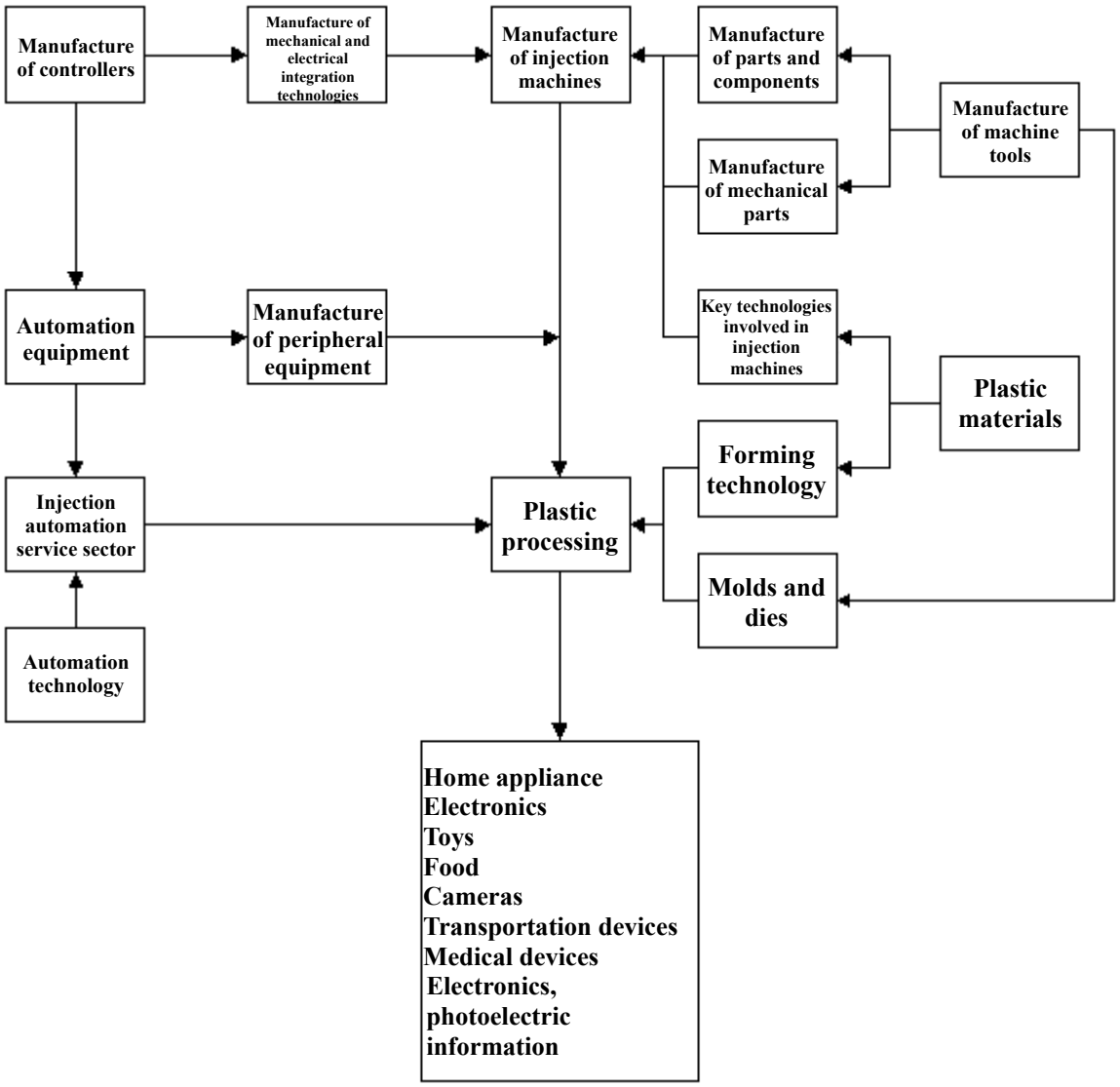
The European Union has comprehensively adjusted its carbon emission goals for 2030, which is expected to significantly catalyze the electric vehicle sector. On the other hand, lighter electric vehicles are more favorable. According to the Nomura Research Institute, steel accounts for at least 70% of automotive raw materials and regular materials and the ratio will drop to about 62% by 2025 as steel will be replaced by plastics, it will not only bring down the weights of parts and components by 40% but also reduce the energy consumed during shaping/molding.

Digital transformation and Industry 4.0 have made smart manufacturing total solutions trends on the market. In the post-pandemic era, remote management transcending borders appears to be more important. Therefore, injection machine manufacturers need to be capable of integrating software and hardware.

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

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

Illustration of the correlation of plastic injection molding machine products



Source: Compiled by the ITIS project of the Mechanical and Mechatronics Systems Research Lab, ITRI

3. Respective developmental trends and competition of products

A. Various developmental trends of products

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

a. Fully electric

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

b. High-speed

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

c. Micro-injection

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

d. Hybrid

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

e. Light-weight

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

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

f. Total plant solution

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

g. Smart network

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

h. Injection compression and molding

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

i. Micro-pore foam injection molding

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

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

j. AI to check the yield of products

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

k. iMF4.0 (Intelligent ManuFactory 4.0)

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

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

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

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

B. Product Competition

Plastic machinery around the world can be briefly divided into three major groups now by the quality and price range: Namely: high-priced models from Germany, Austria, and Japan are characterized by high precision, high reliability, production efficiency, and special functional design; products from China and other emerging countries are classified as a low-priced model; while those manufactured in Taiwan are categorized as mid-priced. Taiwan's plastic machinery industry continues to implement product transformation strategies, developing new models with various functions and industrial applications to comprehensively meet the needs of customers across different industries. These efforts have been well-received and recognized by the market. After many years of hard work, Taiwanese manufacturers have established a strong reputation for stable quality and competitive pricing. These factors are among the main reasons why Taiwan-made plastic machinery remains competitive and consistently achieves outstanding results in the global market.

It is worth noting the quick developments and emergence of plastic machinery over the past few years in Mainland China and in emerging countries. Despite the fact that the quality of the products is non-comparable to that of products made in Taiwan, their prices and appearances are quite competitive. Manufacturers in Taiwan need to carefully monitor their developments over the long term. Ningbo Haitian Precision Machinery Co., Ltd. in Mainland China, for example, has become one of the largest injection machine manufacturers in Asia, exemplifying the rapid growth of many Chinese plastic machinery competitors. Even the developments in the Indian market warrant attention. In 2019, the Company established its fourth production plant in India, which not only meets the substantial domestic demand but also facilitates the expansion into the South Asian and East African markets. Without proactive countermeasures and operational strategies, manufacturers in Taiwan will suffer significant impacts over the long term. In addition, European and Japanese manufacturers are following one another to set up their R&D centers or production sites in Mainland China to hopefully bring down the cost and be closer to the end market, which is expected to further ignite the competitive situation in the plastic machinery sector.

The Company is committed to serving customers and staying attuned to

market trends. In addition to enhancing the R&D capabilities and quality assurance systems at its Taiwan headquarters, the Company has also proactively established production facilities in China. It has invested in setting up factories in Dongguan (South China) and in Jiangbei, Ningbo, and Hangzhou Bay New Zone (East China). Both the Dongguan Plant, the Ningbo Plant, and Hangzhou New Bay Zone have been rendering impressive performances so far.The injection molding machines produced at these facilities are competitively priced against local Chinese brands, and their quality and performance have been highly acclaimed by both domestic and international customers. The adequate division of labor and integration strategies adopted by the three plants across the Taiwan Strait will signify the maximum competitive advantages of the Group while providing its enormous global customer base with instantaneous, sound, and satisfying service.

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

In the future, “small machines becoming fully electric, large machines turning two-platen-oriented, and powered injection” will become the standard in the injection machine sector of Mainland China. Generally speaking, the “one power and multiple elites” situation has taken shape on the injection molding machine markets across the Taiwan Strait, that is, the powerful Haitian and the other competitors that are elites in the industry. FCS excels in the multi-component and dual-color injection molding sector, offering the best complementary solutions. We focus on refining and perfecting our products to address the pressing pain points and gaps faced by our customers in this area. This dedication has shaped the FCS brand’s unique selling points and earned the longstanding trust of our clients.

In the field for injection machines of Asia, products of FCS have been in the medium-to-high range over the years and the focus is placed on the integration of market demand and R&D. FCS started to manufacture dual-color machines in 1984. Over 38 years of accumulation and sedimentation,

in large dual-color machines, in particular, abundant database resources are available to Since 2010, in addition to selling machinery equipment, FCS has introduced knowledge-based products to its offerings. This approach has evolved into "Providing total solutions to meet customers' needs," incorporating the new concept of the "Turnkey Solution," an intelligent management system. We provide customers with value-added services that integrate all necessary elements of injection molding technology, including plastic materials, molding equipment, tooling technology, and even the back-end process. This comprehensive approach realizes a one-stop business model. In addition, this kind of business model not only contributes to the improvement of customer satisfaction, but also brings more stable income and long-term development potential to the Company, and creates long-term competitiveness and operating value for the Company.

(III) Overview of Technology and R&D:

1. R&D expenses in the most recent year

Unit: NT$ Thousand

Year	2023
R&D expenditure	102,949
Net revenue	3,861,005
R&D expenditure in net revenue %	2.67%

Note: As of the publication date of the annual report, the Company's consolidated financial statements for the first quarter of 2024 have not been reviewed by CPAs.

2. Technologies or products successfully developed:

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

Item No.	Year	Patent No.	Patent Title
1	2022	ZL201920181154.3 (Mainland China)	Three-color interlayer interval injection molding machine
2	2022	ZL202020192112.2 (Mainland China)	Two-phase injection molding machine
3	2022	ZL202220478373X (Mainland China)	A side injection molding machine with nozzle protection
4	2022	ZL202221542408.8 (Mainland China)	Hydraulic controlled lifting platform of the injection molding machine

Note: No new patent was obtained in 2023.

B. Products developed successfully over the past year:

Item No.	Year	Content
1	2022.12	Launched the e-commerce version “iMF 4.0-Lite” to help enterprises easily upgrade to “smart manufacturing”
2	2023.01	FCS was awarded the “Excellent Mechanical Organization Award” by the Chinese Mechanical Engineering Society
3	2023.03	FCS Ningbo was rated one of the “Top 50 Enterprises in the Industry” in Jiangbei District, Ningbo.
4	2023.04	FCS was awarded “2022 Excellent Influential Brand Of Injection Molding Machine” for two consecutive years
5	2023.05	FCS Ningbo was honored with four major awards from Zhuangqiao Street, Jiangbei District, Ningbo City: Top 10 Industrial Enterprises, Golden Eagle Award, and Top 10 Taxpayer and Development Contribution Advanced Group Award
6	2023.06	FCS GW-1600RP Two-Platen Multi-Component Injection Molding Machine won the 2023 Plastic Industry Ringier Technology Innovation Award
7	2023.07	FCS and TIENKANG successfully developed the “multi-functional physical foam injection molding system” GENTREX to provide “net zero revolution” solutions for the transportation and sporting goods industries
8	2023.08	World’s First Super Large Five-Color Two-Platen Multi-Component Injection Molding Machine from FCS Makes Delivery
9	2023.08	FCS Group was awarded three honors in the 2023 China Plastics Machinery Industry Dominant Enterprise Award. The Company was also selected as one of the “Top 10 Comprehensive Strength Enterprises of China Plastics Machinery Manufacturing Industry” in 2023.
10	2023.09	FCS Ningbo was awarded the “2023 Ningbo City Top 100 Competitive Enterprises”
11	2023.10	FCS GW-2200R Large two-platen turntable four-shot precision injection molding machine passed the 2023 Ningbo High-end equipment manufacturing industry’s first domestic product (set) public list
12	2023.12	FCS Releases The SA-h PET Multimodal Medical Product Precision Molding System
13	2023.12	FCS Dongguan was awarded the title of “Friendly Enterprise”
14	2024.03	FCS GW-2200R two-platen X-type four-shot multi-component injection machine won the 2024 Plastic Industry Ringier Technology Innovation Award
15	2024.03	FCS participated in the 1st TAINANPLAS 2024

(IV) Long/Short-Term Business Development Plan

1. Short-term business development plan

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

system and maintain customer relations.

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

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

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

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

e. Effectively take advantage of the media for promotional purposes and proactively take part in representative exhibitions to accordingly enhance the Group image and its publicity.

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

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

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

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

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

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

c. Continue to promote the B2B plan, strengthen supplier management, spontaneously assist suppliers, enforce rating and audits, and develop quality partnering suppliers in order to keep track of lead time for imported materials, to ensure quality of imported materials, and to make the best of

the price negotiation capability to strictly control the cost of purchase at a reasonable level. The Company officially activated the “iSCM - Fu Chun Shin AI Innovative Application Program” through the “Industrial Upgrade Innovation Platform Assistance Plan” of the Industrial Development Bureau, MOEA to integrate the AI technology in the construction of a new e-system of the Company. Fulfill the efficacy of rapid response and flexible production through information streaming, penetration, resolving production and manufacture issues, improved yield, throughput, and efficiency, and the smart data analysis and application model created and introduce the value-added AI application in order to develop the smart supply chain and the smart manufacture model. Meanwhile, optimize the framework for streaming production information in the upstream and downstream of the supply chain through a reasonable procedure for comprehensive promotion of smart and lean production and for creating an efficient visualized production environment.

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

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

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

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

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

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

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

customer needs.

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

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

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

e. Fu Chin Shin in Ningbo was reputed as the "State-grade High-tech Technology Enterprise" for the first time in 2009 and has been reputed so for multiple times to date. It became the first party to draft the industrial standards for "multi-component plastic injection molding machines" in China in 2018 and declared that FCS would continue with R&D and transformation of technical accomplishments into its core, autonomous intellectual property rights and grow towards being a knowledge-intensive and technology-intensive economic entity.

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

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

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

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

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

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

2. Long-term business development plan

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

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

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

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

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

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

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

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

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

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

d. Consolidate the supply chain management system (SCM) and assist suppliers in improving their operations and management, enhancing their

production technologies and turning related information about the supply chain digital so that it may be included as part of the synergistic operation of the Group, which will not only enhance the operational performance but also enable quick response.

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

f. Introduce the production execution system in the field (MES): Production staff reports work through the mobile collection system to turn field production and quality information transparent and instantaneous and to boost the plant management efficiency, lower the production and inventory cost, and minimize downtime due to a shortage of materials in the field, among other things.

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

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

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

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

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

d. Take advantage of the technical integration capabilities and enhance the ability undertake a variety of products and the process capability in order

to quickly respond to customers' dependency on and demand for integrated systematic distribution.

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

f. The Cmpany released its iMF 4.0 smart manufacturing plant system for the first time at the 2018 Taipeiplas. The system is developed on the basis of production cycle time management, with ideas of mold management, machine management, and material management, and the OPC-UA standard for real-tie display of the overall equipment effectiveness (OEE) information. The information is tallied together with abnormal equipment and production messages so that production managers can keep track of the production status in real time, realizing Industry 4.0 mobile computing, analysis, and optimization, for enhanced efficiency and reduced squandering and to fulfill the managerial purpose quickly responding to production abnormalities. Through this system, one can be connected simultaneously to monitor the status of production line equipment around the world; it is an idea of remote production management. The demo plant is already set up at the main office in Tainan to provide customers in the injection molding sector with actual Industry 4.0 solutions.

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

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

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

b. Reflective of the corporate operational demand, besides continuing to

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

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

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

II. Overview of the market, production and sales

(I) Market analysis

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

The main products of the Company are plastics injection molding machines and their related products, as well as magnet wires. These products are sold globally, including in Asia, America, Europe, and Africa. The sales amounts of the Company by region for the years 2021 through 2023 are as follows:

Unit: NT$ Thousand

Item \ Year	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Taiwan	687,972	15.89	690,522	14.99	689,509	17.86
Mainland China	2,960,474	68.40	3,262,322	70.84	2,450,485	63.47
Other countries	680,061	15.71	652,360	14.17	721,011	18.67
Total	4,328,507	100.00	4,605,204	100.00	3,861,005	100.00

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

(1) Market share

As is shown in the monthly statistics of industrial production of the Ministry of Economic Affairs, the sales value of plastics injection molding machines in Taiwan was NT$11.903 billion in 2023.As a specialized manufacturer of plastic injection molding machines, it is estimated that the Company holds a market share of approximately 6.7%.

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

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

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

Due to the Company's long-standing focus on its globalization strategy, production facilities have been established in Dongguan and Ningbo in China, as well as in India. With the addition of the new plant in the Hangzhou Bay New Zone, these facilities have replicated Taiwan's successful production lines, ensuring ample production capacity. Coupled with a comprehensive

regional distributor network and extensive after-sales service points, the Company is well poised to seize the growth opportunities in the plastic processing industry driven by the increasing domestic consumption market in China and rising global demand. This cross-regional supply network is proving effective in both domestic and international markets. The FCS Group has been nominated for the "Top 15 Enterprises in the China Plastic Injection Molding Sector" multiple times and the only brand from Taiwan that has been on the list. FCS Ningbo was approved upon review by the Bureau of Science and Technology of Ningbo, among other authorities in 2019 and was reputed as the "National-Level High-tech Technology Enterprise" again. This accolade has been awarded multiple times since it was first received in 2009. It became the first party to draft the industrial standards for "multi-component plastic injection molding machines" in China in 2018, which is truly a feat given the fierce competition in the market of Mainland China and also marks the highest recognition of the Company's products among the vast base of customers.

Following the development of plastics technology, multi-component injection molding technology has gradually been widely adopted. Under the upsurge of environmental protection, energy saving and new energy market, FCS is famous for its dedicated two-color molding machine in the industry. In 2023, the "multi-component injection molding machine" continued to be popular. The annual sales exceed NT$2.31 billion (RMB 525 million), the number of units sold exceeded 545, and the clamping force reached 270,000 tons. As of the end of 2023, the cumulative sales revenue of FCS Group's multi-component injection molding machines has reached NT$19.2 billion (RMB 4.38 billion), with a total clamping force of 2.094 million tons. Among these, more than 715 units of large Sandwich / Interval Injection Molding Machines and extra-large horizontal injection machines with a clamping force of over 700 tons have been shipped.

Large demand in the new energy vehicle market: The scale of China's new energy vehicle market continues to expand, causing FSC's main customers, including Tesla, BYD, Stanley, Yingli, TYC Brother, SAIC, and GAC to increase capital expenditures for plant expansions With the increase in production, shipments of FCS's multi-component injection molding machine has boomed. Over the years, FCS has earned the recognition and trust from customers across various industries, including automotive parts, sports equipment, consumer goods, and consumer electronics. Notably, the automotive parts industry has been contributing an increasingly significant portion to FCS's revenue.

In recent years, FCS has continuously made advancements and

breakthroughs in multi-component injection molding technology. Besides serving as the drafting unit for industry group standards for multi-component plastic injection molding machines, the HB-1900R large horizontal rotary table two-component injection molding machine developed by FCS has been recognized as the first product in the key area of high-end equipment manufacturing in Zhejiang Province. In 2024, FCS was honored with the Ringier Technology Innovation Award for the plastics industry, thanks to the newly launched GW-2200R two-platen X-type four-shot multi-component injection machine.

With the innovative breakthroughs in the appearance of new energy vehicle products and the advancements in two-color application technology for electronic and medical products, the trend towards larger and more precise multi-component injection molding machines is becoming evident. FCS's introduction of fully electric two-color injection molding machines and ultra-large fully electric multi-component injection machines has timely met the market's demands. Due to its reliability, high yield rate and high customization, it has become the preferred choice of customers for multi-component injection molding.

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

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

and diversification, actively cultivate its main business of injection molding machine, explore more cooperative opportunities with customers in different industries, and keep an optimistic and positive attitude toward future development.

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

Year	Number of units produced	Number of units sold	Growth rate	Sales amount (NT$million)	Growth rate
2021	6,267	6,552	12.62%	12,145	24.62%
2022	4,886	5,234	-20.12%	11,554	-4.87%
2023	4,747	5,120	-2.18%	11,903	3.02%

Source: MOEA monthly industrial production statistics

3. Competitive niche

A. Optimal brand image

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

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

Suppliers of related parts and components of the Company have been located in surrounding adjacent counties and cities, with detailed division of labor and professional production, which can be processed according to the different needs of customers and delivered in a short time. With the VMI (supplier inventory management) system, the production demand can be more effectively controlled. Meanwhile, the Company proactively introduces modularized contracting and e-supply chain systems to render products that are optimal in both quality and pricing, taking care of the lead time, too; it makes the industrial cluster more internationally competitive. The Company

activated the “iSCM - Fu Chun Shin AI Innovative Application Program” through the “Industrial Upgrade Innovation Platform Assistance Plan” of the Industrial Development Bureau, MOEA to stream production information in the upstream and downstream of the supply chain through a reasonable procedure for comprehensive promotion of smart and lean production and for creating a high-efficient and visualized production environment.

C. Domestic and international marketing sites

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

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

The Company has developed multiple models and series over the years and further reinforced its collaboration with research institutes (such as the ITRI and universities of science and technology) recently for the R&D of innovative technologies and to develop new products. Its R&D capabilities are more mature now. This will help boost the quality and additional value of products and add to the competitive advantages on the high-end market. For example, the Company has introduced the latest Ultra-large Two-Platen Machine technology from Europe, with clamping forces ranging from 1,700 tons to 4,000 tons, positioning its technological capabilities at the forefront of the industry. In recent years, this technological foundation has been further expanded and applied to the development of large horizontal rotary table two-color molding machines, demonstrating high levels of R&D and manufacturing capabilities once again. The horizontal Sandwich / Interval Injection Molding Machines are currently produced by only three manufacturers worldwide, with FCS being the only professional manufacturer in Asia capable of mass production. These machines can handle

up to six-color plastic injection on a single piece of equipment, offering highly customized, intelligent, and energy-saving plastic injection molding solutions for customers across diverse industries, thus meeting the vast domestic market demand. In terms of three-platen large machines, the composite vertical compression injection machines designed by the Company under its patent have a mold locking force of 1,680 to 3,500 tons and are sold to many countries to be applied to the auto industry and the construction industry and have been received well. The 3,500-ton injection machines produced by the Company, for example, are also adopted by Nan Ya Plastics Corporation. In terms of precision injection molding, in order to counter-balance with the models from Japan, the Company also takes the lead in introducing small and optimal, small and beautiful, small and energy-saving hybrid high-speed closed-circuit injection machines, which, when combined with the latest electric controls from Austria, allows remote production monitoring and system communication to realize “smart single machine and total plant cyber-based”. All of them have attracted extensive attention in the precision electronics and high-speed injection molding sectors, making them a great competitive choice in the era of Industry 4.0.

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

variety of industries, including auto parts, sports, 3C and daily commodities, and it has obtained resonance of high reliance and recognition. The repurchase rate of equipment expanded from the iMF 4.0 Intelligent ManuFactory System reached 80%. The fruitful result is obvious.

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

There are not many producers available in the industry to provide complete lines of products. The plastic injection molding machines manufactured by the Company range from small machine with a mold locking force of 30 tons to large machines with a mold locking force of 4,000 tons. At a conventional injection speed or an ultra-high injection speed or from the ordinary sectors to precision optimal elements, there are corresponding series of models available. In addition, there are specialized machines for respective sectors and those for special plastics whose auxiliary features and configurations can be increased or decreased reflective of customer demand and which are hence highly flexible in sales; they help satisfy the needs of different customers in different fields of application.

F. High level of e-commerce

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

G. Outstanding production capability

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

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

Under the macro-environment of economic transformation and upgrade and restructuring, businesses are faced with harsher and harsher new requirements about environmental protection. The Company has been valuing environmental protection. FCS gave itself a mission, that is, to use energy-saving and carbon-reducing production equipment and also materials that can be easily recycled. It has introduced the one micro-pore foam injection molding technique. As long as it is going in the right direction, the Company is fearless and will work at all costs to find a solution for its customers. In our minds, the true environmental protection should be encouraging recycling and developing cycle economy. In Taiwan, FCS has a 47,000-square-meter rooftop solar power generation facility. In Ningbo, FCS operates the most advanced low-pollution painting factory in the area. From the beginning, FCS has held itself to the highest standards of self-discipline. In addition, thanks to the application of light-weight and multi-component dual-color technologies in the automobile industry driven by the awareness of environmental protection, the demand for the horizontal turntable mutual-injection molding machines developed by the Company is surging. It is a win-win situation.

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

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

4. Advantageous and Disadvantageous Factors for Future Developments and Countermeasures

A. Advantageous factors

a. The Group has a 50-year history and is listed on the TPEx. With abundant resources and high brand recognition in both Taiwan and China, the Group is well-positioned to develop new customers and market its products effectively.

b. Its product lines are wide-ranging and advanced. The Company is highly capable of customization and is now devoted to the development of iMF smart products and introducing high value-added peripheral products and systems in order to fully satisfy customer demand and to enhance the competitive advantages of products.

c. The Group has established five production bases in Taiwan, Dongguan, Ningbo, Hangzhou Bay New Zone, and India. These multiple and international production bases help circumvent import tariff barriers and enhance operational synergy, benefiting global marketing and logistics.

d. The Group has invested in the Mainland China for nearly 30 years and is one of the Top 10 manufacturers in the China plastic machinery industry and also one of the Top 5 brands preferred by local customers.

e. The Group is actively expanding its global production and sales network. In addition to having comprehensive marketing and service points in Taiwan, China, and Southeast Asia, the establishment of the India plant further enhances the Group's ability to develop markets in South Asia, the Middle East, and Africa.

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

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

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

B. Disadvantageous factors and their countermeasures

a. Mature sector with fierce competition

Plastic machinery is a mature sector in Taiwan. Most of the manufacturers are small-to-medium-sized and copy one another or break down existing ones in the development of new models. As a result, the products are highly

homogeneous and competition is quite fierce among counterparts. Brands have a low market share in Taiwan. The small number of purchase orders has weakened production lines in Taiwan and the ability of the supply chain in Taiwan to progress. Meanwhile, there is insufficient precision processing and production equipment for the plants in Taiwan and suppliers are smaller in scale and hence are unable to support the production capacity needed for the Company's Project T309 over the long term.

Countermeasures:

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

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

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

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

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

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

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

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

Countermeasures:

① Set up production sites overseas to be closer to local markets in countries where labor and land are relatively cheap compared to those in Taiwan, such as Mainland China, India, and Brazil. Over the past few years, in order to provide customers with quality localization service, subsidiaries have been set up in Indonesia (2016), Thailand (2017), India (2019), and Vietnam (2021). Meanwhile, direct-sale or service locations are available in the Philippines. Customers really approve and speak highly of the strategy adopted by the Company.

The Company has established production facilities in Dongguan (South China), Ningbo, Hangzhou Bay New Zone (East China), and India. These facilities will enable the Group to expand its operational scale and reach new heights. The main plant in Taiwan continues to focus on mastering key technologies, leveraging the lower labor and land costs in these locations to reduce certain expenses and enhance product price competitiveness.

② Additionally, the Company provides customized design and system integration services, including whole-plant planning, technical support, and molding knowledge training. These comprehensive one-stop services cater to the diverse needs of customers.

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

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

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

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

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

Countermeasures:

① Quality assurance: The Company firmly believes that “quality is designed” and hence in as early as the R&D stage, the comprehensive quality assurance system is introduced. In addition, it also adopts the spontaneous and proactive partner assistance mechanism to prevent against undesirable quality and to stop defective items from entering the Company. Moreover, strict quality control is imposed in the inspection of parts received, in-process inspection, and the inspection upon completion of a pilot run to fully ensure the quality of products.

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

③ To enhance service levels, strengthen customer assurance, and increase mutual dependency and trust, FCS has transformed from a plastic injection molding machine manufacturer to a provider of plastic injection molding solutions since 2010. This evolution represents a shift from simple product manufacturing to comprehensive integration of technical resources.

④ FCS carefully selects its agents, distributors, dealers, and service partners. Besides evaluating their sales capabilities, their after-sales service abilities are also subjected to regular training and audits to ensure the highest service quality for customers in their respective regions, thereby fostering a premium brand image.

⑤ The greatest competitive advantage of FCS lies in its customization capabilities. While many competitors focus solely on machine sales, FCS offers end-to-end services, including in-house production setup for customers. This helps clients save on packaging and shipping costs, and also provides training for their operational staff, reducing their personnel training expenses.

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

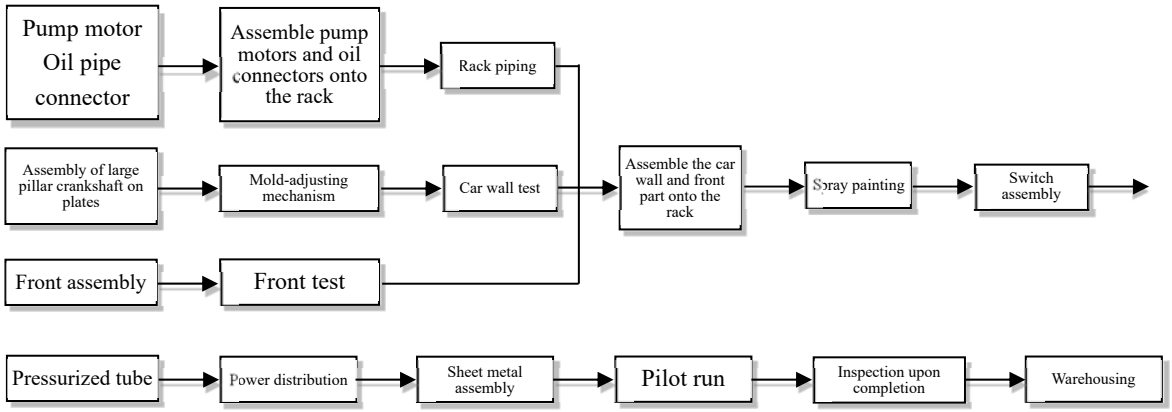
(II) Important purposes and production processes of main products

1. Important purposes of main products

Product	Specific weight	Main function or purpose
Plastics injection molding machine	92.35%	Plastic products injection molding
Cables	4.39%	Stereo system coils, large and small motors, compressors, etc.
Others	3.26%	Solar energy power generation, other items

2. Production/Preparation processes

(1) The production process of the Company's main product "Plastic Injection Molding Machine" is shown in the figure below:



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

(III) Supply of main raw materials

The Company maintains a friendly relationship with its suppliers based on a partnership attitude, so that the best price, quality and delivery service can be obtained. The main raw material supply areas are as follows:

Main raw material	Supply regions	Supply status
Rack group	Taiwan manufacturers, China	Good
Hydraulic parts, hydraulic manifold	Taiwan manufacturers, China	Good
Electric motors, Servo motors	Taiwan manufacturers, China	Good
Movable mold plate assembly, mold adjustment plate assembly	Taiwan manufacturers, China	Good
Fixed mold plate, toggle assembly, mold-clamping column	Taiwan manufacturers, China	Good
Electric control and material pipe assembly	Taiwan manufacturers, China	Good
Bar copper wire	Taiwan manufacturers, China	Good
Acrylic	Mainland China	Good

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

1. Information on major suppliers in the last two years Unit: NT$ Thousand; %

	2022				2023			
Item	Name	Amount	Ratio to net purchases throughout the year (%)	Relationship with the issuer	Name	Amount	Ratio to net purchases throughout the year (%)	Relationship with the issuer
1	A	163,602	5.27	Manufact	A	144,549	5.43	Manufact
2	B	152,754	4.92	Manufact	C	129,243	4.86	Manufact
3	C	151,300	4.87	Manufact	K	102,965	3.87	Manufact
4	D	69,981	2.25	Manufact	B	94,131	3.54	Manufact
5	E	67,743	2.18	Manufact	D	88,197	3.32	Manufact
6	F	67,560	2.18	Manufact	E	68,061	2.56	Manufact
7	G	64,670	2.08	Manufact	G	66,355	2.49	Manufact
8	H	64,430	2.08	Manufact	I	64,132	2.41	Manufact
9	I	64,290	2.07	Manufact	L	43,335	1.63	Manufact
10	J	56,210	1.81	Manufact	M	47,705	1.57	Manufact
	Others	2,181,311	70.29	Manufact	Others	1,817,703	68.32	Manufact
	Net purchase	3,103,851	100.00		Net	2,660,376	100.00	

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

2: In the past two years, no single supplier accounted for more than 10% of the total purchases.

2. Information on major customers in the last two years Unit: NT$ Thousand; %

	2022				2023			
Item	Name	Amount	Ratio to net purchases throughout the year (%)	Relations hip with the issuer	Name	Amount	Ratio to net purchases throughout the year (%)	Relations hip with the issuer
1	a	149,282	3.24	Customer	k	71,361	1.85	Customer
2	b	142,441	3.09	Customer	g	51,840	1.34	Customer
3	c	125,028	2.72	Customer	i	51,182	1.33	Customer
4	d	114,531	2.49	Customer	d	46,636	1.21	Customer
5	e	107,521	2.34	Customer	l	45,644	1.18	Customer
6	f	105,229	2.28	Customer	m	45,000	1.17	Customer
7	g	82,460	1.79	Customer	n	44,167	1.14	Customer
8	h	71,057	1.54	Customer	o	44,154	1.14	Customer
9	i	68,720	1.49	Customer	p	44,073	1.14	Customer
10	j	68,063	1.48	Customer	s	42,939	1.11	Customer
	Others	3,570,872	77.54	Customer	Others	3,374,009	87.39	Customer
	Net sales	4,605,204	100		Net sales	3,861,005	100	

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

2: In the past two years, no single customer accounted for more than 10% of net sales.

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

Production volumes/values over the past two years

Unit: NTD Thousand; Unit, Ton

Year / Sales volume/ value / Main product	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Plastics Injection and molding machine (unit)	1,566	1,446	3,148,338	1,668	1,398	2,804,781
Others (Note)	-	-	327,221	-	-	191,452
Total	1,566	1,446	3,475,559	1,668	1,398	2,996,233

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

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

Sales volumes/values over the past two years

Unit: NTD Thousand; Unit

Year / Sales volume/ value / Main product	2022				2023			
	Import		Export		Import		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plastics Injection and molding machine (unit)	99	286,696	1,139	3,702,933	88	360,928	1,163	2,934,327
Others (Note)	-	404,554	-	211,021	-	328,581	-	237,169
Total	99	691,250	1,139	3,913,954	88	689,509	1,163	3,171,496

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

III. Employees

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

March 31, 2024

Year		2022	2023	As of March 31, 2024
Number of employees	Manager	81	87	93
	Direct employees	446	406	377
	Ordinary staff	380	435	509
	Total	907	928	979
Mean age		31.3	31.48	32
Mean years in service		3.81	7.81	8.87
Ratio of education distribution	Post-graduate school	4	5	5
	Graduate school	55	53	52
	College/university	509	545	577
	Senior high school	209	197	208
	Below senior high school	130	128	137

IV. Environmental Protection Expenditure

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

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

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

   The primary environmental pollution prevention and control equipment of the Company now is the air pollution equipment. Due to the fact that the Company includes the manufacture of electric wires and cables and paint spray, in order to prevent against air pollution, two sets of air pollution prevention and control equipment are in place. For electric wires and cables, there are catalyst burning towers and for paint spray there is the activated carbon absorbing equipment. Costs of air pollution prevention and control equipment consumables in 2023 are as follows:

Name of Equipment	Costs of replacing
Catalyst burning tower	NT$90,000
Activated carbon absorbing	NT$341,580
Total	NT$431,580

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

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

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

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

   The Company did not suffer losses caused by environmental pollution in 2023.

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

   To expand the operational scale, the Company plans to increase the factory area. Due to environmental regulations, soil testing was conducted on the designated land. In 2023, the total expenditure for soil testing amounted to NT$252,200.

V. Labor-Management Relations

1. List the Company's employee welfare measures, continuing education, training, retirement systems and their implementation status, as well as labor-management agreements, and various employee rights protection measures in accordance with the law:

(1) Employee benefits

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

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

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

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

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

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

(2) Continuing education and Training

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

② Courses planned for 2023, as usual, followed the development policies of respective departments. All training resources are gathered to be highly supportive of and to fulfill departmental strategic goals and to continue to closely link training courses with target strategic developments. Besides optimal implementation efficacy, in 2023, continuous efforts were made to take advantage of governmental resources and to apply for the recharging and take-off program. The total income obtained as such as the training budget came to NT$71,506.

③ The Organizational Learning and Development Center held in 2023 a total of 5 core courses that were completed by a cumulative headcount of 152 people in addition to a total of 4 orientation courses for newcomers that were completed by a cumulative headcount of 35 people. Moreover, collaboratively with the Plastics Center, external recruitment for 2023 “Plastics Industry Professional Certification” took place and a

total of 5 preliminary courses on the profession of injection molding were held, with a headcount of 1 attendee. All of these show that the Center is capable of organizing training for both internal and external staff and will make steady profits in the future and continuous required resources will be devoted given the steady operations so that the scope of service can reach out to the Group and external stakeholders.

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

(3) Retirement system and its implementation status

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

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

(4) Labor-management agreement

① The labor-management relations of the Company have always been harmonious and have been addressed in most cases through coordination. There are also the periodic labor-management meetings meant to help both the labor representatives and the management reach a consensus that is conducive to the promotion of respective tasks successfully.

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

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

The Company has prepared its employee handbook as required by law

and there are personnel management regulations in place where the attendance, leaves of absence, paid leaves, and weekends and holidays are specified. Both employees and the management follow these regulations, contributing to harmonious mutual relations.

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

The Company did not suffer losses arising from labor-management disputes in 2023.

VI. Information and Communication Security Management

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

(1) Information and communication security risk management framework

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

(2) Information and Communication Security Policy

① Maintain continuous operations of respective information systems

② Prevent against invasion and destruction by hackers and viruses

③ Prevent against intentional illegitimate and illegal use

④ Prevent against disclosure of confidential and sensitive data

⑤ Prevent against manned negligence and accidents

⑥ Maintain physical environmental safety.

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

① Computer equipment security management

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

② Network security management

- The external network port is configured with the corporate firewall to block illegal invasion by hackers and the DMZ is set up to keep off

access from outside the Company by means of an isolated network segment.

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

③ Viral protection and management

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

④ System access Control.

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

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

⑤ Ensure sustainable operation of systems.

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

⑥ Information security communication and educational training

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

⑦ Information Security Reporting

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

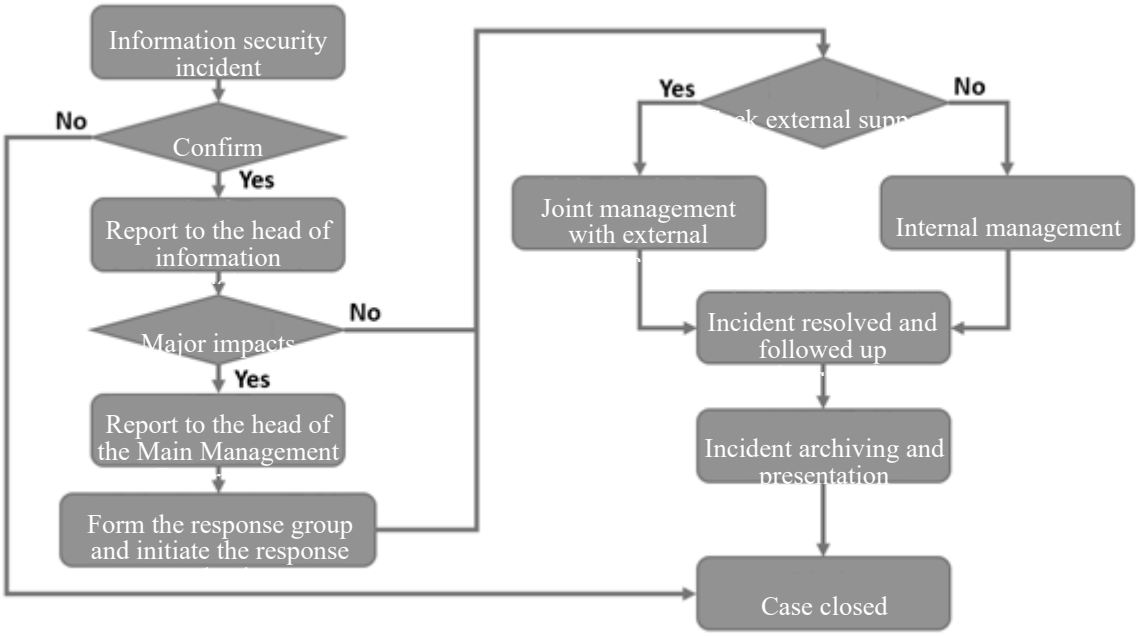


Figure 1. Information security reporting and handling procedure

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

VII. Important Contracts

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

Nature of contract	Parties to the contract	Start/End dates of contract	Main contents	Significant restriction clause
Land and surface building leases	Retail Support International	2017.01.01~ 2031.12.31	The six lots in Pizitou, Guanmiao Township owned by the Company, totaling around 3502.95 pings and their surface premises of a combined floor area of around 2,100 pings were put up for lease.	No particular restrictive terms.
Land and surface building leases (new)	INFASTECH/TRI-STAR LIMITED TAIWAN BRANCH (B.V.I.)	2021.05.01~ 2026.04.30	The 13 lots in Pitouzi, Guanmiao Township owned by the Company, totaling around 8,699 m^2 and their surface premises were put up for lease.	No particular restrictive terms.
Land and surface building leases	EATON PHOENIXTEC MMPL CO., LTD.	2022.11.01~ 2027.10.31	(Lease 1) Buildings 1 through 4 and the whole employee dormitory at No. 269, Baodong Road, Pitou Neighborhood, Guanmiao District owned by the Company, totaling 1,430 pings, and the square in front of the said buildings that has an area of 169 pings in total. (Lease 2) Buildings and land on the premises in Pitou Neighborhood, Guanmiao District owned by the Company, totaling around 1,873 pings and offices with a combined area of around 341 pings.	No particular restrictive terms.
Land and surface building leases	SHING FUH TAI TECHNOLOGY CORP.	2021.01.01~ 2025.12.31	Vacant space in the rear section of Building 8, Pizitou, Guanmiao District, Tainan City owned by the Company, with a combined floor area of around 136 pings, was put up for lease.	No particular restrictive terms.
Land and surface building leases	TRISON ENTERPRISE CO.	2021.05.01~ 2026.04.30	The buildings (No. 12-1 and 12-2) on the two lots of land in Bitouzi, Guanmiao District owned by the Company, totaling around 2,166 pings, with a combined floor area of around 2,166 pings were put up for lease.	No particular restrictive terms.
Land and surface	Daiwa Motor Parts	2023.12.01~	Vacant space in the front section of Building 15, No.	No particular restrictive terms.

Nature of contract	Parties to the contract	Start/End dates of contract	Main contents	Significant restriction clause
building leases	Corporation	2028.12.31	269, Baodong Road, Pitou Village, Guanmiao District, Tainan City owned by the Company, with a combined floor area of around 94 pings, was put up for lease.	
Land and surface building leases	Jinlongyi Co., Ltd.	2023.10.01~ 2033.09.30	Vacant space in the rear section of Building 12-1, No. 269, Baodong Road, Pitou Village, Guanmiao District, Tainan City owned by the Company, with a combined floor area of around 251 pings, was put up for lease.	No particular restrictive terms.
Syndicated loan contract (old)	14 financial institutions, including Mega International Commercial Bank	2019.07.25~ 2024.07.25	Total syndicated loan facility of NT$1.5 billion.	In honor of the special undertakings and matters agreed upon in the contract
Syndicated loan contract (new)	9 financial institutions, including Mega International Commercial Bank	2023.10.23~ 2028.12.23	Total syndicated loan facility of NT$2 billion.	In honor of the special undertakings and matters agreed upon in the contract
Parallel solar photovoltaic power-generating system contract	Genesis Energy Technologies Inc.	2010.08.30~ Expiry date of the electricity purchase contract between FCS and Taipower	NT$115.5 million for the 1000KW parallel solar photovoltaic power generation system project.	In honor of the special undertakings and matters agreed upon in the contract
Solar photoelectricity-generating system energy purchase/sale contract	Taiwan Operating Site of Taiwan Power Company	2010.12.30~ The contract termination date is when the power generation equipment has completed 20 years of	Energy generated by FCS renwable energy power-generating systems is sold to TaipPower	In honor of the special undertakings and matters agreed upon in the contract

Nature of contract	Parties to the contract	Start/End dates of contract	Main contents	Significant restriction clause
		operation		
Solar photoelectricity-generating system energy purchase/sale contract	Taiwan Operating Site of Taiwan Power Company	2016.12.30~ The contract termination date is when the power generation equipment has completed 20 years of operation	Energy generated by FCS renwable energy power-generating systems is sold to TaipPower	In honor of the special undertakings and matters agreed upon in the contract
Solar photoelectricity-generating system energy purchase/sale contract	Taiwan Operating Site of Taiwan Power Company	2017.11.20~ The contract termination date is when the power generation equipment has completed 20 years of operation	Energy generated by FCS renwable energy power-generating systems is sold to TaipPower	In honor of the special undertakings and matters agreed upon in the contract
Solar photoelectricity-generating system energy purchase/sale contract	Taiwan Operating Site of Taiwan Power Company	2018.07.12~ The contract termination date is when the power generation equipment has completed 20 years of operation	Energy generated by FCS renwable energy power-generating systems is sold to TaipPower	In honor of the special undertakings and matters agreed upon in the contract

Six. Financial Overview

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

(I) Fu Chun Shin Group

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

Unit: NTD Thousand

Item \ Year		Financial Data of the Past Five Years				
		2019	2020	2021	2022	2023
Current assets		3,388,422	3,887,891	4,249,898	4,272,666	4,244,612
Property, plant and equipment		1,485,678	1,431,254	1,616,639	1,815,657	2,151,039
Intangible assets		34,488	42,304	77,950	69,079	71,419
Other assets		585,112	687,727	682,060	845,681	817,486
Total assets		5,493,700	6,049,176	6,626,547	7,003,083	7,284,556
Current liabilities	Before distribution	2,056,253	2,288,866	2,491,798	2,188,720	2,116,605
	After distribution	2,070,729	2,296,169	2,536,334	2,234,444	Note 1
Non-current liabilities		1,292,639	1,587,413	1,860,198	2,362,050	2,786,529
Total liabilities	Before distribution	3,348,892	3,876,279	4,351,996	4,550,770	4,903,134
	After distribution	3,363,368	3,883,582	4,396,532	4,596,494	Note 1
Equity attributable to owners of the company		1,959,480	1,998,693	2,115,351	2,280,909	2,217,443
Share capital		1,476,488	1,487,085	1,524,079 Note 2	1,569,860	1,569,860
Capital surplus		25,615	23,745	23,649	42,520	42,520
Retained earnings	Before distribution	639,648	637,236	738,206	825,114	754,424
	After distribution	625,172	629,933	663,979	733,666	Note 1
Other equities		-146,019	-116,342	-128,629	-110,861	-149,361
Treasury stocks		-36,252	-33,031	-12,263	0	0
Non-controlling interests		185,328	174,204	159,200	171,404	163,979
Total shareholders' equities	Before distribution	2,244,081	2,172,897	2,274,551	2,452,313	2,381,422
	After distribution	2,130,332	2,165,594	2,230,015	2,2406,589	Note 1

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

Note 1: Yet to be distributed
Note 2: Some of entries under assets and liabilities for 2021 were recategorized in the 2022 Financial Statements

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

Unit: NTD Thousand

Year / Item	Financial Data of the Past Five Years				
	2019	2020	2021	2022	2023
Operating revenue	3,309,608	3,062,517	4,328,507	4,605,204	3,861,005
Gross profit	821,670	684,204	1,053,964	1,231,130	1,012,868
Operating loss or profit	4,697	(20,704)	204,484	257,965	38,219
Non-operating income and expense	35,652	53,911	16,747	(4,208)	19,604
Net income before tax	40,349	33,207	221,231	253,937	57,823
continuing operating units Current period net profit	5,259	(7,966)	107,788	169,977	23,323
Losses from discontinued units	-	-	-	-	-
Current-period profit (loss)	5,259	(7,966)	107,788	169,977	23,323
Other comprehensive income for the period (net amount after tax)	(74,163)	32,662	(15,314)	18,455	(42,935)
Total comprehensive income in the current period	(68,904)	24,696	92,474	188,432	(19,612)
Net profit attributable to the owner of the parent company	14,527	11,811	117,642	159,455	20,597
Net profit attributable to non-controlling interest	(9,268)	(19,777)	(9,854)	10,522	2,726
Total combined gains or losses attributed to the owners of the parent company	(54,437)	41,787	103,682	179,373	(17,742)
Total combined gains or losses belonging to non-controlling interests	(14,467)	(17,091)	(11,208)	9,059	(1,870)
Earnings per share	0.1	0.08	0.8	1.05	0.13

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

(II) Fu Chun Shin

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

Item \ Year		Financial Data of the Past Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,423,665	1,100,348	1,249,461	1,092,953	1,354,166
Real-estate properties, plants, and equipment (Note 2)		809,667	792,979	775,129	742,051	743,795
Intangible assets		26,029	35,249	61,909	53,172	57,076
Other assets		2,220,007	2,441,769	2,694,001	3,072,319	3,086,856
Total assets		4,479,368	4,370,345	4,780,500	4,960,495	5,241,893
Current liabilities	Before distribution	1,229,828	810,148	826,075	568,275	546,731
	After distribution	1,244,304	817,451	870,611	613,999	Note 4
Non-current liabilities		1,290,060	1,561,504	1,839,074	2,111,311	2,477,719
Total liabilities	Before distribution	2,519,888	2,371,652	2,665,149	2,679,586	3,024,450
	After distribution	2,534,364	2,378,955	2,709,685	2,724,122	Note 4
Equity attributable to owners of the company		-	-	-	-	-
Share capital		1,476,488 Note 3	1,487,085	1,524,079	1,569,860 Note 3	1,569,860
Capital surplus		25,615	23,745	23,649	42,520	42,520
Retained earnings	Before distribution	639,648	637,236	738,206	825,114	754,424
	After distribution	625,172	629,933	663,979	733,666	Note 4
Other equities		(146,019)	(116,342)	(128,629)	(110,861)	(149,361)
Treasury stocks		(36,252)	(33,031)	(12,263)	0	0
Non-controlling interests		-	-	-	-	-
Total shareholders' equities	Before distribution	1,959,480	1,998,693	2,115,351	2,280,909	2,217,443
	After distribution	1,945,004	1,991,390	2,070,815	2,235,185	Note 4

Note 1: The Company adopted International Financial Reporting Standards (IFRS) in 2012, and parent company only financial statements of each year were audited and attested by CPAs.

Note 2: No asset revaluation in each year.

Note 3: The certificates of bond-for-swap rights were included in the share capital of 2019 and 2022 for NT$823 thousand and NT$57 thousand, respectively.

Note 4: The 2023 earnings distribution proposal is yet to be resolved by the shareholders' meeting.

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

Year / Item	Financial Data of the Past Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	1,473,067	858,745	1,349,078	1,259,810	1,078,451
Gross profit	277,934	176,132	232,881	263,320	236,834
Operating loss or profit	(70,754)	(106,064)	(85,247)	(71,539)	(81,157)
Non-operating income and expense	89,509	126,518	245,895	275,544	115,888
Net income before tax	18,755	20,454	160,648	204,005	34,731
continuing operating units Current period net profit	14,527	11,811	117,642	159,455	20,597
Losses from discontinued units	-	-	-	-	-
Current-period profit (loss)	14,527	11,811	117,642	159,455	20,597
Other combined gains or losses of current term (Net value after tax)	(68,964)	29,976	(13,960)	19,918	(38,339)
Total comprehensive income in the current period	(54,437)	41,787	103,682	179,373	(17,742)
Net profit attributable to the owner of the parent company	-	-	-	-	-
Net profit attributable to non-controlling interest	-	-	-	-	-
Total combined gains or losses attributed to the owners of the parent company	(54,437)	41,787	103,682	179,373	(17,742)
Total combined gains or losses belonging to non-controlling interests	-	-	-	-	-
Earnings per share	0.10	0.08	0.8	1.05	0.13

Note 1: The Company adopted International Financial Reporting Standards (IFRS)

in 2012, and parent company only financial statements of each year were audited and attested by CPAs.

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

Year	Name of Accounting Firm	Name of CPA	Audit opinions	Description
2019	EY Taiwan	Jesse Huang, Fang-Wen Lee	Unqualified opinion	None
2020	EY Taiwan	Jesse Huang, Fang-Wen Lee	Unqualified opinion	None
2021	EY Taiwan	Dick Hung, Fang-Wen Lee	Unqualified opinion	None
2022	EY Taiwan	Dick Hung, Fang-Wen Lee	Unqualified opinion	None
2023	EY Taiwan	Fang-Wen Lee, Mink Hu	Unqualified opinion	None

II. Financial Analysis of the Past Five Years

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

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

Analytical item (Note 2) \ Year (Note 1)		Financial analysis for the most recent five years					Reasons for the changes in over the past two years
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt-to-assets ratio	60.96	64.08	65.68	64.98	67.31	Increase/decrease falls short of 20%
	Ratio of long-term capital to real-estate properties, plants, and equipment	231.37	262.73	255.76	265.16	240.25	Increase/decrease falls short of 20%
Solvency %	Current ratio	183.09	162.12	169.86	170.56	200.54	Increase/decrease falls short of 20%
	Quick ratio	84.44	101.03	97.84	122.15	117.27	Increase/decrease falls short of 20%
	Interest protection multiples	2.45	2.31	13.32	7.71	1.60	Revenues declined and profits declined. However, interest expenses increased due to interest rate hikes, resulting in a decrease in the interest coverage ratio.
Operating capacity	Receivables turnover (frequency)	2.84	2.39	3.08	2.93	2.32	Decrease in revenue
	Average collection days	128.59	152.50	118.67	124.62	157.15	Decrease in revenue
	Inventory turnover (frequency)	2.19	1.98	2.35	2.29	1.89	Increase/decrease falls short of 20%
	Payables turnover (frequency)	3.93	2.92	3.10	3.38	2.81	Increase/decrease falls short of 20%
	Average days of sales	166.44	184.12	155.52	159.67	193.13	Decrease in revenue
	Real estate properties, plants, and equipment turnover (frequency)	2.35	2.10	2.84	2.68	1.95	**Reduced turnover due to additional plant equipment in Ningbo New District Plant**
	Total assets turnover (frequency)	0.61	0.53	0.68	0.68	0.54	
Profitability	Return on assets (%)	0.17	-0.24	1.84	2.87	0.65	Lower revenues **and** lower profits.
	Return on equity (%)	0.24	-0.37	4.85	7.19	0.97	
	Ratio of net profit before tax to paid-in capital (%)	2.73	2.23	14.80	16.66	3.68	
	Net profit rate (%)	0.16	-0.26	2.49	3.69	0.60	
	Earnings per share (NTD)	0.10	0.08	0.80	1.05	0.13	
Cash flow	Cash flow ratio (%)	-5.21	11.35	5.56	-2.33	12.43	**Increase in cash flow ratio due to net cash inflow from operating activities due to increase in collection of accounts receivable and accounts payable**
	Cash flow adequacy ratio (%)	54.03	76.60	29.33	-5.35	22.21	
	Cash re-investment ratio (%)	-12.35	5.80	2.90	-1.90	4	

Leverage	Operating leverage	129.84	-28.23	4.29	3.74	20.50	**The marginal contribution to revenue growth decreased, and the cost of fixed assets and fixed expenses increased, resulting in a slight increase in operating leverage**
	Financial leverage	-0.20	0.45	1.10	1.17	-1.97	**Low operating income and high interest expenses, resulting in a financial leverage of -1.97 times, showing a negative leverage**
Please describe the reasons for the changes in the financial ratios in the last two years. (If the increase/decrease change is less than 20%, the analysis is not required) Refer to the description of causes for changes as shown in the table above.							

2. Fu Chun Shin - IFRS

Analytical item (Note 2) \ Year (Note 1)		Financial analysis for the most recent five years					
		2019	2020	2021	2022	2023	Reasons for the changes in over the past two years
Financial structure (%)	Debt-to-assets ratio	56.26	54.27	55.75	54.02	57.70	Increase/decrease falls short of 20%
	Ratio of long-term capital to real-estate properties, plants, and equipment	401.34	448.96	510.16	591.90	631.24	Increase/decrease falls short of 20%
Solvency %	Current ratio	109.55	135.82	151.25	192.33	247.68	Due to an increase in receivables and loans from subsidiaries, resulting in an increase in current assets
	Quick ratio	74.22	74.06	80.51	99.90	155.84	The increase in receivables and loans to subsidiaries in the current period led to an increase in current assets and a decrease in inventories, resulting in an increase in quick ratio
	Interest protection multiples	2.06	2.08	25.67	11.69	2.16	Revenues declined and profits declined. However, interest expenses increased due to interest rate hikes, resulting in a decrease in the interest coverage ratio.
Operating capacity	Receivables turnover (frequency)	2.54	1.69	3.10	3.15	2.51	Decrease in revenue
	Average collection days	143.74	216.11	117.59	115.79	145.24	Decrease in revenue
	Inventory turnover (frequency)	2.71	1.76	2.41	1.99	1.77	Increase/decrease falls short of 20%
	Payables turnover (frequency)	8.19	4.92	6.11	5.93	6.31	Increase/decrease falls short of 20%
	Average days of sales	134.63	207.21	151.46	183.87	206.34	Increase/decrease falls short of 20%
	Real estate properties, plants, and equipment turnover (frequency)	1.80	1.07	1.72	1.66	1.45	Increase/decrease falls short of 20%
	Total assets turnover (frequency)	0.34	0.19	0.29	0.26	0.21	Increase/decrease falls short of 20%
Profitability	Return on assets (%)	0.64	0.51	2.68	3.58	0.75	Lower revenues **and**

	Return on equity (%)	0.72	0.60	5.72	7.25	0.92	lower profits.
	Ratio of net profit before tax to paid-in capital (%)	1.27	1.38	10.75	13.39	2.21	
	Net profit rate (%)	0.99	1.38	8.72	12.66	1.91	
	Earnings per share (NTD)	0.09	0.08	0.80	1.05	0.13	
Cash flow	Cash flow ratio (%)	6.50	11.98	11.70	-19.26	-14.31	Each cash flow ratio decreased due to a net outflow from operating activities due to a decrease in revenue and an increase in installment receivables.
	Cash flow adequacy ratio (%)	21.70	33.72	39.79	8.61	4.72	
	Cash re-investment ratio (%)	0.56	2.47	2.15	-3.33	-2.53	
Leverage	Operating leverage	-3.09	-0.97	-2.49	-2.99	-2.23	The marginal contribution to revenue growth decreased, and the cost of fixed assets and fixed expenses increased, resulting in a slight increase in operating leverage
	Financial leverage	0.80	0.85	0.93	0.79	0.73	Increase/decrease falls short of 20%
Please describe the reasons for the changes in the financial ratios in the last two years. (If the increase/decrease change is less than 20%, the analysis is not required) Refer to the description of causes for changes as shown in the table above.							

Note 1: All have been audited by the CPAs.

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

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

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

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

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

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

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

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

Fu Chun Shin Machinery Manufacture Co., Ltd.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 annual business report, financial statements and earnings distribution proposal. The financial statements have been fully audited by CPAs Fang-Wen Lee and Mink Hu of Ernst & Young Taiwan as appointed by the Board of Directors to issue the audit report. Based on our review, said business report, financial statements and the earnings distribution proposal are found compliant with the related laws and regulations including the Company Act. The Report is presented in accordance with Article 219 of the Company Act accordingly.

To

2024 General Shareholders' Meeting of the Company

Fu Chun Shin Machinery Manufacture Co., Ltd.

Convener of Audit Committee Chung Hui Huang

March 15, 2024

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

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

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

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

I. Financial Standing:

Financial Standing Comparative Analysis Table

Unit: NTD Thousand

Item \ Year	2023.12.31	2022.12.31	Difference	
			Amount	%
Current assets	4,244,612	4,243,676	932	0.02%
Non-current assets	3,039,944	2,759,407	280,537	10.17%
Total assets	7,284,556	7,003,083	281,473	4.02%
Current liabilities	2,116,605	2,188,720	(72,115)	(3.29%)
Non-current liabilities	2,786,529	2,362,050	424,479	17.97%
Total liabilities	4,903,134	4,550,770	352,364	7.74%
Share capital	1,569,860	1,524,079	45,781	3.00%
Capital surplus	42,520	42,520	0	0%
Retained earnings	754,424	825,114	(70,690)	(8.57%)
Total shareholders' equities	2,381,422	2,452,313	(70,891)	(2.89%)
Note: Main reasons for the major changes (with a change ratio of 20% and above and an absolute amount involved in the change reaching NT$10 million) in the assets, liabilities, and shareholder equity over the past two years and the impacts and countermeasures in the future: None.				

II. Operational Achievements:

(I) Management Outcome Comparative Analysis:

Management Outcome Comparative Analysis Table

Unit: NT$ Thousand

Item	2023 Amount	2022 Amount	Increased (decreased) amount	Change ratio
Operating revenue	3,861,005	4,605,204	(744,1991)	(16.16%)
Operating cost	(2,848,137)	(3,374,074)	525,937	(15.59%)
Gross profit	1,012,868	1,231,130	(218,262)	(17.73%)
Operating expenses	(974,649)	(973,165)	(1,484)	0.15%
Net operating profit	38,219	257,965	(219,746)	(85.18%)
Non-operating income and expense	19,604	(4,028)	23,632	(586.69%)
Net income before tax	57,823	253,937	(196,114)	(77.23%)
Income tax (expenses)	(34,500)	(83,960)	49,460	(58.91%)
Current period net profit	23,323	169,977	(146,654)	(86.28%)
Other comprehensive income for the period (net amount after tax)	(42,935)	18,455	(61,390)	(332.65%)
Total comprehensive income in the current period	(19,612)	188,432	(208,044)	(110.41%)

Clarification:

1. The decrease in gross profit was mainly attributed to the decline in operating revenue, of which: the gross profit on injection molding machines decreased by NT$211,096 thousand year-on-year.
2. The increase in net non-operating income and expenses is mainly due to the decrease of NT$8,938 thousand in foreign exchange losses and the increase of NT$17,362 thousand in the valuation of financial assets.
3. The decrease in income tax expense is mainly due to the decrease in profit for the year.
4. The decrease in other comprehensive income in the current period is due to the decrease in exchange differences on the translation of the financial statements of foreign operating agencies.
5. The decrease in total comprehensive income in the current period is due to the decrease in profit in the current period.

(II) Analysis of changes in gross profit: The gross profit margin in 2023 decreased by 0.5% to 26.23% in 2022 from 26.73% in 2022. This is mainly due to the decline in revenue from injection molding machines, resulting in a decrease in gross profit by NT$211,096 thousand.

III. Cash flows:

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

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

Unit: NT$ Thousand

Item / Year	Cash flows from operating activities	Cash flows from investing activities	Cash flows from fund-raising activities	Impacts of exchange rate changes on cash and cash equivalents	Net cash flow
2023	263,004	(527,413)	61,581	(4,124)	(206,952)
2022	(50,989)	(222,785)	440,073	(3,924)	162,375
Amount changed	313,993	(304,628)	(378,492)	(200)	(369,327)
Change %	(615.81%)	136.74%	(86.01%)	5.10%	(227.45%)
Versus the paid-in capital	20%	(19.40%)	(24.11%)	(0.01%)	(23.53%)
Clarification: 1. Cash flow from operating activities increased year-on-year mainly due to the increase in payment received from sales customers and accounts payable. 2. Cash flow from investing activities decreased year-on-year mainly due to the construction of plant and purchase of equipment. 3. Cash flow from financing activities decreased year-on-year mainly due to the increase in investment in wealth management products and the issuance of domestic convertible corporate bonds in 2022.					

2. Analysis of liquidity over the past two years :

Item / Year	December 31, 2023	December 31, 2022	Increase/Decrease ratio
Cash flow ratio	12.43%	(2.33%)	(633.48%)
Cash flow adequacy ratio	22.21%	(5.35%)	(515.14%)
Cash re-investment ratio	4.00%	(1.90%)	(310.53%)
Information on the analysis of changes in the increase/decrease ratio: The year-on-year changes in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio are due to the increase in sales received from customers and accounts payable, resulting in a net cash inflow from operating activities.			

(II) Analysis of cash liquidity in the coming year

Unit: NT$ Thousand

Cash balance at the beginning of period ①	Expected net cash flow from operating activities for the year ②	Projected cash outflow for the year ③	Projected cash surplus (deficit) amount ①+② -③	Remedy for expected cash shortage	
				Investment plan	Wealth management plan
489,397	180,000	550,000	119,397	_	-
Clarification: Based on the 2023 business results, the projected future growth trend, and the Company's financing policy, it is estimated that the net cash inflow from operating activities in 2024 will be approximately NT$180,000 thousand. The estimated cash balance was NT$550,000 and the expected cash balance was NT$119,397 thousand. In the event of a cash shortfall, the Company plans to address this through bank loans or capital increases.					

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

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

Unit: NT$ Thousand

Item	Actual or expected sources of funds	Actual or expected date of completion	Total funds	How funds are actually or planned to be utilized				
				2024	2025	2026	2027	2028
None	-	-	-	-	-	-	-	-

(II) Expected possible benefits: None.

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

(I) reinvestment policy and main reasons for profits or losses in 2023 and the improvement plan plan:

In 2023, NT$92,322 thousand was recognized as investment income, mainly from the investment income recognized by its subsidiaries FCS Ningbo and FCS Dongguan. However, due to the impact of global economic inflation, significant increases in shipping costs, and container shortages, subsidiaries FCS RG PLASTIC PTE., LTD, and PT. FCS RGP Plastic were unable to operate at full capacity and incurred losses. To prevent further losses, these subsidiaries have ceased operations. Currently, the land, factory buildings, and equipment are being leased out. It is expected, with the Group integrating its resources and adjusting the scope of operation as well as strict control over internal expenditure and cost, revenue and profitability should gradually return.

(II) Investment plan for the coming year:

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

VI. Evaluation and Analysis of Risk Matters:

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

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

Unit: NT$ Thousand

Item \ Year		2022			2023		
		Amount	Ratio to net operating income %	As a percentage of pre-tax net profit %	Amount	Ratio to net operating income %	As a percentage of pre-tax net profit %
Interest rate	Interest revenue	23,490	0.51	9.25	30,735	0.80	53.15
	Interest expenses	37,859	0.82	14.91	57,660	1.49	99.72
Exchange rate	Gains (Losses) from currency exchange	(14,501)	(0.31)	(5.71)	(5,562)	(0.14)	(9.62)

Note: The consolidated operating revenues for 2022 and 2023 were NT$4,605,204 thousand and NT$3,861,005 thousand, respectively; the consolidated net profits before tax for 2022 and 2023 were NT$253,937 thousand and NT$57,823 thousand, respectively.

(1) Interest rate:

The Company's interest income for 2022 and 2023 were NT$23,490 thousand and NT$30,735 thousand, respectively, and the increase is mainly due to the interest income from wealth management products traded by subsidiary FCS Ningbo. Interest expenses for the same periods were NT$37,859 thousand and NT$57,660 thousand, respectively. The rise in interest expenses was due to the amortization of the discount on convertible

bonds in 2023. The proportion of interest expenses relative to operating income and pre-tax net profit fluctuates with changes in operating income and pre-tax net profit.

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

(2) Exchange rate:

In 2022 and 2023, the Company incurred exchange loss of NT$14,501 thousand and exchange loss of NT$5,562 thousand, respectively. Most sales income and part of purchase expenditure of the Company are valued in foreign currencies. There were higher positions of assets in foreign currencies. Therefore, borrowings in foreign currencies were adequately increased to bring foreign currency assets and foreign currency liabilities to nearly a balance and to accomplish partial natural hedging effects. The Company also pays attention to changes in the exchange rate at all times and adequately responds to them by means of pre-sale at a forward rate or SWAP to help hedge against the exchange rate risk. Besides maintaining optimal relations with the financial institutions, on the other hand, the Company follows trends in market exchange rates and adopts the following two measures in order to reduce the impacts of fluctuating exchange rates on the Company:

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

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

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

(3) Inflation:

The monetary policies adopted by economic powers around the world are fairly under control; there are no material concerns about inflation for the time being. As of the date when the Annual Report was printed, the Company had not suffered material impacts on its gains or losses as a result of inflation.

Close and optimal interactive relations will continue with suppliers and customers in the future and changes in prices on the market will be watched closely so that purchase or sale prices can be adequately adjusted reflective of the fluctuations on the market to minimize impacts of changes in inflation.

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

1. In 2023, the Company recognized a gain on evaluation of financial assets (liabilities) of NT$51 thousand due to forex forward contracts of accounts receivable. The Company will watch changes in the exchange rate at all times and adequately takes actions such as pre-sale at a forward rate in order to avoid the exchange rate risk. The forward exchange contracts are intended to lessen the risk of changes in the foreign exchange rate for net assets or liabilities. Corresponding cash inflow or outflow will be generated upon maturity of these contracts. Besides this, the Company's working fund can afford to cover it. Therefore, no significant cash flow risk might arise. There are, however, still no needs to engage in high-risk, leverage investments, and trading of other derivatives.
2. The Company's loaning of funds to others in 2023 is detailed in the table below. All the loans to others are the subsidiaries within the Group, and there are no other loans to external parties. The Company's loaning of funds to others is mainly due to the continuous expansion of the turnover or scale of operation of the invested subsidiaries, which increases the demand for funds and thus the need for business turnover. The Company followed the "Procedures for Lending Funds to Others" of the Company. The maximum amount of the Company's financing was NT$886,977 thousand, and the balance of the loaning of funds approved by the Board of Directors was NT$525,000 thousand. The actual amount used by the subsidiary was NT$160,839 thousand.

Unit: NT$ Thousand

Borrower	Ending balance (Limit approved by the Board of Directors)	Actual balance at end of term	Limit of loan to each borrower	Maximum of funds lent
BVI FU CHUN SHIN CO., LTD.	150,000	44,507	443,489	886,977
FCS RG PLASTIC PET.LTD.	100,000	75,761		
FCS MACHINERY(INDIA) PRIVATE.LTD.	80,000	31,552		
Dongguan Fu Chun Shin Machinery Co. Ltd.	50,000	-		
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	50,000	-		
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	30,000	-		
FCS MACHINERY(THAILAND)CO., LTD.	30,000	9,019		
PT.SHIN PREFORM PLASTIC	5,000	-		
PT.FUCHUNSHIN TECHNOLOGY INDONESIA	10,000	-		

FCS PLASTIC MACHINERY(THAILAND) CO., LTD.	10,000	-		
SHING FUH TAI TECHNOLOGY CORP.	10,000	-		

Note: Please refer to Table 1 of Note 13 Disclosure under Note 13 of the subsidiaries for the details of loans to others.

3. The endorsements/guarantees provided by the Company to its subsidiaries in 2023 were primarily needed as the working capital of the subsidiaries and the requirements under the Company's "Endorsement and Guarantee Regulations" were followed. The maximum amount involved in endorsements/guarantees provided by the Company came to NT$1,108,722 thousand and the balance of the limits available for endorsements and guarantees as approved by the Board of Directors was NT$787,291 thousand. The actual amount drawn down by the subsidiaries came to NT$284,926 thousand.

Unit: NT$ Thousand

Counterpart of endorsement and guarantee	Limits of endorsement and guarantee for a single enterprise	Current maximum endorsement/ guarantee balance (guarantee limit)	Endorsement /guarantee balance (guarantee limit) at the end of the period	Balance of endorsements/guarantees at the end of the period (actual utilized)	Amount of Endorsement / Guarantee Collateralized by Properties	Maximum limits of endorsement and guarantee
BVI FU CHUN SHIN CO., LTD.	665,233	291,825	245,640	55,269	-	1,108,722
FCS MANUFACTURING (INDIA) PRIVATE LIMITED.	665,233	80,410	76,166	-	-	
Dongguan Fu Chun Shin Machinery Co. Ltd.	665,233	288,925	281,255	82,273	-	
FCS RG PLASTIC PET.LTD.	665,233	194,550	184,230	147,384	41,600	

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

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

In order to provide customers with best-quality products, the Company has been adhering to its beliefs regarding R&D of products, that is: "specific", "precise", "rapid", "durable", "stable", "clean", and "energy-efficient". Based on this philosophy, we will continue to develop and manufacture high-quality new products. It is estimated that the R&D expenditure in 2024 will be NT$94,200 thousand. The main R&D products and plans are as follows:

Product of R&D or title of plan	Status	Expected R&D expenditure expected to be invested back in (NTD Thousand)	Expected time to completion of mass production	Primary influential factor for the success in R&D in the future
Planning of the SA series	58%	74,400	Q4 2024	Technology, research and development, project capabilities

LN-1700e	100%	4,800	Q1 2024	Technology, research and development, project capabilities
GW-1100R	30%	4,300	Q3 2024	Technology, research and development, project capabilities
AI smart switch module and talent cultivation project	30%	2,500	Q4 2024	Technology, research and development, project capabilities
Mold temperature controller water flow smart adjustment project	50%	2,300	Q4 2024	Technology, research and development, project capabilities
Servo drive system self-adaptive adjustment technology development and talent cultivation project	20%	2,600	Q4 2024	Technology, research and development, project capabilities
EPLAN modular electrical project	20%	3,300	Q4 2024	Technology, research and development, project capabilities

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

(V) Impacts of changes in technology (including information and communication security risks) and industry on the Company's finance and business and countermeasures:
The Company pays attention to changes in technology (including information and communication security risks) and changes in the industry related to the industry in which the Company operates, and assigns dedicated personnel or task forces to evaluate and study the impact on the Company's future development, finance and business, and There is no significant impact on the Company's financial operations due to important technological changes (including information communication security risks) and industry changes.

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

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

of the Company and those of the shareholders.

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

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

(IX) Risks associated with focused purchases or sales:

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

(X) Effects and risks to the Company in the event of a significant transfer or change of shares of a director, supervisor, or major shareholder holding more than 10% of the shares: There was no significant transfer or replacement of equity by directors, supervisors or major shareholders holding more than 10% of the shares.

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

The Company had not experienced change in its management.

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

(XIII) Other important risks: None.

VII. Other Important Matters: None.

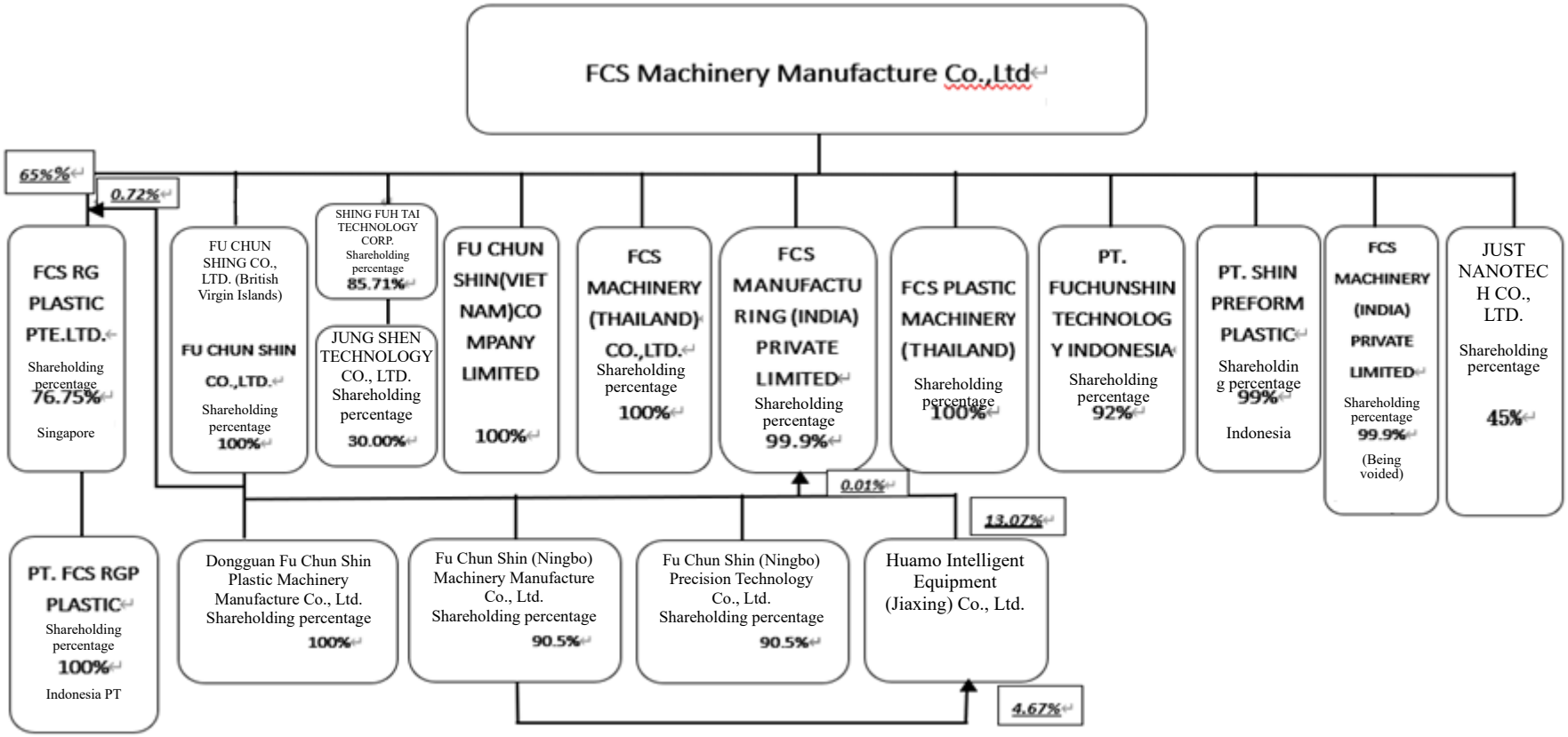
Eight. Special Notes

I. Information on affiliated companies

(I) Consolidated Business Report of Affiliates:

1. Profile of respective affiliates

2023 Fu Chun Shin Group Organizational Structure



2. Profile of affiliates

2023

Unit: NTD Thousand

Company Name	Date established	Address	Paid-in capital	Major scope of operation or production items	Remarks
BVI FU CHUN SHIN CO., LTD.	1999.2.12	P.O. BOX 3340 Road Town Tortola British Virgin Islands	NTD543,565	Trading of securities and imports/exports	--
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	1994.11.20	No. 18, Jinxia East Road, Shixia Management District, Dalang Township, Dongguan, Guangdong	HKD50,000	Production and sale of plastic molding machine and various plastic products	--
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	2001.11.9	No. 115, Haichuan Road, Jiangbei District, Ningbo, Zhejiang	USD7,000	Production and sale of plastic molding machine and plastic molds	--
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	2019.08.07	Suite 103-2, Building 3, No. 290, Xingci First Road, New Area, Hangzhou Bay, Ningbo, Zhejiang	USD20,000	Production and sale of plastic molding machine and plastic molds	--
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd.	2001.8.1	Tianjing Jingnan Economic Development Zone	USD831	Sale and production of plastic molding machine and respective plastic products	--
JUST NANOTECH CO., LTD.	2006.8.21	No. 31, Gongye 2nd Rd., Annan Dist., Tainan City	NTD10,000	Manufacture and distribution of machinery and equipment	--
SHING FUH TAI TECHNOLOGY CORP.	2000.5.22	Building 14, No. 269, Baodong Rd., Guanmiao Dist., Tainan City	NTD33,200	Non-ferrous Metal Basic Industries	--
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	2015.10.22	J1. Sultan Hasanudin No. 263-265, Tambun City, Blok D3, Bekasi, Java Barat, Indonesia	USD 650	Sale of plastic injection molding machines, peripheral products, molds and spare parts	--
PT. SHIN PREFORM PLASTIC	2017.05.03	Komplek Tunas BIZPRK Industrial Eastate Type 11-U, Kel. Belian, Kec. Batam Kota	USD 1,500	Production of PET preforms	--
FCS MACHINERY(THAILAND) CO.,LTD.	2017.11.06	N0.152 Chartered Square Buliding, 30 Floor, Room 30-1,Unit 3057, Nortth Sathorn Road, Silom Sub-District, Bangrak District, Bangkok Metropolis	THB 25,000	Production of PET preforms, and sale and maintenance service for injection machine	--

Company Name	Date established	Address	Paid-in capital	Major scope of operation or production items	Remarks
FCS PLASTIC MACHINERY (THAILAND)CO.,LTD.	2020.6.30	48 SOI THEP SA-NGA2, UDOM SUK 51 ALLEY, BANG CHAK, PHRA KHANONG, BANGKOK 10260, THAILAND	THB 5,000	Sale and after-sale of machine and spare parts	--
FCS RG PLASTIC PTE.LTD.	2018.01.25	10ANSON ROAD #05-17 INTERNATIONAL PLAZA SINGAPORE	USD 7,743	Primarily engaged in import/export sales	--
PT. FCS RGP PLASTIC	2018.05.11	JL PATTIMURA KEL KABIL KEC. NONGSA, KOTA BATAM	SGD10,480	Primarily engaged in manufacturing of plastic products	--
FCS MACHINERY (INDIA) PRIVATE LIMITED	2019.08.09	1005, SYNERGY, OPP. COMMERCE HOUSE, NR VODAFONE, CORPORATE ROAD PRAHLADNAGAR AHMEDABAD Ahmedabad GJ 380015 INDIA	INR 87,500	Production and sale of plastic molding machine and plastic molds	--
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	2020.04.27	1005, Synergy, Opp. Commerce House,, Near Vodafone, Corporate Road, Prahladnagar, Ahmedabad, Ahmedabad, Gujarat, India, 380015	INR 295,295	Production and sale of plastic molding machine and plastic molds.	--
FU CHUN SHIN(VIETNAM)COMPANY LIMITED	2021.04.21	NO.134/17 LAC LONG QUAN STREET,WARD3 BISTRICT 11.HO DHI MINH CITY	USD 300	Sale and after-sale of machine and spare parts	--

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

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

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

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

4. Description of business relationship

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

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

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

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

Name of affiliate	Division of labor
Co., Ltd.	
JUST NANOTECH CO., LTD.	None.
SHING FUH TAI TECHNOLOGY CORP.	Processing of parts and accessories.
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Trading of plastic injection molding machines.
PT. SHIN PREFORM PLASTIC	Production of PET bottle preforms.
FCS MACHINERY(THAILAND) CO.,LTD.	Production of PET bottle preforms, sales of injection molding machines and maintenance services.
FCS PLASTIC MACHINERY (THAILAND)CO.,LTD.	Trading of plastic injection molding machines.
FCS RG PLASTIC PTE.LTD.	Mainly engaged in the sale of plastic products.
PT. FCS RGP PLASTIC	Mainly engaged in the production of plastic products.
FCS MACHINERY (INDIA) PRIVATE LIMITED	Trading of plastic injection molding machines.
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Trading and manufacturing of plastic injection molding machines.
FU CHUN SHIN(VIETNAM)COMPANY LIMITED	Trading and manufacturing of plastic injection molding machines.

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

2022

Unit: Thousand Shares; NTD Thousand; %

Company Name	Title	Name or Representative	Shares held/amount of sponsorship	
			Share(s)/ Portion of sponsorship	Shareholding ratio/ sponsorship ratio(%)
BVI FU CHUN SHIN CO., LTD.	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Po-Hsun Wang	NTD543,565	100%
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Director	BVI FU CHUN SHIN CO., LTD. Corporate representative:	HKD50,000	100%
		Po-Hsiang Wang, Po-Hsun Wang, Po-Feng Wang, Chia-Miao Chiu	—	—
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Director	BVI FU CHUN SHIN CO., LTD. Corporate representative:	USD6,335	90.50%
		Po-Hsun Wang, Chun-Chieh Wang, Chia-Miao Chiu	—	—
		Ningbo C.S.I. Power &Machinery Group Co.,Ltd. Corporate representative: Jie Wu	USD665	9.50%
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd.	Director	BVI FU CHUN SHIN CO., LTD. Corporate representative:	USD439	52.84%
		Po-Hsiang Wang	—	—
		Po-Hsun Wang	USD232	27.91%
		Ming-Chien Cheng	USD120	14.44%

Unit: Thousand Shares; NTD Thousand; %

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

Company Name	Title	Name or Representative	Shares held/amount of sponsorship	
			Share(s)/Portion of sponsorship	Shareholding ratio/ sponsorship ratio(%)
		LIONEL KOH JIN KIAT QUEK JIN KUANG BVI FU CHUN SHIN CO., LTD. Corporate representative: Po-Hsun Wang		
PT. FCS RGP PLASTIC	Director	FCS RG PLASTIC PTE.LTD Corporate representative: Po-Hsun Wang	SGD10,480	100%
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Director	BVI FU CHUN SHIN CO., LTD. Corporate representative: Po-Hsun Wang Chun-Chieh Wang Alan Wang Sam Kao Ningbo C.S.I. Power &Machinery Group Co.,Ltd. Corporate representative: Jie Wu	USD18,100 USD1,900	90.5% 9.5%
FCS MACHINERY (INDIA) PRIVATE LIMITED	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Po-Hsiang Wang Shih-Yuan Lin	INR87,500	99%
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Po-Hsiang Wang Shih-Yuan Lin	INR295,295	99%
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Director	Fu Chun Shin Machinery Manufacture Co., Ltd. Corporate representative: Shu-Chuan Cheng	US300	100%

6. Business overview of respective affiliates

2023 Unit: NT$ Thousand

Company Name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Gains or losses for current term (After-tax)	Earnings per share (NTD) (after-tax)
BVI FU CHUN SHIN CO., LTD.	543,565	2,653,458	99,776	2,553,682	—	—	149,754	—
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	196,050 (HKD50,000 thousand)	941,075	446,124	494,951	1,013,898	189,375	44,594	—
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	215,005 (USD7,000 thousand)	2,316,415	715,341	1,601,074	1,775,152	481,715	125,612	—
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	592,281 (USD20,000 thousand)	1,493,205	905,128	588,077	345,837	88,234	-4,749	—
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. (Note 1)	28,642 (USD831 thousand)	—	—	—	—	—	—	—
SHING FUH TAI TECHNOLOGY CORP.	33,200	15,687	1,767	13,920	5,585	-4,990	-8,846	—
JUST NANOTECH CO., LTD.	10,000	—	—	—	—	—	—	—
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	19,431 (USD650 thousand)	18,872	7,136	11,736	14,239	-2,252	-688	—
PT. SHIN PREFORM PLASTIC	45,185 (USD1,500 thousand)	32,220	358	31,862	11,195	-1,868	-1,852	—

Company Name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Gains or losses for current term (After-tax)	Earnings per share (NTD) (after-tax)
FCS MACHINERY(THAILAND) CO.,LTD.	23,250 (USD757 thousand)	40,314	40,454	-140	8,864	-7,302	-9,119	—
FCS PLASTIC MACHINERY (THAILAND)CO.,LTD	NTD4,489 (THB 5,000 thousand)	11,032	11,046	-14	4,518	-4,257	-2,846	—
FCS RG PLASTIC PTE.LTD.	234,538 (US7,000 thousand)	148,160	286,367	-138,207	0	-254	-21,670	—
PT. FCS RGP PLASTIC	214,427 (SGD10,480 thousand)	148,577	152,522	-3,945	0	-4,323	-2,279	—
FCS MACHINERY (INDIA) PRIVATE LIMITED	38,930 (INR87,500 thousand)	22,524	1,444	21,080	-	-1,272	-1,272	—
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	NTD 115,594 (INR 295,295 thousand)	145,850	96,250	49,600	89,860	-17,567	-17,762	—
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	NTD 9,092 (USD300 thousand)	36,263	32,965	3,298	35,113	-6,961	-5,059	—

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

(II) Consolidated Financial Statement of Affiliates:

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

(II) Affiliation Businesses Report: Not applicable.

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

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

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

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

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

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

Consolidated Financial Statements and Independent Auditor's Report

2023 and 2022

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

Representation Letter

For the year 2023 (from January 1, 2023 to December 31, 2023) IFRSs included in the preparation of the consolidated financial statements of affiliated enterprises are the same as those required to be included in the preparation of the consolidated financial statements of parent and subsidiary companies pursuant to IFRS 10, and the relevant information to be disclosed in the "consolidated financial statements of affiliated enterprises" is disclosed in the parent company and subsidiaries It has been disclosed in the consolidated financial statements, and it is not necessary to prepare separate consolidated financial statements for affiliated companies.

Declared by

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

Responsible person: Wang Po-Hsun

March 15, 2024

Independent Auditors' Report

To FU CHUN SHIN PRECISION INDUSTRY CO., LTD.:

Audit opinions

We have completed our review on the Consolidated Balance Sheet of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries on December 31, 2023 and 2022, 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 January 1–December 31, 2023 and 2022.

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, 2023 and 2022 and its consolidated financial performance and consolidated cash flow from January 1 through December 31, 2023 and 2022.

Basis for Opinion

We are entrusted to conduct the audit in accordance with the Regulations Governing the Audit of Financial Statements 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 unconsolidated financial statements of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries for the year ended December 31, 2023. 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, 2023, the carrying amount of accounts receivable of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries has amounted to NT$1,083,705 thousand (already less the allowance for loss, NT$85,920 thousand). The net amount of accounts receivables was approximately 14.88 % of total consolidated assets, which is significant to the consolidated financial statements. Considering the assessment of allowance for loss of accounts receivable is measured by lifetime expected credit loss, the process of measurement must appropriately divide accounts receivables into groups, determine and analyze the use of relevant assumptions in the process of measurement, including appropriate account aging intervals and the account aging loss rate for each interval, that reflected the measurement of the expected credit loss involving judgment, analysis and estimates, and the result of measurement affect the net amount of accounts receivables, we determined this as a key audit matter.

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

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

Valuation on slow-moving inventories

As of December 31, 2023, the carrying amount of net inventories of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries amounted to NT$1,589,608 thousand, approximately 21.82 % 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 2023 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 has prepared the parent company only financial statements for 2023 and 2022, 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.

Audit and Certification No.: Jin-Guan-Zheng-Shen-Zi No. 1010045851

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

Lee Fang-Wen

Certified Public Accountant:

Mink Hu

March 15, 2024

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

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NT$ Thousand

Assets			December 31, 2023		December 31, 2022	
Code	Accounting titles	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	IV/VI.1	$489,397	6.72	$696,349	9.94
1110	Financial assets at FVTPL - Current	IV/VI.2	269,800	3.70	228,750	3.27
1140	Contract assets - Current	VI.14 &15	53,902	0.74	2,288	0.03
1150	Net notes receivable	IV/VI.4 & 15	498,089	6.84	429,870	6.14
1170	Net accounts receivable	IV/VI.5 & 15	1,083,705	14.88	1,256,879	17.95
130x	Inventories	IV/VI.6	1,589,608	21.82	1,424,423	20.34
1470	Other current assets	VIII	260,111	3.57	205,117	2.93
11xx	Total current assets		4,244,612	58.27	4,243,676	60.60
	Non-current assets					
1510	Financial assets at FVTPL - Non-current	IV/VI.2	56,041	0.77	48,410	0.69
1517	Financial assets at FVOCI - Non-current	IV/VI.3	57,392	0.79	57,676	0.82
1550	Investment accounted for using the equity method	4.	7,349	0.10	13,286	0.19
1600	Property, plant and equipment	IV/VI.7/VIII	2,151,039	29.53	1,815,657	25.93
1755	Right-of-use assets	IV/VI.16/VIII	145,744	2.00	153,163	2.19
1760	Net investment property	IV/VI.8/VIII	327,735	4.50	333,874	4.77
1780	Intangible assets	4.	71,419	0.98	69,079	0.99
1840	Deferred tax income assets	IV/VI.20	105,722	1.45	110,252	1.57
1900	Other non-current assets – Others	VI.4 & 5/VIII	117,503	1.61	158,010	2.25
15xx	Total non-current assets		3,039,944	41.73	2,759,407	39.40
1xxx	Total assets		$7,284,556	100.00	$7,003,083	100.00

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

Chairman: Managerial Officer: Accounting Officer:

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries
Consolidated Balance Sheet(Cont'd)
December 31, 2023 and 2022

Unit: NT$ Thousand

Liabilities and Equity			December 31, 2023		December 31, 2022	
Code	Accounting titles	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	IV/VI.9	$322,182	4.42	$590,659	8.43
2130	Contract liability	IV/VI.14	192,454	2.64	189,591	2.70
2150	Notes payable	4.	144,765	1.99	246,465	3.52
2170	Accounts payable	4.	1,015,864	13.95	619,135	8.84
2200	Other payables	4.	360,176	4.94	387,158	5.53
2230	Current tax liabilities	4.	5,330	0.07	33,574	0.48
2280	Lease liabilities – Current	IV/VI.16	1,301	0.02	1,274	0.02
2322	Long-term borrowings – current portion	IV/VI.11	60,543	0.83	115,601	1.65
2399	Other current liabilities – Others		13,990	0.19	5,263	0.08
21xx	Total current liabilities		2,116,605	29.05	2,188,720	31.25
	Non-current liabilities					
2530	Bonds payable	IV/VI.10	844,198	11.59	835,015	11.92
2540	Long-term borrowings	IV/VI.11	1,337,707	18.36	908,162	12.97
2570	Deferred income tax liabilities	IV/VI.20	538,769	7.40	542,727	7.75
2580	Lease liabilities – Non-current	IV/VI.16	22,834	0.31	24,587	0.35
2640	Net defined benefit liabilities - Non-current	IV/VI.12	31,703	0.44	39,168	0.56
2645	Deposits received		11,318	0.16	12,391	0.18
25xx	Total non-current liabilities		2,786,529	38.26	2,362,050	33.73
2xxx	Total Liabilities		4,903,134	67.31	4,550,770	64.98
31xx	Equity attributable to owners of the company					
3100	Share capital	VI.13				
3110	Common share capital		1,569,860	21.55	1,524,079	21.76
3130	Bond conversion entitlement certificates		-	-	57	-
3200	Capital surplus	VI.13	42,520	0.58	42,520	0.61
3300	Retained earnings					
3310	Legal reserve	VI.13	166,042	2.28	149,928	2.14
3320	Special reserve	VI.13	188,685	2.59	188,685	2.69
3350	Unappropriated earnings	VI.13	399,697	5.49	486,501	6.95
	Total retained earnings		754,424	10.36	825,114	11.78
3400	Other equities	4.	(149,361)	(2.05)	(110,861)	(1.58)
36xx	Non-controlling interests	VI.13	163,979	2.25	171,404	2.45
3xxx	Total equity		2,381,422	32.69	2,452,313	35.02
	Total liabilities and equities		$7,284,556	100.00	$7,003,083	100.00

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

Chairman: Managerial Officer: Accounting Officer:

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

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

Code	Accounting titles	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	IV/VI.14	$3,861,005	100.00	$4,605,204	100.00
5000	Operating cost	IV/VI.6 &17/VII	(2,848,137)	(73.77)	(3,374,074)	(73.27)
5900	Gross profit		1,012,868	26.23	1,231,130	26.73
6000	Operating expenses	VI.16 & 17/VII				
6100	Selling expenses		(591,469)	(15.31)	(611,103)	(13.26)
6200	Administrative expenses		(244,981)	(6.35)	(219,163)	(4.76)
6300	Research and development expenses		(102,949)	(2.67)	(114,561)	(2.49)
6450	Expected credit impairment losses	VI.15	(35,250)	(0.91)	(28,338)	(0.62)
	Total operating expenses		(974,649)	(25.24)	(973,165)	(21.13)
6900	Operating income		38,219	0.99	257,965	5.60
7000	Non-operating income and expense	IV/VI.18				
7010	Other income		100,815	2.61	76,970	1.67
7020	Other gains or losses		(17,614)	(0.46)	(42,095)	(0.91)
7050	Financial costs		(57,660)	(1.49)	(37,859)	(0.82)
7060	Share of profit or loss from associates and joint ventures accounted for using		(5,937)	(0.15)	(1,044)	(0.02)
	Total non-operating incomes and expenses		19,604	0.51	(4,028)	(0.08)
7900	Net income before tax		57,823	1.50	253,937	5.52
7950	Income taxexpenses	IV/VI.20	(34,500)	(0.89)	(83,960)	(1.82)
8200	Current net profit		23,323	0.61	169,977	3.70
8300	Other comprehensive income	IV/VI.19&20				
8310	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs		201	0.01	2,687	0.06
8349	Income taxes related to the items not re-classified		(40)	-	(537)	(0.01)
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign		(52,720)	(1.37)	20,747	0.45
8399	Income tax relating to items that may be reclassified subsequently to profi		9,624	0.25	(4,442)	(0.10)
	Other comprehensive income of the current year (net amount after-tax)		(42,935)	(1.11)	18,455	0.40
8500	Total comprehensive income in the current period		$(19,612)	(0.50)	$188,432	4.10
8600	Net profit attributed to:					
8610	Owners of the Company		$20,597		$159,455	
8620	Non-controlling interests		2,726		10,522	
			$23,323		$169,977	
8700	Total comprehensive income attributable to:					
8710	Owners of the Company		$(17,742)		$179,373	
8720	Non-controlling interests		(1,870)		9,059	
			$(19,612)		$188,432	
	Earningsper share(NT$)	VI.21				
9750	Basic earnings per share		$0.13		$1.02	
9850	Dilutedearnings per share		$0.13		$0.97	

(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

January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

	Items	Equity attributable to owners of the company									Non-controlling interests	Total Equity
		Share capital	Conversion of bonds Entitlement certificates	Capital surplus	Retained earnings		Other items of equity		Treasury stocks	Total		
					Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of the financial				
Code		3110	3130	3200	3310	3320	3350	3410	3500	31XX	36XX	3XXX
A1	Balance on January 1, 2022	$1,494,388	$ -	$23,649	$138,371	$188,685	$411,150	$(128,629)	$(12,263)	$2,115,351	$159,200	$2,274,551
	2021Earning provision and appropriation											
B1	Provision of legal reserve	-	-	-	11,557	-	(11,557)	-	-	-	-	-
B5	Cash dividend from ordinary shares	-	-	-	-	-	(44,536)	-	-	(44,536)	-	(44,536)
B9	Stock dividend from ordinary shares	29,691	-	-	-	-	(29,691)	-	-	-	-	-
C5	Recognition of equity components due to the issuance of convertible c	-	-	18,804	-	-	-	-	-	18,804	-	18,804
D1	2022 net income	-	-	-	-	-	159,455	-	-	159,455	10,522	169,977
D3	Other comprehensive income (loss) in 2022	-	-	-	-	-	2,150	17,768	-	19,918	(1,463)	18,455
D5	Total comprehensive income in the current period	-	-	-	-	-	161,605	17,768	-	179,373	9,059	188,432
I1	Conversion of convertible corporate bonds	-	57	38	-	-	-	-	-	95	-	95
M7	Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	3,145	3,145
N1	Transfer of treasury stocks to employees	-	-	-	-	-	(470)	-	12,263	11,793	-	11,793
T1	Others	-	-	29	-	-	-	-	-	29	-	29
Z1	Balance on December 31, 2022	$1,524,079	$57	$42,520	$149,928	$188,685	$486,501	$(110,861)	$ -	$2,280,909	$171,404	$2,452,313
A1	Balance on January 1 , 2023	$1,524,079	$57	$42,520	$149,928	$188,685	$486,501	$(110,861)	$ -	$2,280,909	$171,404	$2,452,313
	Earnings appropriation and distribution for 2022											
B1	Provision of legal reserve	-	-	-	16,114	-	(16,114)	-	-	-	-	-
B5	Cash dividend from ordinary shares	-	-	-	-	-	(45,724)	-	-	(45,724)	-	(45,724)
B9	Stock dividend from ordinary shares	45,724	-	-	-	-	(45,724)	-	-	-	-	-
D1	2023 net income	-	-	-	-	-	20,597	-	-	20,597	2,726	23,323
D3	Other comprehensive income (loss) in 2023	-	-	-	-	-	161	(38,500)	-	(38,339)	(4,596)	(42,935)
D5	Total comprehensive income in the current period	-	-	-	-	-	20,758	(38,500)	-	(17,742)	(1,870)	(19,612)
I3	Conversion of bond conversion entitlement certificates	57	(57)	-	-	-	-	-	-	-	-	-
O1	Increase/decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(5,555)	(5,555)
Z1	Balance as of December 31 , 2023	$1,569,860	$-	$42,520	$166,042	$188,685	$399,697	$(149,361)	$ -	$2,217,443	$163,979	$2,381,422

(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

January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

Code	Items	2023 Amount	2022 Amount	Code	Items	2023 Amount	2022 Amount
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	$57,823	$253,937	B00100	Purchase of financial assets at fair value through profit o	(1,190,252)	(1,739,189)
A20000	Adjustment items:			B00200	Disposal of financial assets at FVTPL	1,150,535	1,925,190
A20010	Income/expenses items:			B01800	Investment accounted for using the equity method	-	(11,250)
A20100	Depreciation expense	125,487	100,240	B02700	Acquisition of property, plant and equipment	(480,869)	(397,985)
A20200	Amortization expenses	10,411	12,221	B02800	Disposal of property, plant and equipment	6,384	3,562
A20300	Expected credit impairment losses	35,250	28,338	B04500	Acquisition of intangible assets	(13,024)	(3,113)
A20400	Net (gain) on financial assets at FVTPL	(13,087)	(716)	B05400	Acquisition of investment property	(187)	-
A20900	Interest expenses	57,660	37,859	BBBB	Net cash (outflow) from investing activities	(527,413)	(222,785)
A21200	Interest revenue	(30,735)	(23,490)				
A21300	Dividend income	(247)	(220)	CCCC	Cash flows from financing activities:		
A22300	Share of losses on affiliates and joint ventures accounted for using the e	5,937	1,044	C00100	Increase in short-term borrowings	661,136	1,751,875
A22500	Losses on disposal of property, plant and equipment	3,319	1,489	C00200	Decrease in short-term borrowings	(930,251)	(1,767,328)
A23500	Loss on financial asset impairment	-	4,990	C01200	Issuance of bonds	-	494,850
A23700	Loss on non-financial asset impairment	-	5,593	C01600	Proceeds from long-term borrowings	621,393	844,758
A30000	Changes in operating assets/liabilities:			C01700	Repayments of long-term borrowings	(237,076)	(855,682)
A31125	(Increase)decreasein contract assets	(51,614)	8,959	C03100	Increase (decrease) in deposits received	(1,073)	2,397
A31130	(Increase) in notes receivable	(89,407)	(139,403)	C04020	Repayment of principal portion of lease	(1,269)	(1,228)
A31150	Decrease (increase) in accounts receivable	122,763	(88,071)	C04500	Allocation of cash dividends	(45,724)	(44,536)
A31200	Decrease (increase) in inventory	(179,212)	114,619	C05100	Employees' subscription for treasury stocks	-	11,793
A31240	Decrease(increase)in other current assets	(54,994)	52,617	C05800	Increase in non-controlling interests	(5,555)	3,145
A31990	Decrease(increase) in other non-current assets	61,362	(29,400)	C09900	Other financing activities	-	29
A32125	Increase (decrease) of contract liabilities	2,863	(144,315)	CCCC	Net cash inflow from financing activities	61,581	440,073
A32130	Notes payable (decrease)	(101,700)	(100,555)				
A32150	Increase (decrease) in accounts payable	396,729	(167,149)	DDDD	Effect of exchange rate changes on cash and cash equivaler	(4,124)	(3,924)
A32180	(Decrease) increase in other payables	(28,267)	84,260				
A32230	Increase of other current liabilities	8,727	1,951	EEEE	(Decrease) increase in cash and cash equivalents for the cu	(206,952)	162,375
A32240	(Decrease) in net defined benefit liabilities	(7,264)	(2,410)	E00100	Cash and cash equivalents at the beginning of the year	696,349	533,974
A33000	Cash inflow from operating activities	331,804	12,388	E00200	Cash and cash equivalents at the end of the year	$489,397	$696,349
A33100	Interest received	30,735	23,490				
A33200	Dividends received	247	220				
A33300	Interest paid	(47,192)	(34,257)				
A33500	Income tax paid	(52,590)	(52,830)				
AAAA	Net cash inflow (outflow) from operating activities	263,004	(50,989)				

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

Chairman: Managerial Officer: Accounting Officer:

(1) Company History

1. Fu Chun Shin Machinery Co., Ltd. was incorporated on July 17, 1991. Primarily engaged in the manufacturing, repair, processing and trading of plastic injection molding machines and molds, plastic products, wires and cables with interest income.

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.

(2) Approval Date and Procedures of the Consolidated Financial Statements

The 2023 and 2022 consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the Group) were approved by the Board of Directors to be issued on March 15, 2024.

3. 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 since January 1, 2023. The first-time application of new and amended standards rendered no material impact to the Group.

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

Item No.	New, Revised or Amended Standards and Interpretations	Effective date promulgated by the IASB

1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
2	Lease liabilities in sale and leaseback (Amendment to IFRS 16)	January 1, 2024
3	Non-current Liabilities in Contracts (Amendments to IAS1)	January 1, 2024
4	Supplier financing arrangement (Amendments to IAS 7 and IFRS 7)	January 1, 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier financing arrangement (Amendments to IAS 7 and IFRS 7)

To add the descriptions about the supplier's financing arrangement, and also the disclosures related to supplier's financing arrangement.

Said new, amended and revised standards and interpretations were issued by IASB and endorsed by the FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The Group has assessed that the same render no material impact on the Group.

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

Item No.	New, Revised or Amended Standards and Interpretations	Effective date promulgated by the

		IASB
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided by the IASB
2	*IFRS 17 "Insurance Contracts"*	January 1, 2023
3	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

(a) Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments address the inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 requires that gains and losses arising from contributions of non-monetary assets to an associate or a joint venture shall be derecognized through downstream transactions. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) *IFRS 17 "Insurance Contracts"*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General Model. Under this model, on initial recognition, an entity shall measure a company of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a company of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and incurred claims.
Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-term contracts.

Upon promulgation of the Standard as of May 2017, the Standard was amended in June 2020 and 2021, so that the effective date should be deferred for another two years (i.e. to be postponed from January 1, 2021 to January 1, 2023) and additional exemptions should be made available; meanwhile, the costs for the adoption of the Standard may be cut through the simplification and certain circumstances may be explained in an easier way by virtue of the amendments. The Standard will replace the provisional one (namely IFRS 4 "Insurance Contracts) after it becomes effective.

(c) Lack of Exchangeability (Amendments to IAS 21)

The amendments aim to explain the exchangeability and lack of exchangeability between currencies, and how the exchange rate is determined when the currency lacks exchangeability, and add additional disclosure requirements on the lack of exchangeability. The amendments shall be applicable for the fiscal year beginning after January 1, 2025.

The above standards or interpretations have been issued by the IASB but have not yet been approved by the FSC. The actual date of application is subject to the regulations of the FSC. The Group has assessed that the same render no material impact on the Group. no significant impact on the Group.

IV. Summary of Significant Accounting Policies

1. Compliance Statement

The Group's consolidated financial statements for the years 2023 and 2022 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 have been recognized and put to effect by the FSC.

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

Principles for preparing consolidated financial statements

The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those

returns through its power over the investee. Particularly, the Company controls an investee if and only if it satisfies all of the following three elements:

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

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

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

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

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

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

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

If the Company loses control over the 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) Reclassification of items previously recognized by the parent company as other comprehensive income in the amount of current profit or loss, or directly transferred to retained earnings in accordance with other IFRSs;
(f) The resulting difference is recognized in the current profit or loss.

Entities in the preparation of consolidated financial statements:

Investor	Company Name	Principal business lines	Percentage of equity	
			December 31, 2023	December 31, 2022
The Company	FU CHUN SHIN CO., LTD. (BVI) (FU CHUN SHIN (BVI)) (Note 1)	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 2)	65.00% (Note 2)
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(THAI LAND) CO.,LTD. (Note 4)	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 3)	99.99% (Note 3)

Investor	Company Name	Principal business lines	Percentage of equity	
			December 31, 2023	December 31, 2022
The Company	FU CHUN SHIN (VIETNAM) COMPANY LIMITED (Note 5)	Sale and after-sale of machine and spare parts	100.00%	100.00%
FU CHUN SHIN CO., LTD. (BVI)	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Production and sale of plastic molding machine and various plastic products	100.00%	100.00%
FU CHUN SHIN CO., LTD. (BVI)	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Production and sale of plastic molding machine and plastic molds	90.50%	90.50%
FU CHUN SHIN CO., LTD. (BVI)	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd. (Note 6)	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 2)	0.72% (Note 2)
FU CHUN SHIN CO., LTD. (BVI)	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Production and sale of plastic molding machine and plastic molds	0.01% (Note 3)	0.01% (Note 3)
FCS RG PLASTIC PTE. LTD.	PT.FCS RGP PLASTIC	Primarily engaged in manufacturing of plastic products	100.00%	100.00%

(Note 1) On October 15, 2021, Minidesign Ltd. remitted the surplus fund of NT$44,796 thousand after liquidation to the ultimate parent company through FU CHUN SHIN CO., LTD. (BVI). As of December 31, 2023, FU CHUN SHIN CO., LTD. (BVI) has not completed the relevant statutory procedures, so the Group has not yet recognized the gain or loss on the disposal of subsidiaries.

(Note 2) 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.

(Note 3) Subsidiary FU CHUN SHIN CO., LTD. (BVI) has acquired 0.01% of the equity of CS MANUFACTURING (INDIA) PRIVATE LIMITED in May 2022, and the Group holds the entire equity in aggregate.

(Note 4) The Company's Board of Directors passed a resolution on August 11, 2022 to increase the capital of the subsidiary, FCS PLASTIC MACHINERY (THAILAND) CO., LTD., in cash, and injected a capital of NT$1,111 thousand (THB1,250 thousand) on March 30, 2023.

(Note 5) The Company's Board of Directors passed a resolution on March 22, 2023 to increase the capital of the subsidiary, FU CHUN SHIN (VIETNAM) COMPANY LIMITED in cash, and injected NT$$6,746 thousand (US$216 thousand) on December 28, 2023.

(Note 6) The Board of Directors of Subsidiary FU CHUN SHIN CO., LTD. (BVI) passed a resolution on March 31, 2023 to increase the capital of the subsidiary, Fu Chun Shin (Ningbo) Precision Technology Co., Ltd., by NT$143,380 thousand (RMB32,498 thousand) in cash through the earnings of the subsidiary, Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.

4. Foreign currency transaction

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

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

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

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 "Financial Instruments" are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting

entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

5. Translation of financial statements in foreign currency

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

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

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

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

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

(a) Liabilities arising from operating activities that are expected to be paid off 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 are classified as current if they meet any of the following criteria; otherwise, they are classified as non-current:

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

7. Cash and cash equivalents

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

8. Financial instruments

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

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

(a) Recognition and measurement of financial assets

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial assets at FVOCI

Financial assets that meet the following two conditions at the same time are measured at fair value through other comprehensive income, and are listed in the consolidated balance sheet as financial assets measured at fair value through

other comprehensive income:

A. Business model for managing financial assets: Collect contractual cash flows and sell financial assets
B. The contractual cash flow characteristics of the financial asset: Cash flows are solely payments of principal and interest on the principal amount outstanding.

Recognition of the relevant gains and losses of such financial assets is explained as follows:

A. Before derecognition or reclassification, except for impaired profit or loss and foreign currency exchange gain or loss that are recognized in profit or loss, the profit or loss is recognized in other comprehensive profit or loss.
B. At the time of derecognition, the cumulative profit or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. The interest accounted for using the effective interest method (effective interest rate multiplying by the total carrying amount of financial assets) or the following conditions is recognized in 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) For financial assets other than the former, but subsequently become credit impairment, it is calculated as the effective interest rate multiplying by the amortized cost of the financial asset.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an (irrevocable election) to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized as profit or loss, unless the dividends clearly represent a recovery of part of the cost of investment.

Financial assets at FVTPL

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the consolidated balance sheet as financial assets measured at fair

value through profit or loss.

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

(b) Impairment of financial assets

The Company recognizes the financial assets carried at amortized cost and measures the allowance for loss based on expected credit losses.

The Group expects 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. Time value of money
C. reasonable and supportable information (that is available without undue cost or effort at the reporting date) about past events, current conditions and forecasts of future economic conditions.

The allowance for loss is measured as follow:

A. At an amount equal to 12 month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the balance sheet date. Additionally, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current balance sheet date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit impaired financial asset.
C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the allowance for loss at an amount equal to lifetime expected credit losses.
D. For the lease payment receivables arising from transactions within the scope of IFRS 16, the Group measures the allowance for loss at an amount equal to lifetime expected credit losses.

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

(c) Derecognition of financial assets

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

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

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

(d) Financial liabilities and equity instruments

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

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

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

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

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

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

The gains or losses generated form such financial liabilities are stated as income, which include any interest paid by the financial liabilities.

Financial assets measured at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized into profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

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

Derecognition of financial liabilities

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

When debt instruments subject to contractual terms different from each other significantly are exchanged or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor)

between the Group and creditors, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized into profit or loss.

(e) Offsetting of financial assets and liabilities

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

9. Derivative instruments

Derivatives held or issued by the Group are used to hedge against exchange rate risk and interest rate risk. Among them, those that are designated and effective hedging are listed as hedging financial assets or liabilities in the consolidated balance sheet; the others are not designated as hedging instruments If they are effective for hedging, they are stated in the consolidated balance sheet as financial assets or financial liabilities measured at fair value through profit and loss.

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

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

10. Fair value measurement

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

(a) In the principal market for the asset or liability, or

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

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

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

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

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

11. Inventories

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

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

Raw materials -	Based on the standard cost usually which may be compared with the actual cost during the financial reporting period, and adjusted, if necessary, to make it closer to that calculated on a weighted average method.
Finished goods and work-in-process	Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, exclusive of the borrowing cost.

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

12. Investment accounted for using the equity method

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

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

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

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

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

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

(a) The Group's share of the present value of the estimated future cash flows

expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture, and the proceeds on the ultimate disposal of the investment; or

(b) The present value of the estimated future cash flows expected by the Group to arise from dividends to be received from the investment and its ultimate disposal.

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

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

13. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the same and restoring the site on which the same are located, and the necessary interest expenses for construction in progress. Each part of property, plant and equipment that is significant is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful life and depreciation. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment." When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as the replacement cost if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

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

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

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

14. Investment property

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

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

Building	5–50 years

Investment property is derecognized and relevant profit or loss is recognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

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

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

15. Leases

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

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

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

Group as a lessee

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

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

underlying asset during the lease term that is not paid at the commencement date:

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

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

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

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

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

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

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

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

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

Group as a lessor

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

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

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

16. Intangible assets

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

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

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

amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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

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

Patent Right

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

Computer Software

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

17. Impairment of non-financial assets

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

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

A cash generating unit, or group of cash-generating units, to which goodwill has

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

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

18. Treasury stocks

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

19. Revenue recognition

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

Sale of goods

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

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

The credit period of the Group's sale of goods is from 90 to 150 days. When the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. Such accounts receivable are generally short-term and free from any important financial components. Few contracts are recognized as contract assets, when the Group transfers the goods to customers but has not yet had a right to an unconditional amount of consideration. In the case of contract assets, the allowance for loss should be measured at an amount equal to lifetime expected credit losses under IFRS 9. However, for some contracts, part of the consideration was received from customers upon signing the contract. The 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 employee retirement regulations of the Company and its domestic subsidiaries apply to all employees who are officially employed. The employee pension fund is fully allocated for management by the Labor Retirement Reserve Supervisory Committee, and deposited into a pension fund account. It is deposited in the name of the Company and is completely separated from the Company, so it is not included in the 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 a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements comprise of changes in return on plan assets and the effect of the asset ceiling, less the net interest on defined benefit liabilities

(assets), and actuarial gains and losses. The remeasurements in net defined benefit liabilities (assets) are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

The past service costs are the changes in the present value of defined benefit obligation generated from amendments to or curtailment of the plan and recognized into profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the 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) Initial recognition of goodwill, or 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, and the transaction does not generate equivalent taxable and deductible temporary differences.

(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

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

(a) Where the deferred tax liability is related to the deductible temporary difference arising 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, and the transaction does not generate equivalent taxable and deductible temporary differences.
(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.

According to the provisions of the temporary exception of "International Tax Reform - Pillar 2 Model Rules (Amendment to IAS 12)", no deferred income tax assets and liabilities of Pillar 2 income tax shall be recognized and no relevant information shall be disclosed.

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

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

Assumptions and estimation

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

(a) Accounts receivables–estimation of impairment loss

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

(b) Inventory valuation

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

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

(c) Impairment of non-financial assets

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

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

(d) Retirement benefit plans

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

(e) Income tax

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

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is

probable that taxable profit will be available or there are taxable temporary differences. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

VI. Summary of Significant Accounting Titles

1. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Reserve cash	$2,536	$2,523
Bank deposits	486,861	693,826
Total	$489,397	$696,349

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

2. Financial assets at FVTPL

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives without hedging relationship designated		
Forward exchange contract	$51	$-
Shares	60,133	50,650
Wealth management products	260,197	220,646
Fund	5,460	5,464
Embedded financial derivatives - redemption right of domestic convertible corporate bonds	-	400
Total	$325,841	$277,160
Current	$269,800	$228,750
Non-current	56,041	48,410
Total	$325,841	$277,160

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

As of December 31, 2023, for details of information related to corporate bonds payable of the Group, please refer to Note VI.10.

3. Financial assets at FVOCI

	December 31, 2023	December 31, 2022
Investment in equity instruments at FVOCI - Non-current:		
Unlisted shares	$57,392	$57,676

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

Regarding investment in equity instruments at FVOCI held by the Group, no dividend income was recognized in 2023 and 2022.

4. Notes receivable

	December 31, 2023	December 31, 2022
Notes receivable – arising from operating activities	$555,740	$467,019
Less: Unrealized interest revenue	(1,694)	(3,642)
Subtotal	554,046	463,377
Less: Allowance for bad debts	(17,628)	(2,638)
Total	$536,418	$460,739
Current	$498,089	$429,870
Non-current (stated into other non-current assets)	38,329	30,869
Total	$536,418	$460,739

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

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

5. Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$1,181,953	$1,342,398
Lease payment receivable	3,515	19,341
Less: Unrealized interest revenue	(15,187)	(20,773)
Unearned financing income on financing lease	(656)	(3,779)
Subtotal	1,169,625	1,337,187
Less: Allowance for bad debts	(85,920)	(66,878)
Total	$1,083,705	$1,270,309
Current	$1,083,705	$1,256,879
Non-current (stated into other non-current assets)	-	13,430
Total	$1,083,705	$1,270,309

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$1,169,625 thousand and NT$1,337,187 thousand on December 31, 2023 and 2022. For information about the allowance for loss in 2023 and 2022, please refer to Note VI.15 for details. Please refer to Note XII for further details on credit risk.

6. Inventories

	December 31, 2023	December 31, 2022
Raw materials and supplies	$623,890	$680,073
Work in process	251,003	207,757
Finished goods inventory	674,985	512,984
Product	39,730	23,609
Total	$1,589,608	$1,424,423

The inventory costs recognized by the Group as expenses were NT$2,835,809 thousand and NT$3,358,916 thousand in 2023 and 2022, including the price decline loss recognized upon recognition of write-off of inventories to net realizable value, NT$7,151 thousand in 2023, and the gains on revaluation on net realizable value of inventories after the stock selling at various stock age intervals, NT$3,902 thousand, in 2022.

Said inventories were not provided as security.

7. Property, plant and equipment

	December 31, 2023	December 31, 2022
Property, plant and equipment for own use	$2,110,178	$1,765,266
Property, plant and equipment for under operating leases	40,861	50,391
Total	$2,151,039	$1,815,657

	Land	Buildings	Machinery and equipment	Office equipment	Transportation Equipment	Water and electricity utilities	Other assets	Unfinished construction	Subtotal	Operating lease - Other equipment	Total
Cost:											
January 1, 2023	$540,982	$722,930	$700,972	$31,401	$40,147	$55,742	$37,781	$601,305	$2,731,260	$81,934	$2,813,194
Add	-	3,530	49,413	3,930	7,559	6,397	3,643	406,397	480,869	-	480,869
Dispose	-	-	(57,825)	(171)	(212)	(1,539)	(3,058)	-	(62,805)	(416)	(63,221)
Other changes	-	884,725	41,278	1,462	1,476	2,154	(55)	(944,552)	(13,512)	-	(13,512)
Effects of foreign exchange changes	-	(18,748)	(6,648)	(240)	(482)	(570)	1,868	(2,779)	(27,599)	(2,026)	(29,625)
December 31, 2023	$540,982	$1,592,437	$727,190	$36,382	$48,488	$62,184	$40,179	$60,371	$3,108,213	$79,492	$3,187,705
Depreciation and impairment:											
January 1, 2023	$-	$392,767	$443,364	$26,328	$29,401	$41,400	$32,734	$-	$965,994	$31,543	$997,537
Depreciation	-	53,188	39,871	2,189	2,081	3,715	2,448	-	103,492	8,490	111,982
Dispose	-	-	(49,731)	(163)	(67)	(1,405)	(849)	-	(52,215)	(1,303)	(53,518)
Other changes	-	(10,435)	256	(69)	917	-	(1,020)	-	(10,351)	-	(10,351)
Effects of foreign exchange changes	-	(3,165)	(4,802)	(125)	(299)	(429)	(65)	-	(8,885)	(99)	(8,984)
December 31, 2023	$-	$432,355	$428,958	$28,160	$32,033	$43,281	$33,248	$-	$998,035	$38,631	$1,036,666

	Land	Buildings	Machinery and equipment	Office equipment	Transportation Equipment	Water and electricity utilities	Other assets	Unfinis construc
Cost:								
January 1, 2022	$562,308	$800,770	$699,294	$30,647	$36,661	$85,582	$37,954	$311
Add	-	365	22,262	1,319	6,613	3,359	1,486	362
Dispose	-	-	(20,326)	(1,215)	(2,232)	(806)	(433)	
Other changes	(20,822)	(79,697)	(7,360)	550	(1,224)	(32,760)	(1,282)	(76
Effects of foreign exchange changes	(504)	1,492	7,102	100	329	367	56	3
December 31, 2022	$540,982	$722,930	$700,972	$31,401	$40,147	$55,742	$37,781	$601
Depreciation and impairment:								
January 1, 2022	$-	$378,054	$428,098	$25,906	$30,125	$54,014	$32,050	
Depreciation	-	30,519	38,978	1,814	1,884	9,524	1,441	
Impairment loss	-	-	5,593	-	-	-	-	
Dispose	-	-	(20,020)	(1,208)	(2,055)	(726)	(417)	
Other changes	-	(17,313)	(11,485)	(240)	(781)	(21,702)	(368)	
Effects of foreign exchange changes	-	1,507	2,200	56	228	290	28	
December 31, 2022	$-	$392,767	$443,364	$26,328	$29,401	$41,400	$32,734	
Net carrying amount:								
December 31, 2023	$540,982	$1,160,082	$298,232	$8,222	$16,455	$18,903	$6,931	$60
December 31, 2022	$540,982	$330,163	$257,608	$5,073	$10,746	$14,342	$5,047	$601

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, 2023	$216,402	$277,304	$493,706
Add	-	187	187
Other changes	-	12,035	12,035
Effects of foreign exchange changes	150	677	827
December 31, 2023	$216,552	$290,203	$506,755
January 1, 2022	$193,373	$169,912	$363,285
Other changes	23,199	108,159	131,358
Effects of foreign exchange changes	(170)	(767)	(937)
December 31, 2022	$216,402	$277,304	$493,706
Depreciation and impairment:			
January 1, 2023	$-	$159,832	$159,832
Depreciation in the current period:	-	8,831	8,831
Other changes	-	10,466	10,466
Effects of foreign exchange changes	-	(109)	(109)
December 31, 2023	$-	$179,020	$179,020
January 1, 2022	$-	$134,751	$134,751
Depreciation in the current period:	-	8,659	8,659
Other changes	-	16,568	16,568
Effects of foreign exchange changes	-	(146)	(146)
December 31, 2022	$-	$159,832	$159,832
Net carrying amount:			
December 31, 2023	$216,552	$111,183	$327,735
December 31, 2022	$216,402	$117,472	$333,874

	2023	2022
Rent revenue from investment property	$53,348	$48,039
Less: The direct operating expenses incurred by the investment property generating rent revenue in the current period.	(9,799)	(9,587)
Total	$43,549	$38,452

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$430,411 thousand and NT$419,878 thousand on December 31, 2023 and 2022.

The fair value of investment property held by the Group is based on the evaluations made by the management of the Company. The fair value is determined by market evidence. The plant and land under lease with a signed lease contract are valued by the income approach. Other buildings are valued by the cost method. The land is valued by the comparative method. The main parameters used are as follows:

With income method adopted:

	December 31, 2023	December 31, 2022
Fair value	$304,228	$294,891
Discount rate	4.34%~6.61%	4.22%

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, 2023	December 31, 2022
Fair value	$43,584	$43,213
Residual price rate	26%~39%	26%~38%
Remaining useful life	18~28 years	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, 2023	December 31, 2022
Fair value	$82,599	$81,774

9. Short-term borrowings

	Interest rate range (%)	December 31, 2023	December 31, 2022
Unsecured bank borrowings	1.89%~6.57%	$266,904	$499,676
Secured bank borrowings	6.85%	55,278	90,983
Total		$322,182	$590,659

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

10. Corporate bonds payable

	December 31, 2023	December 31, 2022
Domestic secured ordinary corporate bonds payable	$360,000	$360,000
Domestic unsecured convertible corporate bonds payable	484,198	475,015
Subtotal	844,198	835,015
Less: current portion	-	-
Net amount	$844,198	$835,015

(a) Domestic secured corporate bonds payable

	December 31, 2023	December 31, 2022
Carrying amount of domestic secured corporate bonds payable	$360,000	$360,000

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

The corporate bonds accrue the interest at the annual interest rate of 0.63%. The

interest is payable once per year.

(b) Domestic unsecured convertible corporate bonds payable

	December 31, 2023	December 31, 2022
Elements of liability:		
Nominal value of domestic unsecured convertible corporate bonds payable	$499,900	$499,900
Discount of domestic unsecured convertible corporate bonds payable	(15,702)	(24,885)
Net amount	$484,198	$475,015
Embedded derivative - Call/put rights under the issuance of domestic convertible corporate bonds (stated as financial assets at FVTPL)	$-	$400
Equity element (stated as capital reserve)	$18,800	$18,800

The Company issued domestic unsecured convertible corporate bonds with a coupon rate of 0% on August 24, 2022. Analyzed based on the contract terms of the convertible corporate bonds, the components include primary liability, embedded derivatives (the issuer's option to redeem and the holder's option to request the issuer to redeem) and equity elements (the holder's option to request conversion to ordinary shares of the issuer); the major issuance terms are as follows:

Total issuance amount: NT$500,000 thousand

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

Material redemption terms:

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

Conversion method:

A. Conversion target: Ordinary shares of the Company.

B. Conversion period: Bondholders may request to convert into the Company's ordinary shares in exchange for a cash repayment of the Company from November 25, 2022 to August 24, 2025.
C. Conversion price and its adjustment: The conversion price was set at NT$17.59 per share upon the issuance; if any matters of conversion price adjustments stated in the issuance terms occur to the Company's ordinary shares, the conversion price shall be adjusted according to the formula stated in the issuance terms. The conversion price on December 31, 2023 was NT$16.76 per share.
D. Redemption upon expiry: Outstanding corporate bonds will be redeemed at the par value.

Further, as of December 31, 2023 and 2022, the Company's bonds have been converted for an amount of NT$100 thousand, with a total shareholding of 6 thousand shares.

11. Long-term borrowings

(1) The details about long-term borrowings on December 31, 2023 and 2022 are stated as follows:

Creditor	December 31, 2023	Interest rate (Note)	Repayment period and rules
Cathay Bank Credit loans	$50,000		From September 28, 2023 to September 28, 2025, with principal repaid on the maturity date.
Bank SinoPac Secured borrowings	25,000		From June 29, 2023 to June 30, 2025, with the principal repaid on the maturity date.
Bank SinoPac Secured borrowings	49,000		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	70,000		From June 29, 2023 to June 30, 2025, with the principal repaid on the maturity date.

Creditor	December 31, 2023	Interest rate (Note)	Repayment period and rules
Mega International Commercial Bank (Arranger) Syndicated loan	520,000		From October 23, 2023 to October 23, 2028, with the principal repaid on the maturity date.
The Shanghai Commercial & Savings Bank Credit loans	12,500		from February 11, 2022 to February 11, 2025, with the principal repaid in eight installments on average, as of the second year.
E-Sun Bank Credit loans	60,000		From July 6, 2023 to July 6, 2025, with principal repaid on the maturity date.
Mega International Commercial Bank Secured borrowings	60,000		From May 28, 2023 to May 27, 2025, with principal repaid on the maturity date.
Bank of Taiwan Credit loans	60,000		From September 12, 2023 to September 12, 2025, with principal repaid on the maturity date.
Shin Kong Bank Credit loans	30,000		For the period from December 20, 2023 to December 20, 2025, with principal repaid on the maturity date.
Agricultural Bank of China Secured borrowings	12,548 (RMB2,900 thousand)		Repayment of RMB2,900 thousand on December 24, 2027 with no instalment.
Agricultural Bank of China Secured borrowings	9,087 (RMB2,100 thousand)		Repayment of RMB 2,100 thousand on December 24, 2027 with no instalment.
Agricultural Bank of China Secured borrowings	10,817 (RMB2,500 thousand)		Repayment of RMB 2,500 thousand on December 24, 2027 with no instalment.
Agricultural Bank of China Secured borrowings	24,231 (RMB5,600 thousand)		Repayment of RMB5,600 thousand on December 24, 2027 with no instalment.

Creditor	December 31, 2023	Interest rate (Note)	Repayment period and rules
Agricultural Bank of China Secured borrowings	47,597 (RMB11,000 thousand)		The repayment, RMB6,000 thousand, was made on June 25, 2027 and RMB5,000 thousand on December 24, 2027, with no instalment.
Agricultural Bank of China Secured borrowings	17,308 (RMB4,000 thousand)		The repayment, RMB4,000 thousand, was made on June 25, 2027, with no instalment.
Agricultural Bank of China Secured borrowings	8,221 (RMB1,900 thousand)		The repayment, RMB19,00 thousand, was made on December 24, 2027, with no instalment.
Agricultural Bank of China Secured borrowings	30,073 (RMB6,950 thousand)		The repayment, RMB6,950 thousand, was made on June 25, 2027, with no instalment.
Agricultural Bank of China Secured borrowings	15,491 (RMB3,580 thousand)		The repayment, RMB3,580 thousand, was made on December 25, 2026, with no instalment.
Agricultural Bank of China Secured borrowings	8,485 (RMB 1,961 thousand)		The repayment, RMB1,961 thousand, was made on June 25, 2027, with no instalment.
Agricultural Bank of China Secured borrowings	49,414 (RMB11,420 thousand)		The repayment, RMB11,420 thousand, was made on June 25, 2026, with no instalment.
Agricultural Bank of China Secured borrowings	20,034 (RMB4,630 thousand)		The repayment, RMB4,630 thousand, was made on June 25, 2026, with no instalment.
Agricultural Bank of China Secured borrowings	21,635 (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	13,197 (RMB3,050 thousand)		The repayment, RMB3,050 thousand, was made on June 25, 2027, with no instalment.
Agricultural Bank of China Secured borrowings	8,438 (RMB 1,950 thousand)		The repayment, RMB1,950 thousand, was made on June 25, 2026, with no instalment.

Creditor	December 31, 2023	Interest rate (Note)	Repayment period and rules
Agricultural Bank of China Secured borrowings	14,928 (RMB 3,450 thousand)		The repayment, RMB3,450 thousand, was made on June 25, 2026, with no instalment.
Agricultural Bank of China Secured borrowings	6,707 (RMB1,550 thousand)		The repayment, RMB1,550 thousand, was made on June 25, 2025, with no instalment.
Agricultural Bank of China Secured borrowings	12,981 (RMB 3,000 thousand)		The repayment, RMB3,000 thousand, was made on June 25, 2026, with no instalment.
Bank of China Credit loans	21,635 (RMB5,000 thousand)		From April 11, 2024 to October 11, 2025, the principal is repaid in 4 installments.
Industrial and Commercial Bank of China Credit loans	21,635 (RMB5,000 thousand)		The repayment, RMB5,000 thousand, was made on November 2, 2025, with no instalment.
E-Sun Bank Credit loans	40,947 (USD1,333 thousand)		from December 23, 2022 to December 23, 2025, with the principal and interest repaid in 36 installments.
Shin Kong Bank Credit loans	51,184 (USD 1,667 thousand)		From April 7, 2023 to April 7, 2026, the principal is repaid in installments.
Subtotal	1,403,093		
Less: current portion	(60,543)		
Less: unamortized syndicated loan expenses	(4,843)		
Total	$1,337,707		

Note: Interest rate range is 1.76%~7.96%

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.
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.

Creditor	December 31, 2022	Interest rate (Note)	Repayment period and rules
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.
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.

Creditor	December 31, 2022	Interest rate (Note)	Repayment period and rules
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.
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 (USD2,000 thousand)		from December 23, 2022 to December 23, 2025, with the principal and interest repaid in 36 installments.

Creditor	December 31, 2022	Interest rate (Note)	Repayment period and rules
Subtotal	1,025,176		
Less: current portion	(115,601)		
Less: unamortized syndicated loan expenses	(1,413)		
Total	$908,162		

Note: Interest rate range is 1.54%~ 6.29%

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

(3) Bank Syndicated Loan in 2019

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, 2023, NT$360,000 thousand has been drawn down. The term commences on July 25, 2019 until July 25, 2024. Meanwhile, since the contract was executed, the following financial ratios have been calculated based on the borrower's annual consolidated financial statements audited and certified by a CPA approved by the managing bank, and the borrower's semi-annual consolidated financial statements audited and certified by a CPA approved by the managing bank, and shall be maintained continuously:

①Current ratio (current assets/current liabilities less convertible current portion re-stated due to put option) shall be maintained as 100% or more.

②Liability ratio (total liabilities/tangible assets) shall be no more than 250% (inclusive).

③ Interest coverage ratio 〔 (net income before tax+interest expenses+depreciation+amortization)/interest expenses shall be maintained as double or more.

C. In the case of any inconsistency with said financial ratios, any application for drawdown of unused facility from the improvement period from the most recent date of interest payment after the managing bank's notice until the borrower presents the financial statements audited/reviewed by a CPA certifying that it has improved it shall be suspended, except the revolving balance of the rollover, if any. Meanwhile, the relevant interest and margin shall be calculated based on the lending interest rate on Facility A and margin rate on Facility B and Facility C plus 0.1%–0.2%.

D. Where it is not improved during the period, the managing bank is entitled to take any action per the contract or resolution rendered through majority votes by the bank syndicate, including but not limited to:

①Suspend the borrower from drawing down the facilities, in whole or in part.
②Cancel the unused facilities under the contract, in whole or in part.
③Announce that maturity of any principal, interest, expenses, and any other accounts payable under the contract is accelerated, in whole or in part.

(4) Syndicated bank loans 2023

A. The Company signed the syndicated loan contract amounting to NT$2,000,000 thousand with 9 financial institutions including Mega Bank on August 8, 2023. Among other things:

①Facility A: NT$2,000,000 thousand as the working capital, revolving.
②Facility B: NT$1,000,000 thousand secured by the commercial paper, revolving.
③Facility C: No more than NT$512,500 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, 2023, NT$520,000 thousand has been drawn down. The term commences on October 23, 2023 until October 23, 2028. 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 the balance of the credit loan and convertible current portion re-stated due to put option) shall be maintained as 100% or more.
②Liability ratio (total liabilities/tangible assets) shall be no more than 250% (inclusive).

③ Interest coverage ratio 〔 (net income before tax+interest expenses+depreciation+amortization)/interest expenses shall be maintained as double or more.

C. In the case of any inconsistency with said financial ratios, any application for drawdown of unused facility from the improvement period from the most recent date of interest payment after the managing bank's notice until the borrower presents the financial statements audited/reviewed by a CPA certifying that it has improved it shall be suspended, except the revolving balance of the rollover, if any. Meanwhile, the relevant interest shall be calculated based on the lending interest rate on Facility A plus 0.1% and margin rate on Facility B and Facility C plus 0.1% .

D. Where it is not improved during the period, the managing bank is entitled to take any action per the contract or resolution rendered through majority votes by the bank syndicate, including but not limited to:

①Suspend the borrower from drawing down the facilities, in whole or in part.
②Cancel the unused facilities under the contract, in whole or in part.
③Announce that maturity of any principal, interest, expenses, and any other accounts payable under the contract is accelerated, in whole or in part.

E. If any of the three ESG indicators mentioned in the syndicated loan agreement are met, the interest rate spread and margin rate of the syndicated loan may be reduced by 0.01% each, for a total of up to 0.03% each. it shall be reviewed on each banking day based on the supporting information, and applicable from the next interest adjustment date or drawdown date or when the margin is paid. The interest rate spread and margin rate may be adjusted once a year, depending on the achievement status. If the interest rate before tax after the spread is lower than the annual interest rate of 1.70%, the annual interest rate will be calculated at 1.70%.

12. Retirement benefit plans

Defined contribution plans

The Company and its domestic subsidiaries adopt 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.

The Group's expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT$29,043 thousand and NT$27,898 thousand, respectively.

Defined benefit plans

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 6% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the Pension Supervisory Committee. Before the end of each year, the Company assesses the balance in said designated labor pension fund account. If the balance cannot afford to pay pensions calculated for workers retiring in the following year as calculated in said manner, the Company will make up the difference in one appropriation before the end of March in following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in house or under mandating, based on a passive aggressive investment strategy for long/mid-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits, if any, after the approval of the competent authority. As the Company has no right to participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with Paragraph 142 of IAS 19. The Group expects to contribute NT$7,864 thousand to its defined benefit plan in the year following December 31, 2023.

As of December 31, 2023, the Company expects its defined benefits plan obligation to become due in 2028.

Pension costs recognized in profit or loss are as follows:

	2023	2022
Current-period service cost	$130	$140
Net interest on net defined benefit liabilities (assets)	470	310
Total	$600	$450

The defined benefit obligation and fair value of plan assets are reconciled as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Present value of defined benefit obligation	$47,980	$52,760	$55,726
Fair value of plan assets	(16,277)	(13,592)	(11,461)
Net defined benefit liability	$31,703	$39,168	$44,265

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2022	$55,726	$(11,461)	$44,265
Current-period service cost	140	-	140
Interest expenses (revenue)	390	(80)	310
Subtotal	56,256	(11,541)	44,715
Remeasurements of net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(1,773)	-	(1,773)
Experience adjustments	7	-	7
Remeasurement of defined benefit assets	-	(921)	(921)
Subtotal	(1,766)	(921)	(2,687)
Benefits paid	(1,730)	1,730	-
Contributions from employer	-	(2,860)	(2,860)
December 31, 2022	$52,760	$(13,592)	$39,168
Current-period service cost	130	-	130
Interest expenses (revenue)	633	(163)	470
Subtotal	53,523	(13,755)	39,768
Remeasurements of net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	116	-	116
Experience adjustments	(256)	-	(256)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurement of defined benefit assets	-	(61)	(61)
Subtotal	(140)	(61)	(201)
Benefits paid	(5,403)	5,403	-
Contributions from employer	-	(7,864)	(7,864)
December 31, 2023	$47,980	$(16,277)	$31,703

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

	December 31, 2023	December 31, 2022
Discount rate	1.15%	1.20%
Expected salary increase rate	1.00%	1.00%

The sensitivity analysis on each significant assumption:

	2023		2022	
	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%	$-	$(1,059)	$-	$(1,618)
Discount rate decreasing by 0.5%	1,232	-	1,773	-
Expected salary increasing by 0.5%	1,225	-	1,767	-
Expected salary decreasing by 0.5%	-	(1,065)	-	(1,628)

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

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

13. Equity

(a). Common stock

Until December 31, 2023 and 2022, the Company's authorized capital and issued share capital were both NT$5,000,000 thousand, and paid-in capital was NT$1,569,860 thousand and NT$1,524,079 thousand, respectively, each at a par value of NT$10 per share for 156,986 thousand shares and 152,408 thousand shares. Each share has one voting right and a right to receive dividends.

The annual general meeting made the resolution to perform a capital increase from earnings in the amount of NT$45,724 thousand through issuance of 4,572 thousand new shares on June 15, 2023. The capital increase proposal was approved by the competent authority, and the registration change was competed.

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

In 2022, the Company applied for conversion of the 1st domestic secured convertible bonds issued by the Company to the amount of NT$57 thousand that were converted to 6,000 ordinary shares; the change was registered on April 19, 2022.

(b). Capital surplus

	December 31, 2023	December 31, 2022
Issued at premium	$19,009	$19,009
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	18,800	18,800
Others	37	37
Total	$42,520	$42,520

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:

2023:

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	-	-	-	-

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	-

B. As of December 31, 2023 and 2022, the Company didn't repurchase treasury shares that had not been canceled.

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

(d) Earnings distribution and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:
A. Pay all taxes and dues;
B. Compensate all losses;
C. Set aside 10% as the legal reserve;

D. Set aside or reverse special reserve in accordance with law and regulations or the competent authority's order.
E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's dividend policy shall be prepared subject to the current and future investment environment which the Company is in, the Company's funding needs, domestic/foreign competition status and capital budget, and by taking into account the shareholders' interest, balanced dividends and the Company's long-term financial planning. The Board of Directors shall prepare the distribution proposal annually and present it at the shareholders' meeting. The total distributable dividends shall be no more than 80% of the annual distributable earnings, including the cash dividends no less than 20% of the distributable dividends.

According to the Company Act, the legal reserve shall be set aside, unless it amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Group. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or in cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes the distributable earnings, it may set aside the special reserve from the difference between the balance of special reserve already set aside at the first-time adoption of IFRSs and the deduction net amount of other shareholders' equity. If the deduction net amount of other shareholders' equity reverses, the earnings of the reversing part can be distributed.

In accordance with the FSC's order under Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, the Company set aside the special reserve from the unrealized revaluation increments and (gains on) cumulative translation adjustment transferred to the retained earnings after it chose to adopt the exemptions under IFRS 1 "First-time Adoption of International Financial Reporting Standards" on the date of translation, when the Company adopted the IFRS initially. When related assets are used, disposed of or reclassified by the Company subsequently, the original rate to state the special reserves could be used to reverse the earnings distribution.

The special reserves provided by the Company at the first-time adoption of IFRS were both NT$188,685 thousand on December 31, 2023 and 2022. The Company didn't use, dispose of or reclassify related assets or reverse special earnings to undistributed earnings from January 1 to December 31, 2023 and 2022.

The following 2023 and 2022 earnings provision and appropriation proposal and dividend per share were proposed by the Company's Board of Directors on June 15, 2022 and resolved by the annual general meeting on June 15, 2023:

	Earnings provision and appropriation		Dividends Per Share (NT$)	
	2023	2022	2023	2022
Legal reserve	$2,076	$16,114		
Cash dividend from ordinary shares	23,548	45,724	$0.15	$0.30
Stock dividend from ordinary shares	-	45,724	-	0.30
Total	$25,624	$107,562		

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

	2023	2022
Balance at January 1	$171,404	$159,200
Current-period net profits (loss) attributed to non-controlling interest	2,726	10,522
Other comprehensive income attributed to non-controlling interest:		
Exchange differences on translation of the financial statements of foreign operations	(4,596)	(1,463)
Change in ownership interests in subsidiaries	-	3,145
Increase/decrease in non-controlling interests	(5,555)	-
Ending balance	$163,979	$171,404

14. Operating revenue

	2023	2022
Revenue from contracts with customers		
Sales revenue – injection and molding machine	$3,565,078	$4,213,264
Sales revenue – revenue from cables	169,676	212,187
Sales revenue – others	126,251	179,753
Total	$3,861,005	$4,605,204

(a) Breakdown of revenue

The components of revenue in 2023 are stated as follows:

	Headquarters in Taiwan	Headquarters in Mainland China	Others	Total
Injection and molding machine	$754,958	$2,666,405	$143,715	$3,565,078
Revenue from cables	169,676	-	-	169,676
Others	106,192	-	20,059	126,251
Total	$1,030,826	$2,666,405	$163,774	$3,861,005
Point in time of revenue recognition:				
Some point in time	$1,030,826	$2,666,405	$163,774	$3,861,005

The components of revenue in 2022 are stated as follows:

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

(b) Contract balance

A. Contract assets - current

	December 31, 2023	December 31, 2022	January 1, 2022
Sale of goods	$53,902	$2,288	$11,247

The significant changes in the Group's 2023 and 2022 balance of contract assets are as follows:

	2023	2022
Opening balance reclassified to accounts receivable in the current period	$(1,920)	$(10,515)
There is no unconditional right to receive the contract consideration in the current period.	53,534	1,556

B. Contract liabilities – Current

	December 31, 2023	December 31, 2022	January 1, 2022
Sale of goods	$192,454	$189,591	$333,906

The significant changes in the Group's 2023 and 2022 balances of contract liabilities are as follows:

	2023	2022
Variance	$2,863	$(144,315)

The increase in the Group's contract liabilities in 2023 resulted from some contracts collecting part of the consideration from customers upon signing the contract and causing the Group to bear the obligation to sell the goods subsequently and recognize these amounts as contract liabilities. In 2022, the decrease in contract liabilities resulted from the performed obligation restated into the revenue.

15. Expected credit impairment losses

	2023	2022
Operating expenses – Expected credit impairment losses		
Notes receivable	$14,984	$1,530
Accounts receivable	20,266	26,808
Total	$35,250	$28,338

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 counterparties with difficulty in finance. The accounts receivable have amounted to NT$231,633 thousand and NT$171,144 thousand, and allowances for losses as NT$92,217 thousand and NT$56,265 thousand, on December 31, 2023 and 2022, respectively. The other contract assets and receivables (including notes receivable and accounts receivable) were grouped by taking into consideration the trading counterpart's credit rating, region and industry, and the allowance for loss thereof measured by using a provision matrix.

The allowance for loss on December 31, 2023 is measured as follows:

	Not Past Due	Number of overdue days					
	(Note)	Less than 90 days	90–180 days	180–365 days	1–2 years	Over 2 years	Total
Total carrying amount	$1,261,277	$235,666	$24,204	$17,119	$6,634	$1,040	$1,545,940
Loss rate	0.00%~ 0.00%	0.00%~ 1.84%	0.00%~ 3.60%	0.00%~ 10.00%	25.00%~ 64.21%	100%	
Lifetime expected credit loss	(3,756)	(2,131)	(834)	(2,218)	(1,352)	(1,040)	(11,331)
Total	$1,257,521	$233,535	$23,370	$14,901	$5,282	$-	$1,534,609

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

The allowance for loss on December 31, 2022 was measured as follows:

	Not Past Due	Number of overdue days					
	(Note)	Less than 90 days	90–180 days	180–365 days	1–2 years	Over 2 years	Total
Total carrying amount	$1,379,605	$166,026	$69,636	$11,844	$4,337	$260	$1,631,708
Loss rate	0.00%~ 0.67%	0.00%~ 1.27%	0.00%~ 3.00%	0.00%~ 10.00%	17.88%~ 51.77%	100%	
Lifetime expected credit loss	(6,362)	(1,935)	(1,579)	(2,031)	(1,084)	(260)	(13,251)
Total	$1,373,243	$164,091	$68,057	$9,813	$3,253	$-	$1,618,457

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

The changes in the allowance for loss of the Group's 2023 notes receivable and accounts receivable (including the current and non-current) is stated as follows:

	Notes receivable	Accounts receivable
Balance at January 1	$2,638	$66,878
Increase in the current period	14,984	20,266
Written off due to the inability of recovery	-	(52)
Effects of foreign exchange changes	6	(1,172)
Ending balance	$17,628	$85,920

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

	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

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.

	2023	2022
Lease income recognized from operating lease		
Income related to fixed lease payments	$53,348	$48,039

The undiscounted lease payments and the total amount of the residual years to be collected by the Group on December 31, 2023 and 2022, for the operating lease contracts executed by the Group, are stated as follows:

	December 31, 2023	December 31, 2022
No more than one year	$53,551	$56,064
More than one year but no more than two years	52,549	52,125
More than two years but no more than three years	45,133	50,985
More than three years but no more than four years	33,338	43,388
More than four years but no more than five years	10,513	31,974
More than five years	29,379	39,172
Total	$224,463	$273,708

(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, 2023	December 31, 2022
Land	$123,987	$129,249
Houses and buildings	21,757	23,914
Total	$145,744	$153,163

The Group's right-of-use assets increased by NT$0 thousand both in 2023 and 2022, respectively.

(b) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities	$24,135	$25,861
Current	$1,301	$1,274
Non-current	22,834	24,587
Total	$24,135	$25,861

B. Amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2023	2022
Land	$2,930	$2,950
Houses and buildings	1,744	1,755
Total	$4,674	$4,705

C. The lessee's cash outflow from leasing activities

The Group's cash outflows from lease totaled NT$2,277 thousand and NT$2,292 thousand from January 1 to December 31, 2023 and 2022.

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

By function / By nature	2023			2022		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefit expense						
Salary expense	$167,405	$316,974	$484,379	$169,940	$328,269	$498,209
Labor and health insurance expense	9,698	18,881	28,579	9,874	17,752	27,626
Pension expenses	9,331	20,312	29,643	8,962	19,386	28,348
Remuneration of Directors	-	1,570	1,570	-	5,418	5,418
Other employee benefit expenses	10,929	7,580	18,509	12,084	7,471	19,555
Depreciation expense	58,817	60,867	119,684	67,409	30,061	97,470
Amortization expenses	-	10,411	10,411	-	12,221	12,221

Note: The depreciation expenses on investment property in 2023 and 2022 were

NT$5,803 thousand and NT$2,770 thousand, respectively, which were booked in "non-operating revenue and expenditure - other gains and losses."

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

Based on the profit sought in 2023, the Company estimated the remunerations to employees and directors. The remunerations to employees and directors recognized in 2023 were NT$2,720 thousand and NT$940 thousand, stated into the salary expenses.

A resolution was passed at a Board of Directors meeting to distribute NT$2,720 thousand and NT$940 thousand in cash as the remuneration to employees and directors of 2023, respectively, on March 15, 2024. No material differences exist between the estimated amounts and the amounts stated as expenses in the 2023 financial report.

The remunerations to employees, directors and supervisors distributed actually in 2022 were NT$11,569 thousand and NT$4,628 thousand. No material differences exist between the same and the amounts stated as expenses in the 2022 financial report.

18. Non-operating income and expense

(a) Other income

	2023	2022
Interest revenue	$30,735	$23,490
Other revenue – others	70,080	53,480
Total	$100,815	$76,970

(b) Other gains or losses

	2023	2022
(Losses) on disposal of property, plant and equipment	$(3,319)	$(1,489)
(Losses) on net foreign currency exchange	(5,562)	(14,501)
Gains on disposal of financial assets at FVTPL	13,087	716
Impairment losses - property, plant and equipment	-	(5,593)
Impairment losses - Financial assets at FVTPL	-	(4,990)
Impairment losses - Investment accounted for using the equity method	-	-
Other expenditure	(21,820)	(16,238)
Total	$(17,614)	$(42,095)

(c) Financial costs

	2023	2022
Interest expenses on bonds	$(11,445)	$(5,291)
Interest on bank loans	(45,137)	(31,469)
Interest on lease liabilities	(1,008)	(1,064)
Others	(70)	(35)
Total	$(57,660)	$(37,859)

19. Components of other comprehensive income

The components of other comprehensive income in 2023 are stated as follows:

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehensive income	Income tax gains (expenses)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of defined benefit plan	$201	$-	$201	$(40)	$161
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the	(52,720)	-	(52,720)	9,624	(43,096)

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehensive income	Income tax gains (expenses)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of defined benefit plan	$201	$-	$201	$(40)	$161
Items that may be reclassified subsequently to profit or loss:					
financial statements of foreign operations					
Total other comprehensive income in the current period	$(52,519)	$-	$(52,519)	$9,584	$(42,935)

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

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehensive income	Income tax gains (expenses)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of defined benefit plan	$2,687	$-	$2,687	$(537)	$2,150
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	20,747	-	20,747	(4,442)	16,305
Total other comprehensive income in the current period	$23,434	$-	$23,434	$(4,979)	$18,455

20. Income tax

The components of income tax expenses in 2023 and 2022 are stated as follows:

(a) Income tax recognized in profit or loss

	2023	2022
Current-period income tax expenses:		
Current income tax payable	$24,980	$59,250
Adjustment of the income tax in the previous year in the current period	(297)	(8,840)
Deferred income tax expenses:		
Deferred income tax expenses related to origination and reversal of temporary difference	10,032	42,185
Deferred income tax expenses related to origination and reversal of tax loss and income tax credit	(215)	(8,635)
Income tax expenses	$34,500	$83,960

(b) Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax expenses (gains):		
Exchange differences on translation of the financial statements of foreign operations	$(9,624)	$4,442
Actuarial gains and losses on defined benefit plan	40	537
Income tax related to components of other comprehensive income	$(9,584)	$4,979

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

	2023	2022
Net income before tax of continuing operations	$57,823	$253,937
Tax at the domestic rates applicable to profits in the country concerned	$36,190	$82,176
Tax effect of expenses not deductible (tax-free income) for tax purposes	(21,947)	(4,745)
Additional income tax on undistributed earnings	2,702	-
Tax effect of deferred income tax assets/liabilities	2,147	(9,436)
Deferred income tax without recognizing tax loss	15,705	24,805
Adjustment of the income tax in the previous year in the current period	(297)	(8,840)
Income tax expense recognized in profit or loss	$34,500	$83,960

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

2023

	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	$16,916	$1,062	$-	$(72)	$17,906
Share of net (gains) on subsidiaries accounted for using equity method	(322,357)	(4,469)	-	-	(326,826)
Exchange differences on translation of the financial statements of foreign subsidiaries	6,768	-	9,624	-	16,392
Accruable pension liabilities	7,834	(1,453)	(40)	-	6,341
Reserve for land value increment tax	(222,545)	-	-	-	(222,545)
Unused tax loss	56,268	215	-	-	56,483
Convertible corporate bonds	(4,701)	-	-	-	(4,701)
Others	29,342	(5,172)	-	(267)	23,903
Deferred income tax (expenses)/gains		$(9,817)	$9,584	$(339)	
Net deferred tax assets/(liabilities)	$(432,475)				$(433,047)
The information expressed in the balance sheet:					
Deferred tax income assets	$110,252				$105,722
Deferred income tax liabilities	$(542,727)				$(538,769)

2022

	Balance at January 1	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Directly recognize in equity	Translation differences	Ending balance
Temporary differences						
Inventory falling price reserves	$17,038	$(160)	$-	$-	$38	$16,916
Share of net (gains) on subsidiaries accounted for using equity method	(270,988)	(51,369)	-	-	-	(322,357)
Exchange differences on translation of the financial statements of foreign subsidiaries	11,210	-	(4,442)	-	-	6,768
Accruable pension liabilities	8,853	(482)	(537)	-	-	7,834
Reserve for land value increment tax	(222,545)	-	-	-	-	(222,545)
Unused tax loss	47,633	8,635	-	-	-	56,268
Convertible corporate bonds	-	-	-	(4,701)	-	(4,701)
Others	18,738	9,826	-	-	778	29,342
Deferred income tax (expenses)/gains		$(33,550)	$(4,979)	$(4,701)	$816	
Net deferred tax assets/(liabilities)	$(390,061)					$(432,475)
The information expressed in the balance sheet:						
Deferred tax income assets	$92,292					$110,252
Deferred income tax liabilities	$(482,353)					$(542,727)

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, 2023	December 31, 2022	
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	37,853	37,853	37,853	2030
2021	84,883	84,883	84,883	2031
2022	47,914	47,914	46,838	2032
		$282,418	$281,342	

The assessment on income tax returns

As of December 31, 2023, the assessment on the income tax returns of the Group is as follows:

	The assessment on income tax returns
The Company	Authorized until 2021
Subsidiary – SHING FUH TAI TECHNOLOGY CORP.	Authorized until 2021

21. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary shareholders of the parent company (upon reconciliation of interest on convertible corporate bonds) by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares to be issued when dilutive potential ordinary shares are converted into ordinary shares.

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

	2023	2022
(a) Basic earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT$ Thousand)	$20,597	$159,455
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (Thousand Shares) (Note 2)	156,985	156,241
Basic earnings per share (NT$)	$0.13	$1.02
(b) Diluted earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT$ Thousand)	$20,597	$159,455
Interest on convertible corporate bonds (NT$ Thousand)	(Note 1)	2,418
Net profit attributed to ordinary shareholders of parent company upon effect of adjustment and dilution (NT$ Thousand)	$20,597	$161,873
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (Thousand Shares) (Note 2)	156,985	156,241
Dilution effect:		
Employee bonus – stocks (thousand shares)	317	765
Potential number of shares upon conversion of convertible corporate bonds (thousand shares)	(Note 1)	10,050
Weighted average number of ordinary shares after adjustment and dilution (Thousand Shares)	157,302	167,056
Diluted earnings per share (NT$)	$0.13	$0.97

Note 2: The convertible corporate bonds posed anti-dilution effect on the convertible corporate bonds from January 1 to December 31, 2023.

(Note 2) 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

Remuneration to the Group's key management

	2023	2022
Short-term employee benefits	$49,060	$52,221
Pensions	1,304	1,411
Total	$50,364	$53,632

VIII. Pledged assets

The Group has provided the following assets as collaterals:

Item	Carrying amount: December 31, 2023	Carrying amount: December 31, 2022	Details about the secured debts
Pledged bank deposits (recognized in other current assets)	$50,724	$44,979	Endorsements/guarantees provided to others, letter of guarantee, and security deposits for acceptance bills
Pledged bank deposits (recognized in other non-current assets)	45,662	45,779	Letter of guarantee and acceptance bill margin, etc.
Property, plant and equipment – land and buildings	1,156,820	594,963	Long-term borrowings and security deposits for acceptance bills
Investment property	204,015	204,445	Long-term borrowings
Right-of-use assets – land	114,405	119,150	Long-term borrowings and security deposits for acceptance bills
Total	$1,571,626	$1,009,316	

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, 2023:

1. The Company has applied for the performance bond, NT$11,400 thousand, with the financial institution for the "Green Innovation- Low-Carbon Plastic Injection Ecosystem Project" requested with the Ministry of Economic Affairs until December 31, 2023.

2. The Group has had the following important contracts until December 31, 2023:

Company Name	Important contract	Contract amount	Amount paid	Amount outstanding
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Construction in progress – new factory premises	$800,915 (RMB185,097 thousand)	$495,860 (RMB114,597 thousand)	$305,055 (RMB70,500 thousand)

X. Losses Due to Major Disasters

None.

XI. Significant Events

None.

XII. Others

1. Categories of financial instruments

Financial assets

	December 31, 2023	December 31, 2022
Financial assets at FVTPL:		
Financial assets mandatorily measured at fair value through profit or loss (including the current and non-current)	$325,841	$277,160
Financial assets at FVOCI measured at FVOCI	57,392	57,676
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	486,861	693,826
Notes receivable (including the current and non-current)	536,418	460,739
Accounts receivable (including the current and non-current)	1,083,705	1,270,309
Pledged bank deposits (recognized in other current assets)	50,724	44,979
Pledged bank deposits (recognized in other non-current assets)	45,662	45,779
Refundable deposits (recognized in other non-current assets)	20,887	19,794
Subtotal	2,224,257	2,535,426
Total	$2,607,490	$2,870,262

Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities measured at amortized cost:		
Short-term borrowings	$322,182	$590,659
Payables	1,520,805	1,252,758
Bonds payable (including the current portion)	844,198	835,015
Long-term borrowings (including the current portion)	1,398,250	1,023,763
Deposits received	11,318	12,391
Lease liabilities	24,135	25,861
Total	$4,120,888	$3,740,447

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

The Group's market risk arises from the fluctuation of fair value or cash flow due to changes in the market price of financial instruments. Market risk mainly includes exchange rate risk, interest rate risk and other price risks (e.g. equity instruments) .

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

Foreign currency risk

The Group's exposure to the foreign exchange rate risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and net investment in foreign operations.

The Group's foreign currency receivables and foreign currency payables are denominated in the same foreign currency in part. Accordingly, the equivalent positions would generate the 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 hedge and forward exchange contract does not satisfy the hedge accounting requirements, the Group waives to adopt the hedge accounting. Further, the net investment in foreign operations is considered as the strategic investment, 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 USD by 1%, the Group's profit for 2023 and 2022 is decreased/increased by NT$662 thousand and NT$2,434 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 investment, floating rate loans and interest rate swaps. Meanwhile, under the hypothesis of holding for one fiscal year, when interest rate increases/decrease by 10 basis points, the Group's profit for 2023 and 2022 is decreased by NT$2,078 thousand and NT$1,756 thousand.

Equity price risk

The Group holds TWSE/TPEx listed and non-TWSE/TPEx listed equity securities, of which the fair value will be affected by the uncertainty of the future

value of these investment targets. The TWSE/TPEx listed and non-TWSE/TPEx listed equity securities held by the Group are included in the types of assets at fair value through profit and loss and at fair value through other comprehensive income. The Group manages the price risk of equity securities by diversifying its investments and setting limits for a single or overall equity securities investment. Equity securities investment portfolio information shall be regularly provided to the senior management of the Group, and the Board of Directors shall review and approve all equity securities investment decisions.

It refers to the TWSE/TPEx listed equity securities at fair value through profit or loss. When the price of such equity securities increases/decreases by 1%, the Group's profit or loss in 2023 and 2022 will be increased/decreased by NT$41 thousand and NT$26 thousand in 2023 and 2022.

For other equity instruments or derivatives linked to equity instruments that are classified as Level 3 in fair value, please refer to Note XII.9 for sensitivity analysis information.

4. Credit Risk Management

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

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

As of December 31, 2023 and 2022, the top ten contract assets and accounts receivable represent 27.55% and 33.34% of the Group's total contract assets and accounts receivables, respectively. The credit concentration risk of the other contract assets and accounts receivables is insignificant relatively.

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

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

			Total carrying amount	
Credit risk level	Indicators	Expected credit loss measurement method	December 31, 2023	December 31, 2022
Simplified Approach (Note)	(Note)	Lifetime expected credit loss	$1,777,573	$1,802,852

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, 2023					
Borrowings	$409,032	$681,508	$713,563	$-	$1,804,103
Bonds payable	2,268	860,845	-	-	863,113
Payables	1,520,805	-	-	-	1,520,805
Lease liabilities	2,243	4,486	4,845	19,477	31,051
Financial guarantee contract (Note)	44,568	-	-	-	44,568
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

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 2023:

	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liabilities	Total liabilities from financing activities
January 1, 2023	$590,659	$1,023,763	$835,015	$25,861	$2,475,298
Cash flow	(269,115)	384,317	-	(1,269)	113,933
Not changes in cash	-	-	9,183	-	9,183
Changes in the foreign exchange rate	638	(9,830)	-	(457)	(9,649)
December 31, 2023	$322,182	$1,398,250	$844,198	$24,135	$2,588,765

The information about adjustment of liabilities in 2022:

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

7. Fair value of financial instruments

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

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

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

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

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

D. For investment in debt instruments without active market quotation, bank

loans, bonds payable and other non-current liabilities, the fair value is decided based on the trading counterpart's quotation or valuation technique. The valuation technique is decided based on an analysis of cash flow discounts. The interest rate and discount rate hypotheses are based on the information related to similar instruments (e.g. TWSE reference interest rate yield curve, Reuters average quotation of promissory note interest rate and credit risk).

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

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

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

(c) Fair value measurement hierarchy for financial instruments

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

8. Derivative financial instruments

The information about the derivative financial instruments that fail to satisfy the hedge accounting and remain undue as held by the Group until December 31, 2023 and 2022 is stated as follows:

Forward exchange contract

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

Item	Contract amount	Period
December 31, 2023		
Forward exchange contract	Sold for US$100 thousand	December 4, 2023 to January 25, 2024
December 31, 2022		
None.		

Embedded derivative instruments

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

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

9. Fair value hierarchy

(a) Definition of fair value hierarchy

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

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities acquired at the date of measurement.
Level 2:	Inputs observable for the asset or liability, either directly or indirectly, other than quoted prices included within Level 1.
Level 3:	Unobservable inputs for the asset or liability.

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

(b) 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, 2023

	1st Level	2nd Level	3rd Level	Total
Financial assets:				
Financial assets at FVTPL				
Forward exchange contract	$-	$51	$-	$51
Fund	-	5,460	-	5,460
Shares	4,092	-	56,041	60,133
Wealth management products	-	260,197	-	260,197
Financial assets at FVOCI				
Unlisted shares	-	-	57,392	57,392

December 31, 2022

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

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

In 2023 and 2022, there were no transfers of fair value measurement hierarchy between Level 1 and Level 2.

Breakdown of changes in level 3 repetitive fair value

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

	Assets		
	Financial assets measured at fair value through profit or loss		Measured at FVOCI
	Shares	Derivative instruments	Unlisted shares
January 1, 2023	$48,010	$400	$57,676
Total (losses) recognized in 2023:			
Recognized in profit or loss (stated in other gains and losses)	8,031	(400)	-

	Assets		
	Financial assets measured at fair value through profit or loss		Measured at FVOCI
Effects of foreign exchange changes	-	-	(284)
December 31, 2023	$56,041	$-	$57,392

	Assets		
	Financial assets measured at fair value through profit or loss		Measured at FVOCI
	Shares	Derivative instruments	Unlisted shares
January 1, 2022	$65,313	$-	$-
Total (losses) recognized in 2022:			
Recognized in profit or loss (stated in other gains and losses)	(7,303)	(342)	-
Issued/acquired in 2022	-	742	57,676
Disposed of/settled in 2022	(10,000)	-	-
December 31, 2022	$48,010	$400	$57,676

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, 2023:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis and value relationship of the relationship of inputs and fair value
Financial assets:					
Financial assets measured at fair value through profit or loss					
Embedded derivative instruments	Binary Tree convertible bond valuation model	Volatility	17.45%	The higher the volatility the higher the fair value estimate	When the volatility increases (decreases) by 1%, it will increase the Group's profit or loss by NT$0 thousand/NT$0 thousand.
Unlisted shares	Market approach	Price-to-earnings ratio of similar companies	12.60～18.46	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' stocks increase (decreases) by 10%, the profit or loss of the Group will be increased/decreased by NT$9,535 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 10%, the equity of the Group will be decreased/increased by NT$12,414 thousand.

December 31, 2022:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis and value relationship of the relationship of inputs and fair value
Financial assets:					
Financial assets measured at fair value through profit or loss					
Embedded derivative instruments	Binary Tree convertible bond valuation model	Volatility	34.97%	The higher the volatility the higher the fair value estimate	When the volatility increases (decreases) by 1%, it will increase the Group's profit or loss by NT$0 thousand/NT$10 thousand.
Unlisted shares	Market approach	Price-to-earnings ratio of similar companies	14.42～18.04	The higher the price-to-earnings ratio of similar companies, the higher the fair value estimate.	When the price-to-earnings ratio of similar companies increase (decreases) by 10%, the profit or loss of the Group will increase/decrease by NT$7,870 thousand.
Measured at FVOCI					
Unlisted shares	Market approach	Lacking liquidity discount	30.00%	The higher the level of lacking liquidity, the lower the fair value estimates.	When the ratio of lacking liquidity increases (decreases) by 5%, the equity of the Group will increase/decrease by NT$ 5,276 thousand.

Valuation procedures for level 3 fair value measurement

The Group's Finance Department is responsible for carrying out fair value verification, allowing the valuation results to be more true to the market status by using data from independent sources, ensuring the data sources are independent, reliable, consistent with other resources, and represent enforceable prices, and they are also responsible for performing analysis on the changes in the value of remeasured or re-evaluated assets and liabilities to ensure the valuation results are reasonable.

10. Significant assets and liabilities denominated in foreign currencies

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

	December 31, 2023		
	Foreign Currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$9,342	30.705	$286,846
Financial liabilities			
Monetary items:			
USD	7,186	30.705	220,646

	December 31, 2022		
	Foreign Currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$6,656	30.710	$204,406
Financial liabilities			
Monetary items:			
USD	14,582	30.710	447,813

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 2023 and 2022, the Group's foreign currency exchange gains (losses) were NT$5,562 thousand and NT$14,501 thousand, respectively.

11. Capital Management

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

12. Others

Meanwhile, in order to help the comparison of financial statements, certain titles in the financial statements prepared in the past are re-classified.

XIII. Other disclosures

1. Information on Significant Transactions

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

2. Information on Investees:

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

3. Information on Investment in Mainland China:

(a) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, current-period income (losses) of investee and recognized investment income, ending carrying amount of investment, the amount received as dividends from the investee, and the limitation on investee: Please refer to Table 9.
(b) Any significant transactions entered into with the investees in Mainland China via a third area, directly or indirectly, and the price, payment terms or unrealized profit or loss thereof, and any other information that may help better understand the effect posed by investments in Mainland China to the financial statements: Please refer to Tables 1, 2, 4, 5, 7, 9 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, light guide plate 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 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:

2023

	FU CHUN SHIN in Taiwan	FU CHUN SHIN in Dongguan	FU CHUN SHIN in Ningbo	Other companies	Reconciliation and derecognition	Total of the Group
Income						
Revenue from external customers	$1,026,049	$849,074	$1,482,950	$502,932	$-	$3,861,005
Inter-depart mental revenue	52,402	164,824	292,202	12,279	(521,707)	-
Total	$1,078,451	$1,013,898	$1,775,152	$515,211	$(521,707)	$3,861,005

	FU CHUN SHIN in Taiwan	FU CHUN SHIN in Dongguan	FU CHUN SHIN in Ningbo	Other companies	Reconciliation and derecognition	Total of the Group
revenue						
Departmental profits or losses	$(59,627)	$54,393	$131,830	$(218,526)	$149,753	$57,823
Segment assets	$2,566,036	$940,411	$2,315,385	$2,135,367	$(672,643)	$7,284,556
Department liabilities	$2,930,882	$445,460	$714,310	$1,475,693	$(663,211)	$4,903,134

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

2022

	FU CHUN SHIN in Taiwan	FU CHUN SHIN in Dongguan	FU CHUN SHIN in Ningbo	Other companies	Reconciliation and derecognition	Total of the Group
Income						
Revenue from external customers	$1,197,001	$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.

2. Information by regions:

A. Revenue from external customers:

Location	2023	2022
Taiwan	$689,509	$690,522
Mainland China	2,450,485	3,189,798
Other countries	721,011	724,884
Total	$3,861,005	$4,605,204

B. Non-current assets:

Location	December 31, 2023	December 31, 2022
Taiwan	$1,105,341	$1,100,710
Mainland China	1,506,544	1,167,560
Other countries	258,603	292,686
Total	$2,870,488	$2,560,956

3. Information by product:

Product type	2023	2022
Injection and molding machine	$3,565,078	$4,213,264
Cables	169,676	212,187
Light guide plate	15,295	13,784
Others	110,956	165,969
Total	$3,861,005	$4,605,204

4. Information on major customers:

In 2023 and 2022, the Company's and the consolidated subsidiary's revenue from each customer did not account for more than 10% of the revenue in the income statement.

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	Limit of total loans
													Name	Value		
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	Other receivables	Yes	$155,000	$150,000	$44,507	0%-7.0%	2	-	Operating capital	-	-	-	$443,489	$886,977
0	The Company	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Other receivables	Yes	50,000	50,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	FCS MANUFACTURING (INDIA) PRIVATE. LIMITED.	Other receivables	Yes	80,000	80,000	31,552	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	FCS MACHINERY (THAILAND)CO., LTD.	Other receivables	Yes	30,000	30,000	9,019	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	FCS PLASTIC MACHINERY (THAILAND)CO.,LTD.	Other receivables	Yes	10,000	10,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	PT. SHIN PREFORM PLASTIC	Other receivables	Yes	10,000	5,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Other receivables	Yes	10,000	10,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Other receivables	Yes	30,000	30,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Other receivables	Yes	50,000	50,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977

Table 1 (Cont'd)

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
0	The Company	SHING FUH TAI TECHNOLOGY CORP.	Other receivables	Yes	$10,000	$10,000	$-	0%-7.0%	2	-	Operating capital	-	-	-	$443,489	$886,977
0	The Company	FCS RG PLASTIC PTE.LTD.	Other receivables	Yes	100,000	100,000	75,761	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
1	FU CHUN SHIN CO., LTD. (BVI)	The Company	Other receivables	Yes	260,000	245,000	-	0%-7.0%	2	-	Operating capital	-	-	-	510,736	1,021,473
1	FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE.LTD.	Other receivables	Yes	100,000	100,000	60,850	0%-7.0%	2	-	Operating capital	-	-	-	510,736	1,021,473
1	FU CHUN SHIN CO., LTD. (BVI)	FCS MACHINERY (THAILAND) CO.,LTD	Other receivables	Yes	40,000	40,000	23,837	0%-7.0%	2	-	Operating capital	-	-	-	510,736	1,021,473
1	FU CHUN SHIN CO., LTD. (BVI)	FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Other receivables	Yes	5,000	5,000	2,417	0%-7.0%	2	-	Operating capital	-	-	-	510,736	1,021,473

Table 1 (Cont'd)

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
1	FU CHUN SHIN CO., LTD. (BVI)	FCS PLASTIC MACHINERY(THAILAND)CO.,LTD.	Other receivables	Yes	$10,000	$10,000	$2,317	0%-7.0%	2	-	Operating capital	-	-	-	$510,736	$1,021,473
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Other receivables	Yes	66,675 (RMB15,000 thousand)	64,905 (RMB15,000 thousand)	-	0%-7.0%	2	-	Operating capital	-	-	-	98,990 (RMB22,877 thousand)	197,980 (RMB45,755 thousand)
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Other receivables	Yes	22,225 (RMB 5,000 thousand)	12,981 (RMB 3,000 thousand)	-	0%-7.0%	2	-	Operating capital	-	-	-	98,990 (RMB22,877 thousand)	197,980 (RMB45,755 thousand)
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Other receivables	Yes	262,680 (RMB60,000 thousand)	259,620 (RMB60,000 thousand)	172,658 (RMB 39,902 thousand)	0%-7.0%	2	-	Operating capital	-	-	-	320,215 (RMB74,004 thousand)	640,430 (RMB148,008 thousand)
1	FCS RG PLASTIC PTE.LTD.	PT. FCS RGP PLASTIC	Other receivables	Yes	129,569 (USD 4,215 thousand)	110,630 (USD3,603 thousand)	103,737 (USD 3,379 thousand)	0%-7.0%	1	110,630 (USD 3,603 th thousand	Business Transaction	-	-	-	(Note 9)	(Note 9)

Note 1: The information about financing between the Company and its subsidiaries are indicated in two tables and by the following numbers shown in the No. column:
(1) 0 stands for the Company
(2) 1 stands for the subsidiary
Note 2: The nature of loan is specified in the following manners:
(1) 1 stands for business transactions
(2) 2 stands for short-term financing needed
Note 3: If the nature of loan is identified as 1, please specify the business transaction amount.

Note 4: If the nature of loan is identified as 2, please specify the reasons for extending loans as needed and the borrower's purposes for funding, e.g. repayment of loan, purchase of equipment and turnover.
Note 5: Limit of financing to an individual borrower shall be no more than 20% of the Company's net worth in the most recent period.
Note 6: Limit of total loaning shall be no more than 40% of the Company's net worth in the most recent period.
Note 7: Subject to the highest balance of fund loaned to others in the current year calculated at the foreign exchange rate prevailing then.
Note 8: The exchange rate of USD vs NTD is 30.705 and USD vs RMB 4.327 on December 31, 2023.
Note 9 : The ending balance and the disbursed amount of the loaning of business funds exceeded the limit. The Group has made a plan for improvement and reported it to the Board of Directors on March 15, 2024. It will continue to follow up the improvement plan implementation status on a quarterly basis. .

Table 2
Endorsements/guarantees provided for others:

No. (Note 1)	Endorsement/guarantee provider	Guaranteed party		Limits on endorsement/guarantee amount provided to each guaranteed party (Note 2)	Maximum balance for the current period	Ending balance of endorsement/guarantee (Note 4)	Amount actually drawn down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum amount of endorsement/guarantee allowance (Note 3)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in Mainland China
		Company Name	Relation										
0	The Company	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	A subsidiary of which more than 50% ordinary shares are held directly	$665,233	$288,925 (RMB65,000 thousand)	$281,255 (RMB65,000 thousand)	$82,274 (RMB19,014 thousand)	None	12.68%	$1,108,722	Y	N	Y
0	The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	A subsidiary of which more than 50% ordinary shares are held directly	665,233	80,410 (USD2,000 thousand and INR 40,000 thousand)	76,166 (USD2,000 thousand and INR40,000 thousand) thousand)	-	None	3.43%	1,108,722	Y	N	N
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	A subsidiary of which more than 50% ordinary shares are held directly	665,233	291,825 (USD9,000 thousand)	245,640 (USD 8,000 thousand)	55,269 (USD 1,800 thousand)	None	11.08%	1,108,722	Y	N	N
0	The Company	FCS RG PLASTIC PTE.LTD.	A subsidiary of which more than 50% ordinary shares are held directly	665,233	194,550 (USD6,000 thousand)	184,230 (USD6,000 thousand)	147,384 (USD 4,800 thousand)	41,600	8.31%	1,108,722	Y	N	N
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	320,215 (RMB74,004 thousand)	186,023 (RMB41,850 thousand)	181,085 (RMB41,850 thousand)	112,502 (RMB26,000 thousand)	None	11.31%	640,430 (RMB 148,008 thousand)	N	N	Y
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Customers A1–ZZZ	Business Transaction	320,215 (RMB74,004 thousand)	118,210 (RMB27,319 thousand)	64,905 (RMB15,000 thousand)	44,568 (RMB 10,300 thousand)	8,324 (RMB 1,924 thousand)	4.05%	640,430 (RMB 148,008 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 endorsement/guarantee made by the Company shall be no more than 30% of the Company's most recent net worth. The endorsement/guarantee made by the subsidiary shall be

no more than 20% of the subsidiary's most recent net worth.

Note 3: The aggregate amount of the endorsements/guarantees made by the Company shall not exceed 50% of the Company's net worth for the current period. The aggregate amount of endorsements/guarantees made by the subsidiary shall not exceed 40% of the subsidiary's net worth for the current period.

Note 4: The exchange rate of USD vs NTD was 30.705, RMB vs NTD 4.327, and INR vs NTD 0.369 on December 31, 2023.

Table 3

Ending marketable securities held (excluding investment in subsidiaries):

Holding company name	Marketable securities types and name (Note 1)	Relationship with the issuers	Financial statement account	March 31, 2020				Remarks
				Number of shares (Thousand shares/Unit)	Carrying amount	Shareholding percentage	Fair value	
The Company	Ordinary shares - AMPIRE CO., LTD.	None	Financial assets at FVTPL - Current	40	$1,542	-	$1,542	Non-secured or pledged
The Company	Ordinary shares - IBASE TECHNOLOGY INC.	None	Financial assets at FVTPL - Current	8	646	-	646	Non-secured or pledged
The Company	Ordinary shares - Lotus Pharmaceutical Co., Ltd.	None	Financial assets at FVTPL - Current	7	1,904	-	1,904	Non-secured or pledged
The Company	Fund - Allianz US Short Duration High Yield Bond Fund	None	Financial assets at FVTPL - Current	633	5,460	-	5,460	Non-secured or pledged
				Total	$9,552		$9,552	
The Company	Preferred shares - SKS Transformation Flagship I. TW (Resurgo) Co., Ltd.	None	Financial assets at FVTPL - Non-current	5,000	56,041	-	56,041	Non-secured or pledged
				Total	$56,041		$56,041	

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

Table 4

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Buyer/Seller	Related Party	Relation	Transaction Details				The status and reasons of the transaction terms different from common transactions		Notes/accounts receivable (payable)		Remarks
			Purchase/ Sale	Amount	Percentage to the total purchase/ sale	Payment Terms	Unit Price	Payment Terms	Balance	Percentage to total notes and accounts receivable (payable)	
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	The Company	Parent company	Sales	$122,224 (RMB27,820 thousand)	12.05%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers		Accounts receivable $24,613 (RMB 5,688 thousand)	6.06%	(Note 1) (Note 2)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Associate	Sales	160,303 (RMB 36,487 thousand)	9.03%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers		Accounts receivable 18,063 (RMB 4,175 thousand)	2.34%	(Note 1) (Note 2)

Note 1: The exchange rate of RMB vs NTD was 4.327 on December 31, 2023. The average exchange rate of RMB vs NTD was 4.393 from January 1, 2023 to December 31, 2023.

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

Table 5
Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Company Name	Related Party	Relation	Balance of receivables from related parties (Note 2)	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	$103,737 (USD3,379 thousand)	(Note 1)	$-	$-	$3,347 (USD 109 thousand)	-	(Note 3)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	172,658 (RMB 39,902 thousand)	(Note 1)	-	-	23,799 (RMB 5,500 thousand)	-	(Note 3)

Note 1: Amount of the loans
Note 2: The exchange rate of USD vs NTD was 30.705 and RMB vs NTD 4.327 on December 31, 2023.
Note 3: Already written off when the consolidated financial statements were prepared.

Table 6

Which may exercise significant influence or control over the investee, directly or indirectly

Investor	Investor Company	Location	Main business	Investment Amount		As of March 31, 2020			Current income (losses) of the investee	Investment income (losses) recognized in the current period	Remarks
				March 31, 2020	End of last year	Number of shares (thousand shares)	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%	$2,549,238	$149,754	$154,671	(Note 1) (Note 4)
	SHING FUH TAI TECHNOLOGY CORP.	Taiwan	Non-ferrous Metal Basic Industries	30,031	30,031	-	85.71%	11,751	(8,846)	(7,702)	(Note 4)
	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Indonesia	Sale of plastic injection molding machines, peripheral products, molds and spare parts	17,852	17,852	-	92.00%	10,588	(688)	(632)	(Note 4)
	FCS MACHINERY (THAILAND) CO., LTD.	Thailand	Production of PET preforms, and sale and maintenance service for injection machine	23,250	23,250	-	100.00%	(3,704)	(9,119)	(9,119)	(Note 4)
	PT. SHIN PREFORM PLASTIC	Indonesia	Production of PET preforms	44,733	44,733	-	99.00%	30,680	(1,852)	(1,834)	(Note 4)
	FCS RG PLASTIC PTE.LTD.	Singapore	Primarily engaged in import/export sales	152,590	152,590	-	65.00%	(89,849)	(21,672)	(14,088)	(Note 4) (Note 5)
	FCS MACHINERY (INDIA) PRIVATE LIMITED	India	Production and sale of plastic molding machine and plastic molds	38,930	38,930	-	99.99%	20,699	(1,271)	(1,271)	(Note 4)
	FCS PLASTIC MACHINERY (THAILAND) CO., LTD.	Thailand	Sale and after-sale of machine and spare parts	4,488	3,377	-	100.00%	(16)	(2,846)	(2,846)	(Note 4)

Table 6 (Cont'd)

Investor	Investor Company	Location	Main business	Investment Amount		As of March 31, 2020			Current income (losses) of the investee	Investment income (losses) recognized in the current period	Remarks
				March 31, 2020	End of last year	Number of shares (thousand shares)	Ratio	Carrying amount			
The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	India	Production and sale of plastic injection machine	$115,594	$115,594	-	99.99%	$49,602	$(17,762)	$(17,762)	(Note 4)
	FKT PLASTIC MACHINERY COMPANY LIMITED	Myanmar	Sale of plastic injection machine	461	461	-	33.33%	-	-	-	(Note 3) (Note 4)
	FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Vietnam	Sale and after-sale of machine and spare parts	9,093	2,347	-	100.00%	3,299	(5,059)	(5,059)	(Note 4)
	JUST NANOTECH CO., LTD.	Taiwan	Manufacturing of machinery and equipment	4,500	4,500	-	45.00%	-	(4,608)	(2,036)	-
The British Virgin Islands FU CHUN SHIN CO., LTD.	FCS RG PLASTIC PTE.LTD	Singapore	Primarily engaged in import/export sales	-	-	-	0.72%	(974)	(21,672)	(156)	(Note 4) (Note 5)
FCS RG PLASTIC PTE.LTD	PT.FCS RGP PLASTIC	Indonesia	Primarily engaged in manufacturing of plastic products	235,097 (SGD10,480 thousand)	235,097 (SGD10,480 thousand)	-	100.00%	(3,945) (SGD (169) thousand)	(2,279) (NTD thousand of SGD(98))	(2,279) (NTD thousand of SGD(98))	(Note 2) (Note 4)
SHING FUH TAI TECHNOLOGY CORP.	JUNG SHEN TECHNOLOGY CO., LTD.	Taiwan	Production and sales of screws	11,250	11,250	1,125	30.00%	7,349	(12,237)	(3,671)	(Note 6)

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

Note 2: The exchange rate of SGD vs NTD was 23.290 on December 31, 2023. The average exchange rate of SGD vs NTD was 23.212 from January 1, 2023 to December 31, 2023.

Note 3: 100% impairment loss recognized in 2021 Q2.

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

Note 5: On August 11, 2022, the Company's Board of Directors resolved to pass the transfer of FCS RG PLASTIC PTE. LTD.. to FU CHUN SHIN CO., LTD. (BVI) as a resolution on August 11, 2022; the shareholding ratio became 65.00%. The Group holds 65.72% of the equity in aggregate.

Note 6: The board of directors of the subsidiary, SHING FUH TAI TECHNOLOGY CORP., resolved to approve the investment in JUNG SHEN TECHNOLOGY CO., LTD. on November 10, 2022, and the establishment was completed in October 2022, with an investment amount of NT$11,250 thousand. As a result, it held 30.00% of said company's shares.

Table 7

For those which may exercise control over the investee, directly or indirectly, it is necessary to disclose the information about the investee further:

Ending marketable securities held by the investee:

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	March 31, 2020			Remarks
				Carrying amount	Shareholding	Fair value	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	China Merchants Bank-FNB00961 Structured deposit	None	Financial assets at FVTPL - Current	$130,125 thousand (RMB 30,072 thousand)	-	$130,125 thousand (RMB 30,072 thousand)	(Note 1) (Note 2)
	Bank of China - CSDVY202341691 Structured deposit	None	Financial assets at FVTPL - Current	NTD 63,666 thousand (RMB14,714 thousand)	-	NTD 63,666 thousand (RMB14,714 thousand)	(Note 1) (Note 2)
	Bank of China - CSDVY202341692 Structured deposit	None	Financial assets at FVTPL - Current	NT$66,406 thousand (RMB15,347	-	NT$66,406 thousand (RMB15,347 thousand)	
			Total	NT$260,197 thousand		NT$260,197 thousand	
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)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Huamo Intelligent Equipment (Jiaxing) Co., Ltd.	None	Financial assets at FVOCI - Non-current	NT$15,144 thousand (RMB3,500 thousand)	4.67%	NT$15,144 thousand (RMB3,500 thousand)	(Note 1)
			Total	NT$57,392		NT$57,392 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: The exchange rate of RMB vs NTD was 4.327 on December 31, 2023.

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	Beginning of period		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	-	$88,224 (RMB20,014 thousand)	-	$605,780 (RMB 140,000 thousand)	-	$565,126 (RMB130,605 thousand)	$562,510 (RMB 130,000 thousand)	$2,616 (RMB 605 thousand)	-	$130,125 (RMB 30,072 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	-	$132,422 (RMB30,041 thousand)	-	$553,856 (RMB128,000 thousand)	-	$555,264 (RMB128,326 thousand)	$553,856 (RMB128,000 thousand)	$1,408 (RMB 326 thousand)	-	$130,072 (RMB 30,061 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: The exchange rate of RMB vs NTD was 4.327 on December 31, 2023.

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. (Note 6)	Production and sale of plastic molding machine and various plastic products	$196,450 (HKD50,000 thousand)	1	$196,450 (HKD50,000 thousand)	-	-	$196,450 (HKD50,000 thousand)	$44,594	100%	$44,594	$494,950	$204,528
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd. (Note 6)	Production and sale of plastic molding machine and plastic molds	214,935 (USD7,000 thousand)	1	194,516 (USD6,335 thousand)	-	-	194,516 (USD6,335 thousand	125,612	90.5%	113,679	1,449,033	359,535
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. (Note 3)	Production and sale of plastic molding machine and various plastic products	25,516 (USD831 thousand)	1	13,479 (USD439 thousand)	-	-	13,479 (USD439 thousand	-	-	-	-	-
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd. (Note 6)	Production and sale of plastic molding machine and plastic molds	453,605 (USD14,773 thousand)	2	-	-	-	(Note 5)	(4,749)	90.5%	(4,298)	532,210	-

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)
$404,445 (HKD50,000 thousand and USD6,774 thousand)	$452,378 (HKD50,000 thousand, USD6,954 thousand and RMB9,800 thousand)	$1,330,466

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: In accordance with the amendments to the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the "Principle for the Review of Investment or Technical Cooperation in Mainland China" made on August 22, 2008, the upper limit ratio of other enterprises is 60% of the net worth or consolidated net worth, whichever is 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 converted and listed based on the exchange rate applicable on December 31, 2023. Specifically, the exchange rate of USD vs NTD was 30.705, RMB vs NTD 4.327 and HKD vs NTD 3.929. .

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

Note 6: The amount has been written-off in preparation of the consolidated financial statements.

Table 10
Significant intercompany transactions:
December 31, 2023

No. (Note 1)	Name	Transaction party	Relations with the trader (Note 2)	Transaction status			
				Item	Amount	Transaction Terms (Note 4)	Percentage of total consolidated revenue or total assets (Note 3)
0	The Company	FU CHUN SHIN (VIETNAM) COMPANY LIMITED	1	Sales	$26,969	-	0.70%
0	The Company	FCS RG PLASTIC PTE.LTD.	1	Other receivables	75,761	-	1.04%
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	The Company	2	Sales	99,500	-	2.58%
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	3	Sales	160,303	-	4.15%
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	3	Sales	18,076	-	0.47%
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	3	Other receivables	172,658	-	2.37%
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	3	Sales	14,319	-	0.37%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	The Company	2	Sales	122,224	-	3.17%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	3	Sales	18,485	-	0.48%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	3	Sales	14,227	-	0.37%
3	FCS RG PLASTIC PTE. Ltd.	PT.FCS RGP PLASTIC	3	Other receivables	103,737	-	1.42%
4	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	3	Sales	11,456	-	0.30%

Note 1: The types of business transactions are indicated by the following numbers shown in the No. column:
(1) 0 stands for the parent company
(2) The subsidiaries are numbered from number 1 and so on.

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

(1) Parent company to subsidiary

(2) Subsidiary to the parent company

(3) Subsidiary to subsidiary

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

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

Table 11

Information on Major Shareholders:

Shares / Name of major shareholder	Shares held (shares)	Shareholding percentage
Wang, Po-Hsun	12,029,766	7.66%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary shares and preferred shares (including treasury shares) that have completed dematerialized registration and delivered on the last business day of each quarter calculated by Taiwan Depository & Clearing Corporation. 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: If the shareholders have delivered their shares to the trust, the aforesaid information shall be disclosed based on the individual trust accounts opened by the trustees. As for the insider declaration of more than 10% shareholding in accordance with the Securities and Exchange Act, the shares held include the shares held by the owner and the shares entrusted to the trust for which the person has the right to use the trust property. For information on insider declaration of equity, please refer to Market Observation Post System.

Fu Chun Shin Machinery Manufacture Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report

2023 and 2022

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

Company Tel. No.: (06)595-0688

Independent Auditors' Report

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

Audit opinions

We have completed our review on the Parent Company Only Balance Sheet of Fu Chun Shin Machinery Manufacture Co., Ltd. on December 31, 2023 and 2022, and Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Cash Flow Statements, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) for January 1–December 31, 2023 and 2022.

In our opinion, said parent company only financial statements in all major respects are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They are sufficient to adequately express the financial status of Fu Chun Shin Machinery Manufacture Co., Ltd. as of December 31, 2023 and 2022 and its financial performance and cash flow from January 1 through December 31, 2023 and 2022.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit on the parent company only financial statements of Fu Chun Shin Machinery Manufacture Co., Ltd. for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for loss of accounts receivable

Until December 31, 2023, the carrying amount of accounts receivable of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries has amounted to NT$330,060 thousand (already less the allowance for loss, NT$20,457 thousand). The net amount of accounts receivables was approximately 6.30% of total assets, which is significant to the parent company only financial statements. Considering the assessment of allowance for loss of accounts receivable is measured by lifetime expected credit loss, the process of measurement must appropriately divide accounts receivables into groups, determine and analyze the use of relevant assumptions in the process of measurement, including appropriate account aging intervals and the account aging loss rate for each interval, that reflected the measurement of the expected credit loss involving judgment, analysis and estimates, and the result of measurement affect the net amount of accounts receivables, we determined this as a key audit matter.

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

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

Valuation on slow-moving inventories

As of December 31, 2023, the carrying amount of net inventories of Fu Chun Shin Machinery Manufacture Co., Ltd. amounted to NT$453,965 thousand, approximately 8.66 % of total assets, which is significant to the parent company only financial statements. In consideration of the multiple raw materials and supplies to be purchased to meet the need for production process and customers' requirement for specifications, and said amount of provision of slow-moving inventories involving the significant judgment of the management of Fu Chun Shin Machinery Manufacture Co., Ltd., we determined the estimation of allowance for slow-moving inventories as a key audit matter.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. The term

“reasonable assurance” refers to a high level of assurance. Nevertheless, the audit performed according to auditing standards cannot guarantee the discovery of material misstatements in the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

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

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Fu Chun Shin Machinery Manufacture Co., Ltd.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Fu Chun Shin Machinery Manufacture Co., Ltd. to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the parent company only financial statements are required to be provided in our audit report to allow users of parent company only financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause Fu Chun Shin Machinery Manufacture Co., Ltd. to cease to

continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the parent company only financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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

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

From the matters communicated with the governance unit, we have determined key audit matters of 2023 parent company only financial statements of Fu Chun Shin Machinery Manufacture Co., Ltd. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

EY Taiwan

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

Audit and Certification No.: Jin-Guan-Zheng-Shen-Zi No. 1010045851

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

Lee Fang-Wen

Certified Public Accountant:

Mink Hu

March 15, 2024

Fu Chun Shin Machinery Manufacture Co., Ltd.

Parent Company Only Balance Sheets

December 31, 2023 and 2022

Unit: NT$ Thousand

Assets			December 31, 2023		December 31, 2022	
Code	Accounting titles	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	IV/VI.1	$114,212	2.18	$96,314	1.94
1110	Financial assets at FVTPL - Current	IV/VI.2	9,603	0.18	8,104	0.16
1140	Contract assets - Current	IV/VI.14 & 15	53,902	1.03	2,288	0.05
1150	Net notes receivable	IV/VI.3 &15/VII	117,666	2.24	134,551	2.71
1170	Net accounts receivable	IV/VI.4 &15/VII	330,060	6.30	219,829	4.43
1210	Other receivables – Related party	IV/VII	183,404	3.50	67,841	1.37
130x	Inventories	IV/VI.5	453,965	8.66	497,605	10.03
1470	Other current assets	VIII	91,354	1.74	66,421	1.34
11xx	Total current assets		1,354,166	25.83	1,092,953	22.03
	Non-current assets					
1510	Financial assets at FVTPL - Non-current	IV/VI.2	56,041	1.07	48,410	0.98
1550	Investment accounted for using the equity method	IV/VI.6	2,675,857	51.05	2,683,044	54.09
1600	Property, plant and equipment	IV/VI.7/VIII	743,795	14.19	742,051	14.96
1760	Net investment property	IV/VI.8/VIII	220,129	4.20	221,433	4.46
1780	Intangible assets	4.	57,076	1.09	53,172	1.07
1840	Deferred tax income assets	IV/VI.20	89,222	1.70	83,788	1.69
1900	Other non-current assets	IV/VI.3	45,607	0.87	35,644	0.72
15xx	Total non-current assets		3,887,727	74.17	3,867,542	77.97
1xxx	Total assets		$5,241,893	100.00	$4,960,495	100.00

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

Chairman: Managerial Officer: Accounting Officer:

Fu Chun Shin Machinery Manufacture Co., Ltd.
Parent Company Only Balance Sheet(Cont'd)
December 31, 2023 and 2022

Unit: NT$ Thousand

Liabilities and Equity			December 31, 2023		December 31, 2022	
Code	Accounting titles	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	IV/VI.9	$190,000	3.62	$183,071	3.69
2130	Contract liability	IV/VI.14	74,068	1.41	50,152	1.01
2150	Notes payable	4.	1,967	0.04	811	0.02
2170	Accounts payable	IV/VII	166,233	3.17	97,652	1.97
2200	Other payables	4.	92,568	1.77	92,090	1.86
2220	Other payables - Related party	IV/VII	-	-	69,405	1.40
2230	Current tax liabilities	IV/VI.20	2,702	0.05	-	-
2322	Long-term borrowings – current portion	IV/VI.11	17,000	0.32	73,088	1.47
2399	Other current liabilities – Others		2,193	0.04	2,006	0.04
21xx	Total current liabilities		546,731	10.42	568,275	11.46
	Non-current liabilities					
2530	Bonds payable	IV/VI.10	844,198	16.10	835,015	16.83
2540	Long-term borrowings	IV/VI.11	914,657	17.45	565,087	11.39
2570	Deferred income tax liabilities	IV/VI.20	538,620	10.28	542,727	10.94
2640	Net defined benefit liabilities - Non-current	IV/VI.12	31,703	0.60	39,168	0.79
2645	Deposits received	4.	10,176	0.19	10,087	0.20
2670	Other non-current liabilities – Others	IV/VI.6/VII	138,365	2.65	119,227	2.41
25xx	Total non-current liabilities		2,477,719	47.27	2,111,311	42.56
2xxx	Total Liabilities		3,024,450	57.69	2,679,586	54.02
	Equity					
3100	Share capital	VI.13				
3110	Common share capital		1,569,860	29.95	1,524,079	30.72
3130	Bond conversion entitlement certificates		-	-	57	-
3200	Capital surplus	VI.13	42,520	0.81	42,520	0.86
3300	Retained earnings					
3310	Legal reserve	VI.13	166,042	3.17	149,928	3.02
3320	Special reserve	VI.13	188,685	3.60	188,685	3.80
3350	Unappropriated earnings	VI.13	399,697	7.63	486,501	9.81
	Total retained earnings		754,424	14.40	825,114	16.63
3400	Other equities	IV	-149,361	(2.85)	-110,861	-2.23
3xxx	Total equity		2,217,443	42.31	2,280,909	45.98
	Total liabilities and equities		$5,241,893	100.00	$4,960,495	100.00

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

Chairman: Managerial Officer: Accounting Officer:

Fu Chun Shin Machinery Manufacture Co., Ltd.

Unconsolidated Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

Code	Accounting titles	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	IV/VI.14/VII	$1,078,451	100.00	$1,259,810	100.00
5000	Operating cost	VI.5 & 17/VII	-841,617	-78.04	-996,490	-79.10
5900	Gross profit		236,834	21.96	263,320	20.90
5920	Realized net income on sales		1,213	0.11	860	0.07
5950	Net gross profit		238,047	22.07	264,180	20.97
6000	Operating expenses	VI.12 &17				
6100	Selling expenses		-164,982	-15.30	-178,567	-14.18
6200	Administrative expenses		-96,782	-8.97	-101,894	-8.09
6300	Research and development expenses		-33,660	-3.12	-50,041	-3.97
6450	Expected credit impairment losses	VI.15	-23,780	-2.21	-5,217	-0.41
	Total operating expenses		-319,204	-29.60	-335,719	-26.65
6900	Operating(losses)		-81,157	-7.53	-71,539	-5.68
7000	Non-operating income and expense	IV/VI.18/VII				
7010	Other income		57,829	5.36	59,458	4.72
7020	Other gains or losses		-4,388	-0.41	-21,837	-1.73
7050	Financial costs		-29,875	-2.77	-19,079	-1.51
7070	Share of profit or loss from subsidiaries and associates accounted for using t		92,322	8.56	257,002	20.40
	Total non-operating incomes and expenses		115,888	10.74	275,544	21.88
7900	Net income before tax		34,731	3.21	204,005	16.20
7950	Income tax expenses	IV/VI.20	-14,134	-1.31	-44,550	-3.54
8200	Current period net profit		20,597	1.90	159,455	12.66
8300	Other comprehensive income	IV/VI.19&20				
8310	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs		201	0.02	2,687	0.21
8349	Income taxes related to the items not re-classified		-40	-	-537	-0.04
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign		-48,124	-4.46	22,210	1.76
8399	Income tax relating to items that may be reclassified subsequently to profi		9,624	0.89	-4,442	-0.35
	Other comprehensive income of the current year (net amount after-tax)		-38,339	-3.55	19,918	1.58
8500	Total comprehensive income in the current period		$(17,742)	-1.65	$179,373	14.24
	Earningsper share(NT$)	VI.21				
9750	Basic earnings per share		$0.13		$1.02	
9850	Diluted earnings per share		$0.13		$0.97	

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

Chairman: Managerial Officer: Accounting Officer:

Fu Chun Shin Machinery Manufacture Co., Ltd.
Unconsolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

	Items	Share capital	Bond conversion entitlement certificates	Capital surplus	Retained earnings			Other items of equity	Treasury stocks	Total Equity
					Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of the financial		
Code		3110	3130	3200	3310	3320	3350	3410	3500	3XXX
A1	Balance on January 1, 2022	$1,494,388	$ -	$23,649	$138,371	$188,685	$411,150	$(128,629)	$(12,263)	$2,115,351
	2021Earning provision and appropriation									
B1	Provision of legal reserve	-	-	-	11,557	-	-11,557	-	-	-
B5	Cash dividend from ordinary shares	-	-	-	-	-	-44,536	-	-	-44,536
B9	Stock dividend from ordinary shares	29,691	-	-	-	-	-29,691	-	-	-
C5	Recognition of equity components due to the issuance of convertibl	-	-	18,804	-	-	-	-	-	18,804
D1	2022Net profit	-	-	-	-	-	159,455	-	-	159,455
D3	2022Other comprehensive income	-	-	-	-	-	2,150	17,768	-	19,918
D5	Total comprehensive income in the current period	-	-	-	-	-	161,605	17,768	-	179,373
I1	Conversion of convertible corporate bonds	-	57	38	-	-	-	-	-	95
N1	Transfer of treasury stocks to employees	-	-	-	-	-	-470	-	12,263	11,793
T1	Others	-	-	29	-	-	-	-	-	29
Z1	Balance on December 31, 2022	$1,524,079	$57	$42,520	$149,928	$188,685	$486,501	$(110,861)	$ -	$2,280,909
A1	Balance on January 1 , 2023 _	$1,524,079	$57	$42,520	$149,928	$188,685	$486,501	$(110,861)	$ -	$2,280,909
	Earnings appropriation and distribution for 2022									
B1	Provision of legal reserve	-	-	-	16,114	-	-16,114	-	-	-
B5	Cash dividend from ordinary shares	-	-	-	-	-	-45,724	-	-	-45,724
B9	Stock dividend from ordinary shares	45,724	-	-	-	-	-45,724	-	-	-
D1	2023 net income	-	-	-	-	-	20,597	-	-	20,597
D3	Other comprehensive income (loss) in 2023	-	-	-	-	-	161	-38,500	-	-38,339
D5	Total comprehensive income in the current period	-	-	-	-	-	20,758	-38,500	-	-17,742
I3	Conversion of bond conversion entitlement certificates	57	-57	-	-	-	-	-	-	-
Z1	Balance as of December 31 , 2023	$1,569,860	$ -	$42,520	$166,042	$188,685	$399,697	$(149,361)	$ -	$2,217,443

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

Chairman: Managerial Officer: Accounting Officer:

Fu Chun Shin Machinery Manufacture Co., Ltd.
Parent Company Only Cash Flow Statements
January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

Code	Items	2023 Amount	2022 Amount	Code	Items	2023 Amount	2022 Amount
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	$34,731	$204,005	B00010	Purchase of financial assets at fair value through profit or loss	(12,848)	(8,687)
A20000	Adjustment items:			B00020	Disposal of financial assets at FVTPL	12,608	10,772
A20010	Income/expenses items:			B01800	Investment accounted for using the equity method	(7,857)	(57,523)
A20100	Depreciation expense	28,591	37,714	B02700	Acquisition of property, plant and equipment	(27,307)	(6,622)
A20200	Amortization expenses	8,927	10,160	B02800	Disposal of property, plant and equipment	403	692
A20300	Expected credit impairment losses	23,780	5,217	B04300	Decrease(increase) in other receivables – Related party	(120,783)	(14,341)
A20400	Net (gain) loss on financial assets and liabilities measured at fair valu	(8,890)	6,047	B04500	Acquisition of intangible assets	(12,831)	(850)
A20900	Interest expenses	29,875	19,079	B05400	Acquisition of investment property	(187)	-
A21200	Interest revenue	(7,947)	(5,073)	B07600	Dividends received	79,593	-
A21300	Dividend income	(247)	(220)	BBBB	Net cash outflow from investing activities	(89,209)	(76,559)
A22300	Share of profit or loss from subsidiaries and associates accounted for	(92,322)	(257,002)				
A22500	Disposal of property, plant and equipment (gain)	(403)	(669)	CCCC	Cash flows from financing activities:		
A23500	Loss on financial asset impairment	-	4,990	C00100	Increase in short-term borrowings	220,000	337,269
A23700	Loss on non-financial asset impairment	-	5,593	C00200	Decrease in short-term borrowings	(213,071)	(313,539)
A24000	Realized (gains) on sales	(1,213)	(860)	C01200	Issuance of bonds	-	494,850
A30000	Changes in operating assets/liabilities:			C01600	Proceeds from long-term borrowings	490,000	548,156
A31125	(Increase)decreasein contract assets	(51,614)	8,959	C01700	Repayments of long-term borrowings	(196,518)	(855,682)
A31130	(Increase) in notes receivable	(6,621)	(16,695)	C03000	Increase in deposits received	89	93
A31150	Decrease (increase) in accounts receivable	(116,703)	88,464	C03800	(Decrease) in other payables - Related party	(69,405)	(65,120)
A31190	Decrease (increase) in other receivables - related parties	5,220	(20,868)	C04500	Allocation of cash dividends	(45,724)	(44,536)
A31200	Decrease in inventory	43,640	14,429	C05100	Employees' subscription for treasury stocks	-	11,793
A31240	Decrease(increase)in other current assets	(24,933)	18,258	C09900	Other financing activities	-	29
A31990	Decrease(increase) in other non-current assets	(5,302)	(11,951)	CCCC	Net cash inflow from financing activities	185,371	113,313
A32125	Increase (decrease) of contract liabilities	23,916	(55,621)				
A32130	Increase (decrease) in notes payable	1,156	(1,203)	EEEE	Increase(decrease)in cash and cash equivalents for the current per	17,898	(72,679)
A32150	Increase (decrease) in accounts payable	68,581	(137,722)	E00100	Cash and cash equivalents at the beginning of the year	96,314	168,993
A32180	Increase (decrease) in other accounts payable	1,084	(9,261)	E00200	Cash and cash equivalents at the end of the year	$114,212	$96,314
A32230	Increase of other current liabilities	187	343				
A32240	(Decrease) in net defined benefit liabilities	(7,264)	(2,410)				
A33000	Cash (outflow) from operations	(53,771)	(96,297)				
A33100	Interest received	7,947	5,073				
A33200	Dividends received	247	220				
A33300	Interest paid	(21,298)	(15,862)				
A33500	Income tax (paid)	(11,389)	(2,567)				
AAAA	Net cash outflow from operating activities	(78,264)	(109,433)				

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

Chairman: Managerial Officer: Accounting Officer:

Fu Chun Shin Machinery Manufacture Co., Ltd.
Notes to Parent Company Only Financial Statements
From January 1, 2023 to December 31, 2022 and from January 1 to December 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(1) 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.

(2) Approval Date and Procedures of the Consolidated Financial Statements

The 2023 and 2022 parent company only financial statements of the Company were approved by the Board of Directors to be issued on March 15, 2024.

(3) Application of New Standards, Amendments and Interpretations

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

   The Company has adopted the International Financial Reporting Standards (IFRSs)," International Accounting Standards (IAS), Standing Interpretation Committee (SIC) interpretation and International Financial Reporting Standards Interpretations Committee (IFRSIC) announcement, which has been recognized and applied by the Financial Supervisory Commission ("FSC") as of the fiscal year since January 1, 2023. The first-time application of new and amended standards rendered no material impact to the Company.

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

Item No.	New, Revised or Amended Standards and Interpretations	Effective date promulgated by the IASB
1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
2	Lease Liability in A Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
3	Non-current Liabilities in Contracts (Amendments to IAS1)	January 1, 2024
4	Supplier financing arrangement (Amendments to IAS 7 and IFRS 7)	January 1, 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier financing arrangement (Amendments to IAS 7 and IFRS 7)

To add the descriptions about the supplier's financing arrangement, and also the disclosures related to supplier's financing arrangement.

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

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

Item No.	New, Revised or Amended Standards and Interpretations	Effective date promulgated by the IASB
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided by the IASB
2	*IFRS 17 "Insurance Contracts"*	January 1, 2023
3	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

(a) Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments address the inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 requires that gains and losses arising from contributions of non-monetary assets to an associate or a joint venture shall be derecognized through downstream transactions. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) *IFRS 17 "Insurance Contracts"*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General Model. Under this model, on initial recognition, an entity shall measure a company of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a company of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach), mainly for short-term contracts.

Upon promulgation of the Standard as of May 2017, the Standard was amended in June 2020 and 2021, so that the effective date should be deferred for another two years (i.e. to be postponed from January 1, 2021 to January 1, 2023) and additional exemptions should be made available; meanwhile, the costs for the adoption of the Standard may be cut through the simplification and certain circumstances may be explained in an easier way by virtue of the amendments. The Standard will replace the provisional one (namely IFRS 4 "Insurance Contracts) after it becomes effective.

(c) Lack of Exchangeability (Amendments to IAS 21)

The amendments aim to explain the exchangeability and lack of exchangeability between currencies, and how the exchange rate is determined when the currency lacks exchangeability, and add additional disclosure requirements on the lack of exchangeability. The amendments shall be applicable for the fiscal year beginning after January 1, 2025.

The above standards or interpretations have been issued by the IASB but have not yet been approved by the FSC. The actual date of application is subject to the regulations of the FSC. The Company has assessed that the same render no material impact on the Company.

IV. Summary of Significant Accounting Policies

1. Compliance Statement

The Company's parent company only financial statements for 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. Basis of preparation

The Company prepared the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." According to article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income presented in the parent company only financial statements are the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial

statements are the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis. Therefore, the investments in subsidiaries are disclosed under "Investments accounted for using the equity method" in the parent company only financial statements and changes in value are adjusted.

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

3. Foreign currency transaction

The Company's parent company only financial statements are expressed in New Taiwan dollars, which is the Company's functional currency.

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

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

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

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

4. Translation of financial statements in foreign currency

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

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

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

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

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

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

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

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

6. Cash and cash equivalents

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

7. Financial instruments

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

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

(a) Recognition and measurement of financial assets

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

The Company classified financial assets as subsequently measured at amortized cost and at fair value through profit or loss considering both factors below:

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial assets at FVOCI

Financial assets that meet the following two conditions at the same time are measured at fair value through other comprehensive income, and are listed in the balance sheet as financial assets measured at fair value through other comprehensive income:

A. Business model for managing financial assets: Collect contractual cash flows and sell financial assets
B. The contractual cash flow characteristics of the financial asset: Cash flows are solely payments of principal and interest on the principal amount

outstanding.

Recognition of the relevant gains and losses of such financial assets is explained as follows:

A. Before derecognition or reclassification, except for impaired profit or loss and foreign currency exchange gain or loss that are recognized in profit or loss, the profit or loss is recognized in other comprehensive profit or loss.
B. At the time of derecognition, the cumulative profit or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. The interest accounted for using the effective interest method (effective interest rate multiplying by the total carrying amount of financial assets) or the following conditions is recognized in 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) For financial assets other than the former, but subsequently become credit impairment, it is calculated as the effective interest rate multiplying by the amortized cost of the financial asset.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an (irrevocable election) to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized as profit or loss, unless the dividends clearly represent a recovery of part of the cost of investment.

Financial assets at FVTPL

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the parent company only balance sheet as financial assets measured at fair value through profit or loss.

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

(b) Impairment of financial assets

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

The Company expects 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. Time value of money
C. reasonable and supportable information (that is available without undue cost or effort at the reporting date) about past events, current conditions and forecasts of future economic conditions.

The allowance for loss is measured as follow:

A. At an amount equal to 12 month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the balance sheet date. Additionally, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current balance sheet date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit impaired financial asset.
C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses.
D. For the lease payment receivables arising from transactions within the scope of IFRS 16, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses.

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

(c) Derecognition of financial assets

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

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

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

(d) Financial liabilities and equity instruments

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

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

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

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

C. Liabilities that are derivative financial liabilities, except for financial guarantee contracts or derivative financial liabilities that are designated and effective hedging instruments.

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

A. 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 profits or losses arising from the remeasurement of such financial liabilities are recognized as gains and losses, and the profits or losses recognized as gains and losses include any interest paid on the financial liabilities.

Financial assets measured at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized into profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

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

Derecognition of financial liabilities

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

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

into profit or loss.

(e) Offsetting of financial assets and liabilities

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

8. Derivative instruments

Derivatives held or issued by the Company are used to hedge against exchange rate risk and interest rate risk. Among them, those that are designated and effective hedging are listed as hedging financial assets or liabilities in the parent company only balance sheet; the others are not designated as hedging instruments If they are effective for hedging, they are stated in the parent company only balance sheet as financial assets or financial liabilities measured at fair value through profit and loss.

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

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

9. Fair value measurement

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

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

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

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

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

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

10. Inventories

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

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

Raw materials -	Based on the standard cost usually which may be compared with the actual cost during the financial reporting period, and adjusted, if necessary, to make it closer to that calculated on a weighted average method.
Finished goods and work-in-process	Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, exclusive of the borrowing cost.

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

11. Investment accounted for using the equity method

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

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post acquisition change in the Company's share of net assets of the associate or joint venture. After the carrying amount of the investment in the associate or joint

venture and other related long-term equity is reduced to zero since the equity method is adopted, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

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

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

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

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

(a) The Company's share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture, and the proceeds on the ultimate disposal of the investment; or

(b) The present value of the estimated future cash flows expected by the Company to arise from dividends to be received from the investment and its ultimate disposal.

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

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

12. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the same and restoring the site on which the same are located, and the necessary interest expenses for construction in progress. Each part of property, plant and equipment that is significant is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful life and depreciation. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment." When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as the replacement cost if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

Buildings	7–50 years
Machinery and equipment	2–15 Years
Office equipment	2–8 Years
Transportation Equipment	3–6 Years
Water and electricity utilities	5–16 years
Leased Improvements	5–11 Years
Other equipment	5–10 Years

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

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

13. Investment property

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

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

Building	5–50 years

Investment property is derecognized and relevant profit or loss is recognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

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

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

14. Leases

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

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

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

The Company as a lessee

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

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

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

exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

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

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

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

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

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

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

period.

The Company as a lessor

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

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

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

15. Intangible assets

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

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

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

Intangible assets with indefinite service life are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment on intangible assets with indefinite service life is reviewed each period to determine whether the indefinite service life continues to be supportable. If not, the

change in service life from indefinite to finite is made on a prospective basis.

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

Patent Right

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

Computer Software

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

16. Impairment of non-financial assets

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

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

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

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

17. Treasury stocks

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

18. Revenue recognition

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

Sale of goods

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

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

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

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

19. Borrowing costs

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

20. Government grants

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

21. Retirement benefit plans

The Company's regulations governing employees' retirement apply to all employees hired by the Company officially. The employees' pension fund is managed by the Pension Supervisory Committee and deposited into the pension fund account as a whole. Said pension fund is deposited under the Committee's name in the specific bank account and hence, not associated with the Company. Therefore, such a fund is not included in said parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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

The past service costs are the changes in the present value of defined benefit obligation generated from amendments to or curtailment of the plan and recognized into profit or loss on the earlier of:

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

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

22. Income tax

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

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) Initial recognition of goodwill, or 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, and the transaction does not generate equivalent taxable and deductible temporary differences.
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

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

(a) Where the deferred tax liability is related to the deductible temporary difference arising 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, and the transaction does not generate equivalent taxable and deductible temporary differences.
(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.

According to the provisions of the temporary exception of "International Tax Reform - Pillar 2 Model Rules (Amendment to IAS 12)", no deferred income tax assets and liabilities of Pillar 2 income tax shall be recognized and no relevant information shall be disclosed.

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

The preparation of the Company's parent company only financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material

adjustment to the carrying amount of the asset or liability affected in future periods.

Assumptions and estimation

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

(a) Accounts receivables–estimation of impairment loss

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

(b) Inventory valuation

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

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

(c) Impairment of non-financial assets

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

of the tested cash-generating unit asset.

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

(d) Retirement benefit plans

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

(e) Income tax

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

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

VI. Summary of Significant Accounting Titles

1. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Reserve cash	$804	$689
Bank deposits	113,408	95,625
Total	$114,212	$96,314

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

2. Financial assets at FVTPL

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives without hedging relationship designated		
Forward exchange contract	$51	$-
Shares	60,133	50,650
Fund	5,460	5,464
Embedded financial derivatives - redemption right of domestic convertible corporate bonds	-	400
Total	$65,644	$56,514
Current	$9,603	$8,104
Non-current	56,041	48,410
Total	$65,644	$56,514

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

As of December 31, 2023, for details of information related to corporate bonds payable of the Company, please refer to Note VI.10.

3. Notes receivable

	December 31, 2023	December 31, 2022
Notes receivable – arising from operating activities	$174,065	$166,787
Less: Unrealized interest revenue	(762)	(1,367)
Subtotal	173,303	165,420
Less: Allowance for bad debts	(17,308)	-
Total	$155,995	$165,420
Current	$117,666	$134,551
Non-current (stated into other non-current assets)	38,329	30,869
Total	$155,995	$165,420

The Company's notes receivable were not provided security.

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

4. Accounts receivable – related party

	December 31, 2023	December 31, 2022
Accounts receivable	$312,424	$212,900
Less: Unrealized interest revenue	(2,086)	(1,024)
Subtotal	310,338	211,876
Allowance for bad debts	(20,457)	(13,985)
Subtotal	289,881	197,891
Accounts receivable – related party	40,451	22,145
Less: Unrealized interest revenue	(272)	(207)
Subtotal	40,179	21,938
Total	$330,060	$219,829

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

The credit period of the Company's sale to customers from 90 to 150 days. The total carrying amounts were NT$350,517 thousand and NT$233,814 thousand on December 31, 2023 and 2022. For information about the allowance for loss in 2023 and 2022, please refer to Note VI.15 for details. Please refer to Note XII for further details on credit risk.

5. Inventories

	December 31, 2023	December 31, 2022
Raw materials and supplies	$199,009	$208,044
Work in process	43,770	45,142
Finished goods inventory	211,186	244,419
Total	$453,965	$497,605

The inventory costs recognized by the Company as expenses were NT$829,289 thousand and NT$981,332 thousand in 2023 and 2022, including the price decline loss recognized upon recognition of write-off of inventories to net realizable value, NT$3,764 thousand in 2023, and the gains on revaluation on net realizable value of inventories after the stock selling at various stock age intervals, NT$5,500 thousand,

in 2022.

Said inventories were not provided as security.

6. Investment accounted for using the equity method

IV. Statement of changes in the Company's investments accounted for using the equity method:

Investor Company	December 31, 2023		December 31, 2022	
	Amount	Shareholding percentage	Amount	Shareholding percentage
Investment in subsidiaries:				
FU CHUN SHIN CO., LTD. (BVI) (FU CHUN SHIN (BVI)) (Note 3)	$2,549,238	100.00%	$2,520,703	100.00%
SHING FUH TAI TECHNOLOGY CORP.	11,751	85.71%	19,453	85.71%
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	10,588	92.00%	11,191	92.00%
FCS MACHINERY (THAILAND) CO., LTD.	(3,704)	100.00%	4,348	100.00%
PT. SHIN PREFORM PLASTIC	30,680	99.00%	32,219	99.00%
FCS RG PLASTIC PTE. Ltd. (Note 1)	(89,849)	65.00%	(74,431)	65.00%
FCS MACHINERY (INDIA) PRIVATE LIMITED	20,699	99.99%	22,073	99.99%
FCS PLASTIC MACHINERY (THAILAND) CO., LTD. (Note 4)	(16)	100.00%	1,694	100.00%
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	49,602	99.99%	67,471	99.99%
FU CHUN SHIN (VIETNAM) COMPANY LIMITED (Note 5)	3,299	100.00%	1,856	100.00%
JUST NANOTECH CO., LTD.	-	45.00%	2,036	45.00%
Subtotal	2,582,288		2,608,613	
Add: Credit balance of long-term equity investment transferred to other non-current liabilities (Note 2)	93,569		74,431	
Total	$2,675,857		$2,683,044	

(Note 1) 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%.

(Note 2) As of December 31, 2023 and 2022, the carrying amount of the equity net worth on the financial statements of others subsidiaries recognized by the Company was negative. Therefore, investments accounted for using the equity method generated the credit balance. As the Company will continue to support the investee, the balance of the carrying amount of the investment accounted for using the equity method is transferred to other non-current liabilities as required.r

(Note 3) On October 15, 2021, the Company's subsidiary, FU CHUN SHIN CO., LTD., remitted the surplus fund of NT$44,796 thousand after the liquidation of it investee, Minidesign Ltd.. As of December 31, 2023, FU CHUN SHIN CO., LTD. (BVI) has not completed the relevant statutory procedures, so the surplus fund was recognized into other non-current liabilities.

(Note 4) The Company's Board of Directors passed a resolution on August 11, 2022 to increase the capital of the subsidiary, FCS PLASTIC MACHINERY (THAILAND) CO., LTD., in cash, and injected a capital of NT$1,111 thousand (THB1,250 thousand) on March 30, 2023.

(Note 5) The Company's Board of Directors passed a resolution on March 22, 2023 to increase the capital of the subsidiary, FU CHUN SHIN (VIETNAM) COMPANY LIMITED in cash, and injected NT$$6,746 thousand (US$216 thousand) on December 28, 2023.

The investments in subsidiaries are disclosed under "Investments accounted for using the equity method" in the parent company only financial statements and changes in value are adjusted.

7. Property, plant and equipment

	December 31, 2023	December 31, 2022
Property, plant and equipment for own use	$743,795	$742,051

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

	Land	Buildings	Machinery and equipment	Office equipment	Transportation Equipment	Water and electricity utilities	Leased Improvements	Other assets	Unfinished construction	Total
Cost:										
January 1, 2023	$528,969	$425,949	$281,900	$20,757	$16,496	$24,220	$9,689	$22,085	$1,225	$1,331,290
Add	-	1,569	4,935	411	6,267	3,381	-	1,431	9,313	27,307
Dispose	-	-	(21,684)	-	-	(195)	-	(808)	-	(22,687)
Transfer	-	878	372	669	-	-	-	570	(952)	1,537
Other changes	-	(12,035)	-	-	-	-	-	-	-	(12,035)
December 31, 2023	$528,969	$416,361	$265,523	$21,837	$22,763	$27,406	$9,689	$23,278	$9,586	$1,325,412
January 1, 2022	$527,781	$423,883	$301,115	$21,674	$16,088	$23,153	$9,689	$20,964	$1,633	$1,345,980
Add	-	225	3,966	219	78	892	-	1,046	196	6,622
Dispose	-	-	(17,259)	(1,136)	(30)	-	-	(210)	-	(18,635)
Transfer	-	319	-	-	-	-	-	285	(604)	-
Other changes	1,188	1,522	(5,922)	-	360	175	-	-	-	(2,677)
December 31, 2022	$528,969	$425,949	$281,900	$20,757	$16,496	$24,220	$9,689	$22,085	$1,225	$1,331,290
Depreciation and impairment:										
January 1, 2023	$-	$251,074	$254,969	$20,011	$14,881	$18,772	$9,449	$20,083	$-	$589,239
Depreciation	-	14,548	8,113	410	639	1,156	45	622	-	25,533
Dispose	-	-	(21,684)	-	-	(195)	-	(808)	-	(22,687)
Other changes	-	(10,468)	-	-	-	-	-	-	-	(10,468)
December 31, 2023	$-	$255,154	$241,398	$20,421	$15,520	$19,733	$9,494	$19,897	$-	$581,617
January 1, 2022	$-	$234,536	$254,613	$20,599	$14,377	$17,507	$9,404	$19,815	$-	$570,851
Depreciation	-	15,040	13,939	548	510	1,265	45	478	-	31,825
Impairment loss	-	-	5,593	-	-	-	-	-	-	5,593
Dispose	-	-	(17,260)	(1,136)	(6)	-	-	(210)	-	(18,612)
Other changes	-	1,498	(1,916)	-	-	-	-	-	-	(418)
December 31, 2022	$-	$251,074	$254,969	$20,011	$14,881	$18,772	$9,449	$20,083	$-	$589,239
Net carrying amount:										
December 31, 2023	$528,969	$161,207	$24,125	$1,416	$7,243	$7,673	$195	$3,381	$9,586	$743,795
December 31, 2022	$528,969	$174,875	$26,931	$746	$1,615	$5,448	$240	$2,002	$1,225	$742,051

8. Investment property

	Land	Building	Total
Cost:			
January 1, 2023	$192,185	$168,390	$360,575
Add	-	187	187
Other changes	-	12,035	12,035
December 31, 2023	$192,185	$180,612	$372,797
January 1, 2022	$193,373	$169,912	$363,285
Other changes	(1,188)	(1,522)	(2,710)
December 31, 2022	$192,185	$168,390	$360,575
Depreciation:			
January 1, 2023	$-	$139,142	$139,142
Depreciation in the current period:	-	3,058	3,058
Other changes	-	10,468	10,468
December 31, 2023	$-	$152,668	$152,668
January 1, 2022	$-	$134,751	$134,751
Depreciation in the current period:	-	5,889	5,889
Other changes	-	(1,498)	(1,498)
December 31, 2022	$-	$139,142	$139,142
Net carrying amount:			
December 31, 2023	$192,185	$27,944	$220,129
December 31, 2022	$192,185	$29,248	$221,433

	2023	2022
Rent revenue from investment property	$41,816	$41,672
Less: The direct operating expenses incurred by the investment property generating rent revenue in the current period.	(3,996)	(6,817)
Total	$37,820	$34,855

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

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

The fair value of the investment property held by the Company was NT$292,497 thousand and NT$294,891 thousand on December 31, 2023 and 2022.

The fair value of the investment property held by the Company was based on the management's evaluation on December 31, 2023 and 2022. The fair value was determined based on the evidence available on the market and valued based on the Income Method. The parameters adopted primarily include:

	December 31, 2023	December 31, 2022
Discount rate	4.34%	4.22%

9. Short-term borrowings

	Interest rate range (%)	December 31, 2023	December 31, 2022
Unsecured bank borrowings	1.89%～1.92%	$190,000	$183,071

10. Bonds payable

	December 31, 2023	December 31, 2022
Domestic secured ordinary corporate bonds payable	$360,000	$360,000
Domestic unsecured convertible corporate bonds payable	484,198	475,015
Subtotal	844,198	835,015
Less: current portion	-	-
Net amount	$844,198	$835,015

(a) Domestic secured corporate bonds payable

	December 31, 2023	December 31, 2022
Carrying amount of domestic secured corporate bonds payable	$360,000	$360,000

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

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

(2) Domestic unsecured convertible corporate bonds payable

	December 31, 2023	December 31, 2022
Elements of liability:		
Nominal value of domestic unsecured convertible corporate bonds payable	$499,900	$499,900
Discount of domestic unsecured convertible corporate bonds payable	(15,702)	(24,885)
Net amount	$484,198	$475,015
Embedded derivative - Call/put rights under the issuance of domestic convertible corporate bonds (stated as financial assets at FVTPL)	$-	$400
Equity element (stated as capital reserve)	$18,800	$18,800

The Company issued domestic unsecured convertible corporate bonds with a coupon rate of 0% on August 24, 2022. Analyzed based on the contract terms of the convertible corporate bonds, the components include primary liability, embedded derivatives (the issuer's option to redeem and the holder's option to request the issuer's redemption) and equity elements (the holder's option to request conversion to ordinary shares of the issuer); the major issuance terms are as follows:

Total issuance amount: NT$500,000 thousand

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

Material redemption terms:

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

Conversion method:

A. Conversion target: Ordinary shares of the Company.
B. Conversion period: Bondholders may request to convert into the Company's ordinary shares in exchange for a cash repayment of the Company from November 25, 2022 to August 24, 2025.
C. Conversion price and its adjustment: The conversion price was set at NT$17.59 per share upon the issuance; if any matters of conversion price adjustments stated in the issuance terms occur to the Company's ordinary shares, the conversion price shall be adjusted according to the formula stated in the issuance terms. The conversion price on December 31, 2023 was NT$16.76 per share.
D. Redemption upon expiry: Outstanding corporate bonds will be redeemed at the par value.

Further, as of December 31, 2023 and 2022, the Company's bonds have been converted for an amount of NT$100 thousand, with a total shareholding of 6 thousand shares.

11. Long-term borrowings

(a) The details about long-term borrowings on December 31, 2023 and 2022 are stated as follows:

Creditor	December 31, 2023	Interest rate (Note)	Repayment period and rules
Cathay Bank Credit loans	$50,000		From September 28, 2023 to September 28, 2025, with principal repaid on the maturity date.
Bank SinoPac Secured borrowings	25,000		From June 29, 2023 to June 30, 2025, with the principal repaid on the maturity date.
Bank SinoPac Secured borrowings	49,000		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	70,000		From June 29, 2023 to June 30, 2025, with the principal repaid on the maturity date.
Mega International Commercial Bank (Arranger) Syndicated loan	520,000		From October 23, 2023 to October 23, 2028, with the principal repaid on the maturity date.

Creditor	December 31, 2023	Interest rate (Note)	Repayment period and rules
The Shanghai Commercial & Savings Bank Credit loans	12,500		from February 11, 2022 to February 11, 2025, with the principal repaid in eight installments on average, as of the second year.
E-Sun Bank Credit loans	60,000		From July 6, 2023 to July 6, 2025, with principal repaid on the maturity date.
Mega International Commercial Bank Secured borrowings	60,000		From May 28, 2023 to May 27, 2025, with principal repaid on the maturity date.
Bank of Taiwan Credit loans	60,000		From September 12, 2023 to September 12, 2025, with principal repaid on the maturity date.
Shin Kong Bank Credit loans	30,000		From December 20, 2023 to December 20, 2025, with principal repaid on the maturity date.
Subtotal	936,500		
Less: current portion	(17,000)		
Less: unamortized syndicated loan expenses	(4,843)		
Total	$914,657		

Note: Interest rate range is 1.76%~2.25%

Creditor	December 31, 2022	Interest rate (Note)	Repayment period and rules
The Export-Import Bank of ROC Credit loans	$16,891 (USD550 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 (USD 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 principal repaid on the maturity date.

Creditor	December 31, 2022	Interest rate (Note)	Repayment period and rules
Taiwan Business Bank Credit loans	5,555		from December 28, 2018 to December 27, 2023, with the principal repaid in 20 installments on average.
Bank SinoPac Secured borrowings	25,000		from August 19, 2022 to August 31, 2024, with the principal repaid in full on the date of maturity.
Bank SinoPac Secured borrowings	56,000		from September 21, 2020 to September 30, 2025, with partial principal repaid in installments each year starting from the second year and the remaining principal repaid in full on the date of maturity.
Bank SinoPac Credit loans	30,000		from August 19, 2022 to August 31, 2024, with the principal repaid in full on the date of maturity.
Taipei Fubon Commercial Bank Credit loans	30,000		from December 30, 2021 to December 20, 2022, with the principal repaid in full on the date of maturity.
Mega International Commercial Bank (Arranger) Syndicated loan	200,000		from July 25, 2019 to July 25, 2024 with the principal repaid in full on the date of maturity.
The Shanghai Commercial & Savings Bank Credit loans	20,000		from February 11, 2022 to February 11, 2025, with the principal repaid in eight installments on average, as of the second year.
E-Sun Bank Credit loans	60,000		from May 4, 2022 to May 4, 2024, with the principal repaid in full on the date of maturity.
Mega International Commercial Bank Secured borrowings	60,000		from May 28, 2022 to May 27, 2024, with the principal repaid in full on the date of maturity.
Bank of Taiwan Credit loans	30,000		from September 15, 2022 to September 15, 2024, with the principal repaid in full on the date of maturity.
Subtotal	639,588		
Less: current portion	(73,088)		

Creditor	December 31, 2022	Interest rate (Note)	Repayment period and rules
Less: unamortized syndicated loan expenses	(1,413)		
Total	$565,087		

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

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

(c) Bank Syndicated Loan in 2019

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

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

B. Until December 31, 2023, NT$360,000 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).
③Interest coverage ratio〔(net income before tax+interest expenses+depreciation+amortization)/interest expenses shall be maintained as double or more.

C. In the case of any inconsistency with said financial ratios, any application for drawdown of unused facility from the improvement period from the most recent date of interest payment after the managing bank's notice until the borrower

presents the financial statements audited/reviewed by a CPA certifying that it has improved it shall be suspended, except the revolving balance of the rollover, if any. Meanwhile, the relevant interest and margin shall be calculated based on the lending interest rate on Facility A and margin rate on Facility B and Facility C plus 0.1%–0.2%.

D. Where it is not improved during the period, the managing bank is entitled to take any action per the contract or resolution rendered through majority votes by the bank syndicate, including but not limited to:

①Suspend the borrower from drawing down the facilities, in whole or in part.
②Cancel the unused facilities under the contract, in whole or in part.
③Announce that maturity of any principal, interest, expenses, and any other accounts payable under the contract is accelerated, in whole or in part.

(d) Syndicated bank loans 2023

A. The Company signed the syndicated loan contract amounting to NT$2,000,000 thousand with 9 financial institutions including Mega Bank on August 8, 2023. Among other things:

①Facility A: NT$2,000,000 thousand as the working capital, revolving.
②Facility B: NT$1,000,000 thousand secured by the commercial paper, revolving.
③Facility C: No more than NT$512,500 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, 2023, NT$520,000 thousand has been drawn down. The term commences on October 23, 2023 until October 23, 2028. 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 the balance of the credit loan and convertible current portion re-stated due to put option) shall be maintained as 100% or more.
②Liability ratio (total liabilities/tangible assets) shall be no more than 250% (inclusive).
③ Interest coverage ratio 〔 (net income before tax+interest expenses+depreciation+amortization)/interest expenses shall be maintained as double or more.

C. In the case of any inconsistency with said financial ratios, any application for drawdown of unused facility from the improvement period from the most recent date of interest payment after the managing bank's notice until the borrower presents the financial statements audited/reviewed by a CPA certifying that it has improved it shall be suspended, except the revolving balance of the rollover, if any. Meanwhile, the relevant interest shall be calculated based on the lending interest rate on Facility A plus 0.1% and margin rate on Facility B and Facility C plus 0.1% .

D. Where it is not improved during the period, the managing bank is entitled to take any action per the contract or resolution rendered through majority votes by the bank syndicate, including but not limited to:

①Suspend the borrower from drawing down the facilities, in whole or in part.
②Cancel the unused facilities under the contract, in whole or in part.
③Announce that maturity of any principal, interest, expenses, and any other accounts payable under the contract is accelerated, in whole or in part.

E. If any of the three ESG indicators mentioned in the syndicated loan agreement are met, the interest rate spread and margin rate of the syndicated loan may be reduced by 0.01% each, for a total of up to 0.03% each. it shall be reviewed on each banking day based on the supporting information, and applicable from the next interest adjustment date or drawdown date or when the margin is paid. The interest rate spread and margin rate may be adjusted once a year, depending on the achievement status. If the interest rate before tax after the spread is lower than the annual interest rate of 1.70%, the annual interest rate will be calculated at 1.70%.

12. Retirement benefit plans

Defined contribution plans

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

The Company's expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$8,324 thousand and NT$8,306 thousand, respectively.

Defined benefit plans

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 6% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the Pension Supervisory Committee. Before the end of each year, the Company assesses the balance in said designated labor pension fund account. If the balance cannot afford to pay pensions calculated for workers retiring in the following year as calculated in said manner, the Company will make up the difference in one appropriation before the end of March in following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in house or under mandating, based on a passive aggressive investment strategy for long/mid-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits, if any, after the approval of the competent authority. As the Company has no right to participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with Paragraph 142 of IAS 19. The Company expects to contribute NT$7,864 thousand to its defined benefit plan in the year following December 31, 2023.

As of December 31, 2023, the Company expects its defined benefits plan obligation to become due in 2028.

Pension costs recognized in profit or loss are as follows:

	2023	2022
Current-period service cost	$130	$140
Net interest on net defined benefit liabilities (assets)	470	310
Total	$600	$450

The defined benefit obligation and fair value of plan assets are reconciled as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Present value of defined benefit obligation	$47,980	$52,760	$55,726
Fair value of plan assets	(16,277)	(13,592)	(11,461)
Net defined benefit liability	$31,703	$39,168	$44,265

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2022	$55,726	$(11,461)	$44,265
Current-period service cost	140	-	140
Interest expenses (revenue)	390	(80)	310
Subtotal	56,256	(11,541)	44,715
Remeasurements of net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(1,773)	-	(1,773)
Experience adjustments	7	-	7
Remeasurement of defined benefit assets	-	(921)	(921)
Subtotal	(1,766)	(921)	(2,687)
Benefits paid	(1,730)	1,730	-
Contributions from employer	-	(2,860)	(2,860)
December 31, 2022	$52,760	$(13,592)	$39,168
Current-period service cost	130	-	130
Interest expenses (revenue)	633	(163)	470
Subtotal	53,523	(13,755)	39,768
Remeasurements of net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	116	-	116
Experience adjustments	(256)	-	(256)
Remeasurement of defined benefit assets	-	(61)	(61)
Subtotal	(140)	(61)	(201)
Benefits paid	(5,403)	5,403	-
Contributions from employer	-	(7,864)	(7,864)
December 31, 2023	$47,980	$(16,277)	$31,703

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

	December 31, 2023	December 31, 2022
Discount rate	1.15%	1.20%
Expected salary increase rate	1.00%	1.00%

The sensitivity analysis on each significant assumption:

	2023		2022	
	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%	$-	$(1,059)	$-	$(1,618)
Discount rate decreasing by 0.5%	1,232	-	1,773	-
Expected salary increasing by 0.5%	1,225	-	1,767	-
Expected salary decreasing by 0.5%	-	(1,065)	-	(1,628)

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

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

13. Equity

(a) Common stock

Until December 31, 2023 and 2022, the Company's authorized capital and issued share capital were both NT$5,000,000 thousand, and paid-in capital was NT$1,569,860 thousand and NT$1,524,079 thousand, respectively, each at a par value of NT$10 per share for 156,986 thousand shares and 152,408 thousand shares. Each share has one voting right and a right to receive dividends.

The annual general meeting made the resolution to perform a capital increase from earnings in the amount of NT$45,724 thousand through issuance of 4,572 thousand new shares on June 15, 2023. The capital increase proposal was approved by the competent authority, and the registration change was competed.

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

In 2022, the Company applied for conversion of the 1st domestic secured convertible bonds issued by the Company to the amount of NT$57 thousand that were converted to 6,000 ordinary shares; the change was registered on April 19, 2022.

(b) Capital surplus

	December 31, 2023	December 31, 2022
Issued at premium	$19,009	$19,009
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	18,800	18,800
Others	37	37
Total	$42,520	$42,520

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:

2023:

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	-	-	-	-

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	-

B. As of December 31, 2023 and 2022, the Company didn't repurchase treasury shares that had not been canceled.

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.

(4) Earnings distribution and dividend policy

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

A. Pay all taxes and dues;
B. Compensate all losses;
C. Set aside 10% as the legal reserve;
D. Set aside or reverse special reserve in accordance with law and regulations or the competent authority's order.
E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's dividend policy shall be prepared subject to the current and future investment environment which the Company is in, the Company's funding needs, domestic/foreign competition status and capital budget, and by taking into account the shareholders' interest, balanced dividends and the Company's long-term financial planning. The Board of Directors shall prepare the distribution proposal annually and present it at the shareholders' meeting. The total distributable dividends shall be no more than 80% of the annual distributable earnings, including the cash dividends no less than 20% of the distributable dividends.

According to the Company Act, the legal reserve shall be set aside, unless it amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Group. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or in cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes the distributable earnings, it may set aside the special reserve from the difference between the balance of special reserve already set aside at the first-time adoption of IFRSs and the deduction net amount of other shareholders' equity. If the deduction net amount of other shareholders' equity reverses, the earnings of the reversing part can be distributed.

In accordance with the FSC's order under Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, the Company set aside the special reserve from the unrealized revaluation increments and (gains on) cumulative translation adjustment transferred to the retained earnings after it chose to adopt the exemptions under IFRS 1 "First-time Adoption of International Financial Reporting Standards" on the date of translation, when the Company adopted the IFRS initially. When related assets are used, disposed of or reclassified by the Company subsequently, the original rate to state the special reserves could be used to reverse the earnings distribution.

The special reserves provided by the Company at the first-time adoption of IFRS were both NT$188,685 thousand on December 31, 2023 and 2022. The Company didn't use, dispose of or reclassify related assets or reverse special earnings to undistributed earnings from January 1 to December 31, 2023 and 2022.

The following 2023 and 2022 earnings provision and appropriation proposal and dividend per share were proposed by the Company's Board of Directors on March 15, 2024 and resolved by the annual general meeting on June 15, 2023:

	Earnings provision and appropriation		Dividends Per Share (NT$)	
	2023	2022	2023	2022
Legal reserve	$2,076	$16,114		
Cash dividend from ordinary shares	23,548	45,724	$0.15	$0.30
Stock dividend from ordinary shares	-	45,724	-	0.30
Total	$25,624	$107,562		

For the information about estimate bases and recognized amount of the remuneration

to employees and directors, please refer to Note VI.17.

14. Operating revenue

The information about the Company's revenue from contracts with customers in 2023 and 2022 is stated as follows:

(a) Breakdown of revenue

	2023	2022
Injection and molding machine	$799,451	$901,803
Revenue from cables	169,676	212,187
Others	109,324	145,820
Total	$1,078,451	$1,259,810
Point in time of revenue recognition:		
Recognized at some point in time	$1,078,451	$1,259,810

(b) Contract balance

A. Contract assets - current

	December 31, 2023	December 31, 2022	January 1, 2022
Sale of goods	$53,902	$2,288	$11,247

The significant changes in the balance of Company's contract assets in 2023 and 2022 are stated as follows:

	2023	2022
Opening balance reclassified to accounts receivable in the current period	$(1,920)	$(10,515)
There is no unconditional right to receive the contract consideration in the current period.	53,534	1,556

B. Contract liabilities – Current

	December 31, 2023	December 31, 2022	January 1, 2022
Sale of goods	$74,068	$50,152	$105,773

The significant changes in the Company's 2023 and 2022 balances of contract liabilities are as follows:

	2023	2022
Variance	23,916	(55,621)

The increase in the Company's contract liabilities in 2023 resulted from some contracts collecting part of the consideration from customers upon signing the contract and causing the Company to bear the obligation to sell the goods subsequently and recognize these amounts as contract liabilities. In 2022, the decrease in contract liabilities resulted from the performed obligation restated into the revenue.

15. Expected credit impairment losses

	2023	2022
Operating expenses – Expected credit impairment losses		
Notes receivable	$17,308	$-
Accounts receivable	6,472	5,217
Total	$23,780	$5,217

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

The Company measures the allowance for loss of its contract assets and receivables (including note receivables, accounts receivable, and accounts receivables-related party) at an amount equal to lifetime expected credit losses, and also measures the allowance for loss with respect to individual trading counterparties with difficulty in finance. The accounts receivable have amounted to NT$51,900 thousand and NT$17,914 thousand, and allowances for losses as NT$34,592 thousand and NT$11,949 thousand, on December 31, 2023 and 2022, respectively. The other contract assets and receivables (including notes receivable, accounts receivable and accounts receivable-related party) were grouped by taking into consideration the trading counterpart's credit rating, region and industry, and the allowance for loss thereof measured by using a provision matrix.

The allowance for loss on December 31, 2023 is measured as follows:

	Not Past Due	Number of overdue days					
	(Note)	Less than 90 days	90–180 days	180–365 days	1–2 years	Over 2 years	Total
Total carrying amount	$392,092	$113,598	$2,966	$13,255	$2,871	$1,040	$525,822
Loss rate	0.00%	0.00%	0.00%~ 3.00%	0.00%~ 10.00%	25.00%~ 25.93%	100%	
Lifetime expected credit loss	-	-	(89)	(1,326)	(718)	(1,040)	(3,173)
Total	$392,092	$113,598	$2,877	$11,929	$2,153	$-	$522,649

Note: The Company's contract assets, notes receivable and accounts receivable - related parties are not past due.

The allowance for loss on December 31, 2022 was measured as follows:

	Not Past Due	Number of overdue days					
	(Note)	Less than 90 days	90–180 days	180–365 days	1–2 years	Over 2 years	Total
Total carrying amount	$319,017	$46,714	$8,548	$4,981	$4,088	$260	$383,608
Loss rate	0.00%	0.00%	0.00%~ 3.00%	0.00%~ 10.00%	17.88%~ 25.00%	100%	
Lifetime expected credit loss	-	-	(256)	(498)	(1,022)	(260)	(2,036)
Total	$319,017	$46,714	$8,292	$4,483	$3,066	$-	$381,572

Note: The Company's contract assets, notes receivable and accounts receivable - related parties are not past due.

The changes in the allowance for loss of the Company's 2023 and 2022 notes receivable and accounts receivable is stated as follows:

	Notes receivable	Accounts receivable
January 1, 2023	$-	$13,985
Increase in the current period	17,308	6,472
December 31, 2023	$17,308	$20,457
January 1, 2022	$-	$11,656
Increase in the current period	-	5,217
Written off due to the inability of recovery	-	(2,888)
December 31, 2022	$-	$13,985

16. Leases

The Company as lessor

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

	2023	2022
Lease income recognized from operating lease		
Income related to fixed lease payments	$41,816	$41,672

The undiscounted lease payments and the total amount of the residual years to be collected by the Company on December 31, 2023 and 2022, for the operating lease contracts executed by the Group, are stated as follows:

	December 31, 2023	December 31, 2022
No more than one year	$42,292	$42,063
More than one year but no more than two years	41,289	42,063
More than two years but no more than three years	33,393	40,923
More than three years but no more than four years	26,490	32,487
More than four years but no more than five years	10,513	25,615
More than five years	29,379	39,172
Total	$183,356	$222,323

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

By function / By nature	2023			2022		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefit expense						
Salary expense	$47,628	$135,741	$183,369	$56,002	$152,633	$208,635
Labor and health insurance expense	5,837	13,231	19,068	6,441	12,664	19,105
Pension expenses	2,377	6,547	8,924	2,529	6,227	8,756
Remuneration of Directors	-	1,570	1,570	-	5,418	5,418
Other employee benefit expenses	2,713	5,106	7,819	3,119	4,983	8,102
Depreciation expense	18,717	9,874	28,591	28,064	9,650	37,714
Amortization expenses	-	8,927	8,927	-	10,160	10,160

The Company's employees were 282 persons and 295 persons on December 31, 2023 and 2022, 3 out of them didn't work as employees concurrently.

A company with its shares listed on TWSE or TPEx shall also disclose the following information:

(a) The average employee benefit expense was NT$786 thousand in the current year, and NT$839 thousand in the previous year.
(b) The average employee salary expense was NT$657 thousand in the current year, and NT$716 thousand in the previous year.
(c) The average employee salary expense was decreased by 8%.
(d) The Company's remuneration policy:
   A. The Company has defined in its Articles of Incorporation the remuneration policy for employees and directors, and also established the Remuneration Committee to evaluate and supervise the remuneration system of the Company for directors and managers. The reasonable remuneration to directors and managers is determined by taking into consideration the Company's business performance, future risk, development strategies and industrial trends, as well as personal contribution to the Company's performance.
   B. The Company established the sound employee benefit system in accordance with laws, in order to provide employees with favorable remuneration and benefit conditions. The remuneration to employees consists of monthly salary, bonus allocated subject to business performance, and reward to employees subject to the annual profit and per the Articles of Incorporation. The Company performs the performance appraisal on all colleagues throughout the Company periodically each year, in order to verify all colleagues' work performance and as the basis for determination of promotion, training development and payment of remuneration.

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

Based on the profit sought in 2023, the Company estimated the remunerations to employees and directors. The remunerations to employees and directors recognized in 2023 were NT$2,720 thousand and NT$940 thousand, stated into the salary expenses.

A resolution was passed at a Board of Directors meeting to distribute NT$2,720 thousand and NT$940 thousand in cash as the remuneration to employees and directors,

respectively, on March 15, 2024. No material differences exist between the estimated amounts and the amounts stated as expenses in the 2023 financial report.

The remunerations to employees and directors distributed actually in 2022 were NT$11,569 thousand and NT$4,628 thousand. No material differences exist between the same and the amounts stated as expenses in the 2022 financial report.

18. Non-operating income and expense

(a) Other income

	2023	2022
Interest revenue	$7,947	$5,073
Other income - Others	49,882	54,385
Total	$57,829	$59,458

(b) Other gains or losses

	2023	2022
Gains on disposal of property, plant and equipment	$403	$669
Gains (losses) on net foreign currency exchange	(8,007)	2,335
Gain (loss) on financial assets at fair value through profit or loss	8,890	(6,047)
Impairment loss - Property, plant and equipment	-	(5,593)
Impairment loss - Financial assets at FVTPL	-	(4,990)
Other expenditure	(5,674)	(8,211)
Total	$(4,388)	$(21,837)

(c) Financial costs

	2023	2022
Interest expenses on bonds	$(11,445)	$(5,291)
Interest on bank loans	(18,360)	(13,753)
Others	(70)	(35)
Total	$(29,875)	$(19,079)

19. Components of other comprehensive income

The components of other comprehensive income in 2023 are stated as follows:

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehensive income	Income tax gains (expenses)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of defined benefit programs	$201	$-	$201	$(40)	$161
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	(48,124)	-	(48,124)	9,624	(38,500)
Total other comprehensive income in the current period	$(47,923)	$-	$(47,923)	$9,584	$(38,339)

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

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehensive income	Income tax gains (expenses)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of defined benefit programs	$2,687	$-	$2,687	$(537)	$2,150
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	22,210	-	22,210	(4,442)	17,768
Total other comprehensive income in the current period	$24,897	$-	$24,897	$(4,979)	$19,918

20. Income tax

The components of income tax expenses in 2023 and 2022 are stated as follows:

(a) Income tax recognized in profit or loss

	2023	2022
Current-period income tax expenses:		
Current income tax payable	$13,525	$2,569
Adjustment of the income tax in the previous year in the current period	566	-
Deferred income tax expenses:		
Deferred income tax expenses (gains) related to origination and reversal of temporary difference	258	50,616
Deferred income tax expenses (gains) related to origination and reversal of tax loss and income tax credit	(215)	(8,635)
Income tax expenses	$14,134	$44,550

(b) Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax expenses (gains):		
Exchange differences on translation of the financial statements of foreign operations	$(9,624)	$4,442
Actuarial gains and losses on defined benefit plan	40	537
Income tax related to components of other comprehensive income	$(9,584)	$4,979

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

	2023	2022
Net income before tax of continuing operations	$34,731	$204,005
Income tax calculated at the Company's statutory income tax rate, 20%	$6,946	$40,801
Tax effect of expenses not deductible (tax-free income) for tax purposes	4,135	478
Additional income tax on undistributed earnings	2,702	-
Tax effect of deferred income tax assets/liabilities	(215)	702
Adjustment of the income tax in the previous year in the current period	566	2,569
Income tax expense recognized in profit or loss	$14,134	$44,550

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

2023

	Balance at January 1	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Directly recognize in equity	Ending balance
Temporary differences					
Inventory falling price reserves	$13,239	$753	$-	$-	$13,992
Share of net (gains) on subsidiaries accounted for using equity method	(322,357)	(4,469)	-	-	(326,826)
Exchange differences on translation of the financial statements of foreign subsidiaries	6,768	-	9,624	-	16,392
Accruable pension liabilities	7,834	(1,453)	(40)	-	6,341
Reserve for land value increment tax	(222,545)	-	-	-	(222,545)
Unused tax loss	56,268	215	-	-	56,483
Convertible corporate bonds	(4,701)	-	-	-	(4,701)
Others	6,555	4,911	-	-	11,466
Deferred income tax (expenses)/gains		$(43)	$9,584	$-	
Net deferred tax assets/(liabilities)	$(458,939)				$(449,398)
The information expressed in the balance sheet:					
Deferred tax income assets	$83,788				$89,222
Deferred income tax liabilities	$(542,727)				$(538,620)

2022

	Balance at January 1	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Directly recognize in equity	Ending balance
Temporary differences					
Inventory falling price reserves	$14,339	$(1,100)	$-	$-	$13,239
Share of net (gains) on subsidiaries accounted for using equity method	(270,988)	(51,369)	-	-	(322,357)
Exchange differences on translation of the financial statements of foreign subsidiaries	11,210	-	(4,442)	-	6,768
Accruable pension liabilities	8,853	(482)	(537)	-	7,834
Reserve for land value increment tax	(222,545)	-	-	-	(222,545)
Unused tax loss	47,633	8,635	-	-	56,268
Convertible corporate bonds	-	-	-	(4,701)	(4,701)
Others	4,220	2,335	-	-	6,555
Deferred income tax (expenses)/gains		$(41,981)	$(4,979)	$(4,701)	
Net deferred tax assets/(liabilities)	$(407,278)				$(458,939)
The information expressed in the balance sheet:					
Deferred tax income assets	$75,075				$83,788
Deferred income tax liabilities	$(482,353)				$(542,727)

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

		Uncredited balance		
Year when it is incurred	Amount of loss	December 31, 2023	December 31, 2022	Expiration year
2015	70,299	$47,756	$47,756	2025
2016	40,988	40,988	40,988	2026
2017	23,024	23,024	23,024	2027
2020	37,853	37,853	37,853	2030
2021	84,883	84,883	84,883	2031
2022	47,914	47,914	46,838	2032
		$282,418	$281,342	

The assessment on income tax returns

As of December 31, 2023, the assessment on the income tax returns of the Company is as follows:

	The assessment on income tax returns
The Company	Authorized until 2021

21. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary shareholders of the Company (upon reconciliation of interest on convertible corporate bonds) by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares to be issued when dilutive potential ordinary shares are converted into ordinary shares.

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

	2023	2022
(a) Basic earnings per share		
Current-period profit ($ Thousand)	$20,597	$159,455
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (Thousand Shares) (Note 2)	156,985	156,241
Basic earnings per share (NT$)	$0.13	$1.02
(b) Diluted earnings per share		
Current-period profit ($ Thousand)	$20,597	$159,455
Interest on convertible corporate bonds (NT$ Thousand)	(Note 1)	2,418
Net income upon effect of adjustment and dilution	$20,597	$161,873
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (Thousand Shares) (Note 2)	156,985	156,241
Dilution effect:		
Employee bonus – stocks (thousand shares)	317	765
Potential number of shares upon conversion of convertible corporate bonds (thousand shares)	(Note 1)	10,050
Weighted average number of ordinary shares after adjustment and dilution (Thousand Shares)	157,302	167,056
Diluted earnings per share (NT$)	$0.13	$0.97

(Note 1) The convertible corporate bonds posed anti-dilution effect on the convertible corporate bonds from January 1 to December 31, 2023.

(Note 2) The pro forma retroactive adjustment for bonus shares.

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

VII. Related-party Transactions

Related parties in the transactions with the Company during the reporting period:

Related party name and categories

Related Party Name	Relationship with the Company
FU CHUN SHIN CO., LTD. (BVI)	The Company's subsidiary
SHING FUH TAI TECHNOLOGY CORP.	The Company's subsidiary
FCS MACHINERY (THAILAND) CO., LTD.	The Company's subsidiary
FCS MACHINERY (INDIA) PRIVATE LIMITED	The Company's subsidiary
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	The Company's subsidiary
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	The Company's subsidiary
FCS RG PLASTIC PET.LTD.	The Company's subsidiary
FCS PLASTIC MACHINERY(THAILAND) CO., LTD.	The Company's subsidiary
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	The Company's subsidiary
PT. SHIN PREFORM PLASTIC	The Company's subsidiary
PT.FUCHUNSHIN TECHNOLOGY INDONESIA	The Company's subsidiary
PT. FCS RGP PLASTIC	The Company's subsidiary
FCS MANUFACTURING(INDIA) PRIVATE LIMITED	The Company's subsidiary
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	The Company's subsidiary

Significant transactions among related parties

1. Sales

	2023	2022
The Company's subsidiary		
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	$2,108	$3,533
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	531	32,692
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	26,969	12,480
PT. SHIN PREFORM PLASTIC	5,444	7,418
PT.FUCHUNSHIN TECHNOLOGY INDONESIA	7,230	2,811
FCS PLASTIC MACHINERY(THAILAND) CO.,LTD.	8,254	582
Others	1,866	3,293
Total	$52,402	$62,809

The Company sells products to the related party at cost plus overhead as the selling price. Notwithstanding, as it is the only customer of the Company to whom the Company sells the spare parts of finished goods, and no other comparable customers exist. The Company's collection terms applicable to the general customers require payment due within 90–150 days, or in installments, which are equivalent to those applicable to related parties.

2. Purchase

	2023	2022
The Company's subsidiary		
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	$122,223	$138,261
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	99,500	145,242
Others	808	138
Total	$222,531	$283,641

The Company purchases goods from related parties at cost plus overhead as the purchasing price. The payment terms are equivalent to those applicable to the general purchases.

3 . Accounts receivable – related party

	December 31, 2023	December 31, 2022
The Company's subsidiary		
FCS MACHINERY (THAILAND) CO., LTD.	$7,046	$9,947
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	22,549	8,559
FCS PLASTIC MACHINERY(THAILAND) CO., LTD.	5,769	830
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	5,027	1,613
Others	60	1,196
Subtotal	40,451	22,145
Less: Unrealized interest revenue	(272)	(207)
Total	$40,179	$21,938

4. Other receivables – related party (not for financing)

	December 31, 2023	December 31, 2022
The Company's subsidiary		
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	$15,210	$21,775
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	3,599	4,288
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	3,756	1,712
Others	-	9
Total	$22,565	$27,784

5. Accounts receivable – related party

	December 31, 2023	December 31, 2022
The Company's subsidiary		
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	$24,613	$17,049
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	31,445	9,106
Others	378	8
Total	$56,436	$26,163

6 . Financing status

(a) The Company's loans to related parties: (stated as other receivables - related party)

	December 31, 2023	December 31, 2022
The Company's subsidiary		
FCS MACHINERY (THAILAND) CO., LTD.	$9,019	$1,686
FCS RG PLASTIC PTE.LTD	75,761	7,581
FCS MANUFACTURING(INDIA) PRIVATE LIMITED	31,552	30,790
FU CHUN SHIN CO., LTD. (BVI)	44,507	-
Total	$160,839	$40,057

(b) The Company's financing for related parties: (stated as other payables - related party)

	December 31, 2023	December 31, 2022
The Company's subsidiary		
FU CHUN SHIN CO., LTD. (BVI)	$-	$69,405

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

	December 31, 2023	December 31, 2022
The Company's subsidiary	$44,796	$44,796

8. Royalty revenue (stated as non-operating income and expense)

	2023	2022
The Company's subsidiary		
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	$3,648	$4,337
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	15,448	22,095
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	3,795	1,742
Total	$22,891	$28,174

9. Interest revenue (stated as non-operating income and expense)

The Company's revenue from the loan interest collected from subsidiaries in 2023 and 2022:

	2023	2022
The Company's subsidiary		
FCS RG PLASTIC PTE. LTD.	$3,737	$1,836
Others	969	136
Total	$4,706	$1,972

10. Others

Until December 31, 2023 and 2022, certain loan contracts governing borrowings by the Company's subsidiaries from financial institutions have required that the Company should bear the liability of guarantee jointly and severally.

11. Remuneration to the Company's key management

	2023	2022
Short-term employee benefits	$38,393	$39,308
Pensions	1,304	1,411
Total	$39,697	$40,719

VIII. Pledged assets

The Company has provided the following assets as collaterals:

	Carrying amount		
Item	December 31, 2023	December 31, 2022	Details about the secured debts
Pledged bank deposits (recognized in other current assets)	$41,600	$33,600	Letters of guarantee and endorsements/guarantees for others
Property, plant and equipment – land and buildings	561,154	569,032	Long-term borrowings
Investment property	204,015	204,445	Long-term borrowings
Total	$806,769	$807,077	

IX. Significant Contingent Liabilities and Unrecognized Commitments

The Company has had the following contingencies or commitments not included into the financial statements until December 31, 2023:

The Company has applied for the performance bond, NT$11,400 thousand, with the financial institution for the "Green Innovation- Low-Carbon Plastic Injection Ecosystem Project" requested with the Ministry of Economic Affairs until December 31, 2023.

X. Losses Due to Major Disasters

None.

XI. Significant Events

None.

XII. Others

1. Categories of financial instruments

Financial assets

	December 31, 2023	December 31, 2022
Financial assets at FVTPL:		
Financial assets mandatorily measured at fair value through profit or loss (including the current and non-current)	$65,644	$56,514
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	113,408	95,625
Notes receivable (including the current and non-current)	155,995	165,420
Accounts receivable (including the current and non-current)	330,060	219,829
Other receivables (stated as other current assets)	2	3,509
Other receivables - Related parties	183,404	67,841
Pledged bank deposits (recognized in other current assets)	41,600	33,600
Refundable deposits (recognized in other non-current assets)	3,144	1,977
Subtotal	827,613	587,801
Total	$893,257	$644,315

Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities measured at amortized cost:		
Short-term borrowings	$190,000	$183,071
Payables	260,768	259,958
Bonds payable (including the current portion)	844,198	835,015
Long-term borrowings (including the current portion)	931,657	638,175
Deposits received	10,176	10,087
Total	$2,236,799	$1,926,306

2. Financial risk management objectives and policies

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

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

3. Market risk

The Company's market risk arises from the fluctuation of fair value or cash flow due to changes in the market price of financial instruments. Market risk mainly includes exchange rate risk, interest rate risk and other price risks (e.g. equity instruments).

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

Foreign currency risk

The Company's exposure to the foreign exchange rate risk relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and net investment in foreign operations.

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

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

(1) When NTD appreciates/depreciates against USD by 1%, the Company's profit for 2023 and 2022 is decreased by NT$3,709 thousand and NT$1,783 thousand.
(2) When NTD appreciates/depreciates against RMB by 1%, the Company's profit for 2023 and 2022 is increased/decreased by NT$329 thousand and NT$26 thousand.

Interest rate risk

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

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

The sensitivity analysis on the Company's interest rate risk is primarily intended to be conducted against the interest rate exposure items at the end of the financial reporting period, including the floating rate investment, floating rate loans and interest rate swaps. Meanwhile, under the hypothesis of holding for one fiscal year, when interest rate increases/decrease by 10 basis points, the Company's profit for 2023 and 2022 is decreased by NT$1,756 thousand and NT$1,561 thousand.

Equity price risk

The Company holds TWSE/TPEx listed and non-TWSE/TPEx listed equity securities, of which the fair value will be affected by the uncertainty of the future value of these investment targets. The TWSE/TPEx listed and non-TWSE/TPEx listed equity securities held by the Comany are included in the types of assets at fair value through profit and loss and at fair value through other comprehensive income. The Company manages the price risk of equity securities by diversifying its investments and setting limits for a single or overall equity securities investment. Equity securities investment portfolio information shall be regularly provided to the senior management of the Company, and the Board of Directors shall review and approve all equity securities investment decisions.

It refers to the TWSE/TPEx listed equity securities at fair value through profit or loss. When the price of such equity securities increases/decreases by 1%, the Company's profit or loss in 2023 and 2022 will be increased/decreased by NT$41 thousand and NT$26 thousand in 2023 and 2022.

For other equity instruments or derivatives linked to equity instruments that are classified as Level 3 in fair value, please refer to Note XII.9 for sensitivity analysis information.

4. Credit Risk Management

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

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

As of December 31, 2023 and 2022, the top ten customer contract assets and accounts receivable represent 48% and 42% of the Company's total contract assets and accounts receivables, respectively. The credit concentration risk of the other accounts receivables is insignificant relatively.

The Company's treasury department manages the credit risk over the bank deposits, fixed-income securities and other financial instruments in accordance

with the Company's policy. The Company only transacts with trading counterparts approved by the internal control procedures, which are banks and financial institutions, companies and government agencies with good credit ratings. Consequently, there is no significant credit risk for these trading counterparts arises therefor.

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

			Total carrying amount	
Credit risk level	Indicators	Expected credit loss measurement method	December 31, 2023	December 31, 2022
Simplified Approach (Note)	(Note)	Lifetime expected credit loss	$577,722	$401,522

Note: Adopt the Simplified Approach (to measure the allowance for loss based on the lifetime expected credit loss), including contract assets, notes receivable (including related party) and accounts receivable (including related party).

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

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

5. Liquidity Risk Management

The Company's objective is to maintain financial resilience through cash and cash equivalents, high-liquidity securities and bank loan contracts. The table below summarizes the maturity profile of the Company's financial liabilities based on the earliest date when the repayment is required and the undiscounted

cash flows thereof. The amount so identified also includes the agreed interest. The undiscounted interest amounts of the cash flow of interest payable at floating rate are extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
December 31, 2023					
Borrowings	$229,329	$428,845	$540,255	$-	$1,198,429
Bonds payable	2,268	860,845	-	-	863,113
Payables	260,768	-	-	-	260,768
December 31, 2022					
Borrowings	$269,769	$576,004	$-	$-	$845,773
Bonds payable	2,268	863,113	-	-	865,381
Payables	259,958	-	-	-	259,958

6. Reconciliation of liabilities from financing activities

The information about adjustment of liabilities in 2023:

	Short-term borrowings	Long-term borrowings	Bonds payable	Other payables-related party	Total liabilities from financing activities
January 1, 2023	$183,071	$638,175	$835,015	$69,405	$1,725,666
Cash flow	6,929	293,482	-	(69,405)	231,006
Not changes in cash	-	-	9,183	-	9,183
December 31, 2023	$190,000	$931,657	$844,198	$-	$1,965,855

The information about adjustment of liabilities in 2022:

	Short-term borrowings	Long-term borrowings	Bonds payable	Other payables-related party	Total liabilities from financing activities
January 1, 2022	$159,341	$945,701	$360,000	$134,525	$1,599,567
Cash flow	23,730	(307,526)	494,850	(65,120)	145,934
Not changes in cash	-	-	(19,835)	-	(19,835)
December 31, 2022	$183,071	$638,175	$835,015	$69,405	$1,725,666

7. Fair value of financial instruments

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

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

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

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

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

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

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

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

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

(c) Fair value measurement hierarchy for financial instruments

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

8. Derivative instruments

The information about the derivative financial instruments that fail to satisfy the hedge accounting and remain undue as held by the Company until December 31, 2023 and 2022 is stated as follows:

Forward exchange contract

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

Item	Contract amount	Period
December 31, 2023		
Forward exchange contract	Sold for US$100 thousand	December 4, 2023 to January 25, 2024
December 31, 2022		
None.		

Embedded derivative instruments

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

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

9. Fair value hierarchy

(a) Definition of fair value hierarchy

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

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities acquired at the date of measurement.
Level 2:	Inputs observable for the asset or liability, either directly or indirectly, other than quoted prices included within Level 1.
Level 3:	Unobservable inputs for the asset or liability.

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

(b) Fair value measurement hierarchy

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

December 31, 2023

	1st Level	2nd Level	3rd Level	Total
Financial assets:				
Financial assets at FVTPL				
Forward exchange contract	$-	$51	$-	$51
Fund	-	5,460	-	5,460
Shares	4,092	-	56,041	60,133

December 31, 2022

	1st Level	2nd Level	3rd Level	Total
Financial assets:				
Financial assets at FVTPL				
Fund	$-	$5,464	$-	$5,464
Shares	2,640	-	48,010	50,650
Embedded derivatives	-	-	400	400

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

In 2023 and 2022, there were no transfers of fair value measurement hierarchy between Level 1 and Level 2.

Breakdown of changes in level 3 repetitive fair value

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

	Assets Financial assets measured at fair value through profit or loss	
	Shares	Derivative instruments
January 1, 2023	$48,010	$400
Total (losses) recognized in 2023:		
Recognized in profit or loss (stated in other gains and losses)	8,031	(400)
December 31, 2023	$56,041	$-

	Assets Financial assets measured at fair value through profit or loss	
	Shares	Derivative instruments
January 1, 2022	$65,313	$-
Total (losses) recognized in 2022:		
Recognized in profit or loss (stated in other gains and losses)	(7,303)	(342)
Issued/acquired in 2022	-	742
Disposed of/settled in 2022	(10,000)	-
December 31, 2022	$48,010	$400

Information on fair value level 3 significant unobservable inputs

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

December 31, 2023:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis and value relationship of the relationship of inputs and fair value
Financial assets:					
Financial assets measured at fair value through profit or loss					
Embedded derivative instruments	Binary Tree convertible bond valuation model	Volatility	17.45%	The higher the volatility the higher the fair value estimate	When the volatility increases (decreases) by 1%, it will increase the Group's profit or loss by NT$0 thousand/NT$0 thousand.
Unlisted shares	Market approach	Price-to-earnings ratio of similar companies	12.60～18.46	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' stocks increase (decreases) by 10%, the profit or loss of the Group will be increased/decreased by NT$9,535 thousand.

December 31, 2022:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis and value relationship of the relationship of inputs and fair value
Financial assets:					
Financial assets measured at fair value through profit or loss					
Embedded derivative instruments	Binary Tree convertible bond valuation model	Volatility	34.97%	The higher the volatility the higher the fair value estimate	When the volatility increases (decreases) by 1%, it will increase the Group's profit or loss by NT$0 thousand/NT$10 thousand.
Unlisted shares	Market approach	Price-to-earnings ratio of similar companies	14.42～18.04	The higher the price-to-earnings ratio of similar companies, the higher the fair value estimate.	When the price-to-earnings ratio of similar companies increase (decreases) by 10%, the profit or loss of the Group will increase/decrease by NT$7,870 thousand.

Valuation procedures for level 3 fair value measurement

The Company's Finance Department is responsible for carrying out fair value verification, allowing the valuation results to be more true to the market status by using data from independent sources, ensuring the data sources are independent, reliable, consistent with other resources, and represent enforceable prices, and they are also responsible for performing analysis on the changes in the value of remeasured or re-evaluated assets and liabilities to ensure the valuation results are reasonable.

10. Significant assets and liabilities denominated in foreign currencies

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

	December 31, 2023		
	Foreign Currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$12,520	30.705	$384,427
RMB	5,342	4.327	23,115
Financial liabilities			
Monetary items:			
USD	442	30.705	13,572
RMB	12,955	4.327	56,056

	December 31, 2022		
	Foreign Currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$7,093	30.710	$217,813
RMB	6,515	4.408	28,716
Financial liabilities			
Monetary items:			
USD	1,287	30.710	39,530
RMB	5,934	4.408	26,156

Said information is disclosed based on the carrying amount denominated in foreign currency (already converted to functional currency).

In consideration of the multiple functional currencies adopted by the Company, it is impossible for the Company to disclose the information about exchange gains/losses on various significant assets and liabilities denominated in foreign currencies. In 2023 and 2022, the Company's foreign currency exchange gains

(losses) were NT$8,007 thousand and NT$2,335 thousand, respectively.

11. Capital Management

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

12. Others

Meanwhile, in order to help the comparison of financial statements, certain titles in the financial statements prepared in the past are re-classified.

XIII. Other disclosures

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

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

3. Information on Investment in Mainland China:
   (a) The name of the investee in mainland China, the main businesses and

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

(b) Any significant transactions entered into with the investees in Mainland China via a third area, directly or indirectly, and the price, payment terms or unrealized profit or loss thereof, and any other information that may help better understand the effect posed by investments in Mainland China to the financial statements: Please refer to Tables 1, 2, 4, 5, 7 and 9.

4. Information on Major Shareholders: Please refer to Table 10.

XIV. Information on business department

The Company may be exempted from preparing such information in accordance with Article 22 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Such information has been disclosed in the consolidated financial statements.

Table 1
Financing provided to others:

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	Other receivables	Yes	$155,000	$150,000	$44,507	0%-7.0%	2	-	Operating capital	-	-	-	$443,489	$886,977
0	The Company	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Other receivables	Yes	50,000	50,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	FCS MANUFACTURING (INDIA) PRIVATE. LIMITED.	Other receivables	Yes	80,000	80,000	31,552	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	FCS MACHINERY (THAILAND)CO., LTD.	Other receivables	Yes	30,000	30,000	9,019	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	FCS PLASTIC MACHINERY (THAILAND)CO.,LTD.	Other receivables	Yes	10,000	10,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	PT. SHIN PREFORM PLASTIC	Other receivables	Yes	10,000	5,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Other receivables	Yes	10,000	10,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Other receivables	Yes	30,000	30,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Other receivables	Yes	50,000	50,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977
0	The Company	SHING FUH TAI TECHNOLOGY CORP.	Other receivables	Yes	10,000	10,000	-	0%-7.0%	2	-	Operating capital	-	-	-	443,489	886,977

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

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

Table 1 (Cont'd)

No. (Note 1)	Lender	Borrower	Financial Statement	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	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	$75,761	0%-7.0%	2	-	Operating capital	-	-	-	$443,489	$886,977
1	FU CHUN SHIN CO., LTD. (BVI)	The Company	Other receivables	Yes	260,000	245,000	-	0%-7.0%	2	-	Operating capital	-	-	-	510,736	1,021,473
1	FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE.LTD.	Other receivables	Yes	100,000	100,000	60,850	0%-7.0%	2	-	Operating capital	-	-	-	510,736	1,021,473
1	FU CHUN SHIN CO., LTD. (BVI)	FCS MACHINERY (THAILAND) CO.,LTD	Other receivables	Yes	40,000	40,000	23,837	0%-7.0%	2	-	Operating capital	-	-	-	510,736	1,021,473
1	FU CHUN SHIN CO., LTD. (BVI)	FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Other receivables	Yes	5,000	5,000	2,417	0%-7.0%	2	-	Operating capital	-	-	-	510,736	1,021,473
1	FU CHUN SHIN CO., LTD. (BVI)	FCS PLASTIC MACHINERY(THAILAND)CO.,LTD.	Other receivables	Yes	10,000	10,000	2,317	0%-7.0%	2	-	Operating capital	-	-	-	510,736	1,021,473
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Other receivables	Yes	66,675 (RMB15,000 thousand)	64,905 (RMB15,000 thousand)	-	0%-7.0%	2	-	Operating capital	-	-	-	98,990 (RMB22,877 thousand)	197,980 (RMB45,755 thousand)
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Other receivables	Yes	22,225 (RMB 5,000 thousand)	12,981 (RMB 3,000 thousand)	-	0%-7.0%	2	-	Operating capital	-	-	-	98,990 (RMB22,877 thousand)	197,980 (RMB45,755 thousand)

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

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

No. (Note 1)	Lender	Borrower	Financial Statement	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	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Other receivables	Yes	$262,680 (RMB60,000 thousand)	$259,620 (RMB60,000 thousand)	$172,658 (RMB 39,902 thousand)	0%-7.0%	2	-	Operating capital	-	-	-	$320,215 (RMB74,004 thousand)	$640,430 (RMB148,008 thousand)
1	FCS RG PLASTIC PTE.LTD.	PT. FCS RGP PLASTIC	Other receivables	Yes	129,569 (USD4,215 thousand)	110,630 (USD3,603 thousand)	103,737 (USD 3,379 thousand)	0%-7.0%	1	110,630 (USD 3,6 thousan thousan	Business Transacti on	-	-	-	(Note 9)	(Note 9)

Note 1: Information on financing of the Company and its subsidiaries shall be presented in two separate tables and indicated in the numbered column. The number shall be filled in as follows:
(a) Fill in "0" for the Company.
(b) Fill in "1" for subsidiaries.

Note 2: The loaning of funds is explained as follows:
(a) Fill in 1 for those who have business transactions.
(b) Fill in 2 if there is a need for short-term financing.

Note 3: If the Loaning Nature is "1", enter the transaction amount.

Note 4: 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: The exchange rate of USD vs NTD was 30.705 and RMB vs NTD 4.327 on December 31, 2023.

Note 9 : The ending balance and the disbursed amount of the loaning of business funds exceeded the limit. The Group has made a plan for improvement and reported it to the Board of Directors on March 15, 2024. It will continue to follow up the improvement plan implementation status on a quarterly basis. .

Table 2
Endorsements/guarantees provided for others:

No. (Note 1)	Endorsement/guarantee provider	Guaranteed party		Limits on endorsement/guarantee amount provided to each guaranteed party (Note 2)	Maximum balance for the current period	Ending balance of endorsement/guarantee (Note 4)	Amount actually drawn down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity of the Latest Financial Statement	Maximum amount of endorsement/guarantee allowance (Note 3)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in
		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	$665,233	$288,925 (RMB65,000 thousand)	$281,255 (RMB65,000 thousand)	$82,274 (RMB19,014 thousand)	None	12.68%	$1,108,722	Y	N	Y
0	The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	A subsidiary of which more than 50% ordinary shares are held directly	665,233	80,410 (USD2,000 thousand and INR40,000 thousand)	76,166 (USD2,000 thousand and INR40,000 thousand)	-	None	3.43%	1,108,722	Y	N	N
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	A subsidiary of which more than 50% ordinary shares are held directly	665,233	291,825 (USD9,000 thousand)	245,640 (USD8,000 thousand)	55,269 (USD 1,800 thousand)	None	11.08%	1,108,722	Y	N	N
0	The Company	FCS RG PLASTIC PTE.LTD.	A subsidiary of which more than 50% ordinary shares are held directly	665,233	194,550 (USD6,000 thousand)	184,230 (USD6,000 thousand)	147,384 (USD 4,800 thousand)	41,600	8.31%	1,108,722	Y	N	N

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

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

No. (Note 1)	Endorsement/guarantee provider	Guaranteed party		Limits on endorsement/guarantee amount provided to each guaranteed party (Note 2)	Maximum balance for the current period	Ending balance of endorsement/guarantee (Note 4)	Amount actually drawn down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity of the Latest Financial Statement	Maximum amount of endorsement/guarantee allowance (Note 3)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in
		Company Name	Relation										
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	320,215 (RMB74,004 thousand)	186,023 (RMB41,850 thousand)	181,085 (RMB41,850 thousand)	112,502 (RMB26,000 thousand)	None	11.31%	640,430 (RMB 148,008 thousand)	N	N	Y
1	**Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.**	Customers A1–ZZZ	Business Transaction	320,215 (RMB74,004 thousand)	118,210 (RMB27,319 thousand)	64,905 (RMB15,000 thousand)	44,568 (RMB 10,300 thousand)	8,324 (RMB 1,924 thousand)	4.05%	640,430 (RMB 148,008 thousand)	N	N	Y

Note 1: Information on financing of the Company and its subsidiaries shall be presented in two separate tables and indicated in the numbered column. The number shall be filled in as follows:

(a) Fill in "0" for the Company.

(b) Fill in "1" for subsidiaries.

Note 2: The endorsement/guarantee made by the Company for any single overseas associate shall be no more than 30% of the Company's most recent net worth. The endorsement/guarantee made by the subsidiary for a single enterprise shall be no more than 20% of the subsidiary's most recent net worth.

Note 3: The aggregate amount of the endorsements/guarantees made by the Company shall not exceed 50% of the Company's net worth for the current period. The aggregate amount of endorsements/guarantees made by the subsidiary shall not exceed 40% of the subsidiary's net worth for the current period.

Note 4: On December 31, 2023 , the exchange rate of USD to NTD 30.705, the exchange rate of RMB to NTD 4.327, and the exchange rate of INR to NTD 0.369 .

Table 3

Ending marketable securities held (excluding investment in subsidiaries):

Holding company name	Marketable securities types and name (Note 1)	Relationship with the issuers	Financial statement account	March 31, 2020				Remarks
				Number of shares (Thousand shares/Unit)	Carrying amount	Shareholding percentage	Fair value	
The Company	Ordinary share - AMPIRE CO., LTD.	None	Financial assets at FVTPL - Current	40	$1,542	-	$1,542	Non-secured or pledged
The Company	Ordinary shares - IBASE TECHNOLOGY INC.	None	Financial assets at FVTPL - Current	8	646	-	646	Non-secured or pledged
The Company	Common stock - Lotus Pharmaceutical Co., Ltd.	None	Financial assets at FVTPL - Current	7	1,904	-	1,904	Non-secured or pledged
The Company	Fund - Allianz US Short Duration High Income Bond	None	Financial assets at FVTPL - Current	633	5,460	-	5,460	Non-secured or pledged
			Total		$9,552		$9,552	
The Company	Preferred shares - SKS Transformation Flagship I. TW (Resurgo) Co., Ltd.	None	Financial assets at FVTPL - Non-current	5,000	56,041	-	56,041	Non-secured or pledged
			Total		$56,041		$56,041	

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

Table 4

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Buyer/Seller	Related Party	Relation	Transaction Details				The status and reasons of the transaction terms different from common transactions		Notes/accounts receivable (payable)		Remarks
			Purchase/ Sale	Amount	Percentage to the total purchase/sale	Payment Terms	Unit Price	Payment Terms	Balance	Percentage to total notes and accounts receivable (payable)	
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	The Company	Parent company	Sales	$122,224 (RMB27,820 thousand)	12.05%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers		Accounts receivable $24,613 (RMB 5,688 thousand)	6.06%	(Note 1)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Associate	Sales	160,303 (RMB 36,487 thousand)	9.03%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers		Accounts receivable 18,063 (RMB 4,175 thousand)	2.34%	(Note 1)

Note 1: The exchange rate of RMB vs NTD was 4.327 on December 31, 2023. The average exchange rate of RMB vs NTD was 4.393 from January 1, 2023 to December 31, 2023.

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	$103,737 (USD3,379 thousand)	(Note 1)	$-	$-	$3,347 (USD109 thousand)	-	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	172,658 (RMB 39,902 thousand)	(Note 1)	-	-	23,799 (RMB 5,500 thousand)	-	

Note 1:Amount of the loans.
Note 2:The exchange rate of USD vs NTD was 30.705 and RMB vs NTD 4.327 on December 31, 2023.

Table 6
Which may exercise significant influence or control over the investee, directly or indirectly

Investor	Investor Company	Location	Main business	Investment Amount		As of March 31, 2020			Current income (losses) of the investee	Investment income (losses) recognized in the current period	Remarks
				March 31, 2020	End of last year	Number of shares (thousand shares)	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%	$2,549,238	$149,754	$154,671	(Note 1)
	SHING FUH TAI TECHNOLOGY CORP.	Taiwan	Non-ferrous Metal Basic Industries	30,031	30,031	-	85.71%	11,751	(8,846)	(7,702)	(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%	10,588	(688)	(632)	(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%	(3,704)	(9,119)	(9,119)	(Note 1)
	PT. SHIN PREFORM PLASTIC	Indonesia	Production of PET preforms	44,733	44,733	-	99.00%	30,680	(1,852)	(1,834)	(Note 1)
	FCS RG PLASTIC PTE.LTD.	Singapore	Primarily engaged in import/export sales	152,590	152,590	-	65.00%	(89,849)	(21,672)	(14,088)	(Note 1) (Note 4)
	FCS MACHINERY (INDIA) PRIVATE LIMITED	India	Production and sale of plastic molding machine and plastic molds	38,930	38,930	-	99.99%	20,699	(1,271)	(1,271)	(Note 1)
	FCS PLASTIC MACHINERY (THAILAND) CO., LTD.	Thailand	Sale and after-sale of machine and spare parts	4,488	3,377	-	100.00%	(16)	(2,846)	(2,846)	(Note 1)

Table 6 (Cont'd)

Investor	Investor Company	Location	Main business	Investment Amount		As of March 31, 2020			Current income (losses) of the investee	Investment income (losses) recognized in the current period	Remarks
				March 31, 2020	End of last year	Number of shares (thousand shares)	Ratio	Carrying amount			
The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	India	Production and sale of plastic injection machine	$115,594	$115,594	-	99.99%	$49,602	$(17,762)	$(17,762)	(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	9,093	2,347	-	100.00%	3,299	(5,059)	(5,059)	(Note 1)
	JUST NANOTECH CO., LTD.	Taiwan	Manufacturing of machinery and equipment	4,500	4,500	-	45.00%	-	(4,608)	(2,036)	
The British Virgin Islands FU CHUN SHIN CO., LTD.	FCS RG PLASTIC PTE.LTD	Singapore	Primarily engaged in the marketable securities trading and import/export sales.	-	-	-	0.72%	(974)	(21,672)	(156)	(Note 4)
FCS RG PLASTIC PTE.LTD	PT.FCS RGP PLASTIC	Indonesia	Primarily engaged in manufacturing of plastic products	235,097 (SGD10,480 thousand)	235,097 (SGD10,480 thousand)	-	100.00%	(3,945) (SGD(169) thousand)	(2,279) (NTD thousand of SGD(98))	(2,279) (NTD thousand of SGD(98))	(Note 2)
SHING FUH TAI TECHNOLOGY CORP.	JUNG SHEN TECHNOLOGY CO., LTD.	Taiwan	Production and sales of screws	11,250	11,250	1,125	30.00%	7,349	(12,237)	(3,671)	(Note 5)

Note 1: Including the unrealized gain or loss on upstream transactions among the associates.
Note 2: On December 31, 2023,the exchange rate of SGD vs NTD was 23.290 on December 31, 2023. The average exchange rate of SGD vs NTD was 23.212 from January 1, 2023 to December 31, 2023.
Note 3: 100% impairment loss recognized in 2021 Q2.
Note 4: On August 11, 2022, the Company's Board of Directors resolved to pass the transfer of FCS RG PLASTIC PTE. LTD.. to FU CHUN SHIN CO., LTD. (BVI) as a resolution on August 11, 2022; the shareholding ratio became 65.00%. The Group holds 65.72% of the equity in aggregate.
Note 5: The board of directors of the subsidiary, SHING FUH TAI TECHNOLOGY CORP., resolved to approve the investment in JUNG SHEN TECHNOLOGY CO., LTD. on November 10, 2022, and the establishment was completed in October 2022, with an investment amount of NT$11,250 thousand. As a result, it held 30.00% of said company's shares.

Table 7
For those which may exercise control over the investee, directly or indirectly, it is necessary to disclose the information about the investee further:
Ending marketable securities held by the investee:

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	March 31, 2020			Remarks
				Carrying amount	Shareholding	Fair value	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	China Merchants Bank - FNB00961 Structured deposit	None	Financial assets at FVTPL - Current	$130,125 thousand (RMB 30,072 thousand)	-	$130,125 thousand (RMB 30,072 thousand)	(Note 1) (Note 2)
	Bank of China - CSDVY202341691 Structured deposit	None	Financial assets at FVTPL - Current	NTD 63,666 thousand (RMB14,714 thousand)	-	NTD 63,666 thousand (RMB14,714 thousand)	(Note 1) (Note 2)
	Bank of China - CSDVY202341692 Structured deposit	None	Financial assets at FVTPL - Current	NT$66,406 thousand (RMB15,347 thousand)	-	NT$66,406 thousand (RMB15,347 thousand)	(Note 1) (Note 2)
			Total	NT$260,197 thousand		NT$260,197 thousand	
FU CHUN SHIN CO., LTD. (BVI)	Huamo Intelligent Equipment (Jiaxing) Co., Ltd.	None	Financial assets at FVOCI - Non-current	$42,248 thousand	13.07%	$42,248 thousand	(Note 1)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Huamo Intelligent Equipment (Jiaxing) Co., Ltd.	None	Financial assets at FVOCI - Non-current	$15,144 thousand (RMB 3,500 thousand)	4.67%	$15,144 thousand (RMB3,500 thousand)	(Note 1) (Note 2)
			Total	NT$57,392 thousand		NT$57,392 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: The exchange rate of RMB vs NTD was 4.327 on December 31, 2023.

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	Beginning of period		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	-	$88,224 (RMB20,014 thousand)	-	$605,780 (RMB 140,000 thousand)	-	$565,126 (RMB130,605 thousand)	$562,510 (RMB 130,000 thousand)	$2,616 (RMB 605 thousand)	-	$130,125 (RMB 30,072 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	-	$132,422 (RMB30,041 thousand)	-	$553,856 (RMB128,000 thousand)	-	$555,264 (RMB128,326 thousand)	$553,856 (RMB128,000 thousand)	$1,408 (RMB 326 thousand)	-	$130,072 (RMB 30,061 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: The exchange rate of RMB vs NTD was 4.327 on December 31, 2023.

Table 9

Disclosure of information on investment in Mainland China:

Name of Investee in Mainland China	Main business	Paid-in capital	Investment method (Note 1)	Accumulated investment amount of outflow from Taiwan at the beginning of the period (Note 4)	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
					Outflow (Note 4)	Withdrawal (Note 4)						
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Production and sale of plastic molding machine and various plastic products	$196,450 (HKD50,000 thousand)	1	$196,450 (HKD50,000 thousand)	-	-	$196,450 (HKD50,000 thousand)	$44,594	100%	$44,594	$494,950	$204,528
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Production and sale of plastic molding machine and plastic molds	214,935 (USD7,000 thousand)	1	194,516 (USD6,335 thousand)	-	-	194,516 (USD6,335 thousand)	125,612	90.5%	113,679	1,449,033	359,535
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. (Note 3)	Production and sale of plastic molding machine and various plastic products	25,516 (USD831 thousand)	1	13,479 (USD439 thousand)	-	-	13,479 (USD439 thousand)	-	-	-	-	-
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Production and sale of plastic molding machine and plastic molds	453,605 (USD14,773 thousand)	2	-	-	-	(Note 5)	(4,749)	90.5%	(4,298)	532,210	-

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)
$404,445 (HKD50,000 thousand and USD6,774 thousand)	$452,378 (HKD50,000 thousand, USD6,954 thousand and RMB9,800 thousand)	$1,330,466

Note 1: Investment methods are divided into the following three types. It is sufficient to indicate the type of investment:

(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: In accordance with the amendments to the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the "Principle for the Review of Investment or Technical Cooperation in Mainland China" made on August 22, 2008, the upper limit ratio of other enterprises is 60% of the net worth or consolidated net worth, whichever is 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 converted and listed based on the exchange rate applicable on December 31, 2023. Specifically, the exchange rate of USD vs NTD was 30.705, RMB vs NTD 4.327 and HKD vs NTD 3.929. .

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

Table 10

Information on Major Shareholders:

Shares / Name of major shareholder	Shares held (shares)	Shareholding percentage
Wang, Po-Hsun	12,029,766	7.66%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary shares and preferred shares (including treasury shares) that have completed dematerialized registration and delivered on the last business day of each quarter calculated by Taiwan Depository & Clearing Corporation. 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: If the shareholders have delivered their shares to the trust, the aforesaid information shall be disclosed based on the individual trust accounts opened by the trustees. As for the insider declaration of more than 10% shareholding in accordance with the Securities and Exchange Act, the shares held include the shares held by the owner and the shares entrusted to the trust for which the person has the right to use the trust property. For information on insider declaration of equity, please refer to Market Observation Post System.

Fu Chun Shin Machinery Manufacture Co., Ltd.

I. Statement of cash and cash equivalents

December 31, 2023

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

Item	Summary	Amount	Remarks
Reserve cash		$469	1.USD converted to NTD
Petty cash		335	Foreign exchange rate: 1: 3
Subtotal		804	2. RMB converted to NTD
			Foreign exchange rate: 1: 4
Bank checking deposit		193	2. HKD converted to NTD
Bank demand deposit		100,296	Foreign exchange rate: 1: 3
Foreign currency de	US $ 385,329.24	11,832	4. EUR converted to NTD
	RMB 111,741.24 _	484	Foreign exchange rate: 1: 3
	HKD 30,398.14 _	120	
	Euro NTD 14,200.19	483	
Subtotal		113,408	
Total		$114,212	

Fu Chun Shin Machinery Manufacture Co., Ltd.

II. Statement of net notes receivable

December 31, 2023

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

Name of Customer	Summary	Amount	Remark
Company A		$37,800	1.The other customers' balanc
Company B		12,555	5% of the balance under the
Company C Department		6,696	2. The loss allowance is estim
Others		60,615	based on the possibility of re
Subtotal		117,666	
Less: Allowance for bad debts		-	
Total		$117,666	

Fu Chun Shin Machinery Manufacture Co., Ltd.

III. Statement of net accounts receivable

December 31, 2023

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

Name of Customer	Summary	Amount	Remark
Company A	USD 872,662.00 NT$	$26,795	1.The other customers' balanc
Company B		26,118	5% of the balance under the
Company C Department	USD 734,378.50 NT$	22,549	2.USD converted to NTD
Company D Department	USD 724,464.69 NT$	22,245	Foreign exchange rate: 1: 30.
Company E Department		18,750	3.The loss allowance is estima
Company F Department	USD 575,281.71 NT$	17,664	based on the possibility of re
Others		218,754	
Subtotal		352,875	
Less: Unrealized interest revenue		(2,358)	
Allowance for loss		(20,457)	
Total		$330,060	

Fu Chun Shin Machinery Manufacture Co., Ltd.

IV. Inventory statement

December 31, 2023

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

Item	Amount		Remark
	Stated cost	Net realizable value	
Raw materials and supplies	$215,438	$215,430	The net realizable value is the estimated selling price less the estimated costs for completion of the project and selling
Work in process	43,771	131,653	
Finished goods	264,713	261,874	
Total	523,922	$608,957	
Less: Allowance for loss of i	(69,957)		Including the loss of price decline provided for slow-moving inventories
Net	$453,965		

Fu Chun Shin Machinery Manufacture Co., Ltd.

V. Statement of Changes in Investment under Equity Method

December 31, 2023

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

Item	Balance at January 1		Increase in the current period		Decrease in the current period		Ending balance			Market value or equity net va		Provisio	
	mber of sha (Thousand Shares)	Amount	mber of sha (Thousand Shares)	Amount	Number of sha (Thousand Shares)	Amount	Number of shar (Thousand Shares)	holding perce	Amount	Unit Price ($)	Total price	n of guarant	Remarks
FU CHUN SHIN CO., LTD. (BVI)	17,985	$2,520,703	-	$154,671 (Note 1)	-	($79,593) (Note 6)	17,985	100.00%	$2,549,238	$141.74	$2,549,238	None	-
			-			(46,543) (Note 2)							
SHING FUH TAI TECHNOLOGY CORP.	-	19,453	-	-	-	(120) (Note 1)	-	85.71%	11,751	-	11,751	None	-
			-	-		(7,582) (Note 1)							
PT. FUCHUNSHIN TECHNOLOGY INDONESIA	-	11,191	-	29 (Note 2)	-	(632) (Note 1)	-	92.00%	10,588	-	10,588	None	-
					-								
FCS MACHINERY(THAILAND) CO., LTD.	-	4,348	-	62 (Note 2)	-	(9,119) (Note 1)	-	100.00%	(3,704)	-	(3,704)	None	(Note 5)
			-	1,005 (Note 3)									
PT.SHIN PREFORM PLASTIC	-	32,219	-	87 (Note 2)	-	(1,834) (Note 1)	-	99.00%	30,680	-	30,680	None	-
				208 (Note 3)									
FCS RG PLASTIC PTE.LTD.	-	(74,431)	-	-	-	(14,088) (Note 1)	-	65.00%	(89,849)	-	(89,849)	None	(Note 5)
					-	(1,330) (Note 2)							
FCS MACHINERY(INDIA) PRIVATE LIMITED	-	22,073	-	-	-	(1,271) (Note 1)	-	100.00%	20,699	-	20,699	None	-
					-	(103) (Note 2)							
FCS PLASTIC MACHINERY (THAILAND) CO.,LTD.	-	1,694	-	1,111 (Note 4)	-	(2,846) (Note 1)	-	100.00%	(16)	-	(16)	None	(Note 5)
				25 (Note 2)									
FCS MANUFACTURING (INDIA) PRIVATE LIMITED	-	67,471	-	-	-	(17,762) (Note 1)	-	99.99%	49,602	-	49,602	None	-
					-	(107) (Note 2)							
FU CHUN SHIN (VIETNAM) COMPANY LIMITED	-	1,856	-	6,746 (Note 4)	-	(5,059) (Note 1)	-	100.00%	3,299	-	3,299	None	-
			-	-		(244) (Note 2)							
			-	-									
JUST NANOTECH CO., LTD.	-	2,036	-	-	-	(2,036) (Note 1)	-	45.00%	-	-	-	None	-
Total		$2,608,613		$163,944		$(190,269)			$2,582,288				

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

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

Note 3: Write-off of downstream transactions.

Note 4: New investments

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

Note 6: Cash dividend distributed by subsidiaries.

Fu Chun Shin Machinery Manufacture Co., Ltd.

VI. Statement of short-term loans

December 31, 2023

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

Creditor	Type of borrowings	Amount	Term	Pledge or guarantee status
The Export-Import Ba	Credit loans	$150,000	ıst 16, 2023~August 16,	None
Land Bank of Taiwan	Credit loans	40,000	ay 12, 2023~May 12, 20	None
		$190,000		

Note: Interest rate range is 1.89% - 1.92%

Fu Chun Shin Machinery Manufacture Co., Ltd.

VII. Statement of Accounts Payable

December 31, 2023

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

Name of Supplier	Memo	Amount	Remark
Company A		$31,445	The other suppliers' balanc
Company B		24,612	5% of the balance under the
Others		110,176	
Total		$166,233	

Fu Chun Shin Machinery Manufacture Co., Ltd.

VIII. Statement of Other Payables

December 31, 2023

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

Item	Memo	Amount	Remark
Salary payable	Wages and bonuses payable	$43,938	The balances under the oth
Other expenses payable		24,684	5% of the balance under th
Commission payable		16,926	
Others		7,020	
Total		$92,568	

Fu Chun Shin Machinery Manufacture Co., Ltd.

IX. Statement of operating costs

January 1, 2023 to December 31, 2023

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

Item	Amount	Remarks
For the self-made part:		
Direct raw materials		
Beginning supplies	$224,716	
Add: Current-period material purchase	821,558	
Transferred from others	29,409	
Less: Ending supplies	(215,438)	
Re-stated into goods	(103,149)	
Re-stated into others	(144,287)	
Current-period consumption	612,809	
Direct labor	15,801	
Production overheads	56,783	
Production cost	685,393	
Add: Beginning work in process	46,450	
Less: Ending work in process	(43,771)	
Sale of work in process	608	
Cost of finished goods inventory	688,680	
Add: Beginning finished goods	292,632	
Less: Ending finished goods	(264,713)	
Re-stated into others	(10,743)	
Operating cost – self-made	705,856	
For the transactions:		
Beginning inventories	-	
Add: Transferred from raw materials	103,149	
Re-stated into others	7,919	
Less: Ending inventories	-	
Operating cost – merchandising	816,924	
Other operating cost	8,036	
Processing cost	4,503	
Lease cost	3,103	
Inventory valuation losses	3,764	
Income from sale of scrap	5,287	
Total operating costs	$841,617	

Fu Chun Shin Machinery Manufacture Co., Ltd.

X. Statement of operating expenses

January 1, December 31, 2023

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

Item	Selling expenses	Administrative expenses	Research and development	Expected credit impairment losses	Total	Remarks
Salary expenditure	$72,849	$42,612	$21,850	$-	$137,311	The balances under the other titles do not exceed 5%of the account balance.
Labor service expense	2,587	5,426	10	-	8,023	
Commissions expense	21,627	387	-	-	22,014	
Promotion and display fees	11,316	1,733	1	-	13,050	
Depreciation	3,819	4,830	1,225	-	9,874	
Various amortizations	240	7,617	1,070	-	8,927	
Expected credit impairment lo	-	-	-	23,780	23,780	
Other expenses	52,544	34,177	9,504	-	96,225	
Total	$164,982	$96,782	$33,660	$23,780	$319,204	