

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2021 and 2020**

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 2,035,016	33	\$ 2,440,540	41	\$ 2,007,766	38
Financial assets at fair value through profit or loss	673,486	11	473,637	8	242,172	4
Financial assets at amortized cost	112,917	2	99,752	2	97,543	2
Contract assets	28,476	1	35,774	1	57,315	1
Notes receivable	180,171	3	183,983	3	107,076	2
Trade receivables	384,364	6	214,226	4	297,626	6
Other receivables	12,629	-	13,758	-	4,686	-
Current tax assets	32,343	1	6,536	-	3,912	-
Inventories	1,097,799	18	1,018,877	17	1,050,614	20
Prepayments	87,368	1	34,109	-	31,853	-
Other current assets	1,638	-	2,569	-	601	-
Total current assets	<u>4,646,207</u>	<u>76</u>	<u>4,523,761</u>	<u>76</u>	<u>3,901,164</u>	<u>73</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income	106,020	2	95,788	2	68,906	1
Financial assets at amortized cost - non-current	95,251	2	6,407	-	3,467	-
Investments accounted for using the equity method	-	-	-	-	79,121	2
Property, plant and equipment	892,105	15	940,267	16	975,554	19
Right-of-use assets	71,658	1	81,717	2	45,934	1
Investment properties	111,252	2	111,825	2	112,397	2
Intangible assets	7,160	-	6,778	-	9,512	-
Deferred tax assets	130,868	2	125,956	2	99,053	2
Refundable deposits	7,990	-	7,855	-	9,057	-
Other non-current assets	11,973	-	14,678	-	9,590	-
Total non-current assets	<u>1,434,277</u>	<u>24</u>	<u>1,391,271</u>	<u>24</u>	<u>1,412,591</u>	<u>27</u>
TOTAL	<u>\$ 6,080,484</u>	<u>100</u>	<u>\$ 5,915,032</u>	<u>100</u>	<u>\$ 5,313,755</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings	\$ 551,958	9	\$ 374,606	6	\$ 304,067	6
Contract liabilities	623,862	10	604,684	10	431,184	8
Notes payable	319,261	5	293,440	5	165,912	3
Trade payables	885,557	15	590,865	10	581,140	11
Other payables	153,104	3	134,660	2	153,596	3
Current tax liabilities	12,956	-	11,259	-	6,405	-
Lease liabilities	20,381	-	23,160	1	15,467	-
Current portion of long-term borrowings	450,000	8	100,000	2	100,000	2
Other current liabilities	23,627	-	14,673	-	14,515	-
Total current liabilities	<u>3,040,706</u>	<u>50</u>	<u>2,147,347</u>	<u>36</u>	<u>1,772,286</u>	<u>33</u>
NON-CURRENT LIABILITIES						
Long-term borrowings	549,470	9	1,189,420	20	1,048,440	20
Deferred tax liabilities	50,777	1	96,459	2	75,194	2
Lease liabilities	42,021	-	48,151	1	18,193	-
Net defined benefit liabilities	52,548	1	58,383	1	62,260	1
Guarantee deposits received	885	-	849	-	814	-
Total non-current liabilities	<u>695,701</u>	<u>11</u>	<u>1,393,262</u>	<u>24</u>	<u>1,204,901</u>	<u>23</u>
Total liabilities	<u>3,736,407</u>	<u>61</u>	<u>3,540,609</u>	<u>60</u>	<u>2,977,187</u>	<u>56</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Ordinary shares	1,584,341	26	1,584,341	27	1,584,341	30
Capital surplus	213,219	4	244,906	4	244,906	4
Retained earnings						
Legal reserve	247,277	4	247,277	4	247,277	5
Special reserve	180,800	3	180,800	3	180,800	3
Unappropriated earnings	331,454	5	319,992	6	299,861	6
Total retained earnings	759,531	12	748,069	13	727,938	14
Other equity	(213,014)	(3)	(202,893)	(4)	(220,617)	(4)
Total equity	<u>2,344,077</u>	<u>39</u>	<u>2,374,423</u>	<u>40</u>	<u>2,336,568</u>	<u>44</u>
TOTAL	<u>\$ 6,080,484</u>	<u>100</u>	<u>\$ 5,915,032</u>	<u>100</u>	<u>\$ 5,313,755</u>	<u>100</u>

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

(With Deloitte & Touche review report dated August 10, 2021)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
GROSS SALES	\$ 951,386	100	\$ 782,305	101	\$ 1,704,810	100	\$ 1,268,695	100
LESS: SALES RETURNS	70	-	4,396	1	101	-	4,396	-
NET SALES	951,316	100	777,909	100	1,704,709	100	1,264,299	100
OPERATING COSTS	<u>743,641</u>	<u>78</u>	<u>634,234</u>	<u>82</u>	<u>1,323,733</u>	<u>78</u>	<u>990,074</u>	<u>78</u>
GROSS PROFIT	<u>207,675</u>	<u>22</u>	<u>143,675</u>	<u>18</u>	<u>380,976</u>	<u>22</u>	<u>274,225</u>	<u>22</u>
OPERATING EXPENSES								
Selling and marketing expenses	103,570	11	104,192	13	208,082	12	194,568	15
General and administrative expenses	55,398	6	57,485	7	105,565	6	107,611	9
Research and development expenses	28,653	3	27,223	4	64,473	4	47,869	4
Expected credit loss (gain)	<u>5,434</u>	<u>-</u>	<u>(987)</u>	<u>-</u>	<u>12,505</u>	<u>1</u>	<u>(1,802)</u>	<u>-</u>
Total operating expenses	<u>193,055</u>	<u>20</u>	<u>187,913</u>	<u>24</u>	<u>390,625</u>	<u>23</u>	<u>348,246</u>	<u>28</u>
PROFIT FROM OPERATIONS	<u>14,620</u>	<u>2</u>	<u>(44,238)</u>	<u>(6)</u>	<u>(9,649)</u>	<u>(1)</u>	<u>(74,021)</u>	<u>(6)</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	11,422	1	8,636	1	21,958	2	18,119	2
Rental income	1,537	-	1,539	-	3,074	-	3,078	-
Dividends income	2,432	-	2,100	1	2,432	-	2,100	-
Other revenue	17,766	2	23,034	3	18,182	1	24,748	2
Loss on disposal of property, plant and equipment	(64)	-	(836)	-	(64)	-	(850)	-
Foreign exchange gain (loss)	(17,422)	(2)	(23,285)	(3)	(27,655)	(1)	(20,904)	(2)
Gain on valuation of financial instruments	1,345	-	562	-	3,775	-	161	-
Miscellaneous expenses	(65)	-	(355)	-	(532)	-	(815)	-
Shares of profit of associates	-	-	(59)	-	-	-	31,488	3
Interest expenses	<u>(6,383)</u>	<u>-</u>	<u>(6,979)</u>	<u>(1)</u>	<u>(12,671)</u>	<u>(1)</u>	<u>(12,663)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>10,568</u>	<u>1</u>	<u>4,357</u>	<u>1</u>	<u>8,499</u>	<u>1</u>	<u>44,462</u>	<u>4</u>
PROFIT (LOSS) BEFORE TAX	25,188	3	(39,881)	(5)	(1,150)	-	(29,559)	(2)
INCOME TAX BENEFIT	<u>1,345</u>	<u>-</u>	<u>31,510</u>	<u>4</u>	<u>12,612</u>	<u>1</u>	<u>27,425</u>	<u>2</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>26,533</u>	<u>3</u>	<u>(8,371)</u>	<u>(1)</u>	<u>11,462</u>	<u>1</u>	<u>(2,134)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS)								

(Continued)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	5,399	1	288	-	11,566	-	(13,677)	(1)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating to profit operations	(20,373)	(2)	(17,720)	(2)	(26,432)	(1)	(28,882)	(2)
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	427	-	4,656	1	(631)	-	(6,227)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>3,761</u>	<u>-</u>	<u>2,613</u>	<u>-</u>	<u>5,376</u>	<u>-</u>	<u>8,969</u>	<u>1</u>
Other comprehensive income for the period, net of income tax	<u>(10,786)</u>	<u>(1)</u>	<u>(10,163)</u>	<u>(1)</u>	<u>(10,121)</u>	<u>(1)</u>	<u>(39,817)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 15,747</u>	<u>2</u>	<u>\$ (18,534)</u>	<u>(2)</u>	<u>\$ 1,341</u>	<u>-</u>	<u>\$ (41,951)</u>	<u>(3)</u>
NET PROFIT ATTRIBUTABLE TO:								
Owner of the Company	<u>\$ 26,533</u>	<u>3</u>	<u>\$ (8,371)</u>	<u>(1)</u>	<u>\$ 11,462</u>	<u>1</u>	<u>\$ (2,134)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the Company	<u>\$ 15,747</u>	<u>2</u>	<u>\$ (18,534)</u>	<u>(2)</u>	<u>\$ 1,341</u>	<u>-</u>	<u>\$ (41,951)</u>	<u>(3)</u>
EARNINGS PER SHARE								
Basic	<u>\$ 0.17</u>		<u>\$ (0.05)</u>		<u>\$ 0.07</u>		<u>\$ (0.01)</u>	
Diluted	<u>\$ 0.17</u>				<u>\$ 0.07</u>			

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

(With Deloitte & Touche review report dated August 10, 2021)

(Concluded)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners to the Company										Total Equity	
	Capital Surplus						Retained Earnings			Other Equity		
	Share Capital	Share Premiums	Conversion of Bonds	Treasury Shares Transactions	Changes in Percentage of Ownership Interest in Subsidiaries	Employee Stock Options - Expired	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations		Unrealized Loss on Financial Assets at FVTOCI
BALANCE AT JANUARY 1, 2020	\$ 1,584,341	\$ 227,169	\$ 47,180	\$ 5,129	\$ 1,602	\$ 3,435	\$ 245,736	\$ 135,210	\$ 349,126	\$ (150,247)	\$ (30,553)	\$ 2,418,128
Appropriation of 2019 earnings												
Legal reserve	-	-	-	-	-	-	1,541	-	(1,541)	-	-	-
Special reserve	-	-	-	-	-	-	-	45,590	(45,590)	-	-	-
Cash dividends distributed by the Company	-	(39,609)	-	-	-	-	-	-	-	-	-	(39,609)
	-	(39,609)	-	-	-	-	1,541	45,590	(47,131)	-	-	(39,609)
Net profit for the six months ended June 30, 2020	-	-	-	-	-	-	-	-	(2,134)	-	-	(2,134)
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	-	-	-	-	(21,159)	(18,658)	(39,817)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	-	-	-	(2,134)	(21,159)	(18,658)	(41,951)
BALANCE AT JUNE 30, 2020	\$ 1,584,341	\$ 187,560	\$ 47,180	\$ 5,129	\$ 1,602	\$ 3,435	\$ 247,277	\$ 180,800	\$ 299,861	\$ (171,406)	\$ (49,211)	\$ 2,336,568
BALANCE AT JANUARY 1, 2021	\$ 1,584,341	\$ 187,560	\$ 47,180	\$ 5,129	\$ 1,602	\$ 3,435	\$ 247,277	\$ 180,800	\$ 319,992	\$ (150,760)	\$ (52,133)	\$ 2,374,423
Appropriation of 2020 earnings												
Cash dividends distributed by the Company	-	(31,687)	-	-	-	-	-	-	-	-	-	(31,687)
Net profit for the for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	11,462	-	-	11,462
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	-	-	-	(21,144)	11,023	(10,121)
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	11,462	(21,144)	11,023	1,341
BALANCE AT JUNE 30, 2021	\$ 1,584,341	\$ 155,873	\$ 47,180	\$ 5,129	\$ 1,602	\$ 3,435	\$ 247,277	\$ 180,800	\$ 331,454	\$ (171,904)	\$ (41,110)	\$ 2,344,077

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

(With Deloitte & Touche review report dated August 10, 2021)

SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (1,150)	\$ (29,559)
Adjustments for:		
Depreciation expenses	61,434	64,990
Amortization expenses	3,790	4,452
Expected credit loss recognized on trade receivables/Impairment loss reversed on trade receivables	12,505	(1,802)
Gain on valuation of financial assets instruments	(3,775)	(161)
Interest expenses	12,671	12,663
Interest income	(21,958)	(18,119)
Dividends income	(2,432)	(2,100)
Share of profit of associates	-	(31,488)
Loss on disposal of property, plant and equipment	64	850
Write-downs of inventories	8,505	22,484
Gain on foreign currency exchange	12,655	(3,984)
Changes in operating assets and liabilities:		
Contract assets	7,183	1,303
Notes receivable	3,812	(3,194)
Trade receivables	(181,822)	40,901
Other receivables	2,750	8,311
Inventories	(86,891)	30,853
Prepayments	(52,809)	2,442
Other current assets	931	680
Contract liabilities	19,178	5,652
Notes payable	25,821	(18,680)
Trade payables	294,692	(79,155)
Trade payables to related parties	-	(554)
Other payables	(12,615)	(49,777)
Other current liabilities	8,954	12,264
Net defined benefit liabilities	(5,835)	(20,592)
Cash generated from operations	105,658	(51,320)
Interest paid	(13,299)	(12,785)
Income tax paid	(57,797)	(2,490)
Net cash used in operating activities	<u>34,562</u>	<u>(66,595)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	-	174,299
Purchase of financial assets at amortized cost	(102,165)	-
Purchase of financial assets at fair value through other comprehensive income	-	(31,374)
Purchase of financial assets at fair value through profit or loss	(196,074)	(43,617)

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SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2021	2020
Payments for property, plant and equipment	(6,122)	(12,501)
Proceeds from disposal of property, plant and equipment	-	281,328
(Increase)/decrease in refundable deposits	(135)	47
Payments for intangible assets	(1,503)	(2,577)
Decrease in other non-current assets	738	922
Interest received	20,337	17,371
Dividend received	<u>2,432</u>	<u>2,100</u>
Net cash generated from (used in) investing activities	<u>(282,492)</u>	<u>385,998</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of short-term borrowings	177,352	95,535
Proceeds from long-term borrowings	2,000	350,000
Repayments of long-term borrowings	(292,400)	(200,000)
Proceeds from guarantee deposits received	36	10
Repayment of the principal portion of lease liabilities	<u>(10,889)</u>	<u>(11,341)</u>
Net cash generated from financing activities	<u>(123,901)</u>	<u>234,204</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(33,693)</u>	<u>(15,951)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(405,524)	537,656
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,440,540</u>	<u>1,470,110</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,035,016</u>	<u>\$ 2,007,766</u>

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

(With Deloitte & Touche review report dated August 10, 2021)

(Concluded)