

**Shieh Yih Machinery Industry Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,440,540	41	\$ 1,470,110	28
Financial assets at fair value through profit or loss (Notes 4, 7 and 30)	473,637	8	198,716	4
Financial assets at amortized cost (Notes 4 and 9)	99,752	2	271,842	5
Contract assets (Note 24)	35,774	1	58,616	1
Notes receivable (Notes 4 and 10)	183,983	3	103,882	2
Trade receivables (Notes 4, 5 and 10)	214,226	4	336,536	6
Other receivables	13,758	-	12,249	-
Current tax assets (Notes 4 and 26)	6,536	-	3,104	-
Inventories (Notes 4, 5 and 11)	1,018,877	17	1,103,386	21
Prepayments	34,109	-	33,935	1
Other current assets	2,569	-	1,281	-
Total current assets	4,523,761	76	3,593,657	68
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 30)	95,788	2	58,131	1
Financial assets at amortized cost - non-current (Notes 4 and 9)	6,407	-	3,467	-
Investments accounted for using equity method (Notes 4 and 13)	-	-	45,306	1
Property, plant and equipment (Notes 4, 14 and 32)	940,267	16	1,304,536	25
Right-of-use assets (Note 15)	81,717	2	59,036	1
Investment properties (Notes 4 and 16)	111,825	2	112,970	2
Intangible assets (Note 4)	6,778	-	8,721	-
Deferred tax assets (Notes 4 and 26)	125,956	2	78,991	2
Refundable deposits	7,855	-	9,104	-
Other non-current assets (Note 17)	14,678	-	13,687	-
Total non-current assets	1,391,271	24	1,693,949	32
TOTAL	\$ 5,915,032	100	\$ 5,287,606	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 374,606	6	\$ 208,532	4
Contract liabilities (Note 24)	604,684	10	425,532	8
Notes payable (Note 19)	293,440	5	184,592	4
Trade payables (Note 19)	590,865	10	660,295	12
Trade payables to related parties (Note 31)	-	-	554	-
Other payables (Note 20)	134,660	2	163,888	3
Current tax liabilities (Notes 4 and 26)	11,259	-	6,364	-
Lease liabilities - current (Note 15)	23,160	1	18,816	-
Current portion of long-term borrowings (Note 18)	100,000	2	200,000	4
Other current liabilities (Note 21)	14,673	-	2,256	-
Total current liabilities	2,147,347	36	1,870,829	35
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 32)	1,189,420	20	798,080	15
Deferred tax liabilities (Notes 4 and 26)	96,459	2	90,291	2
Net defined benefit liabilities (Notes 4 and 22)	58,383	1	82,852	2
Guarantee deposits received	849	-	804	-
Lease liabilities - non-current (Note 15)	48,151	1	26,622	-
Total non-current liabilities	1,393,262	24	998,649	19
Total liabilities	3,540,609	60	2,869,478	54
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	1,584,341	27	1,584,341	30
Capital surplus	244,906	4	284,515	5
Retained earnings				
Legal reserve	247,277	4	245,736	5
Special reserve	180,800	3	135,210	2
Unappropriated earnings	319,992	6	349,126	7
Total retained earnings	748,069	13	730,072	14
Other equity				
Exchange differences on translation of foreign operations	(150,760)	(3)	(150,247)	(3)
Unrealized loss on financial assets at fair value through other comprehensive income	(52,133)	(1)	(30,553)	-
Total other equity	(202,893)	(4)	(180,800)	(3)
Total equity	2,374,423	40	2,418,128	46
TOTAL	\$ 5,915,032	100	\$ 5,287,606	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 17, 2021)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
GROSS SALES	\$ 2,651,611	100	\$ 3,359,219	100
LESS: SALES RETURNS	9,425	-	1,319	-
LESS: SALES ALLOWANCE	<u>34</u>	<u>-</u>	<u>960</u>	<u>-</u>
NET SALES (Notes 24 and 31)	2,642,152	100	3,356,940	100
OPERATING COST (Notes 11, 25 and 31)	<u>2,074,926</u>	<u>78</u>	<u>2,467,607</u>	<u>74</u>
GROSS PROFIT	<u>567,226</u>	<u>22</u>	<u>889,333</u>	<u>26</u>
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	378,530	14	484,770	14
General and administrative expenses	212,353	8	241,679	7
Research and development expenses	102,296	4	137,902	4
Expected credit loss (gain)	<u>11,230</u>	<u>1</u>	<u>(12,776)</u>	<u>-</u>
Total operating expenses	<u>704,409</u>	<u>27</u>	<u>851,575</u>	<u>25</u>
PROFIT/(LOSS) FROM OPERATIONS	<u>(137,183)</u>	<u>(5)</u>	<u>37,758</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	38,045	2	30,466	1
Rental income	6,155	-	6,057	-
Dividends income	4,057	-	2,352	-
Other income (Note 35)	105,391	4	25,320	1
Loss on disposal of property, plant and equipment	(672)	-	(1,194)	-
Gain on disposal of investment	6,034	-	-	-
Gain (loss) on valuation of financial instruments	(712)	-	2,316	-
Miscellaneous expenses	(3,634)	-	(21,580)	(1)
Foreign exchange loss (Note 25)	(30,187)	(1)	(22,585)	(1)
Share of the profit (loss) of associates (Note 13)	32,509	1	(10,733)	-
Interest expense	<u>(27,413)</u>	<u>(1)</u>	<u>(20,583)</u>	<u>-</u>
Total non-operating income and expenses	<u>129,573</u>	<u>5</u>	<u>(10,164)</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	(7,610)	-	27,594	1
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 26)	<u>(23,282)</u>	<u>(1)</u>	<u>8,976</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>15,672</u>	<u>1</u>	<u>18,618</u>	<u>1</u>

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SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	2,907	-	(4,006)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(17,673)	(1)	(863)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(582)	-	801	-
	<u>(15,348)</u>	<u>(1)</u>	<u>(4,068)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(641)	-	(54,881)	(2)
Unrealized gain on investments in debt instruments at fair value through other comprehensive income	(4,118)	-	-	-
Income tax relating to items that may be reclassified subsequently to profit or loss	339	-	10,154	-
	<u>(4,420)</u>	<u>-</u>	<u>(44,727)</u>	<u>(2)</u>
Other comprehensive loss for the year, net of income tax	<u>(19,768)</u>	<u>(1)</u>	<u>(48,795)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (4,096)</u>	<u>-</u>	<u>\$ (30,177)</u>	<u>(1)</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 15,672</u>	<u>1</u>	<u>\$ 18,618</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ (4,096)</u>	<u>-</u>	<u>\$ (30,177)</u>	<u>(1)</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 0.10</u>		<u>\$ 0.12</u>	
Diluted	<u>\$ 0.10</u>		<u>\$ 0.12</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 17, 2021)

(Concluded)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners to the Company(Note 23)										
	Capital Surplus					Retained Earnings (Note 23)			Other Equity		Total Equity
	Share Capital	Share Premiums	Treasury Share Transactions	Changes in Percentage of Ownership Interest in Subsidiaries	Employee Stock Options - Expired	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Loss on Financial Assets at FVTOCI	
BALANCE AT JANUARY 1, 2019											
Appropriation of 2018 earnings											
Legal reserve	-	-	-	-	-	9,467	-	(9,467)	-	-	-
Special reserve	-	-	-	-	-	-	43,355	(43,355)	-	-	-
Cash dividends distributed by the Company	-	(28,518)	-	-	-	-	-	(42,777)	-	-	(71,295)
	-	(28,518)	-	-	-	9,467	43,355	(95,599)	-	-	(71,295)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	18,618	-	-	18,618
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	(3,205)	(44,727)	(863)	(48,795)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	15,413	(44,727)	(863)	(30,177)
BALANCE AT DECEMBER 31, 2019	<u>1,584,341</u>	<u>274,349</u>	<u>5,129</u>	<u>1,602</u>	<u>3,435</u>	<u>245,736</u>	<u>135,210</u>	<u>349,126</u>	<u>(150,247)</u>	<u>(30,553)</u>	<u>2,418,128</u>
Appropriation of 2019 earnings											
Legal reserve	-	-	-	-	-	1,541	-	(1,541)	-	-	-
Special reserve	-	-	-	-	-	-	45,590	(45,590)	-	-	-
Cash dividends distributed by the Company	-	(39,609)	-	-	-	-	-	-	-	-	(39,609)
	-	(39,609)	-	-	-	1,541	45,590	(47,131)	-	-	(39,609)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	15,672	-	-	15,672
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	2,325	(513)	(21,580)	(19,768)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	17,997	(513)	(21,580)	(4,096)
BALANCE AT DECEMBER 31, 2020	<u>\$ 1,584,341</u>	<u>\$ 234,740</u>	<u>\$ 5,129</u>	<u>\$ 1,602</u>	<u>\$ 3,435</u>	<u>\$ 247,277</u>	<u>\$ 180,800</u>	<u>\$ 319,992</u>	<u>\$ (150,760)</u>	<u>\$ (52,133)</u>	<u>\$ 2,374,423</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 17, 2021)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (7,610)	\$ 27,594
Adjustments for:		
Expected credit loss recognized (reversed) on trade receivables	11,230	(12,776)
Depreciation expense	127,900	127,322
Amortization expense	8,962	8,012
Interest expense	27,413	20,583
Share of loss (profit) of associates	(32,509)	10,733
Interest income	(38,045)	(30,466)
Dividend income	(4,057)	(2,352)
Write-down of inventories (reversal)	37,914	(2,111)
Loss on disposal of property, plant and equipment	672	1,194
Loss (gain) on valuation of financial assets	712	(2,316)
Loss on foreign currency exchange	15,066	8,887
Changes in operating assets and liabilities:		
Contract assets	23,026	55,444
Notes receivable	(80,101)	92,453
Trade receivables	111,908	309,254
Other receivables	(1,116)	2,935
Inventories	45,901	(9,949)
Prepayments	766	40,434
Other current assets	(1,288)	743
Financial liabilities held for trading	-	3,462
Contract liabilities	179,151	(110,725)
Notes payable	108,848	120,110
Trade payables	(69,430)	(366,020)
Trade payables to related parties	(554)	(17,431)
Other payables	(25,736)	709
Other current liabilities	12,423	(1,202)
Net defined benefit liabilities	(21,562)	(18,315)
Cash generated from operations	429,884	256,206
Interest paid	(30,906)	(23,434)
Income tax paid	(16,616)	(42,237)
Net cash generated from operating activities	<u>382,362</u>	<u>190,535</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(275,633)	(164,883)
Proceeds from disposal of financial assets at amortized cost	172,090	-
Purchase of financial assets at amortized cost	-	(116,611)
Payments for property, plant and equipment (Note 28)	(13,822)	(63,410)
Disposal of equity method investments	76,087	-
Proceeds from disposal of property, plant and equipment	281,688	5,567
Decrease (increase) in refundable deposits	1,249	(583)

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SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Payments for intangible assets (Note 28)	(6,420)	(8,017)
Increase in other non-current assets	(2,068)	(2,548)
Interest received	37,651	30,917
Dividend received	<u>4,057</u>	<u>2,352</u>
Net cash generated from (used in) investing activities	<u>274,879</u>	<u>(317,216)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	166,074	(434)
Proceeds from long-term borrowings	290,400	200,000
Proceeds from guarantee deposits received	45	68
Repayment of the principal portion of lease liabilities	(22,187)	(21,284)
Dividends paid to owners of the Company	<u>(39,609)</u>	<u>(71,295)</u>
Net cash generated from financing activities	<u>394,723</u>	<u>107,055</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(81,534)</u>	<u>(37,651)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	970,430	(57,277)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,470,110</u>	<u>1,527,387</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,440,540</u>	<u>\$ 1,470,110</u>

The accompanying notes are an integral part of the consolidated financial statements.

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(Concluded)