

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2021 and 2020**

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 2,168,096	37	\$ 2,440,540	41	\$ 1,445,349	27
Financial assets at fair value through profit or loss	546,427	9	473,637	8	251,948	5
Financial assets at amortized cost	99,228	2	99,752	2	324,926	6
Contract assets	104,117	2	35,774	1	37,966	1
Notes receivable	181,634	3	183,983	3	93,478	2
Trade receivables	241,054	4	214,226	4	299,778	5
Other receivables	24,858	-	13,758	-	12,508	-
Current tax assets	32,998	1	6,536	-	3,538	-
Inventories	1,025,105	17	1,018,877	17	1,164,700	22
Prepayments	47,304	1	34,109	-	31,298	-
Other current assets	745	-	2,569	-	1,614	-
Total current assets	<u>4,471,566</u>	<u>76</u>	<u>4,523,761</u>	<u>76</u>	<u>3,667,103</u>	<u>68</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income	100,882	2	95,788	2	64,477	1
Financial assets at amortized cost - non-current	96,199	2	6,407	-	3,467	-
Investments accounted for using the equity method	-	-	-	-	75,919	2
Property, plant and equipment	915,222	15	940,267	16	1,287,830	24
Right-of-use assets	76,560	1	81,717	2	52,400	1
Investment properties	111,538	2	111,825	2	112,683	2
Intangible assets	8,927	-	6,778	-	11,742	-
Deferred tax assets	122,882	2	125,956	2	68,966	2
Refundable deposits	7,653	-	7,855	-	9,461	-
Other non-current assets	10,776	-	14,678	-	9,051	-
Total non-current assets	<u>1,450,639</u>	<u>24</u>	<u>1,391,271</u>	<u>24</u>	<u>1,695,996</u>	<u>32</u>
TOTAL	<u>\$ 5,922,205</u>	<u>100</u>	<u>\$ 5,915,032</u>	<u>100</u>	<u>\$ 5,363,099</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings	\$ 514,972	9	\$ 374,606	6	\$ 206,475	4
Financial liabilities at fair value through profit or loss - noncurrent	-	-	-	-	87	-
Contract liabilities	648,648	11	604,684	10	488,796	9
Notes payable	246,046	4	293,440	5	118,513	2
Trade payables	696,633	12	590,865	10	525,751	10
Other payables	139,218	2	134,660	2	135,109	3
Current tax liabilities	5,544	-	11,259	-	1,643	-
Lease liabilities	20,761	-	23,160	1	17,397	-
Current portion of long-term borrowings	592,675	10	100,000	2	200,000	4
Other current liabilities	25,533	1	14,673	-	3,008	-
Total current liabilities	<u>2,890,030</u>	<u>49</u>	<u>2,147,347</u>	<u>36</u>	<u>1,696,779</u>	<u>32</u>
NON-CURRENT LIABILITIES						
Long-term borrowings	549,410	9	1,189,420	20	1,148,470	21
Deferred tax liabilities	54,217	1	96,459	2	79,588	2
Lease liabilities	46,555	1	48,151	1	21,116	-
Net defined benefit liabilities	52,796	1	58,383	1	61,231	1
Guarantee deposits received	867	-	849	-	813	-
Total non-current liabilities	<u>703,845</u>	<u>12</u>	<u>1,393,262</u>	<u>24</u>	<u>1,311,218</u>	<u>24</u>
Total liabilities	<u>3,593,875</u>	<u>61</u>	<u>3,540,609</u>	<u>60</u>	<u>3,007,997</u>	<u>56</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Ordinary shares	1,584,341	27	1,584,341	27	1,584,341	29
Capital surplus	213,219	4	244,906	4	244,906	5
Retained earnings						
Legal reserve	247,277	4	247,277	4	245,736	5
Special reserve	180,800	3	180,800	3	135,210	2
Unappropriated earnings	304,921	5	319,992	6	355,363	7
Total retained earnings	732,998	12	748,069	13	736,309	14
Other equity	(202,228)	(4)	(202,893)	(4)	(210,454)	(4)
Total equity	<u>2,328,330</u>	<u>39</u>	<u>2,374,423</u>	<u>40</u>	<u>2,355,102</u>	<u>44</u>
TOTAL	<u>\$ 5,922,205</u>	<u>100</u>	<u>\$ 5,915,032</u>	<u>100</u>	<u>\$ 5,363,099</u>	<u>100</u>

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

(With Deloitte & Touche review report dated April 29, 2021)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
GROSS SALES	\$ 753,424	100	\$ 486,390	100
LESS: SALES RETURNS	<u>31</u>	-	<u>-</u>	-
NET SALES	753,393	100	486,390	100
OPERATING COST	<u>580,092</u>	<u>77</u>	<u>355,840</u>	<u>73</u>
GROSS PROFIT	<u>173,301</u>	<u>23</u>	<u>130,550</u>	<u>27</u>
OPERATING EXPENSES				
Selling and marketing expenses	104,512	14	90,376	19
General and administrative expenses	50,167	6	50,126	10
Research and development expenses	35,820	5	20,646	4
Expected credit loss (gain)	<u>7,071</u>	<u>1</u>	<u>(815)</u>	<u>-</u>
Total operating expenses	<u>197,570</u>	<u>26</u>	<u>160,333</u>	<u>33</u>
LOSS FROM OPERATIONS	<u>(24,269)</u>	<u>(3)</u>	<u>(29,783)</u>	<u>(6)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	10,536	1	9,483	2
Rental income	1,537	-	1,539	-
Other income	416	-	1,714	-
Loss on disposal of property, plant and equipment	-	-	(14)	-
(Loss) gain on valuation of financial instruments	2,430	-	(401)	-
Miscellaneous expenses	(467)	-	(460)	-
Foreign exchange gain	(10,233)	(1)	2,381	1
Share of the profit or loss of associates	-	-	31,547	6
Interest expenses	<u>(6,288)</u>	<u>(1)</u>	<u>(5,684)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(2,069)</u>	<u>(1)</u>	<u>40,105</u>	<u>8</u>
PROFIT (LOSS) BEFORE INCOME TAX	(26,338)	(4)	10,322	2
INCOME TAX BENEFIT (EXPENSE)	<u>11,267</u>	<u>2</u>	<u>(4,085)</u>	<u>(1)</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>(15,071)</u>	<u>(2)</u>	<u>6,237</u>	<u>1</u>

(Continued)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	6,167	1	(13,965)	(3)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(6,059)	(1)	(11,162)	(2)
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(1,058)	-	(10,883)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>1,615</u>	<u>-</u>	<u>6,356</u>	<u>1</u>
Other comprehensive income (loss) for the period, net of income tax	<u>665</u>	<u>-</u>	<u>(29,654)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ (14,406)</u>	<u>(2)</u>	<u>\$ (23,417)</u>	<u>(5)</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ (15,071)</u>	<u>(2)</u>	<u>\$ 6,237</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ (14,406)</u>	<u>(2)</u>	<u>\$ (23,417)</u>	<u>(5)</u>
EARNINGS PER SHARE				
Basic	<u>\$ (0.10)</u>		<u>\$ 0.04</u>	
Diluted			<u>\$ 0.04</u>	

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

(With Deloitte & Touche review report dated April 29, 2021)

(Concluded)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners to the Company										Total Equity	
	Capital Surplus						Retained Earnings			Other Equity		
	Share Capital	Share Premiums	Conversion of Bonds	Treasury Shares Transactions	Changes in Percentage of Ownership Interest in Subsidiaries	Employee Stock Options - Expired	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations		Unrealized Loss on Financial Assets at FVTOCI
BALANCE AT JANUARY 1, 2020	\$ 1,584,341	\$ 227,169	\$ 47,180	\$ 5,129	\$ 1,602	\$ 3,435	\$ 245,736	\$ 135,210	\$ 349,126	\$ (150,247)	\$ (30,553)	\$ 2,418,128
Appropriation of 2019 earnings Cash dividends distributed by the Company	-	(39,609)	-	-	-	-	-	-	-	-	-	(39,609)
Net profit for the three months ended March 31, 2020	-	-	-	-	-	-	-	-	6,237	-	-	6,237
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	-	-	-	(6,983)	(22,671)	(29,654)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	-	-	-	6,237	(6,983)	(22,671)	(23,417)
BALANCE AT MARCH 31, 2020	\$ 1,584,341	\$ 187,560	\$ 47,180	\$ 5,129	\$ 1,602	\$ 3,435	\$ 245,736	\$ 135,210	\$ 355,363	\$ (157,230)	\$ (53,224)	\$ 2,355,102
BALANCE AT JANUARY 1, 2021	\$ 1,584,341	\$ 187,560	\$ 47,180	\$ 5,129	\$ 1,602	\$ 3,435	\$ 247,277	\$ 180,800	\$ 319,992	\$ (150,760)	\$ (52,133)	\$ 2,374,423
Appropriation of 2020 earnings Cash dividends distributed by the Company	-	(31,687)	-	-	-	-	-	-	-	-	-	(31,687)
Net loss for the three months ended March 31, 2021	-	-	-	-	-	-	-	-	(15,071)	-	-	(15,071)
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	-	-	-	(4,847)	5,512	665
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	-	-	-	(15,071)	(4,847)	5,512	(14,406)
BALANCE AT MARCH 31, 2021	\$ 1,584,341	\$ 155,873	\$ 47,180	\$ 5,129	\$ 1,602	\$ 3,435	\$ 247,277	\$ 180,800	\$ 304,921	\$ (155,607)	\$ (46,621)	\$ 2,328,330

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

(With Deloitte & Touche review report dated April 29, 2021)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (26,338)	\$ 10,322
Adjustments for:		
Depreciation expenses	31,631	32,211
Amortization expenses	2,024	2,222
Expected credit loss (gain) recognized on trade receivables/impairment gain reversed on trade receivables	7,071	(815)
Gain (loss) on valuation of financial assets instruments	(2,430)	401
Interest expenses	6,288	5,684
Interest income	(10,536)	(9,483)
Share of profit of associates	-	(31,547)
Loss on disposal of property, plant and equipment	-	14
Reversal of write-downs of inventories	(945)	4,200
Loss (gain) on foreign currency exchange	195	(3,504)
Changes in operating assets and liabilities:		
Contract assets	(68,343)	20,716
Notes receivable	2,349	10,404
Trade receivables	(34,104)	37,466
Other receivables	(26,348)	925
Inventories	(5,014)	(65,163)
Prepayments	(12,805)	3,027
Other current assets	1,824	(335)
Financial liabilities held for trading	-	-
Contract liabilities	43,964	63,264
Notes payable	(47,394)	(66,079)
Trade payables	105,768	(134,544)
Trade payables to related parties	-	(554)
Other payables	(27,251)	(68,427)
Other current liabilities	10,860	756
Net defined benefit liabilities	(5,587)	(21,621)
Cash generated from operations	(55,121)	(210,460)
Interest paid	(6,166)	(5,644)
Income tax paid	(59,361)	(7,081)
Net cash used in operating activities	<u>(120,648)</u>	<u>(223,185)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	-	(31,374)
Purchase of financial assets at amortized cost	(89,921)	(53,084)
Purchase of financial assets at fair value through profit or loss	45,452	-
Purchase of financial assets at fair value through profit or loss	(100,023)	(56,336)
Payments for property, plant and equipment	(1,670)	(11,663)

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SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended	
	March 31	
	2021	2020
Proceeds from disposal of property, plant and equipment	-	-
(Increase)/decrease in refundable deposits	202	(357)
Payments for intangible assets	(1,503)	(2,577)
Decrease in other non-current assets	1,170	1,462
Interest received	9,995	8,299
Net cash used in investing activities	<u>(136,298)</u>	<u>(145,630)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of short-term borrowings	140,366	-
Repayments of long-term borrowings	-	-
Repayment of short-term borrowings	2,000	(2,057)
Proceeds from long-term borrowings	(150,000)	350,000
Proceeds from guarantee deposits received	18	9
Repayment of the principal portion of lease liabilities	<u>(5,721)</u>	<u>(5,873)</u>
Net cash generated from financing activities	<u>(13,337)</u>	<u>342,079</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,161)</u>	<u>1,975</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(272,444)	(24,761)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,440,540</u>	<u>1,470,110</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,168,096</u>	<u>\$ 1,445,349</u>

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

(With Deloitte & Touche review report dated April 29, 2021)

(Concluded)