

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

Consolidated Financial Statements and Independent Auditor's Report

2024 and 2023

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

Consolidated Financial Statements
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Representation Letter

For 2024 (from January 1 to December 31, 2024) 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: Po-Hsun Wang

March 11, 2025

Independent Auditors' Report

To: Fu Chun Shin Machinery Manufacture 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, 2024 and 2023, 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 to December 31, 2024 and 2023.

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, 2024 and 2023 and its consolidated financial performance and consolidated cash flow from January 1 through December 31, 2024 and 2023.

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, 2024. 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, 2024, the carrying amount of accounts receivable of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries has amounted to NT\$1,444,374 thousand (already less the allowance for loss, NT\$84,449 thousand). The net amount of accounts receivables was approximately 19% of total consolidated assets, which is significant to the consolidated financial statements. Considering the assessment of allowance for loss of accounts receivable is measured by lifetime expected credit loss, the process of measurement must appropriately divide accounts receivables into groups, determine and analyze the use of relevant assumptions in the process of measurement, including appropriate account aging intervals and the account aging loss rate for each interval, that reflected the measurement of the expected credit loss involving judgment, analysis and estimates, and the result of measurement affect the net amount of accounts receivables, we determined this as a key audit matter.

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

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

Valuation on slow-moving inventories

As of December 31, 2024, the carrying amount of net inventories of Fu Chun Shin Machinery Manufacture Co., Ltd. and its subsidiaries amounted to NT\$1,815,337 thousand, approximately 24% 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 2024 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 2024 and 2023, to which we have also issued an independent auditor's report with unqualified opinion along with the section on other matters and provided for reference.

EY Taiwan

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

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

1010045851

Jin-Guan-Zheng-Shen-Zi No.

1010045851

Mink Hu

Certified Public Accountant

Fang-Wen Lee

March 11, 2025

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries
Consolidated Balance Sheet
December 31, 2024 and 2023

Unit: NT\$ Thousand

Assets			December 31, 2024		December 31, 2023	
Code	Accounting titles	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	IV/VI.1	\$676,230	9	\$489,397	7
1110	Financial assets at FVTPL - Current	IV/VI.2	99,475	1	269,800	3
1140	Contract assets - Current	VI.14, 15	27,647	-	53,902	1
1150	Net notes receivable	IV/VI.4, 15	373,236	5	498,089	7
1170	Net accounts receivable	IV/VI.5, 15	1,444,374	19	1,083,705	15
130x	Inventories	IV/VI.6	1,815,337	24	1,589,608	22
1470	Other current assets	VIII	221,797	3	260,111	3
11xx	Total current assets		<u>4,658,096</u>	<u>61</u>	<u>4,244,612</u>	<u>58</u>
	Non-current assets					
1510	Financial assets at FVTPL - Non-current	IV/VI.2	65,164	1	56,041	1
1517	Financial assets at FVOCI - Non-current	IV/VI.3	66,109	1	57,392	1
1550	Investment accounted for using the equity method	4.	3,574	-	7,349	-
1600	Property, plant and equipment	IV/VI.7/VIII	2,196,801	28	2,151,039	30
1755	Right-of-use assets	IV/VI.16/VIII	146,066	2	145,744	2
1760	Net investment property	IV/VI.8/VIII	321,266	4	327,735	4
1780	Intangible assets	4.	79,744	1	71,419	1
1840	Deferred tax income assets	IV/VI.20	66,686	1	105,722	1
1900	Other non-current assets – Others	VI.4 & 5/VIII	106,598	1	117,503	2
15xx	Total non-current assets		<u>3,052,008</u>	<u>39</u>	<u>3,039,944</u>	<u>42</u>
1xxx	Total assets		<u>\$7,710,104</u>	<u>100</u>	<u>\$7,284,556</u>	<u>100</u>

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

Chairman:

Manager:

Accounting Manager:

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries
Consolidated Balance Sheet (Cont'd)
December 31, 2024 and 2023

Unit: NT\$ Thousand

Liabilities and Equity			December 31, 2024		December 31, 2023	
Code	Accounting titles	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	IV/VI.9	\$311,885	4	\$322,182	4
2130	Contract liability	IV/VI.14	271,712	4	192,454	3
2150	Notes payable	4.	309,693	4	144,765	2
2170	Accounts payable	4.	998,860	13	1,015,864	14
2200	Other payables	4.	379,638	5	360,176	5
2230	Current tax liabilities	4.	14,817	-	5,330	-
2280	Lease liabilities – Current	IV/VI.16	1,402	-	1,301	-
2321	Corporate bonds maturing or subject to put option within one year or one operating cycle		710,398	9	-	-
2322	Long-term borrowings – current portion	IV/VI.11	146,956	2	60,543	1
2399	Other current liabilities – Others		14,683	-	13,990	-
21xx	Total current liabilities		3,160,044	41	2,116,605	29
	Non-current liabilities					
2530	Bonds payable	IV/VI.10	-	-	844,198	12
2540	Long-term borrowings	IV/VI.11	1,334,531	18	1,337,707	18
2570	Deferred income tax liabilities	IV/VI.20	533,460	7	538,769	7
2580	Lease liabilities – Non-current	IV/VI.16	22,229	-	22,834	-
2640	Net defined benefit liabilities - Non-current	IV/VI.12	28,319	-	31,703	1
2645	Deposits received		11,685	-	11,318	-
25xx	Total non-current liabilities		1,930,224	25	2,786,529	38
2xxx	Total Liabilities		5,090,268	66	4,903,134	67
31xx	Equity attributable to owners of the company					
3100	Share capital	VI.13				
3110	Common share capital		1,654,778	21	1,569,860	22
3130	Bond conversion entitlement certificates		1,623	-	-	-
3200	Capital surplus	VI.13	93,513	1	42,520	1
3300	Retained earnings					
3310	Legal reserve	VI.13	168,118	2	166,042	2
3320	Special reserve	VI.13	188,685	2	188,685	3
3350	Unappropriated earnings	VI.13	438,734	7	399,697	5
	Total retained earnings		795,537	11	754,424	10
3400	Other equities	4.	(72,913)	(1)	(149,361)	(2)
3500	Treasury stocks	IV/VI.13	(29,720)	-	-	-
36xx	Non-controlling interests	VI.13	177,018	2	163,979	2
3xxx	Total equity		2,619,836	34	2,381,422	33
	Total liabilities and equities		\$7,710,104	100	\$7,284,556	100

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

Chairman:

Manager:

Accounting Manager:

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023

Unit: NT\$ Thousand

Code	Accounting titles	Note	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	IV/VI.14	\$4,529,411	100	\$3,861,005	100
5000	Operating cost	IV/VI.6, 17/VII	<u>(3,369,271)</u>	<u>(74)</u>	<u>(2,848,137)</u>	<u>(74)</u>
5900	Gross profit		<u>1,160,140</u>	<u>26</u>	<u>1,012,868</u>	<u>26</u>
6000	Operating expenses	VI.16, 17/VII				
6100	Selling expenses		(605,534)	(13)	(591,469)	(15)
6200	Administrative expenses		(294,655)	(7)	(244,981)	(6)
6300	Research and development expenses		(119,650)	(3)	(102,949)	(3)
6450	Expected credit impairment losses	VI.15	<u>(19,728)</u>	<u>-</u>	<u>(35,250)</u>	<u>(1)</u>
	Total operating expenses		<u>(1,039,567)</u>	<u>(23)</u>	<u>(974,649)</u>	<u>(25)</u>
6900	Operating income		<u>120,573</u>	<u>3</u>	<u>38,219</u>	<u>1</u>
7000	Non-operating income and expense	IV/VI.18				
7010	Other income		102,676	2	100,815	3
7020	Other gains or losses		(13,536)	-	(17,614)	-
7050	Financial costs		(73,754)	(2)	(57,660)	(2)
7060	Share of profit or loss from associates and joint ventures accounted for using equity method		<u>(3,775)</u>	<u>-</u>	<u>(5,937)</u>	<u>-</u>
	Total non-operating incomes and expenses		<u>11,611</u>	<u>-</u>	<u>19,604</u>	<u>1</u>
7900	Net income before tax		132,184	3	57,823	2
7950	Income tax expenses	IV/VI.20	<u>(60,079)</u>	<u>(1)</u>	<u>(34,500)</u>	<u>(1)</u>
8200	Current period net profit		<u>72,105</u>	<u>2</u>	<u>23,323</u>	<u>1</u>
8300	Other comprehensive income	IV/VI.19, 20				
8310	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs		1,230	-	201	-
8316	Unrealized valuation gains or losses on equity investments measured at fair value through other comprehensive income		8,188	-	-	-
8349	Income taxes related to the items not re-classified		(246)	-	(40)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations		91,256	2	(52,720)	(1)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss		<u>(17,064)</u>	<u>-</u>	<u>9,624</u>	<u>-</u>
	Other comprehensive income of the current year (net amount after-tax)		<u>83,364</u>	<u>2</u>	<u>(42,935)</u>	<u>(1)</u>
8500	Total comprehensive income in the current period		<u>\$155,469</u>	<u>4</u>	<u>\$(19,612)</u>	<u>-</u>
8600	Net profit (loss) attributed to:					
8610	Owners of the Company		\$78,765		\$20,597	
8620	Non-controlling interests		<u>(6,660)</u>		<u>2,726</u>	
			<u>\$72,105</u>		<u>\$23,323</u>	
8700	Total comprehensive income attributable to:					
8710	Owners of the Company		\$156,197		\$(17,742)	
8720	Non-controlling interests		<u>(728)</u>		<u>(1,870)</u>	
			<u>\$155,469</u>		<u>\$(19,612)</u>	
	Earnings per share(NT\$)	VI.21				
9750	Basic earnings per share		<u>\$0.50</u>		<u>\$0.13</u>	
9850	Diluted earnings per share		<u>\$0.46</u>		<u>\$0.13</u>	

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

Chairman:

Manager:

Accounting Manager:

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2024 and 2023

Unit: NT\$ Thousand

Code	Items	Equity attributable to owners of the company										Non-controlling interests	Total Equity	
		Common share capital	Bond conversion entitlement certificates	Capital surplus	Retained earnings			Other items of equity			Treasury stocks			Total
					Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized valuation gains (losses) on financial assets measured at fair value through other comprehensive income					
		3110	3130	3200	3310	3320	3350	3410	3420	3500	31XX	36XX	3XXX	
A1	Balance as of 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	Net profit in 2023	-	-	-	-	-	20,597	-	-	-	20,597	2,726	23,323	
D3	Other comprehensive income 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	<u>\$1,569,860</u>	<u>\$-</u>	<u>\$42,520</u>	<u>\$166,042</u>	<u>\$188,685</u>	<u>\$399,697</u>	<u>\$(149,361)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,217,443</u>	<u>\$163,979</u>	<u>\$2,381,422</u>	
A1	Balance as of January 1, 2024	\$1,569,860	\$-	\$42,520	\$166,042	\$188,685	\$399,697	\$(149,361)	\$-	\$-	\$2,217,443	\$163,979	\$2,381,422	
	Earnings appropriation and distribution for 2023													
B1	Provision of legal reserve	-	-	-	2,076	-	(2,076)	-	-	-	-	-	-	
B5	Cash dividend from ordinary shares	-	-	-	-	-	(23,548)	-	-	-	(23,548)	-	(23,548)	
D1	Net profit (loss) in 2024	-	-	-	-	-	78,765	-	-	-	78,765	(6,660)	72,105	
D3	Other comprehensive income in 2024	-	-	-	-	-	984	68,260	8,188	-	77,432	5,932	83,364	
D5	Total comprehensive income in the current period	-	-	-	-	-	79,749	68,260	8,188	-	156,197	(728)	155,469	
I1	Conversion of convertible corporate bonds	-	86,541	55,667	-	-	-	-	-	-	142,208	-	142,208	
I3	Conversion of bond conversion entitlement certificates	84,918	(84,918)	-	-	-	-	-	-	-	-	-	-	
L1	Repurchase of treasury shares	-	-	-	-	-	-	-	-	(49,969)	(49,969)	-	(49,969)	
M7	Change in ownership interests in subsidiaries	-	-	(4,674)	-	-	(14,796)	-	-	-	(19,470)	13,767	(5,703)	
T1	Other - Transfer of treasury stock	-	-	-	-	-	(292)	-	-	20,249	19,957	-	19,957	
Z1	Balance as of December 31, 2024	<u>\$1,654,778</u>	<u>\$1,623</u>	<u>\$93,513</u>	<u>\$168,118</u>	<u>\$188,685</u>	<u>\$438,734</u>	<u>\$(81,101)</u>	<u>\$8,188</u>	<u>\$(29,720)</u>	<u>\$2,442,818</u>	<u>\$177,018</u>	<u>\$2,619,836</u>	

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

Chairman:

Manager:

Accounting Manager:

Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023

Unit: NT\$ Thousand

Code	Items	2024	2023	Code	Items	2024	2023
		Amount	Amount			Amount	Amount
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$132,184	\$57,823	B00010	Purchase of financial assets at fair value through profit or loss	(719,190)	(1,190,252)
A20000	Adjustment items:			B00020	Disposal of financial assets at FVTPL	901,032	1,150,535
A20010	Income/expenses items:			B02700	Acquisition of property, plant and equipment	(155,670)	(480,869)
A20100	Depreciation expense	153,038	125,487	B02800	Disposal of property, plant and equipment	12,105	6,384
A20200	Amortization expenses	11,976	10,411	B04500	Acquisition of intangible assets	(19,808)	(13,024)
A20300	Expected credit impairment losses	19,728	35,250	B05400	Acquisition of investment property	(886)	(187)
A20400	Net (gain) on financial assets at FVTPL	(12,454)	(13,087)	BBBB	Net cash inflow (outflow) from investing activities	17,583	(527,413)
A20900	Interest expenses	73,754	57,660	CCCC	Cash flows from financing activities:		
A21200	Interest revenue	(28,504)	(30,735)	C00100	Increase in short-term borrowings	315,512	661,136
A21300	Dividend income	(101)	(247)	C00200	Decrease in short-term borrowings	(332,420)	(930,251)
A22300	Share of losses on affiliates and joint ventures accounted for using the equity method	3,775	5,937	C01600	Proceeds from long-term borrowings	499,228	621,393
A22500	Disposal of property, plant and equipment (gains) losses	(528)	3,319	C01700	Repayments of long-term borrowings	(435,593)	(237,076)
A23700	Loss on non-financial asset impairment	14,899	-	C03000	Increase in deposits received	367	-
A30000	Changes in operating assets/ liabilities related to operating activities:			C03100	Guarantee deposits received (decrease)	-	(1,073)
A31125	Decrease (increase) in contract assets	26,255	(51,614)	C04020	Repayment of principal portion of lease	(1,340)	(1,269)
A31130	Decrease (increase) in notes receivable	124,402	(89,407)	C04500	Allocation of cash dividends	(23,548)	(45,724)
A31150	Decrease (increase) in accounts receivable	(333,882)	122,763	C04900	Cost of repurchase of treasury shares	(49,969)	-
A31200	(Increase) in inventories	(190,548)	(179,212)	C05100	Employee repurchase of treasury shares	19,957	-
A31240	Decrease(increase) in other current assets	42,050	(54,994)	C05800	Decrease in non-controlling interests	(5,703)	(5,555)
A31990	(Increase) decrease in other non-current assets	(9,449)	61,362	CCCC	Net cash inflow (outflow) from financing activities	(13,509)	61,581
A32125	Increase in contract liability	79,258	2,863	DDDD	Effect of exchange rate changes on cash and cash equivalents	(12,483)	(4,124)
A32130	Increase (decrease) in notes payable	164,928	(101,700)	EEEE	Increase (decrease) in cash and cash equivalents for the current period	186,833	(206,952)
A32150	(Decrease) increase in accounts receivable	(17,642)	396,729	E00100	Cash and cash equivalents at the beginning of the year	489,397	696,349
A32180	Increase (decrease) in other accounts payable	20,012	(28,267)	E00200	Cash and cash equivalents at the end of the year	\$676,230	\$489,397
A32230	Increase of other current liabilities	693	8,727				
A32240	(Decrease) in net defined benefit liabilities	(2,154)	(7,264)				
A33000	Cash inflow from operating activities	271,690	331,804				
A33100	Interest received	28,504	30,735				
A33200	Dividends received	101	247				
A33300	Interest paid	(66,439)	(47,192)				
A33500	Income tax paid	(38,614)	(52,590)				
AAAA	Net cash inflow from operating activities	195,242	263,004				

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

Chairman:

Manager:

Accounting Manager:

FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries
Note to consolidated financial statements
January 1 to December 31, 2024
January 1 to December 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company History

1. Fu Chun Shin Machinery Manufacture Co., Ltd. (hereinafter referred to as the Company) 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. The Company, originally named FU CHUN SHIN Machinery Co., Ltd., changed its name to "Fu Chun Shin Machinery Manufacture Co., Ltd." on July 29, 2003, with approval, in order to expand its business scope and pursue diversified operations.
3. The Company has been listed on Taipei Exchange ("TPEX") since April 5, 2004.
4. The Company's main place of business and registered address is No. 269, Baodong Rd., Pitou Vil., Guanmiao Dist., Tainan City.

II. Approval Date and Procedures of the Consolidated Financial Statements

The 2024 and 2023 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 11, 2025.

III. Application of New Standards, Amendments and Interpretations

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

The 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, 2024. The first-time application of new and amended standards rendered no material impact to the Group.

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

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	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

(1) 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 above amendments shall be applicable for the fiscal year beginning after January 1, 2025. The Group assessed that there is no significant impact.

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	Amendments to IFRS 18 “Presentation and Disclosure of Financial Statements”	January 1, 2027
4	Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
5	Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
6	Annual improvements to IFRSs - vol. 11	January 1, 2026
7	Contracts with a dependence on natural power sources (Amendments to IFRS 9 and 7)	January 1, 2026

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

(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”

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.

(2) 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.

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

(3) Amendments to IFRS 18 “Presentation and Disclosure of Financial Statements”

This Standard will replace IAS 1 "Presentation of Financial Statements," with the main changes as follows:

(a) Enhancing the comparability of the statement of income.

Classify income and expenses in the statement of income into five categories: operating, investing, financing, income taxes, or discontinued operations. The first three are new classifications intended to improve the structure of the statement of income, and all entities are required to present newly defined subtotals, including operating income. By improving the structure of the statement of income and introducing newly defined subtotals, investors will have a consistent starting point when analyzing the financial performance of different companies, making it easier to compare businesses.

(b) Enhancing the transparency of management performance measurement.

Requiring companies to disclose explanations of company-specific indicators related to the statement of income (referred to as management performance measures).

(c) Summarization of useful financial statement information.

This change is expected to provide more detailed and useful information by establishing guidance on determining whether financial information should be presented in the primary financial statements or in the notes. This change requires companies to provide more transparent operating expense information to help investors identify and understand the information they use.

(4) Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This change simplifies the disclosure requirements for subsidiaries without public accountability and allows subsidiaries that meet the definition to choose whether to apply this standard.

(5) Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)

This amendment include:

(a) This clarification addresses the derecognition of financial liabilities on the settlement date and provides accounting treatment for financial liabilities settled through electronic payments before the settlement date.

(b) Clarify how to assess the cash flow characteristics of financial assets that have ESG-linked features or other similar or contingent characteristics.

(c) Clarify the treatment of non-recourse assets and contract-linked instruments.

(d) For financial assets or liabilities with terms related to contingent features (including those linked to ESG), as well as equity instruments classified as fair value through other comprehensive income, IFRS 7 requires additional disclosures.

(6) Annual improvements to IFRSs - vol. 11

(a) Amendments to IFRS 1

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

- (b) Amendments to IFRS 7
- (c) Amendments to IFRS 7
- (d) Amendments to IFRS 9
- (e) Amendments to IFRS 10
- (f) Amendments to IAS 7

(7) Contracts with a dependence on natural power sources (Amendments to IFRS 9 and 7)

This amendment include:

- (a) Clarify the provisions applicable to “self-use”
- (b) When a contract is used as a hedging instrument, hedge accounting is allowed.
- (c) The regulation increases the requirements for note disclosures to help investors understand the impact of such contracts on the Company's financial performance and cash flows.

The above standards or interpretations issued by the IASB but not yet approved by the FSC will have their actual application dates determined by the FSC's regulations. The Group is currently evaluating the potential impact of the newly issued or amended standards or interpretations (3), but is temporarily unable to reasonably estimate their impact. However, for other newly issued or amended standards or interpretations, they are not expected to have a material impact on the Group.

IV. Summary of Significant Accounting Policies

1. Compliance Statement

The Group's consolidated financial statements for the years 2024 and 2023 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.

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

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:

- (1) Power over the investee (i.e. the Company has existing rights that give it the ability to direct the relevant activities).
- (2) Exposure, or rights, to variable returns from its involvement with the investee, and
- (3) 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:

- (1) Contractual arrangements with the investee and others with voting rights.
- (2) Rights derived from other contractual arrangements.
- (3) 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.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE
CO., LTD. and its Subsidiaries (Cont'd)
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Where the Group loses the controlling power over a subsidiary,

- (1) De-recognize assets (including goodwill) and liabilities of subsidiaries;
- (2) Book value of any non-controlling interests derecognized;
- (3) Recognize the fair value of the consideration for acquisition;
- (4) Recognize the fair value of any investment retained;
- (5) 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;
- (6) The difference is recognized as current profit or loss.

Entities in the preparation of consolidated financial statements:

Investor	Company Name	Principal business lines	Percentage of equity	
			2024.12.31	2023.12.31
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. (Note 5)	Primarily engaged in import/export sales	76.03%	65.00%
The Company	FCS MACHINERY (INDIA)PRIVATE LIMITED	Production and sale of plastic molding machine and plastic molds	99.99%	99.99%
The Company	FCS PLASTIC MACHINERY(THAILAND) CO.,LTD. (Note 2)	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%	99.99%
The Company	FU CHUN SHIN (VIETNAM) COMPANY LIMITED(Note 3)	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 4)	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. (Note 5)	Primarily engaged in import/export sales	0.72%	0.72%

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

Investor	Company Name	Principal business lines	Percentage of equity	
			2024.12.31	2023.12.31
FU CHUN SHIN CO., LTD. (BVI)	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Production and sale of plastic molding machine and plastic molds	0.01%	0.01%
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, 2024, FU CHUN SHIN CO., LTD. (BVI) has not completed the relevant statutory procedures.

(Note 2) 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 3) 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 4) 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. On August 9, 2024, the board of directors resolved to approve the capital increase for the subsidiary, Fu Chun Shin (Ningbo) Precision Technology Co., Ltd., by transferring its retained earnings to the subsidiary, Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd., in the amount of NT\$143,747 thousand (RMB 32,266 thousand).

(Note 5) On February 20, 2024, the Company subscribed to NT\$3,099 thousand (SGD 133 thousand) of FCS RG PLASTIC PTE. LTD. from other shareholders, and the subscription was ratified at the Board of Directors' meeting on March 15, 2024. The shareholding ratio changed to 76.03%, and the Group holds a total of 76.75% of the shares.

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.

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

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:

- (1) 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.
- (2) Foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policy for financial instruments.
- (3) 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

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE
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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:

- (1) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
- (2) Assets held mainly for trading purposes;
- (3) Assets that are expected to be realized within twelve months from the reporting period;
- (4) 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:

- (1) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
- (2) Liabilities arising mainly from trading activities;
- (3) Liabilities that are expected to be paid off within twelve months from the reporting period;
- (4) At the end of the reporting period, the entity does not have the right to defer the settlement of the liability for at least twelve months after the reporting period.

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 6 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).

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

(1) 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:

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE
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- 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

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received on such financial assets.

(2) 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 measures expected credit losses in a way that reflects:

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

The allowance for loss is measured as follow:

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

At each balance sheet date, the Group needs to assess whether the credit risk on a financial asset has 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.

(3) 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.

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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.

(4) 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

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profit or loss on the initial recognition:

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

The gains or losses generated from such financial liabilities are stated as income, which include any interest paid by the financial liabilities.

Financial liabilities 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.

(5) 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

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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:

- (1) In the principal market for the asset or liability, or
- (2) 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

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location are accounted for as follows:

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.

Work-in-progress and finished goods – 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

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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:

- (1) 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
- (2) 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

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incurred.

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

Buildings	7 to 50 years
Machinery and equipment	2 to 15 years
Office equipment	2 to 8 years
Transportation Equipment	3 to 10 years
Water and electricity utilities	3 to 16 years
Other assets	3 to 10 years
Operating lease	8 to 20 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	3 to 50 years
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Investment property is derecognized and relevant profit or loss is recognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

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

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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. Lease

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:

- (1) Acquiring the rights to almost all the economic benefits derived from the use of the identified asset; and
- (2) The right to control 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:

- (1) Fixed payments (including in substance fixed payments), less any lease incentives receivable;
- (2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) Amounts expected to be payable by the lessee under residual value guarantees;
- (4) The exercise price of a purchase option if the Group is reasonably certain to exercise that

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option; and

- (5) 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:

- (1) The amount of the initial measurement of the lease liability;
- (2) Any lease payments made at or before the commencement date, less any lease incentives received;
- (3) Any initial direct costs incurred by the lessee; and
- (4) 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

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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.

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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:

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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

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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:

- (1) The date of the plan amendment or curtailment, and
- (2) 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.

Current-period income tax

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

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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:

- (1) 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.
- (2) 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:

- (1) 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.
- (2) 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

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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.

V. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

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

Assumptions and estimation

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

(1) 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.

(2) 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.

(3) Impairment of non-financial assets

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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.

(4) 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.

(5) 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 countries 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.

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VI. Summary of Significant Accounting Items

1. Cash and cash equivalents

	2024.12.31	2023.12.31
Reserve cash	\$2,383	\$2,536
Bank deposits	671,847	486,861
Time deposits	2,000	-
Total	\$676,230	\$489,397

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

2. Financial assets measured at fair value through profit or loss

	2024.12.31	2023.12.31
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives without hedging relationship designated		
Forward exchange contract	\$-	\$51
Shares	69,577	60,133
Wealth management products	89,693	260,197
Fund	5,369	5,460
Total	\$164,639	\$325,841
Current	\$99,475	\$269,800
Non-current	65,164	56,041
Total	\$164,639	\$325,841

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

As of December 31, 2024, for details of information related to corporate bonds payable of the Group, please refer to Note VI.10.

3. Financial assets measured at fair value through other comprehensive income

	2024.12.31	2023.12.31
Investment in equity instruments at FVOCI -		
Non-current:		
Unlisted shares	\$66,109	\$57,392
	\$66,109	\$57,392

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

Regarding investment in equity instruments measured at fair value of other comprehensive income held by the Group, no dividend income was recognized in 2024 and 2023.

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4. Notes receivable

	2024.12.31	2023.12.31
Notes receivable – arising from operating activities	\$437,835	\$555,740
Less: Unrealized interest revenue	(1,772)	(1,694)
Subtotal	436,063	554,046
Less: Allowance for bad debts	(33,789)	(17,628)
Total	\$402,274	\$536,418
Current	\$373,236	\$498,089
Non-current (stated into other non-current assets)	29,038	38,329
Total	\$402,274	\$536,418

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

	2024.12.31	2023.12.31
Accounts receivable	\$1,545,352	\$1,181,953
Lease payment receivable	-	3,515
Less: Unrealized interest revenue	(16,529)	(15,187)
Unearned financing income on financing lease	-	(656)
Subtotal	1,528,823	1,169,625
Less: Allowance for bad debts	(84,449)	(85,920)
Total	\$1,444,374	\$1,083,705
Current	\$1,444,374	\$1,083,705

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\$1,528,823 thousand and NT\$1,169,625 thousand on December 31, 2024 and 2023. For information about the allowance for loss in 2024 and 2023, please refer to Note VI.15 for details. Please refer to Note XII for further details on credit risk.

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6. Inventories

	2024.12.31	2023.12.31
Raw materials	\$678,257	\$623,890
Work in process	216,082	251,003
Finished goods inventory	868,446	674,985
Product	52,552	39,730
Total	\$1,815,337	\$1,589,608

The inventory costs recognized by the Company as expenses were NT\$3,356,835 thousand and NT\$2,835,809 thousand in 2024 and 2023, including the gains on the recovery of an inventory price drop of NT\$2,550 thousand due to obsolescence of inventories provided by the Group resulting from the stock selling at various stock age intervals, and the recognition of price drop losses of NT\$7,151 thousand due to the inventory reductions to the net realizable value in 2023.

Said inventories were not provided as security.

7. Property, plant and equipment

	2024.12.31	2023.12.31
Property, plant and equipment for own use	\$2,176,055	\$2,110,178
Property, plant and equipment for under operating leases	20,746	40,861
Total	\$2,196,801	\$2,151,039

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	Land	Buildings	Machinery and equipment	Office equipment	Transportation Equipment	Water and electricity utilities	Other assets	Unfinished construction	Subtotal	Operating lease - Other equipment	Total
Cost:											
2024.1.1	\$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
Add	16,947	83,377	11,368	4,691	4,055	6,348	4,813	24,071	155,670	-	155,670
Dispose	-	(1,748)	(27,133)	(44)	(2,098)	(1,732)	(437)	-	(33,192)	(745)	(33,937)
Transfer	-	24,849	29,794	1,378	42	2,919	176	(59,158)	-	-	-
Other changes	-	(379)	14,630	(2,718)	-	8,305	708	(15,851)	4,695	-	4,695
Effects of foreign exchange changes	-	41,072	17,057	498	993	1,157	269	1,534	62,580	(3)	62,577
2024.12.31	<u>\$557,929</u>	<u>\$1,739,608</u>	<u>\$772,906</u>	<u>\$40,187</u>	<u>\$51,480</u>	<u>\$79,181</u>	<u>\$45,708</u>	<u>\$10,967</u>	<u>\$3,297,966</u>	<u>\$78,744</u>	<u>\$3,376,710</u>
Depreciation and impairment:											
2024.1.1	\$-	\$432,355	\$428,958	\$28,160	\$32,033	\$43,281	\$33,248	\$-	\$998,035	\$38,631	\$1,036,666
Depreciation	-	70,233	45,287	2,211	3,379	7,793	2,751	-	131,654	7,964	139,618
Impairment (Note)	-	-	3,005	-	-	-	-	-	3,005	11,894	14,899
Dispose	-	(1,046)	(17,216)	(37)	(1,931)	(1,317)	(293)	-	(21,840)	(520)	(22,360)
Other changes	-	(1,668)	376	(2,153)	-	249	14	-	(3,182)	-	(3,182)
Effects of foreign exchange changes	-	6,380	6,062	254	592	812	139	-	14,239	29	14,268
2024.12.31	<u>\$-</u>	<u>\$506,254</u>	<u>\$466,472</u>	<u>\$28,435</u>	<u>\$34,073</u>	<u>\$50,818</u>	<u>\$35,859</u>	<u>\$-</u>	<u>\$1,121,911</u>	<u>\$57,998</u>	<u>\$1,179,909</u>

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	Land	Buildings	Machinery and equipment	Office equipment	Transportation Equipment	Water and electricity utilities	Other assets	Unfinished construction	Subtotal	Operating lease - Other equipment	Total
Cost:											
2023.1.1	\$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)
2023.12.31	<u>\$540,982</u>	<u>\$1,592,437</u>	<u>\$727,190</u>	<u>\$36,382</u>	<u>\$48,488</u>	<u>\$62,184</u>	<u>\$40,179</u>	<u>\$60,371</u>	<u>\$3,108,213</u>	<u>\$79,492</u>	<u>\$3,187,705</u>
Depreciation and impairment:											
2023.1.1	\$-	\$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)
2023.12.31	<u>\$-</u>	<u>\$432,355</u>	<u>\$428,958</u>	<u>\$28,160</u>	<u>\$32,033</u>	<u>\$43,281</u>	<u>\$33,248</u>	<u>\$-</u>	<u>\$998,035</u>	<u>\$38,631</u>	<u>\$1,036,666</u>
Net carrying amount:											
2024.12.31	<u>\$557,929</u>	<u>\$1,233,354</u>	<u>\$306,434</u>	<u>\$11,752</u>	<u>\$17,407</u>	<u>\$28,363</u>	<u>\$9,849</u>	<u>\$10,967</u>	<u>\$2,176,055</u>	<u>\$20,746</u>	<u>\$2,196,801</u>
2023.12.31	<u>\$540,982</u>	<u>\$1,160,082</u>	<u>\$298,232</u>	<u>\$8,222</u>	<u>\$16,455</u>	<u>\$18,903</u>	<u>\$6,931</u>	<u>\$60,371</u>	<u>\$2,110,178</u>	<u>\$40,861</u>	<u>\$2,151,039</u>

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(Note) In 2024, the Group impaired certain property, plant, and equipment to their recoverable amounts, resulting in an impairment loss of NT\$14,899 thousand, which was recognized under non-operating income and expenses in the consolidated statement of income. See Note VI.18 for details.

As the land where property, plant and equipment locate, 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 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.

The capitalized borrowing costs for property, plant, and equipment and their respective interest rates are as follows:

Item	2024	2023
Recognized as property, plant and equipment	\$21	\$13,336
The range of capitalized borrowing cost interest rates	2.08%	3.9%~4.2%

The major components of the Group's buildings are primarily the main building and plant, which are depreciated over useful lives of 50 years and 20 years, respectively.

For the information about property, plant and equipment provided as security, please refer to Note VIII.

8. Investment property

	Land	Building	Total
Cost:			
2024.1.1	\$216,552	\$290,203	\$506,755
Add	-	886	886
Other changes	-	2,757	2,757
Effects of foreign exchange changes	(2)	(8)	(10)
2024.12.31	<u>\$216,550</u>	<u>\$293,838</u>	<u>\$510,388</u>
2023.1.1	\$216,402	\$277,304	\$493,706
Add	-	187	187
Other changes	-	12,035	12,035
Effects of foreign exchange changes	150	677	827
2023.12.31	<u>\$216,552</u>	<u>\$290,203</u>	<u>\$506,755</u>

Depreciation and impairment:

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	Land	Building	Total
2024.1.1	\$-	\$179,020	\$179,020
Depreciation in the current period:	-	8,679	8,679
Other changes	-	1,405	1,405
Effects of foreign exchange changes	-	18	18
2024.12.31	<u>\$-</u>	<u>\$189,122</u>	<u>\$189,122</u>
2023.1.1	\$-	\$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)
2023.12.31	<u>\$-</u>	<u>\$179,020</u>	<u>\$179,020</u>
Net carrying amount:			
2024.12.31	<u>\$216,550</u>	<u>\$104,716</u>	<u>\$321,266</u>
2023.12.31	<u>\$216,552</u>	<u>\$111,183</u>	<u>\$327,735</u>
		2024	2023
Rent revenue from investment property		\$60,150	\$53,348
Less: The direct operating expenses incurred by the investment property generating rent revenue in the current period.		(8,203)	(9,799)
Total		<u>\$51,947</u>	<u>\$43,549</u>

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\$428,078 thousand and NT\$430,411 thousand on December 31, 2024 and 2023.

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:

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With income method adopted:

	2024.12.31	2023.12.31
Fair value	\$300,767	\$304,228
Discount rate	4.44%~7.01%	4.34%~6.61%

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.

	2024.12.31	2023.12.31
Fair value	\$43,721	\$43,584
Residual price rate	28%~41%	26%~39%
Remaining useful life	17~27 years	18~28 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.

	2024.12.31	2023.12.31
Fair value	\$83,590	\$82,599

9. Short-term borrowings

	Interest rate range (%)	2024.12.31	2023.12.31
Unsecured bank borrowings	1.95%~5.65%	\$261,008	\$266,904
Secured bank borrowings	6.37%~7.09%	50,877	55,278
Total		<u>\$311,885</u>	<u>\$322,182</u>

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

10. Corporate bonds payable

	2024.12.31	2023.12.31
Domestic secured ordinary corporate bonds payable	\$360,000	\$360,000
Domestic unsecured convertible corporate bonds payable	350,398	484,198
Subtotal	710,398	844,198
Less: current portion	(710,398)	-
Net amount	<u>\$-</u>	<u>\$844,198</u>

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(1) Domestic secured corporate bonds payable

	2024.12.31	2023.12.31
Carrying amount of domestic secured corporate bonds payable	\$360,000	\$360,000
Less: current portion	(360,000)	-
Net amount	\$-	\$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.

(2) Domestic unsecured convertible corporate bonds payable

	2024.12.31	2023.12.31
Elements of liability:		
Nominal value of domestic unsecured convertible corporate bonds payable	\$354,900	\$499,900
Discount of domestic unsecured convertible corporate bonds payable	(4,502)	(15,702)
Subtotal	350,398	484,198
Less: current portion	(350,398)	-
Net amount	\$-	\$484,198
Equity element (stated as capital reserve)	\$13,348	\$18,800

The Group 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

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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 Group's ordinary shares exceeds 30% (inclusive) over the conversion price at the time for 30 consecutive business days on TPEX, the Group 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 Group may fully redeem the corporate bonds in advance at the early redemption price.

Conversion method:

- A. Conversion target: Ordinary shares of the Group.
- B. Conversion period: Bondholders may request to convert into the Group's ordinary shares in exchange for a cash repayment of the Group from November 25, 2022 to August 24, 2025.
- C. Conversion price and its adjustment: The conversion price was set at NT\$18.25 per share upon the issuance; if any matters of conversion price adjustments stated in the issuance terms occur to the Group's ordinary shares, the conversion price shall be adjusted according to the formula stated in the issuance terms. The conversion price on December 31, 2024 was NT\$16.64 per share.
- D. Redemption upon expiry: Outstanding corporate bonds will be redeemed at the par value.

In addition, the conversion amount of the corporate bonds as of December 31, 2024 and 2023 was NT\$145,100 thousand and NT\$100 thousand, and the total number of shares was 8,660 thousand shares and 6 thousand shares, respectively.

11. Long-term borrowings

- (1) The details about long-term borrowings on December 31, 2024 and 2023 are stated as follows:

	2024.12.31	Interest rate (Note)	Repayment period and rules
Credit loans	\$556,507		Due before December 2028
Secured borrowings	308,721		Due before January 2028
Syndicated loan	620,000		Due before November 2028
Subtotal	1,485,228		
Less: current portion	(146,956)		

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	2024.12.31	Interest rate (Note)	Repayment period and rules
Less: unamortized syndicated loan expenses	(3,741)		
Total	<u>\$1,334,531</u>		

Note: Interest rate range is 1.88%~7.11%

	2023.12.31	Interest rate (Note)	Repayment period and rules
Credit loans	\$417,901		Due before May 2026
Secured borrowings	465,192		Due before January 2028
Syndicated loan	520,000		Due before November 2028
Subtotal	1,403,093		
Less: current portion	(60,543)		
Less: unamortized syndicated loan expenses	(4,843)		
Total	<u>\$1,337,707</u>		

Note: Interest rate range is 1.76%~7.96%

(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, and was due on July 25, 2024.
- ②Facility B: NT\$920,000 thousand secured by the commercial paper, revolving, and was due on July 25, 2024.
- 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, 2024, NT\$360,000 thousand has been drawn down. The term commences on May 25, 2020 until May 28, 2025. Meanwhile, since the contract was executed, the following financial ratios have been calculated based on the

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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:

- ① Current ratio (current assets/current liabilities less convertible current portion re-stated due to put option) shall be maintained as 100% or more.
- ② Liability ratio (total liabilities/tangible assets) shall be no more than 180% (inclusive).
- ③ Interest coverage ratio $\frac{\text{net income before tax+interest expenses+depreciation+amortization}}{\text{interest expenses}}$ 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:

- ① Suspend the borrower from drawing down the facilities, in whole or in part.
- ② Cancel the unused facilities under the contract, in whole or in part.
- ③ Announce that maturity of any principal, interest, expenses, and any other accounts payable under the contract is accelerated, in whole or in part.

(2) Syndicated bank loans 2023

A. The Group 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:

- ① Facility A: NT\$2,000,000 thousand as the working capital, revolving.
- ② Facility B: NT\$1,000,000 thousand secured by the commercial paper, revolving.
- ③ Facility 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, 2024, NT\$620,000 thousand has been drawn down. The term

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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:

- ① Current 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.
- ② Liability ratio (total liabilities/tangible assets) shall be no more than 250% (inclusive).
- ③ Interest coverage ratio $\frac{\text{net income before tax} + \text{interest expenses} + \text{depreciation} + \text{amortization}}{\text{interest expenses}}$ 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:

- ① Suspend the borrower from drawing down the facilities, in whole or in part.
- ② Cancel the unused facilities under the contract, in whole or in part.
- ③ Announce that maturity of any principal, interest, expenses, and any other accounts payable under the contract is accelerated, in whole or in part.

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 of June 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

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Defined contribution plans

The Group adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages. The Group 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, 2024 and 2023 were NT\$35,202 thousand and NT\$29,043 thousand, respectively.

Defined benefit plans

The Group adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group 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 Group 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 Group will make up the difference in one appropriation before the end of March in the 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

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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 Group has no right to participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with Paragraph 142 of IAS 19. The Group expects to contribute NT\$2,651 thousand to its defined benefit plan in the year following December 31, 2024.

As of December 31, 2024, the Company expects its defined benefits plan obligation to become due in 2028.

Pension costs recognized in profit or loss are as follows:

	2024	2023
Current-period service cost	\$132	\$130
Net interest on net defined benefit liabilities (assets)	365	470
Total	<u>\$497</u>	<u>\$600</u>

The defined benefit obligation and fair value of plan assets are reconciled as follows:

	2024.12.31	2023.12.31	2023.1.1
Present value of defined benefit obligation	\$47,934	\$47,980	\$52,760
Fair value of plan assets	(19,615)	(16,277)	(13,592)
Net defined benefit liability	<u>\$28,319</u>	<u>\$31,703</u>	<u>\$39,168</u>

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
2023.1.1	\$52,760	\$(13,592)	\$39,168
Current-period service cost	130	-	130
Interest expenses (revenue)	633	(163)	470
Subtotal	<u>53,523</u>	<u>(13,755)</u>	<u>39,768</u>
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	<u>(140)</u>	<u>(61)</u>	<u>(201)</u>
Benefits paid	(5,403)	5,403	-

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Contributions from employer	-	(7,864)	(7,864)
2023.12.31	\$47,980	\$(16,277)	\$31,703
Current-period service cost	132	-	132
Interest expenses (revenue)	552	(187)	365
Subtotal	48,664	(16,464)	32,200
Remeasurements of net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(843)	-	(843)
Experience adjustments	1,090	-	1,090
Remeasurement of defined benefit assets	-	(1,477)	(1,477)
Subtotal	247	(1,477)	(1,230)
Benefits paid	(977)	977	-
Contributions from employer	-	(2,651)	(2,651)
2024.12.31	\$47,934	\$(19,615)	\$28,319

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

	2024.12.31	2023.12.31
Discount rate	1.54%	1.15%
Expected salary increase rate	1.00%	1.00%

The sensitivity analysis on each significant assumption:

	2024		2023	
	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%	\$-	\$(1,008)	\$-	\$(1,059)
Discount rate decreasing by 0.5%	1,091	-	1,232	-
Expected salary increasing by 0.5%	1,091	-	1,225	-
Expected salary decreasing by 0.5%	-	(1,018)	-	(1,065)

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.

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

13. Equity

(1) Common stock

Until December 31, 2024 and 2023, the Company's authorized capital and issued share capital were both NT\$5,000,000 thousand, and paid-in capital was NT\$1,654,778 thousand and NT\$1,569,860 thousand, respectively, each at a par value of NT\$10 per share for 165,478 thousand shares and 156,986 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 completed.

The Company's 3rd domestic unsecured convertible bonds were resolved by the Board of Directors on March 22, 2023, to apply for a conversion amount of NT\$57 thousand, with the issuance of 6 thousand common shares. The capital increase record date is March 27, 2023. The change of registration was completed on April 19, 2023.

The Company's 3rd domestic unsecured convertible bonds were resolved by the Board of Directors on November 8, 2024, to apply for a conversion amount of NT\$84,918 thousand, with the issuance of 8,492 thousand common shares. The capital increase record date is November 15, 2024.

The Company's 3rd domestic unsecured convertible bonds were resolved by the Board of Directors on April 31, 2025, to apply for a conversion amount of NT\$1,623 thousand, with the issuance of 162 thousand common shares. The capital increase record date is March 17, 2025. Therefore, as of December 31, 2024, the bond conversion rights certificates are recorded under the respective category.

(2) Capital surplus

	<u>2024.12.31</u>	<u>2023.12.31</u>
Issued at premium	\$80,128	\$19,009
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired/disposed of	-	4,674
Recognition of equity components due to the issuance of convertible corporate bonds - Those arising from options	13,348	18,800
Others	37	37
Total	<u>\$93,513</u>	<u>\$42,520</u>

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

(3) 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:

2024:

Cause of redemption	Number of shares, beginning	Increase in the current period	Decrease in the current period	Number of shares, ending
Number of shares transferred to employees	-	2,949 thousand shares	1,195 thousand shares	1,754 thousand shares

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	-	-	-	-

B. Until December 31, 2024 and 2023, the treasury stocks bought back by the Company but remaining uncanceled were 1,754 thousand shares and 0 thousand shares, amounting to NT\$29,720 and NT\$0, respectively.

C. From January 1 to December 31, 2024, the Company transferred 1,195 thousand shares of treasury stock to employees, with a par value of NT\$ 20,249 thousand.

D. 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,

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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 reserve which exceeds 25% of the paid-in capital by issuing new shares or in cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes the distributable earnings, it may set aside the special reserve from the difference between the balance of special reserve already set aside at the first-time adoption of IFRSs and the deduction net amount of other shareholders' equity. If the deduction net amount of other shareholders' equity reverses, the earnings of the reversing part can be distributed.

In accordance with the FSC's order under Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, the Company set aside the special reserve from the unrealized revaluation increments and (gains on) cumulative translation adjustment transferred to the retained earnings after it chose to adopt the exemptions under IFRS 1 "First-time Adoption of International Financial Reporting Standards" on the date of translation, when the Company adopted the IFRS initially. When related assets are used, disposed of or reclassified by the Company subsequently, the original rate to state the special reserves could be used to reverse the earnings distribution.

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The special reserves provided by the Company at the first-time adoption of IFRS were both NT\$188,685 thousand on December 31, 2024 and 2023. The Company didn't use, dispose of or reclassify related assets or reverse special earnings to undistributed earnings from January 1 to December 31, 2024 and 2023.

The following 2024 and 2023 earnings provision and appropriation proposal and dividend per share were proposed by the Company's Board of Directors on March 11, 2025 and resolved by the annual general shareholders' meeting on June 8, 2024:

	Earnings provision and appropriation		Dividends Per Share (NT\$)	
	2024	2023	2024 (Note)	2023
Legal reserve	\$6,466	\$2,076		
Cash dividend from ordinary shares	49,166	23,548	\$0.3	\$0.15
Total	<u>\$55,632</u>	<u>\$25,624</u>		

Note: On March 11, 2025, the Company's Board of Directors proposed that part of the cash dividend for common shares be distributed from capital reserves at NT\$0.15 per share.

For the information about estimate bases and recognized amount of the remuneration to employees and directors, please refer to Note VI.17.

(3) Non-controlling interests

	2024	2023
Balance as of Beginning	\$163,979	\$171,404
Current-period net (loss) profit attributed to non-controlling interest	(6,660)	2,726
Other comprehensive income attributed to non-controlling interest:		
Exchange differences on translation of the financial statements of foreign operations	5,932	(4,596)
Change in ownership interests in subsidiaries	13,767	-
Increase/decrease in non-controlling interests	-	(5,555)
Ending balance	<u>\$177,018</u>	<u>\$163,979</u>

14. Operating revenue

	2024	2023
Revenue from contracts with customers		
Sales revenue – injection and molding machine	\$4,237,635	\$3,565,078

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	2024	2023
Sales revenue – revenue from cables	156,413	169,676
Sales revenue – others	135,363	126,251
Total	\$4,529,411	\$3,861,005

(1) Breakdown of revenue

The components of revenue in 2024 are stated as follows:

	Headquarters in Taiwan	Headquarters in Mainland China	Others	Total
Injection and molding machine			\$235,085	
Revenue from	\$1,099,118	\$2,903,432		\$4,237,635
cables	156,413	-	-	156,413
Others	126,484	-	8,879	135,363
Total	\$1,382,015	\$2,903,432	\$243,964	\$4,529,411

Point in time of revenue recognition: Some point in time	\$1,382,015	\$2,903,432	\$243,964	\$4,529,411
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The components of revenue in 2023 are stated as follows:

	Headquarters in Taiwan	Headquarters in Mainland China	Others	Total
Injection and molding machine			\$143,715	
Revenue from	\$754,958	\$2,666,405		\$3,565,078
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
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(2) Contract balance

A. Contract assets - current

	<u>2024.12.31</u>	<u>2023.12.31</u>	<u>2023.1.1</u>
Sale of goods	<u>\$27,647</u>	<u>\$53,902</u>	<u>\$2,288</u>

The significant changes in the Group's 2024 and 2023 balance of contract assets are as follows:

	<u>2024</u>	<u>2023</u>
Opening balance reclassified to accounts receivable in the current period	\$(53,902)	\$(1,920)
There is no unconditional right to receive the contract consideration in the current period.	27,647	53,534

B. Contract liabilities – Current

	<u>2024.12.31</u>	<u>2023.12.31</u>	<u>2023.1.1</u>
Sale of goods	<u>\$271,712</u>	<u>\$192,454</u>	<u>\$189,591</u>

The significant changes in the Group's 2024 and 2023 balances of contract liabilities are as follows:

	<u>2024</u>	<u>2023</u>
Variance	<u>\$79,258</u>	<u>\$2,863</u>

The increase in the Group's contract liabilities in 2024 and 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.

15. Expected credit impairment losses

	<u>2024</u>	<u>2023</u>
Operating expenses – Expected credit impairment losses		
Notes receivable	\$16,151	\$14,984
Accounts receivable	3,577	20,266
Total	<u>\$19,728</u>	<u>\$35,250</u>

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

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The Group measures the allowance for loss of its contract assets and receivables (including note receivables and accounts receivables) at an amount equal to lifetime expected credit losses, and also measures the allowance for loss with respect to individual trading counterpart with the difficulty in finance. The accounts receivable have amounted to NT\$181,603 thousand and NT\$231,633 thousand, and allowances for losses as NT\$101,858 thousand and NT\$92,217 thousand, on December 31, 2024 and 2023, 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, 2024 was measured as follows:

	Not Past Due (Note)	Number of overdue days					Total
		Less than 90 days	90–180 days	180–365 days	1–2 years	Over 2 years	
Total carrying amount	\$1,529,674	\$159,162	\$67,368	\$44,025	\$8,727	\$1,974	\$1,810,930
Loss rate	0.00%~ 0.50%	0.00%~ 0.50%	0.00%~ 0.51%	0.00%~ 0.56%	13.00%~ 31.27%	100%	
Lifetime expected credit loss	(5,915)	(711)	(2,022)	(3,641)	(2,117)	(1,974)	(16,380)
Total	<u>\$1,523,759</u>	<u>\$158,451</u>	<u>\$65,346</u>	<u>\$40,384</u>	<u>\$6,610</u>	<u>\$-</u>	<u>\$1,794,550</u>

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

The allowance for loss on December 31, 2023 is measured as follows:

	Not Past Due (Note)	Number of overdue days					Total
		Less than 90 days	90–180 days	180–365 days	1–2 years	Over 2 years	
Total carrying amount	\$1,261,277	\$235,666	\$24,204	\$17,119	\$6,634	\$1,040	\$1,545,940
Loss rate	0.00%~ 0.29%	0.00%~ 1.84%	0.00%~ 3.60%	0.00%~ 13.00%	20.00%~ 64.21%	100%	
Lifetime expected credit loss	(3,756)	(2,131)	(834)	(2,218)	(1,352)	(1,040)	(11,331)
Total	<u>\$1,257,521</u>	<u>\$233,535</u>	<u>\$23,370</u>	<u>\$14,901</u>	<u>\$5,282</u>	<u>\$-</u>	<u>\$1,534,609</u>

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

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The changes in the allowance for loss of the Group's 2024 notes receivable and accounts receivable (including the current and non-current) is stated as follows:

	Notes receivable	Accounts receivable
Balance as of Beginning	\$17,628	\$85,920
Increase in the current period	16,151	3,577
Written off due to the inability of recovery	-	(7,326)
Effects of foreign exchange changes	10	2,278
Ending balance	<u>\$33,789</u>	<u>\$84,449</u>

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 as of Beginning	\$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	<u>\$17,628</u>	<u>\$85,920</u>

16. Lease

(1) 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.

	2024	2023
Lease income recognized from operating lease		
Income related to fixed lease payments	<u>\$60,150</u>	<u>\$53,348</u>

The undiscounted lease payments and the total amount of the residual years to be collected by the Group on December 31, 2024 and 2023, for the operating lease contracts executed by the Group, are stated as follows:

	2024.12.31	2023.12.31
No more than one year	\$56,953	\$53,551
More than one year but no more than two years	49,345	52,549
More than two years but no more than three years	37,343	45,133

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More than three years but no more than four years	14,117	33,338
More than four years but no more than five years	12,980	10,513
More than five years	26,059	29,379
Total	<u>\$196,797</u>	<u>\$224,463</u>

(2) 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

	2024.12.31	2023.12.31
Land	\$125,327	\$123,987
Houses and buildings	20,739	21,757
Total	<u>\$146,066</u>	<u>\$145,744</u>

The Group's right-of-use assets increased by NT\$0 thousand both in 2024 and 2023, respectively.

(b) Lease liabilities

	2024.12.31	2023.12.31
Lease liabilities	<u>\$23,631</u>	<u>\$24,135</u>
Current	\$1,402	\$1,301
Non-current	22,229	22,834
Total	<u>\$23,631</u>	<u>\$24,135</u>

B. Amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2024	2023
Land	\$2,972	\$2,930
Houses and buildings	1,769	1,744
Total	<u>\$4,741</u>	<u>\$4,674</u>

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C. The lessee's cash outflow from leasing activities

The Group's cash outflows from lease totaled NT\$2,310 thousand and NT\$2,277 thousand from January 1 to December 31, 2024 and 2023.

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

By nature \ By function	2024			2023		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefit expense						
Salary expense	\$189,670	\$349,065	\$538,735	\$167,405	\$316,974	\$484,379
Labor and health insurance expense	10,334	20,043	30,377	9,698	18,881	28,579
Pension expenses	11,405	24,294	35,699	9,331	20,312	29,643
Remuneration of Directors	-	3,067	3,067	-	1,570	1,570
Other employee benefit expenses	11,322	8,762	20,084	10,929	7,580	18,509
Depreciation expense	63,663	83,860	147,523	58,817	60,867	119,684
Amortization expenses	-	11,976	11,976	-	10,411	10,411

Note: The depreciation expenses on investment property in 2024 and 2023 were NT\$5,515 thousand and NT\$5,803 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 2024, the Company estimated the remunerations to employees and directors. The remunerations to employees and directors recognized in 2024 were NT\$6,966 thousand and NT\$2,322 thousand, stated into the salary expenses.

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A resolution was passed at a Board of Directors meeting to distribute NT\$6,966 thousand and NT\$2,322 thousand in cash as the remuneration to employees and directors of 2024, respectively, on March 11, 2025. No material differences exist between the estimated amounts and the amounts stated as expenses in the 2024 financial report.

The remunerations to employees, directors and supervisors distributed actually in 2023 were NT\$2,720 thousand and NT\$940 thousand. No material differences exist between the same and the amounts stated as expenses in the 2023 financial report.

18. Non-operating income and expense

(1) Other income

	2024	2023
Interest revenue	\$28,504	\$30,735
Other revenue – others	74,172	70,080
Total	\$102,676	\$100,815

(2) Other gains or losses

	2024	2023
Disposal of property, plant and equipment (gains) losses	\$528	\$(3,319)
Gains (losses) on net foreign currency exchange	12,561	(5,562)
Gains on disposal of financial assets at FVTPL	12,454	13,087
Impairment losses - property, plant and equipment	(14,899)	-
Other expenditure	(24,180)	(21,820)
Total	\$(13,536)	\$(17,614)

(3) Financial costs

	2024	2023
Interest expenses on bonds	\$(10,676)	\$(11,445)
Interest on bank loans	(62,032)	(45,137)
Interest on lease liabilities	(970)	(1,008)
Others	(76)	(70)
Total	\$(73,754)	\$(57,660)

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19. Components of other comprehensive income

The components of other comprehensive income in 2024 are stated as follows:

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehen sive income	Income tax gains (expenses)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of defined benefit plan	\$1,230	\$-	\$1,230	\$(246)	\$984
Unrealized valuation gains on equity investments measured at fair value through other comprehensive income	8,188	-	8,188	-	8,188
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	91,256	-	91,256	(17,064)	74,192
Total other comprehensive income in the current period	<u>\$100,674</u>	<u>\$-</u>	<u>\$100,674</u>	<u>\$(17,310)</u>	<u>\$83,364</u>

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The components of other comprehensive income in 2023 are stated as follows:

	Recognized during the period	Reclassified and adjusted in the current period	Other comprehens ive 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 financial statements of foreign operations	(52,720)	-	(52,720)	9,624	(43,096)
Total other comprehensive income in the current period	<u>\$(52,519)</u>	<u>\$-</u>	<u>\$(52,519)</u>	<u>\$9,584</u>	<u>\$(42,935)</u>

20. Income tax

The components of income tax expenses in 2024 and 2023 are stated as follows:

(1) Income tax recognized in profit or loss

	2024	2023
Current-period income tax expenses:		
Current income tax payable	\$37,913	\$24,980
Adjustment of the income tax in the previous year in the current period	4,735	(297)
Deferred income tax expenses:		
Deferred income tax expenses related to origination and reversal of temporary difference	(21,238)	10,032
Deferred income tax expenses related to origination and reversal of tax loss and income tax credit	38,234	(215)
Others	435	-
Income tax expenses	<u>\$60,079</u>	<u>\$34,500</u>

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(2) Income tax recognized in other comprehensive income

	<u>2024</u>	<u>2023</u>
Deferred income tax expenses (gains):		
Exchange differences on translation of the financial statements of foreign operations	\$17,064	\$(9,624)
Actuarial gains and losses on defined benefit plan	<u>246</u>	<u>40</u>
Income tax related to components of other comprehensive income	<u>\$17,310</u>	<u>\$(9,584)</u>

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

	<u>2024</u>	<u>2023</u>
Net income before tax of continuing operations	<u>\$132,184</u>	<u>\$57,823</u>
Tax at the domestic rates applicable to profits in the country concerned	\$41,531	\$36,190
Tax effect of expenses not deductible (tax-free income) for tax purposes	(29,022)	(21,947)
Additional income tax on undistributed earnings	-	2,702
Tax effect of deferred income tax assets/liabilities	4,827	2,147
Deferred income tax without recognizing tax loss	39,960	15,705
Adjustment of the income tax in the previous year in the current period	4,735	(297)
Other effects of adjustments based on the tax law on income tax:	(1,179)	-
Others	<u>(773)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$60,079</u>	<u>\$34,500</u>

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

2024

	Balance as of Beginning	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehen sive income	Translation differences	Ending balance
Temporary differences					
Inventory falling price reserves	\$17,906	\$(1,449)	\$-	\$141	\$16,598
Share of net (gains) on subsidiaries accounted for using equity method	(326,826)	27,098	-	-	(299,728)
Exchange differences on translation of the financial statements of foreign subsidiaries	16,392	-	(17,064)	-	(672)
Accruable pension liabilities	6,341	(431)	(246)	-	5,664
Reserve for land value increment tax	(222,545)	-	-	-	(222,545)
Unused tax loss	56,483	(38,234)	-	-	18,249
Convertible corporate bonds	(4,701)	1,357	-	-	(3,344)
Others	23,903	(5,337)	-	438	19,004
Deferred income tax (expenses)/gains		<u>\$ (16,996)</u>	<u>\$ (17,310)</u>	<u>\$ 579</u>	
Net deferred tax assets/(liabilities)	<u>\$ (433,047)</u>				<u>\$ (466,774)</u>
The information expressed in the balance sheet:					
Deferred tax income assets	<u>\$ 105,722</u>				<u>\$ 66,686</u>
Deferred income tax liabilities	<u>\$ (538,769)</u>				<u>\$ (533,460)</u>

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2023

	Balance as of Beginning	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehen sive 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		<u>\$(9,817)</u>	<u>\$9,584</u>	<u>\$(339)</u>	
Net deferred tax assets/(liabilities)	<u>\$ (432,475)</u>				<u>\$ (433,047)</u>
The information expressed in the balance sheet:					
Deferred tax income assets	<u>\$110,252</u>				<u>\$105,722</u>
Deferred income tax liabilities	<u>\$(542,727)</u>				<u>\$(538,769)</u>

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

Year when it is incurred	Amount of loss	Uncredited balance		
		2024.12.31	2023.12.31	Expiration year
2015	70,299	\$-	\$47,756	2025
2016	40,988	-	40,988	2026
2017	23,024	-	23,024	2027
2020	37,853	-	37,853	2030
2021	84,883	44,245	84,883	2031
2022	47,914	47,001	47,914	2032
		<u>\$91,246</u>	<u>\$282,418</u>	

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The assessment on income tax returns

As of December 31, 2024, the assessment on the income tax returns of the Group is as follows:

	<u>The assessment on income tax returns</u>
The Company	Authorized until 2022
Subsidiary – SHING FUH TAI TECHNOLOGY CORP.	Authorized until 2022

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:

	<u>2024</u>	<u>2023</u>
(1) Basic earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT\$ thousand)	\$78,765	\$20,597
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (thousand shares)	<u>158,379</u>	<u>156,985</u>
Basic earnings per share (NT\$)	<u>\$0.50</u>	<u>\$0.13</u>
(2) Diluted earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT\$ thousand)	\$78,765	\$20,597
Interest on convertible corporate bonds (NT\$ thousand)	<u>6,726</u>	<u>(Note 1)</u>
Net profit attributed to ordinary shareholders of parent company upon effect of adjustment and dilution (NT\$ Thousand)	<u>\$85,491</u>	<u>\$20,597</u>

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	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares for basic earnings per share (including retroactive adjustment) (thousand shares)	158,379	156,985
Dilution effect:		
Employee bonus – stocks (thousand shares)	453	317
Potential number of shares upon conversion of convertible corporate bonds (thousand shares)	26,963	(Note 1)
Weighted average number of ordinary shares after adjustment and dilution (thousand shares)	<u>185,795</u>	<u>157,302</u>
Diluted earnings per share (NT\$)	<u>\$0.46</u>	<u>\$0.13</u>

(Note 1) The convertible corporate bonds posed anti-dilution effect on the convertible corporate bonds from January 1 to December 31, 2023.

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

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$26,930	\$37,953
Pensions	1,020	1,107
Total	<u>\$27,950</u>	<u>\$39,060</u>

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VIII. Pledged assets

The Group has provided the following assets as collaterals:

Item	Carrying amount		Details about the secured debts
	2024.12.31	2023.12.31	
Pledged bank deposits (recognized in other current assets)	\$46,829	\$50,724	Endorsements/ guarantees provided to others, short-term borrowings, letter of guarantee, and security deposits for acceptance bills
Pledged bank deposits (recognized in other non-current assets)	46,124	46,427	Letter of guarantee and acceptance bill margin
Property, plant and equipment – land and buildings	1,141,473	1,156,820	Long-term borrowings and security deposits for acceptance bills
Investment property	202,630	204,015	Long-term borrowings
Right-of-use assets – land	115,752	114,405	Long-term borrowings and security deposits for acceptance bills
Total	<u>\$1,552,808</u>	<u>\$1,572,391</u>	

IX. Significant Contingent Liabilities and Unrecognized Commitments

The Group has had the following contingencies or commitments not included into the financial statements until December 31, 2024:

1. The Company has applied for the performance bond, NT\$12,600 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, 2024.

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2. The Group has had the following important contracts until December 31, 2024:

Company Name	Important contract	Contract amount	Amount paid	Amount outstanding
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Construction in progress – new buildings and renovation works.	\$62,997 (RMB14,068 thousand)	\$53,736 (RMB12,000 thousand)	\$9,261 (RMB2,068 thousand)

X. Losses Due to Major Disasters

None.

XI. Significant Events

None.

XII. Others

1. Categories of financial instruments

Financial assets

	2024.12.31	2023.12.31
Financial assets at FVTPL:		
Financial assets mandatorily measured at fair value through profit or loss (including the current and non-current)	\$164,639	\$325,841
Financial assets at FVOCI		
Measured at FVOCI	66,109	57,392
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	673,847	486,861
Notes receivable (including the current and non-current)	402,274	536,418
Accounts receivable (including the current and non-current)	1,444,374	1,083,705
Pledged bank deposits (recognized in other current assets)	46,829	50,724
Pledged bank deposits (recognized in other non-current assets)	46,124	46,427

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	2024.12.31	2023.12.31
Refundable deposits (recognized in other non-current assets)	21,704	20,887
Subtotal	2,635,152	2,225,022
Total	\$2,865,900	\$2,608,255
<u>Financial liabilities</u>		
	2024.12.31	2023.12.31
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$311,885	\$322,182
Payables	1,688,191	1,520,805
Bonds payable (including the current portion)	710,398	844,198
Long-term borrowings (including the current portion)	1,481,487	1,398,250
Deposits received	11,685	11,318
Lease liabilities(current and non-current)	23,631	24,135
Total	\$4,227,277	\$4,120,888

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.

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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 NT\$ appreciates/depreciates against USD by 1%, the Group's profit for 2024 and 2023 is decreased/increased by NT\$2,924 thousand and NT\$662 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 net profit

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(loss) for 2024 and 2023 is decreased by NT\$1,832 thousand and NT\$2,078 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 2024 and 2023 will be increased/decreased by NT\$44 thousand and NT\$41 thousand in 2024 and 2023.

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, 2024 and 2023, the top ten contract assets and accounts receivable represent 24.15% and 27.55% 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.

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

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

Credit risk level	Indicators	Expected credit loss measurement method	Total carrying amount	
			2024.12.31	2023.12.31
Simplified Approach (Note)	(Note)	Lifetime expected credit loss	\$1,992,533	\$1,777,573

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.

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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
2024.12.31					
Borrowings	\$487,026	\$658,067	\$731,664	\$-	\$1,876,757
Bonds payable	715,845	-	-	-	715,845
Payables	1,688,191	-	-	-	1,688,191
Lease liabilities	2,321	4,829	5,014	17,650	29,814
Financial guarantee contract (Note)	12,172	-	-	-	12,172
2023.12.31					
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

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.

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6. Reconciliation of liabilities from financing activities

The information about adjustment of liabilities in 2024:

	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liabilities	Total liabilities from financing activities
2024.1.1	\$322,182	\$1,398,250	\$844,198	\$24,135	\$2,588,765
Cash flow	(16,908)	63,635	-	(1,340)	45,387
Not changes in cash		-	(133,800)	-	(133,800)
Changes in the foreign exchange rate	6,611	19,602	-	836	27,049
2024.12.31	<u>\$311,885</u>	<u>\$1,481,487</u>	<u>\$710,398</u>	<u>\$23,631</u>	<u>\$2,527,401</u>

The information about adjustment of liabilities in 2023:

	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liabilities	Total liabilities from financing activities
2023.1.1	\$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)
2023.12.31	<u>\$322,182</u>	<u>\$1,398,250</u>	<u>\$844,198</u>	<u>\$24,135</u>	<u>\$2,588,765</u>

7. Fair value of financial instruments

(1) 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

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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).

(2) 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.

(3) 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 instruments

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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, 2024 and 2023 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
2024.12.31 None.		
2023.12.31 Forward exchange contract	Sold for US\$100 thousand	December 4, 2023 to January 25, 2024

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 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.

9. Fair value hierarchy

(1) Definition of fair value hierarchy

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

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

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Level 2: Inputs observable for the asset or liability, either directly or indirectly, other than quoted prices included within Level 1.
 Level 3: Unobservable inputs for the asset or liability.

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

(2) Fair value measurement hierarchy

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

December 31, 2024

	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
Financial assets:				
Financial assets at FVTPL				
Shares	\$4,413	\$-	\$65,164	\$69,577
Wealth management products	-	89,693	-	89,693
Fund	-	5,369	-	5,369
Financial assets at FVOCI				
Unlisted shares	-	-	66,109	66,109

December 31, 2023

	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
Financial assets:				
Financial assets at FVTPL				
Forward exchange contract	\$-	\$51	\$-	\$51
Shares	4092	-	56041	60133
Wealth management products	-	260197	-	260197
Fund	-	5460	-	5460
Financial assets at FVOCI				
Unlisted shares	-	-	57392	57392

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

In 2024 and 2023, 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	Unlisted shares
2024.1.1	\$56,041	\$57,392
Total gains recognized in 2024:		
Recognized in profit or loss (stated in other gains and losses)	9,123	-
Recognized in other comprehensive income (presented under unrealized gains or losses on equity instruments measured at fair value through other comprehensive income).	-	8,188
Effects of foreign exchange changes	-	529
2024.12.31	<u>\$65,164</u>	<u>\$66,109</u>

	Assets		
	Financial assets measured at fair value through profit or loss		Measured at FVOCI
	Shares	Derivative instruments	Unlisted shares
2023.1.1	\$48,010	\$400	\$57,676
Total gains (losses) recognized in 2023:			
Recognized in profit or loss (stated in other gains and losses)	8,031	(400)	-
Effects of foreign exchange changes	-	-	(284)
2023.12.31	<u>\$56,041</u>	<u>\$-</u>	<u>\$57,392</u>

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Information on fair value level 3 significant unobservable inputs

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

December 31, 2024

	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity analysis and value relationship of the relationship of inputs and fair value</u>
Financial assets:					
Financial assets measured at fair value through profit or loss					
Embedded derivative instruments	Binary Tree convertible bond valuation model	Volatility	34.72%	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	15.99~55.97	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\$10,817 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\$4,765 thousand.

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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-earn ings ratio of similar companies	12.60~ 18.46	The higher the price-to-earnin gs 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.

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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:

	2024.12.31		
	Foreign Currency	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$12,958	32.785	\$413,036
<u>Financial liabilities</u>			
Monetary items:			
USD	3,680	32.785	120,651
	2023.12.31		
	Foreign Currency	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$9,342	30.705	\$286,846
<u>Financial liabilities</u>			
Monetary items:			
USD	7,186	30.705	220,646

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 2024 and 2023, the Group's foreign currency exchange gains were NT\$12,561 thousand and NT\$5,562 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

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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:

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

2. Information on Investees:

- (1) Which may exercise significant influence or control over the investee, directly or indirectly: Please refer to Table 6.
- (2) 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 China:

- (1) 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

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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.

- (2) 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.

IV. 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, and 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.

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

2024	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	\$1,373,445	\$992,056	\$1,481,148	\$682,762	\$-	\$4,529,411
Inter-departmental revenue	74,017	285,808	355,951	85,363	(801,139)	-
Total revenue	<u>\$1,447,462</u>	<u>\$1,277,864</u>	<u>\$1,837,099</u>	<u>\$768,125</u>	<u>\$(801,139)</u>	<u>\$4,529,411</u>
Departmental profits or losses	\$54,132	\$105,054	\$145,058	\$(182,167)	\$10,107	\$132,184
Segment assets	<u>\$2,713,308</u>	<u>\$1,150,645</u>	<u>\$2,522,677</u>	<u>\$2,270,884</u>	<u>\$(947,410)</u>	<u>\$7,710,104</u>
Department liabilities	<u>\$2,940,849</u>	<u>\$575,418</u>	<u>\$920,216</u>	<u>\$1,593,605</u>	<u>\$(939,820)</u>	<u>\$5,090,268</u>

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

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-departmental revenue	52,402	164,824	292,202	12,279	(521,707)	-
Total revenue	<u>\$1,078,451</u>	<u>\$1,013,898</u>	<u>\$1,775,152</u>	<u>\$515,211</u>	<u>\$(521,707)</u>	<u>\$3,861,005</u>
Departmental profits or losses	\$(59,627)	\$54,393	\$131,830	\$(218,526)	\$149,753	\$57,823
Segment assets	<u>\$2,566,036</u>	<u>\$940,411</u>	<u>\$2,315,385</u>	<u>\$2,135,367</u>	<u>\$(672,643)</u>	<u>\$7,284,556</u>
Department liabilities	<u>\$2,930,882</u>	<u>\$445,460</u>	<u>\$714,310</u>	<u>\$1,475,693</u>	<u>\$(663,211)</u>	<u>\$4,903,134</u>

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

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2. Information by regions:

A. Revenue from external customers:

<u>Location</u>	<u>2024</u>	<u>2023</u>
Taiwan	\$755,604	\$689,509
Mainland China	2,388,205	2,450,485
Other countries	1,385,602	721,011
Total	<u>\$4,529,411</u>	<u>\$3,861,005</u>

B. Non-current assets:

<u>Location</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Taiwan	\$1,147,183	\$1,122,648
Mainland China	1,565,540	1,506,544
Other countries	226,475	258,603
Total	<u>\$2,939,198</u>	<u>\$2,887,795</u>

3. Information by product:

<u>Product type</u>	<u>2024</u>	<u>2023</u>
Injection and molding machine	\$4,237,636	\$3,565,078
Cables	156,411	169,676
Light guide plate	14,850	15,295
Others	120,514	110,956
Total	<u>\$4,529,411</u>	<u>\$3,861,005</u>

4. Information on major customers:

In 2024 and 2023, 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.

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Table 1
Financing provided to others:

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	Other receivables	Yes	\$185,000	\$185,000	\$110,141	0%-7.0%	2	\$-	Operating capital	-	-	-	\$488,564	\$977,127
0	The Company	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Other receivables	Yes	50,000	10,000	-	0%-7.0%	2	-	Operating capital	-	-	-	488,564	977,127
0	The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Other receivables	Yes	80,000	50,000	34,512	0%-7.0%	2	-	Operating capital	-	-	-	488,564	977,127
0	The Company	FCS MACHINERY (THAILAND)CO., LTD.	Other receivables	Yes	40,000	40,000	11,734	0%-7.0%	2	-	Operating capital	-	-	-	488,564	977,127
0	The Company	FCS PLASTIC MACHINERY (THAILAND)CO.,LTD.	Other receivables	Yes	10,000	10,000	6,743	0%-7.0%	2	-	Operating capital	-	-	-	488,564	977,127
0	The Company	PT. SHIN PREFORM PLASTIC	Other receivables	Yes	5,000	-	-	0%-7.0%	2	-	Operating capital	-	-	-	488,564	977,127
0	The Company	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Other receivables	Yes	10,000	10,000	1,639	0%-7.0%	2	-	Operating capital	-	-	-	488,564	977,127
0	The Company	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Other receivables	Yes	30,000	10,000	-	0%-7.0%	2	-	Operating capital	-	-	-	488,564	977,127
0	The Company	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Other receivables	Yes	50,000	10,000	-	0%-7.0%	2	-	Operating capital	-	-	-	488,564	977,127
0	The Company	SHING FUH TAI TECHNOLOGY CORP.	Other receivables	Yes	10,000	10,000	3,008	0%-7.0%	2	-	Operating capital	-	-	-	488,564	977,127

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Table 1 (Cont'd)

No. (Note 1)	Lender	Borrower	Financial Statement Accounts	Related party or not	Highest amount in the current period (Note 7)	Ending balance (Note 8)	Amount actually drawn	Interest Rate	Nature of loans to others (Note 2)	Business transaction amounts (Note 3)	Reasons for necessary short-term financing (Note 4)	Provision of allowance for loss	Collateral		Limit of loans to an individual borrower	Limit of total loans
													Name	Value		
0	The Company	FCS RG PLASTIC PTE.LTD.	Other receivables	Yes	\$190,000	\$190,000	\$129,487	0%-7.0%	2	\$-	Operating capital	-	-	-	\$488,564	\$977,127
1	FU CHUN SHIN CO., LTD. (BVI)	The Company	Other receivables	Yes	245,000	165,000	-	0%-7.0%	2	-	Operating capital	-	-	-	549,388	1,098,776
1	FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE.LTD.	Other receivables	Yes	180,000	180,000	100,856	0%-7.0%	2	-	Operating capital	-	-	-	549,388	1,098,776
1	FU CHUN SHIN CO., LTD. (BVI)	FCS MACHINERY (THAILAND) CO.,LTD	Other receivables	Yes	40,000	40,000	26,185	0%-7.0%	2	-	Operating capital	-	-	-	549,388	1,098,776
1	FU CHUN SHIN CO., LTD. (BVI)	FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Other receivables	Yes	5,000	5,000	-	0%-7.0%	2	-	Operating capital	-	-	-	549,388	1,098,776
1	FU CHUN SHIN CO., LTD. (BVI)	FCS PLASTIC MACHINERY (THAILAND) CO.,LTD.	Other receivables	Yes	10,000	10,000	2,646	0%-7.0%	2	-	Operating capital	-	-	-	549,388	1,098,776
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	Other receivables	Yes	68,175 (RMB15,000 thousand)	67,170 (RMB15,000 thousand)	-	0%-7.0%	2	-	Operating capital	-	-	-	115,045 (RMB25,691 thousand)	230,091 (RMB51,382 thousand)
1	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Other receivables	Yes	\$13,635 (RMB3,000 thousand)	\$13,434 (RMB3,000 thousand)	\$-	0%-7.0%	2	\$-	Operating capital	-	-	-	\$115,045 (RMB25,691 thousand)	\$230,091 (RMB51,382 thousand)
1	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Other receivables	Yes	330,179 (RMB73,000 thousand)	326,894 (RMB73,000 thousand)	192,165 (RMB42,913 thousand)	0%-7.0%	2	-	Operating capital	-	-	-	480,738 (RMB107,356 thousand)	640,984 (RMB143,141 thousand)
1	FCS RG PLASTIC PTE.LTD.	PT. FCS RGP PLASTIC	Other receivables	Yes	117,260 (USD 3,603 thousand)	107,190 (USD3,269 thousand)	98,207 (USD2,995 thousand)	0%-7.0%	1	107,190 (USD 3,269 thousand)	Business Transaction	-	-	-	(Note 9)	(Note 9)

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 1 (Cont'd)

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:

- (1) The Company's limit of financing to an individual borrower shall be no more than 20% of the net worth in the most recent period.
- (2) The limit of financing of FU CHUN SHIN CO., LTD. to an individual borrower shall be no more than 20% of the net worth in the most recent period.
- (3) The limit of financing of Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd. to an individual borrower shall be no more than 20% of the net worth in the most recent period.
- (4) The limit of financing of Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd. to an individual borrower shall be no more than 30% of the net worth in the most recent period.
- (5) The limit of financing of FCS RG PLASTIC PTE. LTD. to an individual borrower shall be no more than 20% of the 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 32.785 and USD vs RMB 4.478 on December 31, 2024.

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 11, 2025. It will continue to follow up the improvement plan implementation status on a quarterly basis.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 2
Endorsements/guarantees provided for others:

No. (Note 1)	Endorsement /guarantee provider	Guaranteed party		Limits on endorsement/ guarantee amount provided to each guaranteed party (Note 2)	Maximum balance for the current period	Ending balance of endorsement/ guarantee (Note 4)	Amount actually drawn down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum amount of endorsement/ guarantee allowance (Note 3)	Guarantee provided by parent 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	\$732,846	\$282,880 (RMB65,000 thousand)	\$223,900 (RMB50,000 thousand)	\$77,169 (RMB17,233 thousand)	None	9.17%	\$1,221,409	Y	N	Y
0	The Company	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	A subsidiary of which more than 50% ordinary shares are held directly	732,846	81,370 (USD2,000 thousand and INR40,000 thousand)	80,902 (USD2,000 thousand and INR40,000 thousand)	-	None	3.31%	1,221,409	Y	N	N
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	A subsidiary of which more than 50% ordinary shares are held directly	732,846	262,680 (USD8,000 thousand)	196,710 (USD6,000 thousand)	26,228 (USD800 thousand)	None	8.05%	1,221,409	Y	N	N
0	The Company	FCS RG PLASTIC PTE.LTD.	A subsidiary of which more than 50% ordinary shares are held directly	732,846	197,010 (USD6,000 thousand)	190,153 (USD5,800 thousand)	89,066 (USD2,717 thousand)	42,900	7.78%	1,221,409	Y	N	N
1	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	320,492 (RMB71,570 thousand)	190,208 (RMB41,850 thousand)	187,404 (RMB41,850 thousand)	67,170 (RMB15,000 thousand)	None	11.69%	640,984 (RMB143,141 thousand)	N	N	Y

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 2 (Cont'd)

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										
1	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Customers A1-ZZZ	Business Transaction	320,492 (RMB71,570 thousand)	96,335 (RMB21,513 thousand)	67,170 (RMB15,000 thousand)	12,172 (RMB2,718 thousand)	3,926 (RMB877 thousand)	4.19%	640,984 (RMB143,141 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 for any single overseas affiliates 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: The exchange rate of USD vs NTD was 32.785, RMB vs NTD 4.478, and INR vs NTD 0.383 on December 31, 2024.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 3

Ending marketable securities held (excluding investment in subsidiaries):

Holding company name	Marketable securities types and name (Note 1)	Relationship with the issuers	Financial statement account	End of Period				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	5	\$162	-	\$162	Non-secured or pledged
The Company	Ordinary shares - IBASE TECHNOLOGY INC.	None	Financial assets at FVTPL - Current	4	295	-	295	Non-secured or pledged
The Company	Common stock - Lotus Pharmaceutical Co., Ltd.	None	Financial assets at FVTPL - Current	9	2,425	-	2,425	Non-secured or pledged
The Company	Ordinary shares - Team Group Inc.	None	Financial assets at FVTPL - Current	9	699	-	699	Non-secured or pledged
The Company	Ordinary shares - Brave C&H Supply Co., Ltd.	None	Financial assets at FVTPL - Current	8	832	-	832	Non-secured or pledged
The Company	Fund - Allianz US Short Duration High Income Bond	None	Financial assets at FVTPL - Current	633	5,369	-	5,369	Non-secured or pledged
				Total	\$9,782		\$9,782	
The Company	Preferred shares - SKS Transformation Flagship I. TW (Resurgo) Co., Ltd.	None	Financial assets at FVTPL - Non-current	5,000	65,164	-	65,164	Non-secured or pledged
				Total	\$65,164		\$65,164	

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

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 4

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Buyer/Seller	Related Party	Relation	Transaction Details				The status and reasons of the transaction terms different from common transactions		Notes/accounts receivable (payable)		Remarks
			Purchase/Sale	Amount	Percentage to the total purchase/sale	Payment Terms	Unit Price	Payment Terms	Balance	Percentage to total notes and accounts receivable (payable)	
Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	The Company	Parent company	Sales	\$163,677 (RMB36,734 thousand)	12.81%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers	\$27,817 (RMB6,212 thousand)	4.55%	(Note 1) (Note 2)	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	The Company	Parent company	Sales	195,124 (RMB43,792 thousand)	10.62%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers	97,782 (RMB21,836 thousand)	13.68%	(Note 1) (Note 2)	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Associate	Sales	109,707 (RMB24,622 thousand)	5.97%	Equivalent to those applicable to the general sales customers	Equivalent to those applicable to the general sales customers	34,673 (RMB7,743 thousand)	4.85%	(Note 1) (Note 2)	

Note 1: The exchange rate of RMB vs NTD was 4.478 on December 31, 2024. The average exchange rate of RMB vs NTD was 4.456 from January 1 to December 31, 2024.

Note 2: Already written off when the consolidated financial statements were prepared

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 5

Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Company Name	Related Party	Relation	Balance of receivables from related parties (Note 2)	Turnover Rate	Overdue		Subsequent recovered amount of receivables – related party	Provision of allowance for uncollectible accounts	Remarks
					Amount	Actions Taken			
The Company	FU CHUN SHIN CO., LTD.	A subsidiary of which more than 50% ordinary shares are held directly	\$110,141	(Note 1)	\$-	-	\$-	\$-	(Note 3)
The Company	FCS RG PLASTIC PTE.LTD.	A subsidiary of which more than 50% ordinary shares are held directly	129,487	(Note 1)	-	-	-	-	(Note 3)
FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE.LTD.	Associate	100,856	(Note 1)	-	-	-	-	(Note 3)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Associate	192,165 (RMB42,913 thousand)	(Note 1)	-	-	-	-	(Note 3)

Note 1: Amount of the loans.

Note 2: The exchange rate of RMB vs NTD was 4.478 on December 31, 2024.

Note 3: Already written off when the consolidated financial statements were prepared.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 6
Which may exercise significant influence or control over the investee, directly or indirectly

Investor	Investor Company	Location	Main business	Investment Amount		As of End of Period			Current income (losses) of the investee	Investment income (losses) recognized in the current period	Remarks
				End of Period	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%	\$2,741,461	\$147,015	\$144,253	(Note 1) (Note 5)
	SHING FUH TAI TECHNOLOGY CORP.	Taiwan	Non-ferrous Metal Basic Industries	30,031	30,031	-	85.71%	4,518	(8,466)	(7,232)	(Note 1) (Note 5)
	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	Indonesia	Sale of plastic injection molding machines, peripheral products, molds and spare parts	17,852	17,852	-	92.00%	9,971	(617)	(617)	(Note 5)
	FCS MACHINERY (THAILAND) CO., LTD.	Thailand	Production of PET preforms, and sale and maintenance service for injection machine	23,250	23,250	-	100.00%	(18,915)	(17,875)	(17,875)	(Note 5)
	PT. SHIN PREFORM PLASTIC	Indonesia	Production of PET preforms	44,733	44,733	-	99.00%	28,208	(3,370)	(3,336)	(Note 5)
	FCS RG PLASTIC PTE.LTD.	Singapore	Primarily engaged in import/export sales	155,689	152,590	-	76.03%	(143,406)	(45,399)	(33,526)	(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%	20,498	(1,029)	(1,029)	(Note 5)
	FCS PLASTIC MACHINERY (THAILAND) CO., LTD.	Thailand	Sale and after-sale of machine and spare parts	4,488	4,488	-	100.00%	(4,766)	(4,524)	(4,524)	(Note 5)

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 6 (Cont'd)

Invested company Name	Investor Company	Location	Main business	Investment Amount		As of End of Period			Current income (losses) of the investee	Investment income (losses) recognized in the current period	Remarks
				End of Period	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%	\$30,523	\$(21,119)	\$(21,119)	(Note 5)
	FKT PLASTIC MACHINERY COMPANY LIMITED	Myanmar	Sale of plastic injection machine	461	461	-	33.33%	-	-	-	(Note 3) (Note 5)
	FU CHUN SHIN (VIETNAM) COMPANY LIMITED	Vietnam	Sale and after-sale of machine and spare parts	9,093	9,093	-	100.00%	2,267	(1,306)	(1,306)	(Note 5)
	JUST NANOTECH CO., LTD.	Taiwan	Manufacturing of machinery and equipment	4,500	4,500	-	45.00%	-	-	-	-
FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE.LTD.	Singapore	Primarily engaged in the marketable securities trading and import/export sales.	-	-	-	0.72%	(1,336)	(33,547)	(327)	(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%	(22,353) (SGD(926) thousand)	(18,344) (SGD(763) thousand)	(18,344) (SGD(763) thousand)	(Note 2) (Note 5)
SHING FUH TAI TECHNOLOGY CORP.	JUNG SHEN TECHNOLOGY CO., LTD.	Taiwan	Production and sales of screws	11,250	11,250	1,125	30.00%	3,574	(12,583)	(3,775)	-

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

Note 2: As of December 31, 2024, the foreign exchange rate for conversion of SGD to NTD is 24.130; for the year ended December 31, 2024, the average foreign exchange rate for conversion of SGD to NTD is 24.045.

Note 3: 100% impairment loss recognized in Q2 2021.

Note 4: On February 20, 2024, the Company subscribed to 854 thousand shares of FCS RG PLASTIC PTE. LTD. from other shareholders for SGD 133,000 (NTD 3,099 thousand), and the subscription was ratified at the Board of Directors' meeting on March 15, 2024. The shareholding ratio changed to 76.03%, and the Group holds a total of 76.75% of the shares.

Note 5: The amount has been written-off in preparation of the consolidated financial statements.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 7

For those which may exercise control over the investee, directly or indirectly, it is necessary to disclose the information about the investee further:

Ending marketable securities held by the investee:

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	End of Period			Remarks
				Carrying amount	Shareholding	Fair value	
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	China Merchants Bank - FNB01434 Structured deposit	None	Financial assets at FVTPL - Current	\$89,693 thousand (RMB20,030 thousand)	-	\$89,693 thousand (RMB20,030 thousand)	(Note 1) (Note 2)
			Total	\$89,693 thousand		\$89,693 thousand	
FU CHUN SHIN CO., LTD. (BVI)	Huamo Intelligent Equipment (Jiaxing) Co., Ltd.	None	Financial assets at FVOCI - Non-current	48,712 thousand	12.21%	48,712 thousand	(Note 1)
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Huamo Intelligent Equipment (Jiaxing) Co., Ltd.	None	Financial assets at FVOCI - Non-current	17,397 thousand (RMB 3,885 thousand)	4.36%	17,397 thousand (RMB 3,885 thousand)	(Note 1) (Note 2)
			Total	\$66,109 thousand		\$66,109 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 4.478 on December 31, 2024.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 8

For those which may exercise control over the investee, directly or indirectly, it is necessary to disclose the information about the investee further:

Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital:

The company acquired and disposed of	Marketable securities types and name (Note 1)	Financial statement account	Beginning of Period		Acquisition		Disposal				End of Period		
			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	-	\$130,125 (RMB30,072 thousand)	-	\$582,140 (RMB130,000 thousand)	-	\$629,912 (RMB140,668 thousand)	\$626,920 (RMB140,000 thousand)	\$2,801 (RMB626 thousand)	-	\$89,693 (RMB20,030 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 4.478 on December 31, 2024.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

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. (Note 6)	Production and sale of plastic molding machine and various plastic products	\$211,100 (HKD50,000 thousand)	1	\$211,100 (HKD50,000 thousand)	\$-	\$-	\$211,100 (HKD50,000 thousand)	\$84,969	100%	\$84,969	\$575,227	\$226,923
Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd. (Note 6)	Production and sale of plastic molding machine and plastic molds	229,495 (USD7,000 thousand)	1	207,693 (USD6,335 thousand)	-	-	207,693 (USD6,335 thousand)	130,333	90.5%	117,951	1,448,734	529,251
Jin Pei Wang (Tianjin) Packaging Materials Co., Ltd. (Note 3)	Production and sale of plastic molding machine and various plastic products	27,244 (USD831 thousand)	1	14,393 (USD439 thousand)	-	-	14,393 (USD439 thousand)	-	-	-	-	-
Fu Chun Shin (Ningbo) Precision Technology Co., Ltd. (Note 6)	Production and sale of plastic molding machine and plastic molds	819,625 (USD25,000 thousand)	2	-	-	-	(Note 5)	(65,119)	90.5%	(58,933)	636,044	-

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 9 (Cont'd)

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)
\$433,186 (HKD 50,000 thousand and USD 6,774 thousand)	\$482,971 (HKD 50,000 thousand and USD 6,954 thousand and RMB 9,800 thousand)	\$1,465,691

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, 2024. Specifically, the exchange rate of USD vs NTD was 32.785, RMB vs NTD 4.478 and HKD vs NTD 4.222.

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.

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 10
Significant intercompany transactions:
December 31, 2024

No. (Note 1)	Name	Transaction party	Transaction counterpart Relationship (Note 2)	Transaction status			
				Item	Amount	Transaction Terms (Note 4)	Percentage of total consolidated revenue or total assets (Note 3)
0	The Company	FCS CHUN SHIN (VIETNAM) COMPANY LIMITED	1	Sales	\$45,601	-	1.01%
0	The Company	FU CHUN SHIN CO., LTD. (BVI)	1	Other receivables	110,141	-	1.43%
0	The Company	FCS RG PLASTIC PTE.LTD.	1	Other receivables	129,487	-	1.68%
0	The Company	PT. FUCHUNSHIN TECHNOLOGY INDONESIA	1	Sales	11,856	-	0.26%
0	The Company	FCS PLASTIC MACHINERY (THAILAND) CO., LTD.	1	Sales	11,885	-	0.26%
1	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	The Company	2	Sales	195,124	-	4.31%
1	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	The Company	2	Royalty expense (sales promotion expenses)	17,440	-	0.39%
1	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	The Company	2	Accounts receivable	97,782	-	1.27%
1	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	3	Sales	109,707	-	2.42%
1	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	3	Other receivables	192,165	-	2.49%
1	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	3	Sales	34,463	-	0.76%

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 10 (Cont'd)

No. (Note 1)	Name	Transaction party	Transaction counterpart Relationship (Note 2)	Transaction status			
				Item	Amount	Transaction Terms (Note 4)	Percentage of total consolidated revenue or total assets (Note 3)
1	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	3	Sales	16,535	-	0.37%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	The Company	2	Sales	163,677	-	3.61%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	FCS MANUFACTURING (INDIA) PRIVATE LIMITED	3	Sales	91,752	-	2.03%
2	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	3	Sales	23,042	-	0.51%
3	FCS RG PLASTIC PTE. LTD.	PT. FCS RGP PLASTIC	3	Other receivables	98,207	-	1.27%
4	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	The Company	2	Sales	20,309	-	0.45%
4	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Dongguan Fu Chun Shin Plastic Machinery Manufacture Co., Ltd.	3	Sales	50,482	-	1.11%
4	Fu Chun Shin (Ningbo) Precision Technology Co., Ltd.	Fu Chun Shin (Ningbo) Machinery Manufacture Co., Ltd.	3	Sales	13,828	-	0.31%
5	FU CHUN SHIN CO., LTD. (BVI)	FCS RG PLASTIC PTE. LTD.	3	Other receivables	100,856	-	1.31%

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 10 (Cont'd)

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

- (1) 0 stands for the parent company
- (2) The subsidiaries are numbered from number 1 and so on.

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

- (1) Parent company to subsidiary
- (2) Subsidiary to the parent company
- (3) Subsidiary to subsidiary

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

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

Notes to Consolidated Financial Statements of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. and its Subsidiaries (Cont'd)
(in NTD thousand, unless stated otherwise)

Table 11
Information on Major Shareholders:

Name of major shareholder	Shares	Shares held (shares)	Shareholding percentage
Po-Hsun Wang		11,718,766	7.07%

Note 1: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for shareholders holding greater than five percent of the shares completed the process of registration and book-entry delivery in dematerialized form, including treasury shares, at the last business date of each quarter. There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note 2: As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. 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 MOPS.