

Stock Code: 4533



SHIEH YIH MACHINERY INDUSTRY CO., LTD.

2023 Annual General Shareholders' Meeting

Meeting Agenda Handbook

Type of Meeting: Physical Meeting

Time: June 21, 2023 (Wednesday) 9:00 a.m.

Venue: 11F., No. 332, Xianfu Rd., Taoyuan Dist., Taoyuan City

(Conference Room at the Taoyuan City Industrial Association)

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Procedures and Agenda for the 2023 Annual General Shareholders’ Meeting of SHIEH YIH MACHINERY INDUSTRY CO., LTD.

One. Type of Meeting: Physical Meeting

Two. Time: June 21, 2023 (Wednesday) 9:00 a.m.

Three. Venue: 11F, No. 332, Xianfu Rd., Taoyuan Dist., Taoyuan City
(Conference Room of Taoyuan City Industrial Association)

Four. Agenda:

I. Report on the total number of shares attended and Called to Order

II. Chair’s Remarks

III. Reported Items

1. 2022 Business Report.

2. Audit Committee’s Review Report on the 2022 Financial Statements.

3. Report on the amount of endorsement and guarantee for 2022.

4. Report on 2022 employees’ compensation and remuneration of
directors and supervisors.

5. Report on the distribution of cash dividends from earnings and capital
reserve for 2022.

IV. Ratifications

1. 2022 Business Report and Financial Statements.

2. 2022 Earnings Distribution.

V. Discussions

1. Amendments to the “Articles of Incorporation”.

VI. Extraordinary Motions

VII. Meeting Adjourned

Reported Items

1. The Company's 2022 Business Report is submitted for review.
Note: Please refer to Attachment I (pages 5~8) for the 2022 Business Report.
2. The Audit Committee's Review Report on the 2022 Financial Statements is submitted for review.
Explanation: Please refer to Attachment II (Page 9) for the Audit Committee's Review Report.
3. The report on the amount of endorsement and guarantee for 2022 is submitted for review.
Explanation: Please refer to Attachment III (page 10) for the list of endorsement and guarantee amount for 2022..
4. The report on 2022 employees' compensation and remuneration to directors and supervisors is submitted for review.
Explanation: The Company's income before tax for the year 2022, before deducting employee compensation and remuneration to directors and supervisors, was NT\$70,757,304. The Board meeting held on March 14, 2023 resolved to appropriate 3% of the earnings in the amount of NT2,122,719 as employee compensation and 2% of the earnings in the amount of NT\$1,415,146 as remuneration to directors and supervisors, both paid in cash.
5. The report on the distribution of cash dividends from earnings and capital reserve for 2022 is submitted for review.
Explanation:(I) The Company proposed to distribute cash dividends in the amount of NT\$40,437,034 from the distributable earnings to shareholders. Each share shall be distributed at NT\$0.25522934 based on the shares held by shareholders as recorded in the shareholder roster on the ex-dividend date.
(II) The Company proposed to distribute capital surplus in the amount of NT\$10,261,881 as cash dividends. Each share shall be distributed at NT\$0.06477066 based on the shares held by shareholders as recorded in the shareholder roster on the ex-dividend date.
(III) Cash dividend distribution from earnings and capital surplus is calculated up to the NT\$1 and rounded off to the nearest NT\$1.

The sum of the fractional amount less than NT\$1 is recorded in other income of the Company.

- (IV) This proposal has been approved by the board of directors and the chairman is authorized to set a record date and distribution date as well as other related matters. If there is any subsequent change in the number of outstanding shares affected by a change in the Company's share capital, resulting in a change in the dividend payout ratio, the Chairman is authorized to manage at his sole discretion.

Ratifications

Item I (proposed by Board of Directors)

Proposal: The Company's 2022 Business Report and Financial Statement are submitted for ratification.

Explanation: (1) The 2022 Business Report and Financial Statement have been approved by the audit committee and have been resolved by the Board of Directors, and the aforementioned financial statements were audited by CPAs, Wan-I Liao and Bo-Ren Weng from Deloitte & Touche.

- (2) Please refer to Attachment I (pages 5~8) and Attachment IV (pages 11~31) for the Business Report, Independent Auditor's Report, parent company only financial statements and consolidated financial statements.

- (3) Submit for ratification.

Resolution:

Item II (proposed by Board of Directors)

Proposal: The 2022 Earnings Distribution is submitted for ratification.

Explanation: (1) The Company's 2022 Earnings Distribution has been reviewed by the audit committee and have been resolved by the Board of Directors. Please refer to Attachment V. (Page 32)

- (2) Submit for ratification.

Resolution:

Discussions

Item I (proposed by Board of Directors)

Proposal: Amendment of the “Articles of Incorporation” is submitted for resolve.

Explanation: (1) Amended wordings in the employee compensation section of the Company's “Articles of Incorporation”.

Please refer to Attachment VI (pages 33~34)for the comparison table before and after the amendment.

(2) Resolution requested.

Resolution:

Extraordinary Motions

Meeting Adjourned

Shieh Yih Machinery Industry Co., Ltd.

Annual Business Report

The global economy has been significantly affected by the COVID-19 pandemic, as well as factors such as the Russia-Ukraine war, energy crisis, supply chain disruption, inflation, and the Federal Reserve's interest rate hike, which have once again impacted various industries. The International Monetary Fund's (IMF) annual World Economic Outlook report predicts that the economic growth rate in 2023 will be revised down to 2.7%, the weakest economic growth forecast since the dot-com bubble in 2001, the financial crisis in 2008, and the COVID-19 crisis in 2020. Looking ahead to 2023, the global economy is still deeply affected by inflation, the electronics industry is not destocking as quickly as expected, and the Chinese economy is in decline, with no end in sight for the US-China trade war, making industry development and forecasting even more challenging.

In 2022, the export value of metal forming machine tools in the machine tool industry was \$480 million, a slight increase of 0.2% from 2021. In 2022, SEYI's global consolidated revenue was NT\$3.549 billion, with a net profit after tax of NT\$28.74 million and an earnings per share (EPS) of NT\$0.18.

Despite the various challenges posed by the pandemic in 2022, Shieh Yih Machinery continued to focus on developing technology and actively promoted VA/VE value management within its management team, including supply chain, inventory management, and optimizing product portfolio to mitigate the various impacts of the pandemic. In addition, SEYI's green energy product, the servo press, was successfully installed on the production lines of the top three auto component suppliers in Portugal and China, and the servo press product was successfully introduced to world-renowned leading air conditioning brands and Japanese international air conditioning manufacturers in Southeast Asia. Furthermore, SEYI also received orders for a 1,600-ton large servo press in North America, proving that the company's servo products have gained full recognition and support from customers.

To confront extreme changes in the global environment, ESG (environmental, social, and corporate governance)-related actions by companies have gradually become an internationally recognized issue. In addition, governments around the world have set medium- and long-term carbon reduction targets, hoping to slow down the phenomenon of global warming. Therefore, in addition to revenue and profit, companies must also pay more attention to ESG sustainable development issues and take action. In 2022, Shieh Yih Machinery celebrates its 60th anniversary. Looking to the future, the company will continue to promote "double sustainability," not only continuing to develop its stamping business and combining advanced IoT and big data digital technology to enter the smart manufacturing field, leading SEYI towards a hundred-year-old craftsmanship enterprise. At the same time, we are also actively promoting ESG work, responding to the government's 2050 net-zero carbon emissions target, and sharing the responsibility of corporate sustainable development.

60th anniversary for SEYI, grateful for a lifetime! Looking back on our journey, we sincerely thank our shareholders, colleagues, customers, suppliers, and partners for their long-term support. Looking towards the future, facing global competition, and striving towards a centennial enterprise, Shieh Yih Machinery will be more actively attuned to global industry trends, providing stamping technology applications and service capabilities that meet market demand, and continuously enhancing the company's core competence. We will also strive to achieve a balance between the company's economic growth and environmental sustainability!

I.The 2022 results of operating plans are as follows: :

(I) Business plan implementation results

Unit: NT\$ thousand

Items	2021	2022	Amount increased (decreased)	Increased (decreased) %
Operating Income	3,795,751	3,548,578	(247,173)	(6.51)
Operating profit	5,484	(29,927)	(35,411)	(645.71)
Net income after tax	56,663	28,744	(27,919)	(49.27)

(II) Budget implementation status: The Company has not disclosed its financial estimates for 2022, so budget achievement is not required to be reported.

(III) Financial receipts and expenditures

Unit: NT\$ thousand

Items	2021	2022
Beginning balance of cash and cash equivalents	2,440,540	2,330,138
Net cash inflow (outflow) from operating activities	51,658	(57,991)
Net cash inflow (outflow) from investment activities	(151,403)	213,020
Net cash inflow (outflow) from financing activities	32,197	(190,868)
Increase (decrease) in cash and cash equivalents for the period	(110,402)	98,142
Ending balance of cash and cash equivalents	2,330,138	2,428,280

(IV) Profitability analysis

Items		2021	2022
Financial structure	Debt to assets ratio %	61.10	61.00
	Ratio of long-term capital to property, plant and equipment	360.88	409.71
Profitability	Return on total assets (%)	1.27	0.84
	Return on equity %	2.38	1.19
	Contribution to operating profit	0.35	(1.89)
	paid-in capital		
	Percentage (%)	2.93	5.24
	Income before tax		
Net profit margin (%)		1.49	0.81
Earnings per share (NT\$)		0.36	0.18

(V)Research and Development Status:

In the stamping equipment industry, the application of servo stamping technology continues to launch, and servo presses are bound to play an important role as the industry gradually adopts more controllable production models enabled by servo presses that can produce different types of forming applications. In terms of product applications, the full machine development and design of the first SDE4-1600 eccentric gear servo press was completed in 2022. This is expected to improve the quality and production efficiency of stamping products, providing customers with more diversified options.

At the same time, in 2022, the optimization analysis technology for structure rigidity continues to be applied, achieving the goal of optimizing design costs and structure rigidity while maintaining existing rigidity. Dynamic structural characteristic simulation and evaluation can be carried out in the design stage, gradually improving static design techniques for stamping presses to the field of dynamic structural design, with the expectation of enhancing the quality of stamping press products in the future.

In terms of component development, by introducing the DFX design method, the focus is on simplifying the process of component processing and optimizing assembly processes. The optimization of the existing high-pressure oil chamber module design has been completed, which can be applied to various types of production stamping presses and is mainly used in the stamping of parts for the automotive and home appliance industries.

Continuously driving the ESG vision project, responding to the objective of achieving net-zero carbon emissions by 2050, and focusing on all aspects of ESG work to move towards sustainable enterprises.

II. Summary of the business plan for 2023:

(1) Operating Strategy:

1. Continuously drive "dual sustainability" and move towards the direction of intelligent manufacturing of century-old craftsmanship in the stamping industry. Incorporate ESG vision engineering into corporate operations and product design, responding to the global net-zero carbon emissions objective.
2. Accelerate to inventory the existing products, develop a product roadmap of SEYI, and adjust product strategies accordingly that meet market demand.
3. Allocate resources such as investment, manpower, and capabilities based on project priorities and importance.
4. Expand the scale of industry-academia collaboration to root talents, and actively promote talent retention plans.
5. Strive for a comprehensive digital transformation, introducing digital marketing tools for external pre-sale and after-sale services, continuously optimizing operational processes, and upgrading information systems internally to improve work efficiency and service quality.

(2) Important production and sales policies:

1. Accelerate the calculation of the carbon footprint of corporate operations and product design and production and introduce them in order of popularity of machine models.
2. Properly use the plant's space to store key components and welding parts, while avoiding reliance on a single supplier to reduce material shortage risks and ensure timely delivery.
3. Strengthen the information flow between back-end departments to reduce the risk of errors or losses.
4. Review and optimize machine design, materials, and production costs comprehensively to enhance competitiveness in the market.

(3) Expected sales volume and its basis:

Looking ahead to the global economy in 2023, amidst the ongoing Russia-Ukraine war, rising inflation in the United States, the Federal Reserve's plans for continued interest rate hikes, and the ongoing tension in US-China trade and technology conflicts, it is expected that the downward trend from 2022 will continue, and the automotive industry is also preparing for a slowdown in consumer spending.

However, in terms of the development of the metal stamping industry, the US market showed strong demand in 2022, benefiting from the post-pandemic period when social and economic activities returned to normal. Despite some changes in the supply chain, metal stamping companies are expected to continue increasing their investments. In Europe, although there was an economic growth impact due to energy and inflation, as the leading advocate for climate change, the transition towards net-zero carbon emissions has become the path that all manufacturing industries must take. Therefore, there is expected to be new demand for servo presses. After going through strict epidemic prevention and risk control measures, China experienced a temporary weakening of economic activities. However, the long-term trends depend on the government's development strategies, which still require further observation.

In the face of the depreciation of the Japanese yen in the Japanese market, competition with Japanese manufacturers remains highly challenging. Business units need to maintain close relationships with customers and demonstrate flexibility and the ability to integrate systems to attract customer interest. It is expected that projects involving the integration of peripheral automation with presses will be a key focus. In the Southeast Asian and Taiwanese markets, there is a primary focus on medium-sized presses such as C-type and semi-open type presses. These markets are increasingly facing price competition pressure from local manufacturers. It is an immediate and critical issue that SEYI must confront in order to sustain its presence in the region.

Chairman: Ya-Hui Kuo

President: Ting-Chun Kuo

Accounting officer : Tsui-Hua Wu

SHIEH YIH MACHINERY INDUSTRY CO., LTD

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements and Proposal for Distribution of Earnings. The financial statements have been audited by Deloitte & Touche and an audit report has been issued. The Business Report, the Financial Statements and the Proposal for Distribution of Earnings listed herein have been reviewed by the Audit Committee and found to be in compliance with the Securities and Exchange Act and the Company Act. We hereby submit this report.

To

2023 Annual General Shareholders' Meeting of

SHIEH YIH MACHINERY INDUSTRY CO., LTD

SHIEH YIH MACHINERY INDUSTRY CO., LTD

Audit Committee Convener: Shu-Chuan Chen

March 14, 2023

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 5)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes 4 and 5)	Actual Borrowing Amount (Note 4)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)										
0	Shieh Yih Machinery Industry Co., Ltd.	Seyi Presses Europe GmbH	b	\$ 485,222	\$ 5,545 (EUR 169 thousand)	\$ 5,545 (EUR 169 thousand)	\$ 5,545 (EUR 169 thousand)	\$ -	0.23	\$ 1,213,056	N	N	
		Xie Yi Teeh Machinery (China)	b	485,222	178,320 (US\$ 6,000 thousand)	-	-	-	-	1,213,056	N	Y	
		Seyi-America, Inc.	b	485,222	8,843 (US\$ 300 thousand)	-	-	-	-	1,213,056	N	N	

Note 1: Numbered as follows:

- "0" for the issuers.
- Investees are numbered from "1".

Note 2: The relationship between guarantor and guarantee are divided into six categories as follows:

- The Company in relation to business.
- A company in which endorsement/guarantee provider holds directly and indirectly over 50% of voting shares.
- A company holds directly and indirectly over 50% voting shares of endorsement/guarantee provider.
- A company directly and indirectly holds more than 90% voting shares of endorsement/guarantee provider.
- Based on contract projects among their peers in accordance with contract provisions which need mutual insurance company.
- Owing to the joint venture funded by the shareholders on its endorsement of its holding company.
- Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other:

Note 3: The table should note the calculation method and the quota of maximum amounts. If the financial statement has recognized contingent losses, the table should have recognized the amount.

- The limits on endorsement or guarantee amount provided to each guarantee party is up to 20% of the net assets value.
- The total amount of endorsement or guarantee that the Group is allowed to provide shall not exceed 50% of the net assets value.

Note 4: The amount was calculated using the exchange rate of EUR to NTD as of December 31, 2022.

Note 5: The maximum balance for the period and ending balance were approved by the board of directors.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Shieh Yih Machinery Industry Co., Ltd.

Opinion

We have audited the accompanying financial statements of Shieh Yih Machinery Industry Co., Ltd. (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2022 is described as follows:

Estimated Loss Due to Impairment of Inventory

As of December 31, 2022, the Company's net value of inventories amounted to \$481,258 thousand (refer to Note 11), representing 9.96% of the total assets.

The impairment of the Company's inventory may arise due to the obsolescence caused by customization. Obsolescence loss is estimated based on the inventory age and loss ratio from historical experience. Since the assessment of inventory obsolescence losses involves critical judgments by management, we considered inventory obsolescence loss as a key audit matter.

Refer to Notes 4(e) and 5 to the accompanying financial statements for the accounting policies on inventory impairment.

We obtained an understanding of the Company's inventory obsolescence loss estimation process and of the design and implementation of related internal control system. We evaluated the rationality of the method for calculating the inventory obsolescence loss at the end of the year. On physical inventory count, we observed that whether the inventory that had not moved for a long time had been included in the assessment of inventory obsolescence. We obtained the Company's inventory aging schedule and

verified the completeness and accuracy of the calculation of inventory obsolescence loss at the end of the year. We reviewed the inventory aging analysis and compared the impairment loss with the actual inventory loss in previous years and confirmed the inventory obsolescence loss.

Estimated Impairment of Accounts Receivable

The Company recognizes impairment loss on accounts receivable by assessing the impairment amount of each past due receivable and also applies the simplified approach to determine expected credit losses as prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as global economic growth rate at the reporting date. The Company uses provision matrix to determine expected credit loss rate and evaluates the prospect of recovery based on the past due days of accounts receivable. The degree of default risk and adjustment of loss rate are influenced by the assumptions which concern customer credit risk. We considered management's related provisions to be subjective and also the associated risk of the estimation of the recoverability of these past due accounts receivable.

Refer to Notes 4(k) and 5 to the accompanying financial statements for the relevant accounting policies on the impairment of receivables. Refer to Note 10 to the accompanying financial statements for the related disclosures of accounts receivable.

We obtained an understanding of the internal control over the accounts receivable and tested the operating effectiveness of the control and the implementation of the quarterly detailed review of the expected credit loss provision matrix. At the end of the period, we obtained the aging of the accounts receivable and expected credit loss matrix provided by the Company, and we tested the accuracy and completeness of the aging of the accounts receivable. We reviewed the customer payment history and arrived at an understanding of management's rationale for expected credit loss matrix by referencing payment patterns during the year as well as other available information. We recalculated and checked the correctness of the allowances provided by management. In addition, we also assessed the level of cash collected by the Company on past due receivable balances after the year end to consider any additional provision requirements.

Other Matter

We did not audit the financial statements of Seyi-America, Inc., a subsidiary included in the consolidated financial statements of the Company, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the financial statements of Seyi-America, Inc. are based solely on the report of other auditors. As of December 31, 2022 and 2021, the total assets of Seyi-America, Inc. were \$162,998 thousand, representing 3.37%, and \$133,345 thousand, representing 2.86%, respectively, of the consolidated total assets, and the amounts of total revenue were \$32,068 thousand, representing 47.71%, and \$11,231 thousand, representing 46.61%, of the consolidated total revenue for the years then ended.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including independent directors and the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that

were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are Wan-I Liao and Bo-Ren Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SHIEH YIH MACHINERY INDUSTRY CO., LTD.

BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,773,476	37	\$ 1,398,984	30
Financial assets at fair value through profit or loss (Notes 4, 7 and 27)	5,593	-	5,108	-
Contract assets (Note 21)	2,603	-	-	-
Financial assets at amortized cost (Notes 4, 9 and 29)	169,812	4	28,819	1
Notes receivable (Notes 4, 5, 10 and 21)	36,655	1	53,836	1
Trade receivables (Notes 4, 5, 10 and 21)	91,053	2	105,373	2
Trade receivables - related parties (Notes 21 and 28)	184,290	4	187,739	4
Other receivables (Note 10)	16,478	-	238,272	5
Other receivables - related parties (Note 28)	71,182	1	8,933	-
Current tax assets (Notes 4 and 23)	1,835	-	1,631	-
Inventories (Notes 4, 5 and 11)	481,258	10	286,303	6
Prepayments	62,790	1	12,190	1
Other current assets	1,128	-	1,150	-
Total current assets	2,898,153	60	2,328,338	50
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 27)	31,606	1	42,311	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 29)	51,208	1	65,239	1
Long-term investments at equity (Notes 4 and 12)	1,035,507	21	1,339,957	29
Property, plant and equipment (Notes 4, 13 and 29)	601,257	13	623,586	13
Right-of-use assets (Note 14)	5,782	-	10,829	-
Investment properties (Notes 4, 15 and 29)	109,534	2	110,679	2
Intangible assets (Note 4)	16,763	-	18,824	1
Deferred tax assets (Notes 4 and 23)	74,914	2	115,566	3
Refundable deposits	2,554	-	2,661	-
Prepayments for equipment	4,134	-	1,346	-
Total non-current assets	1,933,259	40	2,330,998	50
TOTAL	\$ 4,831,412	100	\$ 4,659,336	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 254,583	6	\$ 405,353	9
Contract liabilities (Notes 3, 21 and 28)	99,304	2	59,409	1
Notes payable (Note 17)	702	-	1,348	-
Trade payables (Note 17)	480,078	10	410,416	9
Trade payables - related parties (Note 28)	285	-	373	-
Lease liabilities - current (Note 14)	2,756	-	5,792	-
Other payables (Note 18)	93,776	2	85,458	2
Current tax liabilities (Note 23)	6,395	-	-	-
Current portion of long-term borrowings (Notes 16 and 29)	201,692	4	193,256	4
Other current liabilities	346	-	613	-
Total current liabilities	1,139,917	24	1,162,018	25
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 29)	1,181,051	24	982,744	21
Deferred tax liabilities (Notes 4 and 23)	21,053	-	21,791	1
Lease liabilities - non-current (Note 14)	2,295	-	4,500	-
Net defined benefit liabilities (Notes 4 and 19)	25,303	1	57,004	1
Credit balance for using equity methods (Notes 4 and 12)	34,756	1	44,837	1
Other non-current liabilities	926	-	917	-
Total non-current liabilities	1,265,384	26	1,111,793	24
Total liabilities	2,405,301	50	2,273,811	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	1,584,341	33	1,584,341	34
Capital surplus	195,244	4	213,219	5
Retained earnings				
Legal reserve	254,384	5	249,077	5
Special reserve	213,181	4	202,893	4
Unappropriated earnings	316,031	7	349,176	8
Total retained earnings	783,596	16	801,146	17
Other equity				
Exchange differences on translating foreign operations	(125,086)	(3)	(167,981)	(4)
Unrealized loss on financial assets at fair value through other comprehensive income	(11,984)	-	(45,200)	(1)
Total other equity	(137,070)	(3)	(213,181)	(5)
Total equity	2,426,111	50	2,385,525	51
TOTAL	\$ 4,831,412	100	\$ 4,659,336	100

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

(With Deloitte & Touche audit report dated March 14, 2023)

SHIEH YIH MACHINERY INDUSTRY CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
GROSS SALES	\$ 1,294,653	100	\$ 1,484,053	100
LESS: SALES RETURNS	60	-	119	-
LESS: SALES ALLOWANCE	<u>13</u>	<u>-</u>	<u>284</u>	<u>-</u>
NET SALES (Notes 21 and 28)	1,294,580	100	1,483,650	100
OPERATING COST (Notes 11, 22 and 28)	<u>1,014,274</u>	<u>79</u>	<u>1,273,705</u>	<u>86</u>
GROSS PROFIT	280,306	21	209,945	14
UNREALIZED GAIN ON TRANSACTION WITH SUBSIDIARIES AND ASSOCIATES	(53,851)	(4)	(38,899)	(3)
REALIZED GAIN ON TRANSACTION WITH SUBSIDIARIES AND ASSOCIATES	<u>38,927</u>	<u>3</u>	<u>56,179</u>	<u>4</u>
REALIZED GROSS PROFIT	<u>265,382</u>	<u>20</u>	<u>227,225</u>	<u>15</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	124,472	10	126,234	8
General and administrative expenses	129,725	10	133,765	9
Research and development expenses	<u>134,415</u>	<u>10</u>	<u>89,383</u>	<u>6</u>
Total operating expenses	<u>388,612</u>	<u>30</u>	<u>349,382</u>	<u>23</u>
LOSS FROM OPERATIONS	<u>(123,230)</u>	<u>(10)</u>	<u>(122,157)</u>	<u>(8)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 28)	12,495	1	6,263	1
Rental income	91	-	4,634	-
Other income (Notes 29 and 33)	1,250	-	19,165	1
Dividends income	11,797	1	2,594	-
Gain on valuation of financial instruments	2,255	-	824	-
Miscellaneous expenses	(1,261)	-	(1,303)	-
Foreign exchange gains (losses) (Note 22)	112,821	9	(38,284)	(3)
Interest expenses	(22,110)	(2)	(18,272)	(1)
Share of the profit or loss of associates	<u>73,109</u>	<u>6</u>	<u>170,630</u>	<u>12</u>
Total non-operating income and expenses	<u>190,447</u>	<u>15</u>	<u>146,251</u>	<u>10</u>

(Continued)

SHIEH YIH MACHINERY INDUSTRY CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 67,217	5	\$ 24,094	2
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 23)	<u>(38,473)</u>	<u>(3)</u>	<u>32,569</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>28,744</u>	<u>2</u>	<u>56,663</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (Notes 19 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	20,230	1	(4,482)	-
Share of other comprehensive income of subsidiaries ventures accounted for using the equity method	25,000	2	-	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(10,705)	(1)	7,853	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(4,047)</u>	<u>-</u>	<u>896</u>	<u>-</u>
	<u>30,478</u>	<u>2</u>	<u>4,267</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	53,620	4	(21,528)	(1)
Share of other comprehensive loss of subsidiaries ventures accounted for using the equity method	(7,171)	-	(947)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(9,633)</u>	<u>(1)</u>	<u>4,334</u>	<u>-</u>
	<u>36,816</u>	<u>3</u>	<u>(18,141)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year (net of income tax)	<u>67,294</u>	<u>5</u>	<u>(13,874)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 96,038</u>	<u>7</u>	<u>\$ 42,789</u>	<u>3</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 0.18</u>		<u>\$ 0.36</u>	
Diluted	<u>\$ 0.18</u>		<u>\$ 0.36</u>	

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

(With Deloitte & Touche audit report dated March 14, 2023)

(Concluded)

SHIEH YIH MACHINERY INDUSTRY CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners to the Company (Note 20)										
	Capital Surplus					Retained Earnings (Note 20)					Other Equity
	Share Capital	Share Premiums	Treasury Shares Transactions	Changes in Ownership Interest in Subsidiaries	Employee Stock Options - Expired	Retained Earnings (Note 20)		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at FV/OCI	Total Equity
						Legal Reserve	Special Reserve				
BALANCE AT JANUARY 1, 2021	\$ 1,584,341	\$ 234,740	\$ 5,129	\$ 1,602	\$ 3,435	\$ 247,277	\$ 180,800	\$ 319,992	\$ (150,760)	\$ (52,133)	\$ 2,374,423
Appropriation of 2020 earnings	-	-	-	-	-	1,800	-	(1,800)	-	-	-
Legal reserve	-	-	-	-	-	-	22,093	(22,093)	-	-	-
Special reserve	-	(31,687)	-	-	-	-	-	-	-	-	(31,687)
Cash dividends distributed by the Company	-	(31,687)	-	-	-	1,800	22,093	(23,893)	-	-	(31,687)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	56,663	-	-	56,663
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(3,586)	(17,221)	6,933	(13,874)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	53,077	(17,221)	6,933	42,789
BALANCE AT DECEMBER 31, 2021	1,584,341	203,053	5,129	1,602	3,435	249,077	202,893	349,176	(167,981)	(45,200)	2,385,525
Appropriation of 2021 earnings	-	-	-	-	-	5,307	-	(5,307)	-	-	-
Legal reserve	-	-	-	-	-	-	10,288	(10,288)	-	-	-
Special reserve	-	(17,975)	-	-	-	-	-	(37,477)	-	-	(55,452)
Cash dividends distributed by the Company	-	(17,975)	-	-	-	5,307	10,288	(53,072)	-	-	(55,452)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	28,744	-	-	28,744
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	16,183	42,895	8,216	67,294
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	44,927	42,895	8,216	96,038
Disposal in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(25,000)	-	25,000	-
BALANCE AT DECEMBER 31, 2022	\$ 1,584,341	\$ 185,078	\$ 5,129	\$ 1,602	\$ 3,435	\$ 254,384	\$ 213,181	\$ 316,031	\$ (125,086)	\$ (11,984)	\$ 2,426,111

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

(With Deloitte & Touche audit report dated March 14, 2023)

SHIEH YIH MACHINERY INDUSTRY CO., LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 67,217	\$ 24,094
Adjustments for:		
Depreciation expenses	34,051	33,975
Amortization expenses	7,536	7,605
Gain on valuation of financial assets instruments	(2,255)	(824)
Interest expenses	22,110	18,272
Interest income	(12,495)	(6,263)
Dividends income	(11,797)	(2,594)
Share of profit of associates	(73,109)	(170,630)
Loss of write-downs of inventories	-	14,925
Gain on lease modification	(4)	(23)
Unrealized gain on transactions with subsidiaries and associates	53,850	38,899
Realized gain on transactions with subsidiaries and associates	(38,927)	(56,179)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	1,770	-
Contract assets	(2,603)	-
Notes receivable	17,181	(27,804)
Trade receivables	14,320	(78,041)
Trade receivables - related parties	3,449	(61,092)
Other receivables	(10,210)	22,186
Other receivables - related parties	(62,249)	41,354
Inventories	(194,955)	179,411
Prepayments	(50,600)	(274)
Other current assets	22	(620)
Contract liabilities	39,895	(133,225)
Notes payable	(646)	914
Trade payables	69,662	143,721
Trade payables to related parties	(88)	139
Other payables	8,034	2,710
Other current liabilities	(267)	(1,828)
Net defined benefit liabilities	(11,471)	(5,861)
Cash generated from operations	(132,579)	(17,053)
Interest paid	(21,826)	(18,430)
Income tax paid	(6,048)	(46,869)
Net cash used in operating activities	(160,453)	(82,352)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital reduction of financial assets at fair value through other comprehensive income	-	6,000
Purchase of financial assets at amortized cost	(126,962)	(60,682)
Capital repatriation from subsidiaries (Note 25)	342,349	109,061
Proceeds from the capital reduction of subsidiaries	316,200	-
Payments for property, plant and equipment (Note 25)	(7,179)	(8,948)

(Continued)

SHIEH YIH MACHINERY INDUSTRY CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in refundable deposits	\$ 106	\$ 1,312
Payments for intangible assets (Note 26)	(5,475)	(16,985)
Interest received	9,955	5,615
Dividend received	<u>11,797</u>	<u>2,594</u>
Net cash generated from investing activities	<u>540,791</u>	<u>37,967</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(150,770)	202,105
Proceeds (repayment) from long-term borrowings	206,743	(113,570)
Repayment of the principal portion of lease liabilities	(6,376)	(6,874)
Increase in deposits received	9	69
Dividends paid to owners of the Company	<u>(55,452)</u>	<u>(31,687)</u>
Net cash generated from (used in) financing activities	<u>(5,846)</u>	<u>50,043</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	374,492	5,658
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,398,984</u>	<u>1,393,326</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,773,476</u>	<u>\$ 1,398,984</u>

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

(With Deloitte & Touche audit report dated March 14, 2023)

(Concluded)

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

SHIEH YIH MACHINERY INDUSTRY CO., LTD.

By:
YA-HUI KUO
Chairman

March 14, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shieh Yih Machinery Industry Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Shieh Yih Machinery Industry Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies(collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. 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 the Group 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 based on our audits and the report of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimated Loss Due to Impairment of Inventory

As of December 31, 2022, the Group's net value of inventories amounted to \$1,168,144 thousand (refer to Note 12), representing 18.78% of the consolidated total assets.

The impairment of the Group's inventory may arise due to the obsolescence caused by customization. Obsolescence loss is estimated based on the inventory age and loss ratio from historical experience. Since the assessment of inventory obsolescence losses involves critical judgments by management, we considered inventory obsolescence loss as a key audit matter.

Refer to Notes 4(f) and 5 to the accompanying consolidated financial statements for the accounting policies on inventory impairment.

We obtained an understanding of the Group's inventory obsolescence loss estimation process and of the design and implementation of related internal control system. We evaluated the rationality of the method for calculating the inventory obsolescence loss at the end of the year. On physical inventory

count, we observed that whether the inventory that had not moved for a long time had been included in the assessment of inventory obsolescence. We obtained the Group's inventory aging schedule and verified the completeness and accuracy of the calculation of inventory obsolescence loss at the end of the year. We reviewed the inventory aging analysis and compared the impairment loss with the actual inventory loss in previous years and confirmed the inventory obsolescence loss.

Estimated Impairment of Accounts Receivable

The Group recognizes impairment loss on accounts receivable by assessing the impairment amount of each past due receivable and also applies the simplified approach to determine expected credit losses as prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as global economic growth rate at the reporting date. The Group uses provision matrix to determine expected credit loss rate and evaluates the prospect of recovery based on the past due days of accounts receivable. The degree of default risk and adjustment of loss rate are influenced by the assumptions which concern customer credit risk. We considered management's related provisions to be subjective and also the associated risk of the estimation of the recoverability of these past due accounts receivable.

Refer to Notes 4(1) and 5 to the accompanying consolidated financial statements for the relevant accounting policies on the impairment of receivables. Refer to Note 11 to the accompanying consolidated financial statements for the related disclosures of accounts receivable.

We obtained an understanding of the internal control over the accounts receivable and tested the operating effectiveness of the control and the implementation of the quarterly detailed review of the expected credit loss provision matrix. At the end of the period, we obtained the aging of the accounts receivable and expected credit loss matrix provided by the Group, and we tested the accuracy and completeness of the aging of the accounts receivable. We reviewed the customer payment history and arrived at an understanding of management's rationale for expected credit loss matrix by referencing payment patterns during the year as well as other available information. We recalculated and checked the correctness of the allowances provided by management. In addition, we also assessed the level of cash collected by the Group on past due receivable balances after the year end to consider any additional provision requirements.

Other Matter

We did not audit the financial statements of Seyi-America, Inc., a subsidiary included in the consolidated financial statements of the Group, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the financial statements of Seyi-America, Inc. are based solely on the report of other auditors. As of December 31, 2022 and 2021, the total assets of Seyi-America, Inc. were NT\$533,170 thousand, representing 8.57%, and NT\$436,465 thousand, representing 7.12%, respectively, of the consolidated total assets, and the amounts of total revenue were NT\$985,259 thousand, representing 27.76%, and NT\$614,191 thousand, representing 16.18%, of the consolidated total revenue for the years then ended.

We have also audited the parent company only financial statements of Shieh Yih Machinery Industry Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with other matter paragraph.

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

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the independent directors and supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audits resulting in this independent auditors' report are Wan-I Liao and Bo-Ren Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,428,280	39	\$ 2,330,138	38
Financial assets at fair value through profit or loss (Notes 4, 7 and 30)	272,928	4	577,664	10
Financial assets at amortized cost (Notes 4, 10 and 32)	262,254	4	112,397	2
Contract assets (Note 24)	64,962	1	81,058	1
Notes receivable (Notes 4, 11 and 24)	323,730	5	257,753	4
Trade receivables (Notes 4, 5, 11 and 24)	307,182	5	360,617	6
Other receivables	24,149	1	8,779	-
Current tax assets (Notes 4 and 26)	1,841	-	22,519	-
Inventories (Notes 4, 5 and 12)	1,168,144	19	968,878	16
Prepayments	134,538	2	37,194	1
Other current assets	1,137	-	1,160	-
Total current assets	4,989,145	80	4,758,157	78
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 30)	80,686	1	95,759	2
Financial assets at amortized cost - non-current (Notes 4, 10 and 32)	53,954	1	67,868	1
Property, plant and equipment (Notes 4, 14 and 32)	790,551	13	857,072	14
Right-of-use assets (Note 15)	67,094	1	72,797	1
Investment properties (Notes 4, 16 and 32)	109,534	2	110,679	2
Intangible assets (Note 4)	16,765	-	18,828	-
Deferred tax assets (Notes 4 and 26)	89,387	2	131,565	2
Refundable deposits	9,338	-	7,673	-
Other non-current assets (Note 17)	13,956	-	11,835	-
Total non-current assets	1,231,265	20	1,374,076	22
TOTAL	\$ 6,220,410	100	\$ 6,132,233	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 254,583	4	\$ 571,529	9
Contract liabilities (Note 24)	628,341	10	488,715	8
Notes payable (Note 19)	372,038	6	431,915	7
Trade payables (Note 19)	876,163	14	775,737	13
Other payables (Note 20)	168,027	3	145,260	3
Current tax liabilities (Notes 4 and 26)	10,892	-	11,831	-
Lease liabilities - current (Note 15)	20,371	1	20,750	-
Current portion of long-term borrowings (Note 18)	201,692	3	193,256	3
Other current liabilities (Note 21)	587	-	856	-
Total current liabilities	2,532,694	41	2,639,849	43
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 32)	1,181,051	19	982,744	16
Deferred tax liabilities (Notes 4 and 26)	21,053	-	21,791	-
Net defined benefit liabilities (Notes 4 and 22)	25,303	-	57,004	1
Guarantee deposits received	927	-	917	-
Lease liabilities - non-current (Note 15)	33,271	1	44,403	1
Total non-current liabilities	1,261,605	20	1,106,859	18
Total liabilities	3,794,299	61	3,746,708	61
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	1,584,341	25	1,584,341	26
Capital surplus	195,244	3	213,219	3
Retained earnings				
Legal reserve	254,384	4	249,077	4
Special reserve	213,181	4	202,893	3
Unappropriated earnings	316,031	5	349,176	6
Total retained earnings	783,596	13	801,146	13
Other equity				
Exchange differences on translating foreign operations	(125,086)	(2)	(167,981)	(3)
Unrealized loss on financial assets at fair value through other comprehensive income	(11,984)	-	(45,200)	-
Total other equity	(137,070)	(2)	(213,181)	(3)
Total equity	2,426,111	39	2,385,525	39
TOTAL	\$ 6,220,410	100	\$ 6,132,233	100

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

(With Deloitte & Touche audit report dated March 14, 2023)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
GROSS SALES	\$ 3,548,643	100	\$ 3,795,870	100
LESS: SALES RETURNS	60	-	119	-
LESS: SALES ALLOWANCE	5	-	-	-
NET SALES (Note 24)	3,548,578	100	3,795,751	100
OPERATING COST (Notes 12 and 25)	2,705,329	76	2,982,851	79
GROSS PROFIT	843,249	24	812,900	21
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	473,239	14	447,986	12
General and administrative expenses	213,761	6	220,555	6
Research and development expenses	175,991	5	129,408	3
Expected credit loss	10,185	-	9,467	-
Total operating expenses	873,176	25	807,416	21
PROFIT/(LOSS) FROM OPERATIONS	(29,927)	(1)	5,484	-
NON-OPERATING INCOME AND EXPENSES				
Interest income	46,268	1	43,684	1
Rental income	91	-	4,634	-
Dividends income	13,571	-	2,767	-
Other income	7,315	-	44,478	1
Loss on disposal of property, plant and equipment	(133)	-	(63)	-
Gain on disposal of investment	400	-	6,780	-
Gain (loss) on valuation of financial instruments	(11,036)	-	2,564	-
Miscellaneous expenses	(1,623)	-	(1,955)	-
Foreign exchange gains (losses), net (Note 25)	86,640	3	(36,841)	(1)
Interest expenses	(28,578)	(1)	(25,150)	-
Total non-operating income and expenses	112,915	3	40,898	1
PROFIT BEFORE INCOME TAX	82,988	2	46,382	1
INCOME TAX BENEFIT/EXPENSE (Notes 4 and 26)	(54,244)	(1)	10,281	-
NET PROFIT FOR THE YEAR	28,744	1	56,663	1

(Continued)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	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	\$ 20,230	1	\$ (4,482)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	14,295	-	7,853	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(4,047)</u>	<u>-</u>	<u>896</u>	<u>-</u>
	<u>30,478</u>	<u>1</u>	<u>4,267</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	53,620	1	(21,528)	-
Unrealized gain on investments in debt instruments at fair value through other comprehensive income	(7,171)	-	(947)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(9,633)</u>	<u>-</u>	<u>4,334</u>	<u>-</u>
	<u>36,816</u>	<u>1</u>	<u>(18,141)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>67,294</u>	<u>2</u>	<u>(13,874)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 96,038</u>	<u>3</u>	<u>\$ 42,789</u>	<u>1</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 28,744</u>	<u>1</u>	<u>\$ 56,663</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 96,038</u>	<u>3</u>	<u>\$ 42,789</u>	<u>1</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 0.18</u>		<u>\$ 0.36</u>	
Diluted	<u>\$ 0.18</u>		<u>\$ 0.36</u>	

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

(With Deloitte & Touche audit report dated March 14, 2023)

(Concluded)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners to the Company (Note 23)										
	Capital Surplus					Retained Earnings (Note 23)					Other Equity
	Share Capital	Share Premiums	Treasury Shares Transactions	Changes in Ownership Interest in Subsidiaries	Employee Stock Options - Expired	Retained Earnings (Note 23)		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at FV/TOCI	Total Equity
						Legal Reserve	Special Reserve				
BALANCE AT JANUARY 1, 2021	\$ 1,584,341	\$ 234,740	\$ 5,129	\$ 1,602	\$ 3,435	\$ 247,277	\$ 180,800	\$ 319,992	\$ (150,760)	\$ (52,133)	\$ 2,374,423
Appropriation of 2020 earnings	-	-	-	-	-	1,800	-	(1,800)	-	-	-
Legal reserve	-	-	-	-	-	-	22,093	(22,093)	-	-	-
Cash dividends distributed by the Company	-	(31,687)	-	-	-	-	-	-	-	-	(31,687)
	-	(31,687)	-	-	-	1,800	22,093	(23,893)	-	-	(31,687)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	56,663	-	-	56,663
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(3,586)	(17,221)	6,933	(13,874)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	53,077	(17,221)	6,933	42,789
BALANCE AT DECEMBER 31, 2021	1,584,341	203,053	5,129	1,602	3,435	249,077	202,893	349,176	(167,981)	(45,200)	2,385,525
Appropriation of 2021 earnings	-	-	-	-	-	5,307	-	(5,307)	-	-	-
Legal reserve	-	-	-	-	-	-	10,288	(10,288)	-	-	-
Special reserve	-	(17,975)	-	-	-	-	-	(37,477)	-	-	(55,452)
Cash dividends distributed by the Company	-	(17,975)	-	-	-	5,307	10,288	(53,072)	-	-	(55,452)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	28,744	-	-	28,744
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	16,183	42,895	8,216	67,294
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	44,927	42,895	8,216	96,038
Disposal in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(25,000)	-	25,000	-
BALANCE AT DECEMBER 31, 2022	\$ 1,584,341	\$ 185,078	\$ 5,129	\$ 1,602	\$ 3,435	\$ 254,384	\$ 213,181	\$ 316,031	\$ (125,086)	\$ (11,984)	\$ 2,426,111

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

(With Deloitte & Touche audit report dated March 14, 2023)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 82,988	\$ 46,382
Adjustments for:		
Expected credit loss recognized on trade receivables	10,185	9,467
Depreciation expenses	109,188	120,619
Amortization expenses	7,536	7,605
Interest expenses	28,578	25,150
Interest income	(46,268)	(43,684)
Dividends income	(13,571)	(2,767)
Write-downs of inventories	50,587	14,925
Gain on lease modification	(4)	(23)
Loss on disposal of property, plant and equipment	133	63
Gain on disposal of investments	(400)	(6,780)
Loss (gain) on valuation of financial assets instruments	11,036	(2,564)
Gain (loss) on foreign currency exchange	(87,906)	28,708
Changes in operating assets and liabilities:		
Contract assets	16,096	(45,284)
Notes receivable	(65,977)	(73,770)
Trade receivables	42,782	(156,114)
Other receivables	(12,066)	6,041
Inventories	(250,088)	34,380
Prepayments	(97,344)	(3,085)
Other current assets	23	1,407
Contract liabilities	139,626	(115,969)
Notes payable	(59,877)	138,475
Trade payables	100,426	184,872
Other payables	22,505	10,614
Other current liabilities	(269)	(13,817)
Net defined benefit liabilities	(11,471)	(5,861)
Cash generated from operations	(23,552)	158,990
Interest paid	(28,316)	(25,163)
Income tax paid	(6,123)	(82,169)
Net cash generated from (used in) operating activities	(57,991)	51,658
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	25,000	-
Proceeds from disposal of financial assets at fair value through profit or loss	341,554	140,964
Capital reduction of financial assets at fair value through other comprehensive income	-	6,000
Purchase of financial assets at fair value through profit or loss	(50,610)	(235,646)
Proceeds from disposal of financial assets at amortized cost	-	(12,645)
Purchase of financial assets at amortized cost	(135,943)	(61,461)

(Continued)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Payments for property, plant and equipment (Note 28)	\$ (17,808)	\$ (18,659)
Proceeds from disposal of property, plant and equipment	766	-
Decrease (increase) in refundable deposits	(1,665)	182
Payments for intangible assets (Note 28)	(5,475)	(16,985)
Decrease in other non-current assets	666	1,458
Interest received	42,964	42,622
Dividend received	<u>13,571</u>	<u>2,767</u>
Net cash generated from (used in) investing activities	<u>213,020</u>	<u>(151,403)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(316,946)	196,923
Proceeds from long-term borrowings	206,743	(113,420)
Proceeds from guarantee deposits received	10	68
Repayment of the principal portion of lease liabilities	(25,223)	(19,687)
Dividends paid to owners of the Company	<u>(55,452)</u>	<u>(31,687)</u>
Net cash generated from (used in) financing activities	<u>(190,868)</u>	<u>32,197</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>133,981</u>	<u>(42,854)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	98,142	(110,402)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,330,138</u>	<u>2,440,540</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,428,280</u>	<u>\$ 2,330,138</u>

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

(With Deloitte & Touche audit report dated March 14, 2023)

(Concluded)

SHIEH YIH MACHINERY INDUSTRY CO., LTD**Earnings Distribution Table****2022**

Unit: NT\$

Items	Amount
Beginning balance of retained earnings	\$ 296,100,796
Net Income for the year	\$ 28,746,677
Remeasurement of defined benefit plans recognized in retained earnings (after tax)	<u>16,183,361</u>
Net income plus items other than net income included in undistributed earnings for the year	44,930,038
Provision as legal reserve (10%)	(4,493,004)
Reversal of special reserve	76,111,032
Distributable earnings from the current period	<u>116,548,066</u>
Total distributable earnings	412,648,862
Distributed item:	
Dividends to shareholders - cash (NT\$0.25522934 per share)	<u>(40,437,034)</u>
Unappropriated retained earnings at the end of period	<u><u>\$ 372,211,828</u></u>

Chairman: Ya-Hui Kuo

Manager: Ting-Chun Kuo

Accounting Officer: Tsui-Hua Wu

SHIEH YIH MACHINERY INDUSTRY CO.,LTD.

Comparison table for the “Articles of Incorporation” before and after amendment

The articles after the amendment	The articles before the amendment	Explanation
<p>Article 30: The Company shall set aside <u>at least 2%</u> of the pre-tax profit for the year before deducting employee compensation and remuneration to directors as employee compensation; and no more than 5% of the said profit as remuneration to directors. The board of directors shall implement the resolution adopted by a majority vote at a board of directors meeting attended by over two-thirds of the directors and report to the shareholders’ meeting. However, if the Company still has accumulated losses, the pre-tax profit amount shall be reserved for making up the accumulated loss first.</p> <p>The subjects receiving the preceding employee remuneration in the form of a share certificate or cash may include the employees of a subsidiary company who meet certain criteria. The board of directors shall set up the criteria to be followed.</p>	<p>Article 30: After subtracting the employee, and director, remunerations from the current year’s pre-tax benefits, the Company shall appropriate 2% <u>to 5%</u> for employee remuneration and no more than 5% for director remuneration. The board of directors shall implement the resolution adopted by a majority vote at a board of directors meeting attended by over two-thirds of the directors and report to the shareholders’ meeting. However, if the Company still has accumulated losses, the amount shall be reserved for making up the accumulated loss first.</p> <p>The subjects receiving the preceding employee remuneration in the form of a share certificate or cash may include the employees of a subsidiary company who meet certain conditions. The board of directors shall set criteria.</p>	Adjust the wording.
<p>Article 30-1: When the Company's annual final accounts show a surplus, the Company shall first pay taxes and make up for accumulated deficits, then set aside 10% of the legal reserve. Once the legal reserve has reached the Company's <u>paid-in capital, the 10% reserve may cease to appropriate</u>. The special surplus reserve shall be allocated or reversed according to the laws of competent authority, decrees, or regulations. If there is still a surplus, the undistributed surplus of the previous year may be added to the distributable surplus. The board of directors shall draft a distribution proposal, execute it in the form of new share issuance, and submit the proposal to the shareholders’ meeting for resolution and distribution.</p> <p>Before setting aside the preceding special surplus reserve, if the Company has a net decrease in other equity and the net increase in the fair value of real estate investment during the previous</p>	<p>Article 30-1: If there is a surplus in the Company’s annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses, and allocate 10% as a statutory surplus reserve. This provision <u>shall not apply</u> if the statutory surplus reserve has reached the Company’s <u>total capital</u>. The special surplus reserve shall be allocated or converted according to the competent authority’s laws, decrees, or regulations. If there is still a surplus, the undistributed surplus of the previous year may be added to the distributable surplus. The board of directors shall draft a distribution proposal, execute it in the form of new share issuance, and submit the proposal to the shareholders’ meeting for resolution and distribution.</p> <p>Before setting aside the preceding special surplus reserve, if the Company has a net decrease in other equity and the net increase in the fair value of real estate investment during the previous</p>	Refine the wordings to be explicit.

The articles after the amendment	The articles before the amendment	Explanation
<p>period, the same amount of special surplus reserve from the undistributed surplus in the previous period shall be set aside prior to the surplus distribution. If that is still insufficient, the amount other than the current after-tax net profit plus the current after-tax net profit shall be included in the current undistributed surplus.</p> <p>Pursuant to Article 240 of the Company Act, the Company shall authorize the board of directors to pass a resolution adopted by a majority vote at a meeting attended by over two-thirds of the directors to distribute all or part of the bonuses, dividends, or the statutory surplus reserve and capital reserve stipulated in Article 241 of the Company Act in the form of cash, and report to the shareholders' meeting.</p> <p>The Company shall adopt the residual dividend and stable dividend policy based on the earnings status, future funding needs, and development plans in order to collaborate with the internal and external environments, facilitate the Company's long-term financial planning, and enable stable and sound operation developments. The distribution of stock dividends, cash dividends, or the combination of stock dividends and cash dividends shall be considered after retaining the surplus financing requirements. However, if stock dividends are distributed with cash dividends, the cash dividends shall not exceed 80% of the total distribution.</p>	<p>period, the same amount of special surplus reserve from the undistributed surplus in the previous period shall be set aside prior to the surplus distribution. If that is still insufficient, the amount other than the current after-tax net profit plus the current after-tax net profit shall be included in the current undistributed surplus.</p> <p>Pursuant to Article 240 of the Company Act, the Company shall authorize the board of directors to pass a resolution adopted by a majority vote at a meeting attended by over two-thirds of the directors to distribute all or part of the bonuses, dividends, or the statutory surplus reserve and capital reserve stipulated in Article 241 of the Company Act in the form of cash, and report to the shareholders' meeting.</p> <p>The Company shall adopt the residual dividend and stable dividend policy based on the earnings status, future funding needs, and development plans in order to collaborate with the internal and external environments, facilitate the Company's long-term financial planning, and enable stable and sound operation developments. The distribution of stock dividends, cash dividends, or the combination of stock dividends and cash dividends shall be considered after retaining the surplus financing requirements. However, if stock dividends are distributed with cash dividends, the cash dividends shall not exceed 80% of the total distribution.</p>	
<p>Article 33: The Articles of Incorporation was established on December 10, 1981 1st amendment: February 17, 1982 ° 31st amendment: May 27, 2022 <u>32nd amendment: June 21, 2023</u></p>	<p>Article 33: The Articles of Incorporation was established on December 10, 1981 1st amendment: February 17, 1982 ° 31st amendment: May 27, 2022</p>	Added the dates of amendment.

SHIEH YIH MACHINERY INDUSTRY CO., LTD.

Articles of Incorporation

Chapter 1. General

Article 1: This Company is organized according to the Company Act of the Republic of China. The English name of the Company is SHIEH YIH MACHINERY INDUSTRY CO., LTD.

Article 2: The business items operated by this Company are as follows:

1. CB01010 Mechanical Equipment Manufacturing.
2. CB01990 Other Machinery Manufacturing.
3. I301010 Information Software Services.
4. I599990 Other Designing.
5. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company's main office is located in Taoyuan County, Taiwan. If necessary, the Company may establish branches domestically or abroad subject to the board of directors' approval.

Article 3-1: The Company may consider the necessity of external reinvestment due to business needs and may serve as a limited liability shareholder of another company through the board of directors resolutions. The total investment amount shall not be restricted by the relevant reinvestment quota stipulated in Article 13 of the Company Act.

Article 4: The Company may consider the necessity of providing an external endorsement guarantee due to business needs, which shall be handled according to the relevant laws and regulations.

Chapter 2. Shares

Article 5: The Company's share capital is set at NT\$3 billion even and divided into 300 million shares. Among them, NT\$100 million divided into 10 million shares are reserved for employee stock options, and the rest are ordinary shares with a denomination of NT\$10 per share. The board of directors shall authorize the unissued shares to be issued in installments.

Article 6: The Company issues shares to registered owners only. Share certificates are issued with the signatures or seals stamped by the directors representing the Company and are issued after certification by the share issuance validation bank according to the laws and regulations. The

Company is exempted from printing any share certificate for the shares issued. However, the shares issued must be registered with a centralized securities depository enterprise.

Article 7: The specific requirements for the employees receiving shares or the subjects of restricted employee stocks when this Company issues new shares, including the employees of the Company's subsidiaries meeting certain specific requirements, shall be set by the board of directors.

Article 8: Unless otherwise stipulated by statutory regulations, the Company's stock affairs shall be handled according to the provisions provided by the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority. Shares not assigned/transferred according to regulations shall not be set up as a defense against this Company.

Article 9: Shares transferred to employees at an average price lower than the actual share buyback price or employee stock option certificates issued at a subscription price lower than the common share closing price on the issuance date must be resolved by a shareholders meeting with over half of the total number of shares issued present at the meeting and with approval by over two-thirds of the shareholder voting rights present at the meeting.

Article 10: When share certificates must be replaced or reissued due to loss or other reasons, the Company may charge handling fees and stamp duties at its discretion.

Article 11: The Company's stockholders' registry shall be closed for 60 days before an annual general meeting, 30 days before an extraordinary' meeting, and 5 days before the baseline date for distributing dividends or other entitlements.

Chapter 3. Shareholders' Meeting

Article 12: The Company's board of directors shall convene regular shareholders' meetings within six months after the end of each fiscal year and convene extraordinary shareholders' meetings according to the laws when necessary. The board of directors shall notify each shareholder of the date, place, and reason for the meeting 30 days prior to a regular shareholders' meeting and 15 days prior to an extraordinary shareholders' meeting.

The Company's shareholders' meetings may be held via video conferencing or other methods announced by the central competent authority.

Article 13: The chairman shall chair the shareholders' meeting. If the chairman is absent, the chairman

shall appoint a director as a proxy. The convener shall act as the meeting chairman for shareholders' meetings convened by any authorized party other than the board of directors. If there are two or more conveners simultaneously, one shall be appointed among themselves to chair the meeting.

Article 14: Unless otherwise stipulated or restricted by-laws, shareholders of the Company shall have one vote per share.

Article 15: When a shareholder cannot attend the shareholders' meeting in person, the shareholder may issue a power of attorney printed by the Company and specify the scope of authorization to appoint a proxy to attend the meeting. Unless otherwise provided by the Company Act, the shareholders' entrusted attendance method shall be handled according to the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

Article 16: Unless otherwise provided by the Company Act or other relevant laws and regulations, a shareholders' meeting resolution is passed when over 50% of all outstanding shares are represented in the meeting. The majority of all voting rights are represented at the meeting have voted in favor.

Article 17: Shareholders' meeting resolutions shall be compiled into detailed minutes and signed or sealed by the meeting chairman before disseminating to each shareholder no later than 20 days after the meeting. The production and distribution of the minutes shall be handled according to Article 183 of the Company Act.

Chapter 4. Directors and Audit Committee

Article 18: The Company shall establish 5 to 7 directors, no less than 3 of which shall be independent directors and they shall account for no less than one-fifth of the number of directors. The board of directors' resolution shall determine the number of candidates to be elected. Directors' election shall be implemented pursuant to Article 192 of the Company Act using the candidate nomination system with a list of candidates pursuant to Article 192-1 of the Company Act. The elected directors shall serve a term of 3 years, who shall be eligible for reelection.

The Company has established an Audit Committee according to Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The Audit Committee or the members of the Audit Committee shall be responsible for executing the functions and powers of the supervisor under the Company Act, the Securities and Exchange Act, and other laws and regulations.

The directors' nomination and selection method and other matters to be complied with shall be handled according to the relevant provisions provided by the Company Act and the competent authority in charge of securities affairs.

Article 18-1 Deleted.

Article 19: When the number of vacancies in the Company's board of directors equals one-third of all directors or if all independent directors have been discharged, the board of directors shall convene a special shareholders' meeting to elect the succeeding directors and fill the vacancies within a deadline specified by the law. The term of office shall be limited to that of the original appointment.

Article 20: When the term of office for a director expires before the reelection, said director's executive duties shall be extended until after the re-elected director or supervisor takes office.

Article 21: Over two-thirds of the directors shall be present, and over half of the directors present shall vote to elect the chairman of the board during a board of directors meeting organized by the directors. All company affairs shall be implemented according to the laws and regulations, the Articles of Incorporation, and the shareholders' resolutions or the board of directors meetings.

Article 22: The Company's operating policies and other important matters shall be resolved by the board of directors. Except for the first board of directors meeting each year that is convened according to Article 203 of the Company Act, the rest of the meetings shall be convened and chaired by the chairman of the board. When the chairman cannot perform such duties, the chairman shall appoint one of the directors to act as a proxy.

A board of directors meeting notice shall be distributed to the directors at least 7 days before the meeting. The purpose of the meeting shall be clearly stated in the notice. But a meeting may convene at any time during an emergency. The board of directors may notify the directors via written notice, E-mail, or fax.

Article 23: The directors must attend the board meetings in person. Unless otherwise stipulated in the Company Act, any resolutions passed by the board of directors must be approved by a majority vote at a meeting attended by over half of the directors. If a director is unable to attend for some reason, the director shall issue a power of attorney, list the scope of authorization for the meeting convened, and entrust another director to attend the board of directors meeting as a proxy. One director is limited to being entrusted by one person. Furthermore, when a board of directors meeting is conducted via video conference, the directors taking part via video conferencing shall be deemed to have attended the meeting in person.

Article 24: The proceedings of the board of directors shall be made into minutes and signed or stamped by the chairman. The minutes shall be distributed to all directors within 20 days after the meeting. The meeting minutes shall record the year, month, day, or place of the meeting as well as the name of the chairman, the resolution method, the meeting essentials, and the meeting results. The minutes of the proceedings, the signature book of the directors present, and the proxy attendance letter shall be retained by the Company according to Article 183 of the Company Act.

Article 25: Deleted.

Article 26: The remuneration received by the chairman, and directors shall be determined by the board of directors according to the individuals' contribution, the extent of involvement in the Company's operations, and consider the general remuneration standards within the industry. The Company may purchase liability insurance for all directors during their term of office with the board of directors' approval.

Chapter 5. Managers

Article 27: The Company shall establish one general manager and several deputy general managers, and their appointment, dismissal, and remuneration shall be handled according to Article 29 of the Company Act.

Article 28: The Company's board of directors may pass a resolution according to Article 23 of the Articles of Incorporation to retain consultants or other important staff.

Chapter 6. Accounting

Article 29: At the end of the fiscal year, the Company's board of directors shall compile the following documents and submit them to the General Shareholders' Meeting for ratification according to the legal procedures: (1) Business Report, (2) Financial Statement, (3) Proposal for Surplus Distribution or Loss Recovery.

Article 30: After subtracting the employee, and director, remunerations from the current year's pre-tax benefits, the Company shall appropriate 2% to 5% for employee remuneration and no more than 5% for director remuneration. The board of directors shall implement the resolution adopted by a majority vote at a board of directors meeting attended by over two-thirds of the directors and report to the shareholders' meeting. However, if the Company still has accumulated losses, the amount shall be reserved for making up the accumulated loss first.

The subjects receiving the preceding employee remuneration in the form of a share certificate or cash may include the employees of a subsidiary company who meet certain conditions. The board of directors shall set conditions.

Article 30-1: If there is a surplus in the Company's annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses, and allocate 10% as a statutory surplus reserve. This provision shall not apply if the statutory surplus reserve has reached the Company's total capital. The special surplus reserve shall be allocated or converted according to the competent authority's laws, decrees, or regulations. If there is still a surplus, the undistributed surplus of the previous year may be added to the distributable surplus. The board of directors shall draft a distribution proposal, execute it in the form of new share issuance, and submit the proposal to the shareholders' meeting for resolution and distribution.

Before setting aside the preceding special surplus reserve, if the Company has a net decrease in other equity and the net increase in the fair value of real estate investment during the previous period, the same amount of special surplus reserve from the undistributed surplus in the previous period shall be set aside prior to the surplus distribution. If that is still insufficient, the amount other than the current after-tax net profit plus the current after-tax net profit shall be included in the current undistributed surplus.

Pursuant to Article 240 of the Company Act, the Company shall authorize the board of directors to pass a resolution adopted by a majority vote at a meeting attended by over two-thirds of the directors to distribute all or part of the bonuses, dividends, or the statutory surplus reserve and capital reserve stipulated in Article 241 of the Company Act in the form of cash, and report to the shareholders' meeting.

The Company shall adopt the residual dividend and stable dividend policy based on the earnings status, future funding needs, and development plans in order to collaborate with the internal and external environments, facilitate the Company's long-term financial planning, and enable stable and sound operation developments. The distribution of stock dividends, cash dividends, or the combination of stock dividends and cash dividends shall be considered after retaining the surplus financing requirements. However, if stock dividends are distributed with cash dividends, the cash dividends shall not exceed 80% of the total distribution.

Chapter 7. Supplementary Provisions

Article 31: The Company's Organizational Charter and working rules shall be separately formulated by the board of directors.

Article 32: Matters not covered in this Articles of Incorporation shall be governed by the Company Act of the Republic of China.

Article 33: The Articles of Incorporation was established on December 10, 1981

1st amendment: February 17, 1982
2nd amendment: July 25, 1985
3rd amendment: August 6, 1988
4th amendment: September 5, 1989
5th amendment: December 8, 1989
6th amendment: March 11, 1994
7th amendment: October 23, 1995
8th amendment: October 30, 1996
9th amendment: May 26, 1997
10th amendment: June 29, 1998
11th amendment: December 21, 1998
12th amendment: February 22, 1999
13th amendment: May 27, 1999
14th amendment: June 17, 2000
15th amendment: June 15, 2001
16th amendment: June 21, 2002
17th amendment: May 16, 2003
18th amendment: May 3, 2004
19th amendment: June 10, 2005
20th amendment: June 9, 2006
21st amendment: June 15, 2007
22nd amendment: June 13, 2008
23rd amendment: June 10, 2009
24th amendment: June 18, 2010
25th amendment: June 10, 2011
26th amendment: June 18, 2012
27th amendment: June 10, 2013
28th amendment: June 20, 2014
29th amendment: June 24, 2016
30th amendment: June 13, 2019
31st amendment: May 27, 2022

SHIEH YIH MACHINERY INDUSTRY CO.,LTD.

Chairman: Ya-Hui Kuo

SHIEH YIH MACHINERY INDUSTRY CO., LTD.

Rules of Procedure for Shareholders Meetings

- Article 1 The rules of procedure for our company's shareholders' meeting shall be conducted by these rules, except where otherwise specified by laws or the articles of incorporation.
- Article 2 The Corporation shall furnish the attending shareholders (or proxies) with an attendance book to sign, or attending shareholders (or proxies) may hand in a sign-in card in lieu of signing in.
- Article 3 Attendance and voting at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, , including the shares for which voting rights are exercised through written or electronic means.
- Article 4 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5 If the shareholders' meeting is convened by the board of directors, the shareholders' meeting shall be chaired by the chairman of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson. If there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as Chair.
- If the shareholder meeting is convened by someone other than the board of directors, the chairman shall be appointed by the convening person. When there are two or more convening persons, they shall mutually elect a chairman.
- Article 6 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
- Article 7 The Corporation shall record with an audio or video tape the whole proceedings of the shareholders meeting, and said video tape or audio tape shall be kept for at least one year. However, if a lawsuit is filed by shareholders in accordance with Article 189 of the Company Act, the relevant documents should be preserved until the litigation is concluded.

Article 8 The chair shall call the meeting to order when the attending shareholders (or proxies) represent a majority of the total number of issued shares. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 9 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 10 A shareholder (or a proxy) wishing to speak in a shareholders meeting shall first fill out a slip, specifying therein the major points of his speech, their serial number as a shareholder (or number of attendance) and their name. The chair shall determine the order of speaking.

A shareholder (or a proxy) who submits his slip for a speech but does not actually speak shall be considered as not having given a speech. If the contents of his speech shall be different from those specified on the slip, the contents of his speech shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 11 A shareholder (or a proxy) shall not speak more than two times for one motion, unless he has obtained the prior consent from the chair, and each speech shall not exceed 5 minutes. If a shareholder violates the above provisions or his speech

exceeds the scope of the motion, the chair may prevent him from doing so.

- Article 12 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak.
- Article 13 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 14 When the chair considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.
- Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
- Article 16 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 17 Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.
- Article 18 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 19 Staff handling administrative affairs of a shareholders meeting shall wear

identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel (or security personnel) help maintain order at the meeting place, they shall wear armbands or identifiable clothing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 20 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 21 These Rules was established on January 20, 1999.

The first amendment was made on November 10, 2000.

The second amendment was made on April 17, 2002

The third amendment was made on June 18, 2012.

The fourth amendment was made on May 27, 2022.

SHIEH YIH MACHINERY INDUSTRY CO., LTD

Shareholding of Directors

I. Schedule of the minimum numbers of shares required to be held by the entire bodies of directors and the number of shares recorded in the shareholders' roster.

April 23, 2023 (book closure date)

Title	Minimum number of shares to be held	Number of shares recorded in the shareholders' roster
Director	9,506,046	17,400,138

Note: 1. The paid-in capital of the Company was NT\$1,584,341,100 and the total outstanding shares were 158,434,110.

2. The Company has three independent directors. As stipulated in Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum share ownership figures calculated for all directors and supervisors shall be decreased by 20 percent.

3. The minimum number of shares to be held by all directors and supervisors has met the statutory percentage requirement.

II. Schedule of shareholdings of directors

Title	Account Name	Number of shares recorded in the shareholders' roster	Remarks
Chairman	Ya-Hui Kuo	4,300,138	
Director	Yu Cheng Investment Co., Ltd.	13,000,000	Representative : Chin-Jen Fu
Director	Cheng Lin Investment Co., Ltd.	100,000	Representative : Chin-Ti Kan
Director	Ken-Yi Cheng	0	
Independent Director	Yuan-Lih Tseng	0	
Independent Director	Hwe-Ching Wong	0	
Independent Director	Shu-Chuan Chen	0	