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SHIEH YIH MACHINERY INDUSTRY CO.,LTD.

# 2023 ANNUAL REPORT

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Website of MOPS: <https://mops.twse.com.tw>

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**V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None.**

**VI. Company's website: <https://www.seyi.com>**

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# Chapter One. Letter to Shareholders

Ladies and Gentlemen,

In the past few years, the two world superpowers, the United States and China, have been engaged in a continuing struggle for world political and economic hegemony. Coupled with geopolitical risks, the impact of the Russia-Ukraine war, inventory adjustments in industries, and other factors, the momentum of global economic growth has gradually slowed down. In early 2024, the International Monetary Fund (IMF) released its latest global economic forecast, raising this year's global economic growth projection to 3.1%. However, this remains significantly below the historical average of 3.8% from 2000 to 2019. Looking ahead to 2024, global economic development faces multiple challenges, including tightening monetary policies in major economies, China's slowing economic growth, and the uncertainty brought by global climate change. These factors will complicate the global trade environment, adding challenges to industrial development.

In 2023, the export value of metal forming machine tools in the machine tool industry was \$395 million, a year-on-year decrease of 17.7%. The global consolidated revenue of Shieh Yih Machinery in 2023 was NT\$3,498 million, with a net profit after tax of NT\$213 million and earnings per share (EPS) of NT\$1.34.

Extension of the core "dual sustainability" development themes from 2022, Shieh Yih Machinery continues to concentrate on the technical development of punch presses. The company launched the C-type direct-drive servo punch press SDN1 series to complete the full range of servo punch press products, providing customers with tools for transitioning to net zero. Meanwhile, we successfully delivered a 1600-ton large servo punch press to a major automotive parts manufacturer in the United States. In addition, amid the trend of supply chain restructuring, Taiwanese enterprises are required to relocate their production capacity to Southeast Asia or Mexico to implement the "China or Taiwan Plus One" marker positioning, but they also face many challenges in managing production. Therefore, assisting customers in establishing automated smart manufacturing and smart factories has also become one of our key tasks.

As members of the global community, we fully understand the responsibility of enterprises in sustainable operation. Therefore, the company focuses on designing and implementing action plans for achieving net zero emissions and sustainable development. In 2023, the company established the Sustainable Development Committee to formulate corresponding goals and policies, ensuring the company's development in economic, social, and environmental aspects. In 2023, Shieh Yih Machinery completed the voluntary organizational-based greenhouse gas inventory, carbon footprint inventory of C-type direct-drive servo punch press SDN1 and C-type crankshaft punch press SN1 products, and cooperated with government program such as the "Big One Lead Small Ones" project to assist in building carbon reduction capabilities in the supply chain. At the same time, we actively develop industry-academia cooperation, nurture industry talents, and contribute to local welfare groups. For sure, we still continue to pursue progress in corporate governance.

We thank all shareholders for their long-standing support to the company. In the future, Shieh Yih Machinery will continue to uphold the values of innovation and excellence, as well as prudent operating principles, to achieve more longer-term development goals. Together, we will embrace various opportunities brought by market changes.

SHIEH YIH MACHINERY INDUSTRY CO., LTD

Chairman Ya-Hui Kuo

## The 2023 results of operating plans are as follows:

### I. Operating results for 2023:

#### (I) Business plan implementation results

Unit: NT\$ thousand

Items	2022	2023	Amount increased (decreased)	Increased (decreased) %
Operating Income	3,548,578	3,497,671	(50,907)	(1.43)
Operating profit	(29,927)	152,178	182,105	608.50
Net income after tax	28,744	212,897	184,153	640.67

(II) Budget implementation status: The Company has not disclosed its financial estimates for 2023, so budget achievement is not required to be reported.

#### (III) Financial receipts and expenditures

Unit: NT\$ thousand

Items	2022	2023
Beginning balance of cash and cash equivalents	2,330,138	2,479,488
Net cash inflow (outflow) from operating activities	(57,991)	69,357
Net cash inflow (outflow) from investment activities	264,228	(228,588)
Net cash inflow (outflow) from financing activities	(190,868)	(34,965)
Increase (decrease) in cash and cash equivalents for the period	149,350	(201,884)
Ending balance of cash and cash equivalents	2,479,488	2,277,604

#### (IV) Profitability analysis

Items		2022	2023
Financial structure	Debt to assets ratio %	61.00	57.35
	Ratio of long-term capital to property, plant and equipment	409.71	533.55
Profitability	Return on total assets (%)	0.84	3.92
	Return on equity %	1.19	8.50
	Contribution to Operating profit	(1.89)	9.61
	paid-in capital Income before tax	5.24	16.18
	Percentage (%)		
	Net profit margin (%)	0.81	6.09
	Earnings per share (NT\$)	0.18	1.34

#### (V) Research and Development Status:

In the manufacturing of stamping equipment, the customer base of Seyi spans across automotive, aerospace, medical devices, agricultural machinery, 3C electronics, building materials, hardware, and household appliance industries. To meet the diverse product demands of customers, simple modular design is no longer sufficient to fulfill various requirements. The method of digital twins has been gradually introduced into the design

application of stamping equipment. Digital analysis facilitates rapid confirmation of optimized design components. Coupled with the architecture of Industrial Internet of Things (IIoT), machines with networking capabilities and integrated automation systems enable virtual simulation of the actions and data of the stamping line equipment under the concept of smart manufacturing, minimizing uncertain factors in the production cycle for customers.

Continuing its proactive efforts in 2023, Seyi successfully penetrated tier-one automotive component manufacturers in the United States, Europe, and Japan with high-precision, high-efficiency, and eco-friendly servo presses, establishing long-term partnerships. Enhancing the application of servo presses, Seyi successfully developed the SDN1-110 innovative design mechanism by combining different institutional characteristics. Additionally, research on large servo modules has been initiated to meet the diverse product demands of customers, complementing the specifications of large servo presses.

The prerequisite for realizing "smart manufacturing" is to have "intelligent machinery." Metal stamping businesses, Seyi's customers, need to transition towards smart manufacturing by introducing automation and digitization into their production lines, including the integration of peripheral equipment such as feeding systems, conveying devices, or robotic arms, while simultaneously collecting key data from the production line. Utilizing SI systems to integrate IoT and smart tools to assist customers and address their needs is the current focus of development.

Facing global climate change, the company are actively promoting the ESG (Environmental, Social, Governance) concept. Seyi understands the critical importance of product safety and environmental protection to the long-term development of enterprises. Therefore, our research and development team adheres to this framework, dedicated to developing more energy-efficient and environmentally friendly stamping products, while rigorously ensuring product safety details and paying attention to the environmental impact of the product lifecycle. This means that from product development and design to manufacturing, and to end use and disposal, we strive to minimize negative impacts on the environment as much as possible. We believe that following these research and development design principles will contribute to building a sustainable future.

## **II. Summary of the business plan for 2024:**

### **(1) Operating Strategy:**

1. The company continuously advances towards comprehensive corporate governance.
2. Implement "ESG Sustainable Development" and actively incorporate the concept of "green products" design to assist customers in deploying smart manufacturing layouts for transformative development.
3. Focus on customers as the core, deepen cooperation relationships with them, and grasp industry status and market demands to adjust product positioning, product portfolios, and business models as necessary.
4. Integrate resources from industry, government, academia, and research institutions to inject more research and development and innovation energy, while strengthening practical talent cultivation to achieve the development goal of co-creating value.
5. Create value through limited resources, fully invest in corporate digital transformation, continuously optimize various operational processes and systems, improve overall organizational operational efficiency, and accelerate alignment with market trends.

(2) Important production and sales policies:

1. Establish close cooperation relationships with key component suppliers, conduct regular risk assessments and monitoring to ensure the stability of the supply chain, and establish alternative material sources to ensure machine production deadlines.
2. Incorporate lean management with digital tools to optimize production processes through data analysis, while reducing energy and material production cost waste.
3. Through planning product roadmaps and dynamically adjusting product portfolio strategies, provide products closer to market demand and maintain price competitiveness.
4. Initiate "Corporate Greenhouse Gas Inventory" and "Product Carbon Footprint Calculation" to implement the goal of net-zero transformation and enhance the international competitiveness of the industry.

(3) Expected sales volume and its basis:

Looking ahead to the global economy in 2024, the United States remains robust in the job market, supporting the growth momentum of personal consumption. Coupled with the boost from high-tech industries such as information and communication technology equipment and semiconductors, there are signs of bottoming out and rebound in the manufacturing sector, prompting the International Monetary Fund (IMF) to revise upwards its projection for the US economic growth performance this year. In addition, global external demand has improved significantly. Observing the manufacturing Purchasing Managers' Index (PMI) of the global, US, China, Japan, and ASEAN countries in recent months, all show an upward trend, which will help improve manufacturing production performance. Despite the existing challenges in the fundamentals of the Chinese economy, there have been signs of stabilization in China's economic data since the beginning of this year. It is expected that the Chinese government will increase policy efforts to promote economic stability and recovery.

As for the development of the metal stamping industry, given the current inflation and employment data in the United States surpassing the Federal Reserve's targets, the US economy is expected to remain stable in the first half of 2024, with metal stamping companies likely to continue increasing investment. One of the main driving factors in the European metal stamping market is the growth of the automotive industry. Additionally, as a key advocate for climate change, the manufacturing industry's transition to net-zero carbon emissions is expected to lead to continued growth in demand for servo presses. In China, ongoing turbulence in the housing market has weakened consumer spending and led to an economic downturn, resulting in slowing investment and a wait-and-see approach among metal stamping equipment investors. Demand in the Japanese market mainly stems from overseas investments, but faced with the depreciation of the yen, competition with Japanese manufacturers remains fierce. Besides the sales of presses themselves, the ability for system integration is also considered a key evaluation criterion by customers.

In Southeast Asia and Taiwan, stamping applications mainly focus on mass production. Stamping factories are eyeing the growth of the automotive market and beginning to plan investments in Southeast Asia outside the two shores, in response to the demand for localized supply from regional customers. Additionally, the relocation of the electronics industry supply chain is accelerating, tightening the links in the chain one by one, with Taiwanese electronics industry supply chains moving at a faster pace.

The trend of servo presses under the current trend of net-zero carbon emissions will continue to stimulate industry demand. Their design philosophy of high efficiency, digitization, and energy saving assists customers in introducing servo presses to reduce equipment carbon emissions and develop green production.



### **III. The company's future development strategy, and the effect of external competition, the legal environment, and the overall business environment:**

#### **(1) Future development strategy for the Company:**

Shieh Yih Machinery has been developing for over 60 years, witnessing the robust growth of Taiwan's industry. Our product line has evolved from traditional mechanical presses and C-frame presses to energy-saving, environmentally-friendly CNC servo presses, incorporating IoT technology to provide intelligent stamping solutions for our customers. Through innovative metal forming processes, we are committed to enriching human life, nurturing local communities in Taiwan, and looking toward the global market. Looking ahead, we will continue to promote our "dual sustainability" development goals. First, we will continuously integrate advanced IoT, big data, and digital technologies in our core press business, striving to become a century-old craftsmanship enterprise. Second, we remain committed to ESG principles, responding to the international goal of net-zero carbon emissions by 2050. We will focus on all aspects of ESG, embedding the spirit and responsibility of sustainable development into our daily operations through concrete actions. In the future, we will pursue technological innovation and sustainable development to become a leader in the global metal forming industry while making positive contributions to society and the environment.

#### **(2) Effects of the external competitive environment, regulatory environment, and overall business environment:**

In 2023, the global economy showed a slow recovery after the downturn in 2022. However, factors such as the slowdown in major economies, persistently high inflation, volatile exchange rates, supply chain disruptions, and geopolitical risks created uncertainties for the global economy. These interacting factors significantly affected the machine tool industry, leading to cautious investment confidence and a slowdown in production, with effective inventory management remaining a continuous challenge. In 2023, the machine tool industry was impacted by global economic downturns, geopolitical conflicts, and wars, limiting the sales market. Additionally, unfavorable exchange rates hindered export sales, severely affecting machine tool export orders and intensifying order competition. According to data released by the Machinery Association, Taiwan's machinery equipment exports in 2023 reached NT\$1.23 trillion, a year-on-year decrease of 16.55%. Machine tool export value was USD 2.599 billion, accounting for 8.8% of total exports, a year-on-year decrease of 14.0%.

Looking ahead to 2024, the International Monetary Fund (IMF) predicts that most regions worldwide will face economic growth pressure. Major economies, including the United States, Europe, and China, are expected to experience economic slowdowns. The "World Economic Outlook" report forecasts a reduction in the global economic growth rate to 2.9% in 2024, indicating numerous challenges ahead. However, as global end-product consumption recovers and inventory levels return to healthy levels, this will help drive export and production momentum.

In this volatile global economic environment, SEYI, as an export-oriented enterprise, inevitably faces various challenges. However, the widespread adoption of ESG values has become a common belief in the manufacturing industry, making the enhancement of green competitiveness an urgent priority. SEYI will continue to advance its core operational strategies, focusing particularly on the R&D of environmentally friendly green energy press products, while actively employing smart machinery for transformation and upgrading to increase product value. Additionally, the company will accelerate digital transformation to better respond to market changes. These initiatives will help SEYI maintain stable development amid intense international competition, moving towards new sustainable development goals.

# Chapter Two. Company Overview

**I. Date of incorporation:** March 2, 1982

## **II. Company history:**

The company has not undergone any significant changes in its operating methods or business activities in the most recent fiscal year and up to the date of the annual report's publication, nor are there any other major matters that could affect shareholders' interests.

- 1982** • Changed the company name to SHIEH YIH MACHINERY INDUSTRY CO., LTD.; expanded and moved to Nankan factory.
- 1994** • Certified with ISO-9001
- 1995** • Completed development of SM1-500 link press and SE2-400 eccentric gear press.
- 1996** • SN1 Series honored with Taiwan Excellence Mark
- 1998** • Completed the auto panel press line for the Fuzhou plant of Southeast Motors with Fukui Machinery from Japan.
  - SN2 Series honored with Taiwan Excellence Mark
- 1999** • SM2 Series honored with Taiwan Excellence Mark
- 2000** • Established SEYI-AMERICA, INC.
- 2001** • The new office building of Nankan factory was completed and opened, integration of factory and office was implemented.
- 2002** • Listed on the stock exchange
  - Received Industrial Technology Development Award from MOEA
- 2003** • Cooperated with H&F Japan to complete a 2400-ton fully automatic large sheet metal stamping line for Southeast Motors.
  - Subsidiary in China Mainland “XIE YI TECH MACHINERY (CHINA) CO., LTD” officially started the production
- 2005** • Established XIE YI TECH MACHINERY (CHINA) CO., LTD Dongguan branch
  - Approved by the Ministry of Economic Affairs for the “Collaborative CRM” Global Operational Demonstration Development Project
- 2006** • SEYI-AMERICA, INC. established a new office in Tennessee
- 2008** • Received the 2nd Taoyuan County Magistrate Evergreen Excellent Award
  - SNS2 Series honored with Taiwan Excellence Mark
- 2009** • Ya-Hui Kuo is appointed as a Chairman of Board Director of SHIEH YIH MACHINERY INDUSTRY CO., LTD.
- 2011** • SAG Series received Taiwan Excellence Silver Award
  - New self-designed Servo Press SD1 honored with the 20th Taiwan Excellence Mark
  - Donated servo press to help the students in Department of Mechanical Engineering of National Chiao Tung University
- 2012** • Established SEYI PRESSES EUROPE GMBH
  - Established SEYI (THAILAND) CO., LTD
  - Received Top 10 Golden Torch Award - Enterprises and Top 10 Golden Torch Award - Products
  - The Company’s 50th anniversary ceremony
  - SD2 servo press series won 2013 Taiwan Excellence Award

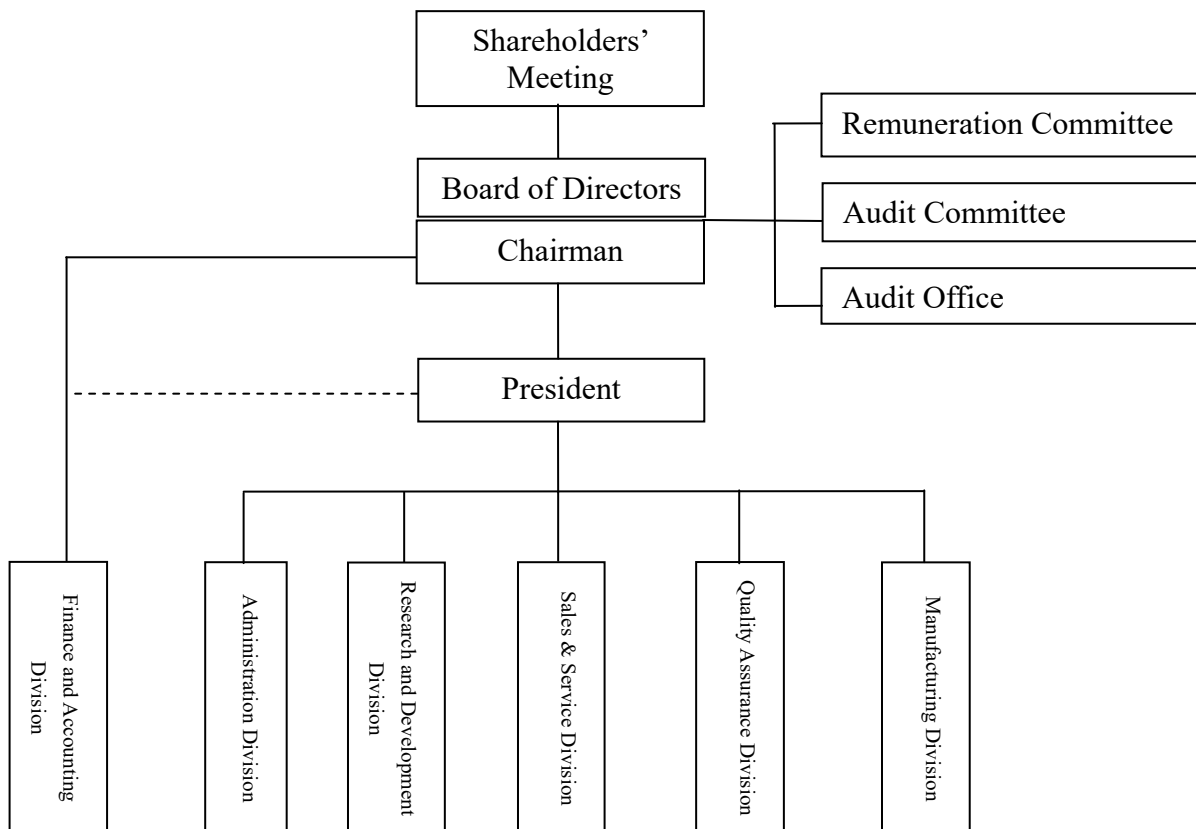
- 2013**
  - SD2 servo press was recognized as Honorable Mention in “Other digitally controlled tools” category for 2013 “R&D Innovative Product Award”. SEYI was the only company awarded for press product.
  - Launched NDC servo die device, demonstrating the most advanced servo press technology and R&D capability.
  - SM1 series the 22nd “Taiwan Excellence Award” and was shortlisted for the Taiwan Excellence Gold and Silver Award
- 2014**
  - SM1 Heavy Duty Link Motion Presses received Taiwan Excellence Silver Award
  - Established SEYI MÉXICO branch
- 2015**
  - Straight Side Eccentric Gear Mechanical Press won the Gold Award of the Taiwan Excellence Awards
  - Honored by Taoyuan City with “Innovation Excellence Award” as enterprise of outstanding performance
  - Received first class rating from the Education Department of New Taipei City Government for the cooperative education assessment.
  - Completed development of 2,500-ton mechanical transfer press
- 2016**
  - SLG Series received Taiwan Excellence Silver Award
  - First 2,500-ton in-plant product launch event in China
  - Completed the shipment for medium and large size servo press order from Mercedes-Benz-Daimler, marking a milestone for the Company to move towards medium and large size servo press. It is also the first non-German servo press purchase since the Mercedes-Benz Daimler Group was founded.
- 2017**
  - SDE series won the “2017 Ringier Technology Innovation Awards in Metalworking Industry” in Greater China area.
  - Straight Side Crank Servo Press (SDG2 Series) won 2018 Taiwan Excellence Award
  - Successfully delivered the SDG2 servo press to Tesla, a leading electric vehicle manufacturer, for the production of battery energy storage systems.
  - Introduce lean production management similar to Toyota’s, enhance the factory’s smart production capability. and work together with industry and academic partners to provide customers with metal forming automation solutions
  - Actively develop new-generation servo press products that combine green and intelligence, and establish the only servo technology R&D center in the industry.
- 2018**
  - SDG series won the “2018 Ringier Technology Innovation Awards in Metalworking Industry” in Greater China area.
  - Established European Technical Service Center in Frankfurt, Germany
  - XIE YI TECH MACHINERY was awarded the highest honor of “Top 10 and Top 100” quality development enterprises in Kunshan - “Top 10 Quality Development Enterprises”.
  - Successfully delivered the SDE4-1200 servo press hot forming production line to a Tier 1 automotive component supplier in Japan, with installations in the United States, Mexico, China, and other locations.
- 2019**
  - “Intelligent Manufacturing Solution” won the honorable mention of the 14th Taiwan Machine Tool Industry Awards 2019 for excellence in Research and Innovation - Intelligent Machine Tools category.
  - Servo Press for Hot Stamping Application won the “2019 Ringier Technology

- Innovation Awards in Metalworking Industry” in Greater China area.
- 2020** • Completed the integration of the production line of “Smart Manufacturing Demonstration Area for Stamping and Die Industry” at MIRDC, and joined forces to build the smart manufacturing facility for stamping presses.
- 2021** • Completed the development of SDM1 heavy load servo press.  
 • “Smart Stamping Solution” won the “International Innovation Awards (IIA) 2021” in Asia.  
 • Held the First “Seyi Cup” Servo Stamping Process Design and CAE Simulation Analysis Competition
- 2022** • 60th years anniversary, the company has initiated the "Dual Sustainability" goal and ESG vision project.  
 • Organize the SEYI 60th Anniversary Thanksgiving Tea Party and Symposium, bringing together distinguished guests from Taiwan's government, academia, research, media, and investors for sharing and exchange.  
 • XIE YI TECH MACHINERY has completed the installation of solar energy systems, fulfilling its obligations as a responsible global citizen for sustainable environment.  
 • Successfully completed the manufacturing of a large-scale 1600-ton servo press, surpassing the maximum product design and production capacity in Taiwan's manufacturing plants. This achievement has enhanced our core competitiveness in research, development, and manufacturing.  
 • The Servo Press has obtained the German Rhein TUV CE certification and the company is the first manufacturer in Taiwan to have the servo presses certified by TÜV Rheinland in Germany.
- 2023** • Completed the development of the C-frame direct drive servo press SDN1 series, completing the full range of servo press products.  
 • Successfully delivered a 1600-ton large servo press to a major automotive parts manufacturer in the United States; mechanical presses are also widely used in the production of battery casings and covers for new energy vehicles, helping customers achieve low-carbon production transformation.  
 • Completed the voluntary baseline greenhouse gas inventory and carbon footprint inventory for SDN1 and SN1 products.  
 • Continued advancement in corporate governance evaluation performance, ranking among the top listed companies.

# Chapter Three. Corporate Governance Report

## I. Organization Chart

(I). Organizational chart of the Company:



## (II) Businesses of major departments

Major departments	Main responsibilities of each department
Audit Office	<ul style="list-style-type: none"> <li>• Formulation of internal control system.</li> <li>• Planning, implementation and reporting of internal audits.</li> </ul>
Finance and Accounting Division	<ul style="list-style-type: none"> <li>• Working capital, cash management, financing strategies and good interaction with financial institutions.</li> <li>• Credit, financial, exchange rate and interest rate risk control and management.</li> <li>• Budget planning, investment management and financial report analysis.</li> <li>• Tax strategic planning and handling.</li> <li>• Responsible for accounting policies, systems, accounts, and asset control management</li> <li>• Maintain relationships with investors and handle stock affairs.</li> </ul>
Administration Division	<ul style="list-style-type: none"> <li>• HR development strategy promotion, employee talent strategy planning and management, salary and benefits, employee relations, performance management, organization and human resources development.</li> <li>• Systematization and promotion of administration, establishment and promotion of occupational safety and security system.</li> <li>• Establishment of information standard</li> <li>• The integration and management of computer system of the company.</li> <li>• Planning, implementation and control of the computerized system operation.</li> <li>• Corporate system control and security mechanism maintenance management.</li> </ul>
Research and Development Division	<ul style="list-style-type: none"> <li>• Product development and design, graphic management.</li> <li>• Design standards development, design review, design change management.</li> <li>• Improvement of production process.</li> <li>• Collect and analyze after-sales quality reports and product technical information in the market.</li> <li>• Technical cooperation and patent processing.</li> </ul>
Sales & Service Division	<ul style="list-style-type: none"> <li>• Market information collection and analysis.</li> <li>• Develop, implement, manage and analyze various sales plans.</li> <li>• Manage customer relationship; sign, manage and evaluate agents.</li> <li>• Perform sales quotations, contract review, contract signing, and delivery scheduling.</li> <li>• Credit checks for sales; receive and control sales payments</li> <li>• Installation, test drive, and after-sales service for product delivery.</li> <li>• Technical support for various specification discussions and application requirements.</li> <li>• Marketing tools, exhibitions, and publicity planning.</li> </ul>
Quality Assurance Division	<ul style="list-style-type: none"> <li>• Plan and promote the company's quality assurance system management and ISO9000 quality system activities.</li> <li>• Establish and promote the company's quality policy and quality objectives, and provide quality improvement guidelines.</li> <li>• Implement management audits, quality audits and quality system improvement activities.</li> <li>• Implement product development quality audits and in-plant process quality audits.</li> <li>• Establish supply product quality management system and implement supply product quality performance evaluation and quality consultation.</li> <li>• Conduct post-use quality surveys and handle customer complaints; implement service quality improvement projects.</li> </ul>
Manufacturing Division	<ul style="list-style-type: none"> <li>• Production material procurement and management.</li> <li>• Assist in the management and material handling of factories and suppliers.</li> <li>• Be responsible for OEM issues.</li> <li>• Production planning and control.</li> <li>• Product processing, manufacturing, and assembly operations.</li> <li>• Manage and maintain machines, fixtures, tools, and gauges.</li> <li>• Handling and correction of defective products.</li> <li>• Product packing control, delivery and control of finished product shipment.</li> <li>• Product quality and quality assurance operations.</li> </ul>

## II. Information on the company's board of directors, president, vice presidents and directors:

### (I) Director

#### 1. Information on Board of Directors

April 15, 2024; Unit: shares

Job title (Note 1)	National ity or place of registrati on	Name	Gender, age (Note 2)	Date of election / appointme nt to current term	Term of office	Commence ment date of first term (Note 3)	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			(Note 5)
							No. of shares	Share holding ratio	No. of shares	Share holding ratio	No. of shares	Share holding ratio	No. of shares	Share holding ratio			Job title	Name	Relatio nship	
Chairman	R.O.C.	Ya-Hui Kuo	Female, 51~60 years old	2022.5.27	3 years	2009.6.10	4,300,138	2.71%	4,300,138	2.71%	0	0.00%	0	0.00%	Master of Financial Management, Pace University, USA President, Seyi-America, Inc.	Chairman, Xie Yi Tech Machinery (China) Co., Ltd. Chairman, Seyi-America, Inc. Chairman, Seyi-Passes Europe GmbH Chairman, Link Target Investment Ltd.	President	Ting-C hun Kuo	Sister and Brother	None
Director	R.O.C.	Yu Cheng Investment Co., Ltd.	-	2022.5.27	3 years	2022.5.27	13,000,000	8.21%	13,000,000	8.21%	-	-	-	-	-	-	-	-	-	None
Representative	R.O.C.	Chin-Jen Fu	Male, 51~60 years old	2022.5.27	3 years	2007.6.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master's degree, Wright State University Enterprise Research Institute, USA Financial Consultant, Small and Medium Sized Enterprise Joint Support Center Vice President, Chant Sincere Co. Vice President, YAMINET Technology Co. Full-time Faculty of Hsing Wu University	None	None	None	None	None
Director	R.O.C.	Cheng Lin Investment Co., Ltd.	-	2022.5.27	3 years	2019.6.13	100,000	0.06%	100,000	0.06%	-	-	-	-	-	-	-	-	-	None
Representative	R.O.C.	Chin-Ti Kan	Male, 51~60 years old	2022.5.27	3 years	2019.6.13	-	-	279,000	0.18%	0	0.00%	0	0.00%	Law Group, Faculty of Law, National Taiwan University University of California, Irvine MBA	Chairman, Chengye Asset Management Co., Ltd. Chairman, Chenglin Investment Co., Ltd.	None	None	None	None

Job title (Note 1)	National ity or place of registrati on	Name	Gender, age (Note 2)	Date of election / appointme nt to current term	Term of office	Commence ment date of first term (Note 3)	No. of shares held at time of election	No. of shares currently held	Shares currently held by spouse and minor children	Shares held through nominees	Principal work experience and academic qualifications (Note 4)	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree	(Note 5)	
Director	R.O.C.	Ken-Yi Cheng (Note 6)	Male, 61~70 years old	2022.5.27	3 years	2011.6.10	0	0.00%	0	0.00%	Department of Accounting, Feng Chia University Vice President, Hongyang Venture Capital Co., Ltd. Assistant Manager, Underwriting Department, Golden Cauldron Securities (Stock) Corporation	Director, Solytech Enterprise Corporation Director, Leader Electronics Inc. Independent Director, Holy Stone Enterprise Co., Ltd. Independent Director, Prolific Technology Inc. Director, Matagone Biotech Inc. Director, Grand Fortune Securities Co., Ltd. Director Representative, Foryou Capital Partnership Ltd. Director Representative, Grand Fortune Venture Management Corporation Director Representative, Grand Fortune Venture Co., Ltd.	None	None	None
Indepen- dent Director	R.O.C.	Hwe-Ching Wong	Male, 61~70 years old	2022.5.27	3 years	2013.6.10	0	0.00%	0	0.00%	Master of Finance, National Chengchi University Supervisor, Taiwan Stock Exchange Director, Yuanta Financial Holding Co. Managing Director, Central Insurance Co., Ltd. Director, Chung Hsing Bills Finance Co.	Director and CEO, Youth Financial Management Foundation General Manager, AOC International Chairperson, Song Lin Co., Ltd.	None	None	None
Indepen- dent Director	R.O.C.	Yuan-Lih Tseng	Male, 71~80 years old	2022.5.27	3 years	2016.6.24	0	0.00%	0	0.00%	Master of Psychology, California State University, USA Vice President, Warner Lambert Co. Executive Vice President, Lucent Technologies Executive Vice President, Amkor Technology Assistant Vice President, CTCI Corporation	Consultant, Pou Chen Group	None	None	None
Indepen- dent Director	R.O.C.	Shu-Chuan Chen	Female, 51~60 years old	2022.5.27	3 years	2022.5.27	0	0.00%	0	0.00%	Master of International Finance, National Taipei University Senior Consultant of ZUII Co., Ltd. Taiwan region general manager, the Bank of New York Mellon, Taiwan Branch Vice president, The Bank of New York Mellon, Taiwan Branch Chief Representative and Head of Taiwan Region, Commerzbank AG Taipei Office	Independent Director, IBF Financial Holdings Co., Ltd. Independent Director, International Bills Finance Corporation Independent & Non-executive Director, FIH mobile Limited Chapter Board Member, ACAMS Taiwan Chairman, EasyCard Investment Holding Co., Ltd Director, Easycard Corporation	None	None	None

Note 1: For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder shall also be noted), and Form I below shall also be completed.

Note 2: Please state the actual age, or, alternatively, state the age interval into which the actual age falls, e.g., 41~50 years, 51~60 years.

Note 3: Specify the time the person first began to serve as a director or supervisor of the Company. If there has been any break within a term or between terms, add a note specifying the circumstances.

Note 4: Specify experience and qualifications related to the current position. If during a period specified above the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer)

Note 6: Director Ken-Yi Cheng has resigned due to personal reasons, effective April 4, 2024.



## 2. Major Shareholders of Corporate Shareholders : Form 1

April 15, 2024

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
Yu Cheng Investment Co., Ltd.	Sheng-Hsiung Kuo (50.00%) 、 Hsiu-E Chen (50.00%)
Cheng Lin Investment Co., Ltd.	Sheng Jie Investment Co., Ltd. (50.00%) Sheng Hong Investment Co., Ltd. (50.00%)

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

## 3. If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form : Form 2

April 15, 2024

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
Sheng Jie Investment Co., Ltd.	Chin-Ti Kan (2.50%), Sheng Yi Investment Co., Ltd. (47.50%), Cheng Lin Investment Co., Ltd. (50.00%)
Sheng Hong Investment Co., Ltd.	Chin-Ti Kan (2.50%), Sheng Yi Investment Co., Ltd. (47.50%), Cheng Lin Investment Co., Ltd. (50.00%)

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

#### 4. Information on Directors

##### (1) Disclosure of Information Regarding the Professional Qualifications and Experience of

##### Directors and the Independence of Independent Directors:

Qualifications Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of independent directors of other public companies
Chairman: Ya-Hui Kuo	Possessing a minimum of five years of work experience in business, legal, finance, and accounting roles required for company operations. and not being involved in any circumstances specified in Article 30 of the Company Act.	<p>(1) Not a director, supervisor, or employee of another company or organization that controls over half of the company's director seats or voting rights shares.</p> <p>(2) Not a professional, sole proprietor, partner, owner, partner, director (trustee), supervisor (inspector), manager, or their spouse who provides business, legal, finance, accounting, or related services to the company or its related entities, and has not received a cumulative compensation exceeding NTD 500,000 in the past two years.</p> <p>(3) Does not have a spouse or a relative within the second degree of kinship with other directors.</p> <p>(4) Has not been elected as a government representative, legal entity, or their representative, as stipulated in Article 27 of the Company Act.</p>	0
Director: Yu Cheng Investment Co., Ltd. Representative: Chin-Jen Fu	Possessing a minimum of five years of work experience in business, legal, finance, and accounting roles required for company operations. Additionally, holding a position as a lecturer or higher in a relevant field at a college or university, and not being involved in any circumstances specified in Article 30 of the Company Act.	<p>(1) Not an employee of the company or its related entities.</p> <p>(2) Not a director or supervisor of the company or its related entities.</p> <p>(3) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or direct lineal relative within the third degree of kinship of the individuals listed in (2) or (3).</p> <p>(4) Not a director, supervisor, or employee of another company or organization that controls over half of the company's director seats or voting rights shares.</p> <p>(5) Not a director (trustee), supervisor (inspector), or employee of another company or organization where the chairman, general manager, or equivalent positions are the same person or spouse.</p> <p>(6) Not a director (trustee), supervisor (inspector), manager, or shareholder holding more than 5% of shares of a specific company or organization that has financial or business transactions with the company.</p> <p>(7) Not a professional, sole proprietor, partner, owner, partner, director (trustee), supervisor (inspector), manager, or their spouse who provides business, legal, finance, accounting, or related services to the company or its related entities, and has not received a cumulative compensation exceeding NTD 500,000 in the past two years.</p> <p>(8) Does not have a spouse or a relative within the second degree of kinship with other directors.</p>	0

Qualifications  Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of independent directors of other public companies
Director: Cheng Lin Investment Co., Ltd. Representative: Chin-Ti Kan	Possessing a minimum of five years of work experience in business, legal, finance, and accounting roles required for company operations. and not being involved in any circumstances specified in Article 30 of the Company Act.	(1) Not an employee of the company or its related entities. (2) Not a director or supervisor of the company or its related entities. (3) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or direct lineal relative within the third degree of kinship of the individuals listed in (2) or (3). (4) Not a director, supervisor, or employee of another company or organization that controls over half of the company's director seats or voting rights shares. (5) Not a director (trustee), supervisor (inspector), or employee of another company or organization where the chairman, general manager, or equivalent positions are the same person or spouse. (6) Not a director (trustee), supervisor (inspector), manager, or shareholder holding more than 5% of shares of a specific company or organization that has financial or business transactions with the company. (7) Not a professional, sole proprietor, partner, owner, partner, director (trustee), supervisor (inspector), manager, or their spouse who provides business, legal, finance, accounting, or related services to the company or its related entities, and has not received a cumulative compensation exceeding NTD 500,000 in the past two years. (8) Does not have a spouse or a relative within the second degree of kinship with other directors.	0
Director: Ken-Yi Cheng	Possessing a minimum of five years of work experience in business, legal, finance, and accounting roles required for company operations. and not being involved in any circumstances specified in Article 30 of the Company Act.	(1) Not an employee of the company or its related entities. (2) Not a director or supervisor of the company or its related entities. (3) Neither the individual nor their spouse, minor children, or individuals holding more than 1% of the total issued shares or among the top ten individual shareholders, using another person's name. (4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or direct lineal relative within the third degree of kinship of the individuals listed in (2) or (3). (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares, among the top five individual shareholders, or appointed as a director or supervisor by the provisions of Article 27, Paragraph 1 or Paragraph 2 of the Company Act. (6) Not a director, supervisor, or employee of another company or organization that controls over half of the company's director seats or voting rights shares. (7) Not a director (trustee), supervisor (inspector), or employee of another company or organization where the chairman, general manager, or equivalent positions are the same person or spouse. (8) Not a director (trustee), supervisor (inspector), manager, or shareholder holding more than 5% of shares of a specific company or organization that has financial or business transactions with the company. (9) Does not have a spouse or a relative within the second degree of kinship with other directors. (10) Has not been elected as a government representative, legal entity, or their representative, as stipulated in Article 27 of the Company Act.	2

Qualifications Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of independent directors of other public companies
Independent Director: Hwe-Ching Wong	Possessing a minimum of five years of work experience in business, legal, finance, and accounting roles required for company operations. Additionally, holding a position as a lecturer or higher in a relevant field at a college or university, having passed national examinations related to company operations, holding relevant certificates, and not being involved in any circumstances specified in Article 30 of the Company Act.	(1) Not an employee of the company or its related entities. (2) Not a director or supervisor of the company or its related entities. (3) Neither the individual nor their spouse, minor children, or individuals holding more than 1% of the total issued shares or among the top ten individual shareholders, using another person's name. (4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or direct lineal relative within the third degree of kinship of the individuals listed in (2) or (3). (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares, among the top five individual shareholders, or appointed as a director or supervisor by the provisions of Article 27, Paragraph 1 or Paragraph 2 of the Company Act. (6) Not a director, supervisor, or employee of another company or organization that controls over half of the company's director seats or voting rights shares.	0
Independent Director: Yuan-Lih Tseng	Possessing a minimum of five years of work experience in business, legal, finance, and accounting roles required for company operations. Additionally, holding a position as a lecturer or higher in a relevant field at a college or university, and not being involved in any circumstances specified in Article 30 of the Company Act.	(7) Not a director (trustee), supervisor (inspector), or employee of another company or organization where the chairman, general manager, or equivalent positions are the same person or spouse. (8) Not a director (trustee), supervisor (inspector), manager, or shareholder holding more than 5% of shares of a specific company or organization that has financial or business transactions with the company. (9) Not a professional, sole proprietor, partner, owner, partner, director (trustee), supervisor (inspector), manager, or their spouse who provides business, legal, finance, accounting, or related services to the company or its related entities, and has not received a cumulative compensation exceeding NTD 500,000 in the past two years.	0
Independent Director: Shu-Chuan Chen	Possessing a minimum of five years of work experience in business, legal, finance, and accounting roles required for company operations. and not being involved in any circumstances specified in Article 30 of the Company Act.	(10) Does not have a spouse or a relative within the second degree of kinship with other directors. (11) Has not been elected as a government representative, legal entity, or their representative, as stipulated in Article 27 of the Company Act.	1

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and P. 4 of 93 work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

(2) Diversity and Independence of the Board of Directors:

(i) Diversity of the Board of Directors :

In accordance with the Company's diversification policy and to strengthen corporate governance and promote the development of a sound composition and structure of the Board of Directors, the Company has adopted a candidate nomination system for the nomination of director candidates in accordance with the Company's Articles of Incorporation. Rigorous evaluations are carried out for each candidate's academic (experience) qualifications, professional background, integrity or relevant professional qualifications, which is then presented during the annual shareholders' meeting for election after approval by the Board of Directors.

In accordance with the Company's Articles of Incorporation, it is expressly stipulated that the election of directors is based on the nomination and qualification examination of candidates, and the election of directors is submitted to the shareholders' meeting after the Board of Directors' review and approval.

The members of the Board of Directors possess expertise in various fields, rich industry experience, as well as professional capabilities in accounting, legal, business and finance. Directors are expected to contribute to the development and sound operation of the Company, and to provide advice and reminders on relevant issues. The Company's Board of Directors is composed of seven directors, including three independent directors, the age range of the members is between 51 and over 70 years old.. The Company also places emphasis on gender diversity, with female board members serving as the Chairman of the Board, added a female independent director in the current term, and will gradually increase the number and ratio of female directors according to demand in the future.

The implementation of the Board of Directors' diversity policy is as follows:

Diversity Item  Name of Director	Basic Composition			Industry Experience				Professional Competence			
	Nationality	Gender	Also employee of the Company	Industry Knowledge	Business Development	Crisis Management Skills	Knowledge of International Markets	Accounting	Legal	Business	Finance
Ya-Hui Kuo	R.O.C.	Female	✓	✓	✓	✓	✓	✓	-	✓	✓
Keng-Yi Cheng	R.O.C.	Male	-	✓	✓	✓	✓	✓	-	✓	✓
Yu Cheng Investment Co., Ltd. Representative: Chin-Jen Fu	R.O.C.	Male	-	✓	✓	✓	✓	✓	-	✓	✓
Cheng Lin Investment Co., Ltd. Representative: Ching-Ti Kan	R.O.C.	Male	-	✓	✓	✓	✓	-	✓	✓	✓
Hwe-Ching Wong	R.O.C.	Male	-	✓	✓	✓	✓	✓	-	✓	✓
Yuan-Lih Tseng	R.O.C.	Male	-	✓	✓	✓	✓	-	✓	✓	✓
Shu-Chuan Chen	R.O.C.	Female	-	✓	✓	✓	✓	✓	-	✓	✓

(ii) Independence of the Board of Directors:

The Company's current Board of Directors consists of seven directors, including three independent directors (43%), all of whom meet the requirements of the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors. There are no circumstances between each director and independent director as specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act, including no spousal or consanguineous relationships to the second degree between the directors, independent directors, or between the directors and independent directors.

(II) Information on the company's President and Vice Presidents:

April 15, 2024; Unit: shares

Job Title (Note 1)	Nationality	Name	Gender	Date of election / appointment to current term	No. of shares held		Shares held by spouse and minor children		Shares held through nominces		Principal work experience and academic qualifications (Note 2)	Positions held concurrently in any other company	Managers with which the person has a relationship of spouse or relative within the second degree			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Position	Name	Relationship	
President	R.O.C.	Ting-Chun, Kuo	Male	2005.11.01	4,300,126	2.71%	0	0.00%	0	0.00%	Department of Mechanical Engineering, Chinese Culture University	None	Chairman	Ya-Hui Kuo	Sister and brother	None
Executive Vice President	R.O.C.	Kuo-Wang, Liu	Male	2020.10.05	0	0.00%	0	0.00%	0	0.00%	Ph.D. candidate, Department of Mechanical and Automation Engineering, National Kaohsiung University of Science and Technology	None	None	None	None	None
Vice President	R.O.C.	Tsui-Hua, Wu	Female	2011.08.19	106,000	0.07%	0	0.00%	0	0.00%	MBA, Memphis State University, USA	None	None	None	None	None
Vice President	R.O.C.	Cheng-Wei, Li	Male	2015.12.01	0	0.00%	0	0.00%	0	0.00%	MBA, University of Leicester, UK	None	None	None	None	None
Vice President	R.O.C.	Hung-Chieh, Huang	Male	2018.10.01	0	0.00%	0	0.00%	0	0.00%	M.S., Department of Mechanical Engineering, National Taiwan University	None	None	None	None	None

Note 1: The information in this table should be disclosed for the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units, including all persons in positions equivalent to general manager, or deputy assistant general manager, regardless of job title.

Note 2: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 3: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer): None.

(III) Remuneration to Ordinary Directors, Independent Directors, President and Vice Presidents:

(1) Remuneration to Ordinary Directors and Independent Directors (Disclosure of Aggregate Remuneration Plus Disclosure of Names by Remuneration Range)

Unit: NT\$ thousand

Job Title	Name	Remuneration paid to Directors				Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee				Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company						
		Base compensation (A)	Retirement pay and pension (B)	Director profit-sharing compensation (C)		Expenses and perquisites (D)	The Company	All Consolidated Entities	Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)	Employee profit-sharing compensation (G)			The Company	All companies in the financial report				
				The Company	All Consolidated Entities				The Company	All Consolidated Entities		Amount in cash	Amount in stock				Cash amount	Amount in stock		
Ordinary Director	Ya-Hui Kuo																			
	Yu Cheng Investment Co. Ltd. Representative: Chin-Jen Fu																			
	Cheng Lin Investment Co. Ltd. Representative: Chin-Ti Kan																			
	Keng-Yi Cheng	0	0	0	3,520	3,520	960	960	4,480	2.10%	7,647	0	0	0	0	12,127	5.70%	12,127	5.70%	None
Independent Director	Hai-Ching Wong																			
	Yuan-Lih Tseng	0	0	0	1,511	1,511	1,080	1,080	2,591	1.22%	0	0	0	0	0	2,591	1.22%	2,591	1.22%	None
	Shu-Chuan Chen																			
<p>1. Please describe the policy, system, standards and structure in place for paying remuneration to independent directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: The remuneration to the independent directors of the Company is determined by the Compensation Committee based on the level of participation and value of each director's contribution to the Company's operations, taking into account the Company's operational performance and industry standard. The remuneration is submitted to the Board of Directors for resolution.</p> <p>2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises); None.</p>																				



## Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Director's Name				
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G		
	The Company	All Consolidated Entities H	The Company	All Consolidated Entities I	
Less than NT\$1,000,000	Ya-Hui Kuo and Keng-Yi Cheng Yu Cheng Investment Co., Ltd. Representative: Chin-Jen Fu Cheng Lin Investment Co., Ltd. Representative: Chin-Ti Kan Hai-Ching Wong, Yuan-Lih Tseng and Shu-Chuan Chen	Ya-Hui Kuo and Keng-Yi Cheng Yu Cheng Investment Co., Ltd. Representative: Chin-Jen Fu Cheng Lin Investment Co., Ltd. Representative: Chin-Ti Kan Hai-Ching Wong, Yuan-Lih Tseng and Shu-Chuan Chen	Keng-Yi Cheng Yu Cheng Investment Co., Ltd. Representative: Chin-Jen Fu Cheng Lin Investment Co., Ltd. Representative: Chin-Ti Kan Hai-Ching Wong, Yuan-Lih Tseng and Shu-Chuan Chen	Keng-Yi Cheng Yu Cheng Investment Co., Ltd. Representative: Chin-Jen Fu Cheng Lin Investment Co., Ltd. Representative: Chin-Ti Kan Hai-Ching Wong, Yuan-Lih Tseng and Shu-Chuan Chen	
NT\$1,000,000 (incl.) ~ NT\$2,000,000 (excl.)					
NT\$2,000,000 (incl.) ~ NT\$3,500,000 (excl.)					
NT\$3,500,000 (incl.) ~ NT\$5,000,000 (excl.)					
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (excl.)			Ya-Hui Kuo	Ya-Hui Kuo	
NT\$10,000,000 (incl.) ~ NT\$15,000,000 (excl.)					
NT\$15,000,000 (incl.) ~ NT\$30,000,000 (excl.)					
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (excl.)					
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (excl.)					
NT\$100,000,000 or above					
Total	7 seats	7 seats	7 seats	7 seats	7 seats

(2) Remuneration to President and Vice Presidents (Disclosure of Aggregate Remuneration Plus Disclosure of Names by Remuneration Range)

Unit: NT\$ thousand

Job Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)			Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	Amount in stock	The Company	All companies in the financial report	
President	Ting-Chun, Kuo												
Executive Vice President	Kuo Wang, Liu												
Vice President	Tsui-Hua, Wu	19,470	19,470	540	0	0	0	355	0	0	20,365 9.57%	20,365 9.57%	None
Vice Presiden	Cheng-We, Li												
Vice President	Hung-Chieh, Huang												

1: The pension fund is the amount that has been contributed to the pension fund.

2: The amount of employee compensation is the amount approved by the Board of Directors (2023.03.14) to be distributed to employees. The amount proposed to be distributed this year is calculated based on the percentage of the actual amount distributed in previous years.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's general manager(s) and assistant general manager(s)	Names of General Manager(s) and Assistant General Manager(s)	
	The Company	All Consolidated Entities E
Less than NT\$1,000,000		
NT\$1,000,000 (incl.) ~ NT\$2,000,000 (excl.)		
NT\$2,000,000 (incl.) ~ NT\$3,500,000 (excl.)	Ting Chun Kuo, Kuo Wang Liu, Tsui-Hua Wu, Cheng-Wei Li, and Hung-Chieh Huang	Ting Chun Kuo, Kuo Wang Liu, Tsui-Hua Wu, Cheng-Wei Li, and Hung-Chieh Huang
NT\$3,500,000 (incl.) ~ NT\$5,000,000 (excl.)		
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (excl.)		
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (incl.) ~ NT\$30,000,000 (excl.)		
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (excl.)		
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (excl.)		
NT\$100,000,000 or above		
Total	5 seats	5 seats

(4) Name of the managerial officer who receives employees' remuneration and the distribution status

Unit: NT\$ thousand

Job Title		Name	Amount in stock	Amount in cash (Note 1)	Total	Total remuneration as percentage of net income (%)
Managerial Officers	President	Ting-Chun, Kuo	0	355	355	0.17%
	Executive Vice President	Kuo Wang, Liu				
	Vice President	Tsui-Hua, Wu				
	Vice President	Cheng-Wei, Li				
	Vice President	Hung-Chieh, Huang				

Note 1: It is the amount approved by the Board of Directors (2024.03.11) to be distributed to employees. The amount proposed to be distributed this year is estimated based on the percentage of the actual amount distributed in previous years.

- (IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, president, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

Analysis on the ratio of the total amount of the remuneration paid to Directors, Supervisor, President, and Vice President of the Company and all companies covered in the consolidated financial statements in the most recent two years to after-tax net income:

Item  Job Title	Total remuneration as percentage of net income			
	2022		2023	
	The Company	All Consolidated Entities	The Company	All companies in the financial report
Director	95.59%	95.59%	16.49%	16.49%
Supervisor				
President and Vice presidents				

- (1) The Company's policy, criteria and composition for the remuneration to directors and supervisors, and the procedures for determining remuneration shall be in accordance with Article 26 and Article 30 of the Company's Articles of Incorporation. The Company shall set aside no more than 5% of the pre-tax income for the year before deducting the amount of remuneration to be distributed to directors and supervisors as remuneration to directors and supervisors, and the Board of Directors shall make a resolution with the attendance of at least two-thirds of the directors and the approval of a majority of the directors present, and report the same to the shareholders' meeting. However, if the Company still has accumulated losses, the make-up amount should be reserved in advance. The Company adopts the declining-balance appropriation method when considering shareholders' rights and interests and to avoid excessive remuneration to directors and supervisors due to operational effectiveness.
- (2) The Board of Directors is authorized to determine the remuneration to directors and supervisors in accordance with the extent of the directors' participation in the

Company's operations and the value of their contribution, taking into account the industry standards.

- (3) The remuneration to the President and Vice President of the Company is determined in accordance with the provisions of Article 29 of the Company Act, taking into account the extent of responsibility of the Company's operations and the value of their contribution, taking into account the industry standards. The procedures of appointment and payment of remuneration shall be in accordance with the Company's operating rules.

### III. The state of the company's implementation of corporate governance:

#### (I) Operations of the board of directors:

##### (1) Information on the operation status of the Board of Directors:

The Board of Directors met five times (A) in the most recent year (2023), the attendance of directors and supervisors was as follows:

Job Title	Name (Note 1)	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】 (Note 2)	Remarks
Chairman	Ya-Hui Kuo	5	0	100%	The re-election on May 27, 2022. Be expected to attend the BOD's meetings 5 times.
Director	Yu Cheng Investment Co., Ltd. Representative: Chin-Jen Fu	5	0	100%	The new-election on May 27, 2022. Be expected to attend the BOD's meetings 5 times.
Corporate Director	KaoTai Machinery Co., Ltd. Representative: Chin-Ti Kan	5	0	100%	Dismissed on May 27, 2022. Be expected to attend the BOD's meetings 5 times.
Director	Keng-Yi Cheng	5	0	100%	The re-election on May 27, 2022. Be expected to attend the BOD's meetings 5 times.
Independent Director	Hai-Ching Wong	5	0	100%	The re-election on May 27, 2022. Be expected to attend the BOD's meetings 5 times.
Independent Director	Yuan-Li Tseng	5	0	100%	The re-election on May 27, 2022. Be expected to attend the BOD's meetings 5 times.
Independent Director	Shu-Chuan Chen	5	0	100%	The new-election on May 27, 2022. Be expected to attend the BOD's meetings 5 times.

Other information required to be disclosed:

- I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
  - (I) Any matter under Article 14-3 of the Securities and Exchange Act:  
The company has established an Audit Committee, and it is not subject to the provisions of Article 14-3 of the Securities and Exchange Act. For relevant information, please refer to the operational status of the Audit Committee in the annual report.
  - (II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.
- II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest. Specify the names of the directors, the content of the motions, and reason for recusal, and the participation in voting:

Meeting Date	Director's Name	Agenda	The cause for recusal	Participation in Voting
2023.1.6	Chairman: Ya-Hui Kuo	Proposal for Managers' Year-end Bonus Distribution for Year 2022	Recused due to personal bonus in the resolution.	Directors with personal interest recused from participating in the discussion and voting of the listed agenda items in accordance with the law, leaving the meeting during the deliberation and voting process.
2023.3.14	Chairman: Ya-Hui Kuo Directors: Chin-Jen Fu Ken-Yi Cheng Chin-Ti Kan Hwe-Ching Wong Yuan-Lih Tseng Shu-Chuan Chen	Review of individual directors' remuneration allocation for the fiscal year 2022	Recused due to personal interest as the resolution involved the allocation of remuneration to directors and supervisors, in accordance with the law.	
2023.5.10	Chairman: Ya-Hui Kuo	Approval of fund loan to subsidiary company Xie Yi China.	Recused due to the chairman also serves as the Chairman of a subsidiary.	
2023.11.9	Chairman: Ya-Hui Kuo	Approval of endorsement guarantee for subsidiary company.	Recused due to the chairman also serves as the chairman of a subsidiary.	

III. For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table 2(2) Implementation of Evaluations of the Board of Directors:

Please refer to the next page.

IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof:

In 2022, the company added an independent director, established the Audit Committee, and implemented policies and procedures for ethical business practices, prevention of dishonest behavior, internal handling of significant information, and corporate governance best practices. Every board meeting is convened in accordance with the Regulations Governing Procedure for Board Directors Meetings, and announce material information in both Chinese and English after the meeting in accordance with the Regulations.

Note 1: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2: ① If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.

② If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

(2) Implementation of Evaluations of the Board of Directors:

The company has established a Board Performance Evaluation Method, which was approved by the Board of Directors on March 17, 2020. It stipulates that the Board must conduct an internal performance evaluation annually according to the evaluation procedures and indicators specified in Articles 6 and 7 of the Method. The results of the internal Board performance evaluation must be completed by the end of the first quarter of the following year. The evaluation scope includes the overall Board, individual Board members, and functional committees—the Remuneration Committee and the Audit Committee. The evaluation methods include internal self-evaluation by the Board, self-evaluation by individual Board members, internal self-evaluation by functional committees, or other appropriate methods.

The most recent execution date: March 11, 2024.

Evaluation Cycle (Note 1)	Evaluation Period (Note 2)	Scope of Evaluation (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)	The Evaluation results (Note 6)
Once a year	1 January to 31 December, 2023	Board of Directors	The board of directors as a whole Individual board members	The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects: A. Participation in the operation of the company; B. Improvement of the quality of the board of directors' decision making; C. Composition and structure of the board of directors; D. Election and continuing education of the directors; E. Internal control.	"Significantly Exceeds Standards,"
		Individual directors	Self-evaluations by individual board members	The criteria for evaluating the performance of the board members, should cover, at a minimum, the following six aspects: A. Alignment of the goals and mission of the company; B. Awareness of the duties of a director; C. Participation in the operation of the company; D. Management of internal relationship and communication; E. Election and continuing education of the directors; F. Internal control.	"Significantly Exceeds Standards,"
		The functional committees	The functional committees as a whole Individual its members	The criteria for evaluating the performance of the functional committees, which should cover, at a minimum, the following five aspects: A. Participation in the operation of the company; B. Awareness of the duties of the functional committees; C. The quality of the board of directors' decision making; D. Composition and election of the functional committees; E. Internal control.	The Remuneration Committee: "Significantly Exceeds Standards,"  The Audit Committee: "Significantly Exceeds Standards,"

Note 1: Fill in the cycle on which the board evaluations are performed: performed once per year.

Note 2: Fill in the period covered by the board evaluation: An evaluation was performed of the

performance of the board of directors from 1 January 2022 to 31 December 2022.

Note 3: The scope of the evaluation should cover the performance of the board as a whole, the individual directors, and the functional committees.

Note 4: The performance evaluation methods may include internal evaluation by the board, self-evaluations by individual board members, peer evaluations by board members, evaluations external organizations or experts engaged for that purpose, or other suitable method.

Note 5: The evaluation content shall include at least the following based on the scope of the evaluation:

- (1) Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control.
- (2) Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.
- (3) Evaluation of the performance of the functional committees: degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control.

Note 6: The evaluation results are categorized as "Significantly Exceeds Standards," "Exceeds Standards," "Meets Standards," and "Needs Improvement."



(II) The state of operations of the audit committee: The Company has established the Audit Committee on 27 May, 2022. The Audit Committee held five (A) meetings in 2023.

Job Title	Name (Note 1)	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate 【 B/A 】(%) (Note 2)	Remarks
Independent Director & Convener	Shu-Chuan Chen	5	0	100%	The new-election on May 27, 2022. The meeting was conducted 5 times.
Independent Director	Hai-Ching Wong	5	0	100%	The new-election on May 27, 2022. The meeting was conducted 5 times.
Independent Director	Yuan-Lih Tseng	5	0	100%	The new-election on May 27, 2022. The meeting was conducted 5 times.

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(1) Any matter under Article 14-5 of the Securities and Exchange Act.

Meeting Date	Important Agenda	Audit Committee's Resolution	Audit Committee's dissenting opinions, reservations, or significant recommendations.
2023.01.06 (Term 1-4)	Approval of the company's 2023 Business Plan. Amendment of to the "Internal Control System" for the company. Approval of establishment of the " Internal Material Information Processing Operation Procedures"	All proposals were unanimously approved by the attending members upon consultation by the chairperson, and then submitted for discussion at the BOD.	None
2023.03.14 (Term 1-5)	Approval of the Company's 2023 Financial Statements, Business Report, and Earnings Distribution. Approval of the Company's 2023 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" . Approval of evaluating the independence and suitability of the CPAs. Approval of endorsement guarantee for subsidiary company.		
2023.05.10 (Term 1-6)	Approval of Consolidated Financial Report for the Q1,2023. Approval of endorsement guarantee for subsidiary company. Approval of establishing the "Pre-Approval Review Procedures for Non-Assurance Services Provided by CPAs."		
2023.08.09 (Term 1-7)	Approval of Consolidated Financial Report for the Q2,2023. Approval of establishing the "Procedures for Financial and Business Operations among Related Parties." Approval of the Amendment of the "Internal Control System"for the Company.		
2023.11.09 (Term 1-8)	Approval of Consolidated Financial Report for the Q3,2023. Approval of the Audit Plan for the Fiscal Year 2023. Approval of the Amendment of the "Insider Trading Prevention Management Procedures." Approval of endorsement guarantee for subsidiary company.		

- (2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors:None
2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted:None
3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.):  
The communication channels between the independent directors, internal audit supervisor, and accountants in our company are smooth. Both parties are able to communicate on company matters as needed, using physical, electronic, or video means of communication.

Note 1: If any independent director left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number they attended in person during the period they were in office.

Note 2: If any by-election for independent directors was held before the end of the fiscal year, the names of the new and old independent directors should be filled in the table, with a note stating whether the independent director left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

(III) The state of operations of the nomination committee: The Company does not have a nomination committee.

(IV) Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TPEX Listed Companies and the Reasons:

Evaluation item	Implementation status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
1. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The company has established Corporate Governance Best Practice Principles and has been disclosed on the MOPS as well as on the company's website \ Investor Relations \ Governance area.  No material difference
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		(1) The company has established a spokesperson, deputy spokesperson, and dedicated personnel from our shareholder services agency to handle shareholder suggestions and related issues.  (2) The company provides monthly reports on the shareholding status of directors, executives, and major shareholders of our company, and regularly disclose and monitor any changes in insider shareholdings.  (3) The company have implemented the "Supervision and Operation Guidelines for Subsidiaries" to ensure appropriate risk management. For the business and financial transactions with subsidiaries, we have established written operational norms and clearly defined transaction conditions, following the same procedures as with other general transactions.  (4) Our company has implemented measures to prevent insider trading in accordance with the internal control system. We have established guidelines to prohibit insiders from trading securities based on undisclosed material information in the market.  No material difference

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
<p>3. Composition and responsibilities of the board of directors</p> <p>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p>	V		<p>(1) In accordance with the Company's diversification policy and to strengthen corporate governance and promote the development of a sound composition and structure of the Board of Directors, the Company has adopted a candidate nomination system for the nomination of director candidates in accordance with the Company's Articles of Incorporation. Rigorous evaluations are carried out for each candidate's academic (experience) qualifications, professional background, integrity or relevant professional qualifications, which is then presented during the annual shareholders' meeting for election after approval by the Board of Directors.</p> <p>In accordance with the Company's Articles of Incorporation, it is expressly stipulated that the election of directors is based on the nomination and qualification examination of candidates, and the election of directors is submitted to the shareholders' meeting after the Board of Directors' review and approval.</p> <p>The members of the Board of Directors possess expertise in various fields, rich industry experience, as well as professional capabilities in accounting, legal, business and finance. Directors are expected to contribute to the development and sound operation of the Company, and to provide advice and reminders on relevant issues. The Company's Board of Directors is composed of seven directors, including three independent directors, the age range of the members is between 51 and over 70 years old. The Company also places emphasis on gender diversity, with female board members serving as the Chairman of the Board, added a female independent director in the current term, and will gradually increase the number and ratio</p>	No material difference

Evaluation item	Implementation status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	
	Summary description		
			<p>of female directors according to demand in the future.</p> <p>A. Specific Management Objectives:</p> <p>The board of directors of our company should possess sufficient industry experience and professional capabilities. The composition of members' industry experience should cover industry knowledge, business development, crisis management abilities, and international markets, with a target of at least 2 members in each area.</p> <p>The members' professional backgrounds should include accounting, law, business, and finance, with a target of at least 2 members in each professional field.</p> <p>Furthermore, our company also emphasizes gender equality in the composition of the board of directors, with a target of at least 2 female directors. The nomination and qualification review for director appointments are conducted through a candidate nomination system in accordance with the "Company Bylaws" and "Director and Supervisor Election Procedures." After the review and approval by the board of directors, the appointment is presented to the shareholders' meeting for election. The board members have different expertise in various fields and possess rich industry experience and professional abilities in business, law, finance, accounting, and risk management. They provide advice and reminders on relevant issues and contribute to the development and operation of the company. The current board of directors consists of several directors, including two independent directors, with ages ranging from 51 to over 70 years old. The company also focuses on gender diversity, with female directors serving as the chairman and an additional position. In the future, we</p>

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons																																																																																																		
	Yes	No	Summary description																																																																																																			
			<p>will gradually increase the number and proportion of female directors.</p> <p>The implementation of the Board of Directors' diversity policy is as follows:</p> <table><tr><th rowspan="2">Diversity Item  Name of Director</th><th colspan="3">Basic Composition</th><th colspan="3">Industry Experience</th><th colspan="4">Professional Competence</th></tr><tr><th>Nationality</th><th>Gender</th><th>Also employee of the Company</th><th>Industry Knowledge</th><th>Business Development</th><th>Crisis Management Skills</th><th>Knowledge of International Markets</th><th>Accounting</th><th>Legal</th><th>Finance</th></tr><tr><td>Ya-Hui Kuo</td><td>R.O.C.</td><td>Female</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>-</td><td>V</td></tr><tr><td>Keng-Yi Cheng</td><td>R.O.C.</td><td>Male</td><td>-</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>-</td><td>V</td></tr><tr><td>Yu-Chang Investment Co., Ltd. Representative: Chun-Jen Fu</td><td>R.O.C.</td><td>Male</td><td>-</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>-</td><td>V</td></tr><tr><td>Cheng-Lin Investment Co., Ltd. Representative: Chang-Ti Kan</td><td>R.O.C.</td><td>Male</td><td>-</td><td>V</td><td>V</td><td>V</td><td>V</td><td>-</td><td>V</td><td>V</td></tr><tr><td>Hsue-Ching Wong</td><td>R.O.C.</td><td>Male</td><td>-</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>-</td><td>V</td></tr><tr><td>Yuan-Lih Tseng</td><td>R.O.C.</td><td>Male</td><td>-</td><td>V</td><td>V</td><td>V</td><td>V</td><td>-</td><td>V</td><td>V</td></tr><tr><td>Shao-Chuan Chen</td><td>R.O.C.</td><td>Female</td><td>-</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>-</td><td>V</td></tr></table> <p>The current board of directors has achieved the aforementioned specific management objectives.</p> <p>(2) In addition to the legally required establishment of the Remuneration Committee, our company has set up the Audit Committee in accordance with regulations after the election of directors and independent directors at the shareholder meeting on May 27, 2022. The governance operations of other departments are handled by their respective roles and responsibilities, and no other functional committees have been established at the moment. The establishment of additional functional committees will be considered in the future based on the needs and requirements.</p>	Diversity Item  Name of Director	Basic Composition			Industry Experience			Professional Competence				Nationality	Gender	Also employee of the Company	Industry Knowledge	Business Development	Crisis Management Skills	Knowledge of International Markets	Accounting	Legal	Finance	Ya-Hui Kuo	R.O.C.	Female	V	V	V	V	V	V	-	V	Keng-Yi Cheng	R.O.C.	Male	-	V	V	V	V	V	-	V	Yu-Chang Investment Co., Ltd. Representative: Chun-Jen Fu	R.O.C.	Male	-	V	V	V	V	V	-	V	Cheng-Lin Investment Co., Ltd. Representative: Chang-Ti Kan	R.O.C.	Male	-	V	V	V	V	-	V	V	Hsue-Ching Wong	R.O.C.	Male	-	V	V	V	V	V	-	V	Yuan-Lih Tseng	R.O.C.	Male	-	V	V	V	V	-	V	V	Shao-Chuan Chen	R.O.C.	Female	-	V	V	V	V	V	-	V	
Diversity Item  Name of Director	Basic Composition				Industry Experience			Professional Competence																																																																																														
	Nationality	Gender	Also employee of the Company	Industry Knowledge	Business Development	Crisis Management Skills	Knowledge of International Markets	Accounting	Legal	Finance																																																																																												
Ya-Hui Kuo	R.O.C.	Female	V	V	V	V	V	V	-	V																																																																																												
Keng-Yi Cheng	R.O.C.	Male	-	V	V	V	V	V	-	V																																																																																												
Yu-Chang Investment Co., Ltd. Representative: Chun-Jen Fu	R.O.C.	Male	-	V	V	V	V	V	-	V																																																																																												
Cheng-Lin Investment Co., Ltd. Representative: Chang-Ti Kan	R.O.C.	Male	-	V	V	V	V	-	V	V																																																																																												
Hsue-Ching Wong	R.O.C.	Male	-	V	V	V	V	V	-	V																																																																																												
Yuan-Lih Tseng	R.O.C.	Male	-	V	V	V	V	-	V	V																																																																																												
Shao-Chuan Chen	R.O.C.	Female	-	V	V	V	V	V	-	V																																																																																												
			<p>(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?</p>																																																																																																			

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?			(3) Our company has established the "Board Performance Evaluation Guidelines" and conducts regular board performance evaluations annually. The results of the aforementioned performance evaluation were approved by the board of directors on March 11, 2024, and the details of the evaluation process can be found on page 19 of this report.	
(4) Does the Company regularly evaluate its external auditors' independence?			(4) Our company conducts an annual assessment of the independence and suitability of the signing auditors, taking into account the Audit Quality Indicators Report (AQIs). The results of this assessment were presented to and approved by the board of directors on March 11, 2024. Based on our evaluation, both CPAs, Wan-I Liao and Bo-Ren Weng from Deloitte & Touche, meet the independence and suitability criteria set by our company, and are suitable to serve as the signing auditors for our company. (Note 1)	

Evaluation item	Implementation status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons																							
	Yes	No																								
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V	<p>The company is supervised by the Corporate Governance Officer, who is responsible for convening relevant department personnel, coordinating and planning the operations of the board of directors and shareholders' meetings. They also assist the directors and supervisors in their appointments, continuous education, compliance with laws and regulations, and provide necessary information for the execution of their duties. Additionally, they handle company (change) registration and other related matters to safeguard shareholder rights and strengthen the functions of the board of directors.</p> <p>Note 1: The appointment of the new Corporate Governance Supervisor was reported and approved by the board of directors on March 7, 2022.</p> <table><tr><th>Name</th><th>Gender</th><th>Academic qualifications</th><th>Work experience</th></tr><tr><td>Tsui-Hua, Wu</td><td>Female</td><td>MBA, Memphis State University, USA</td><td>Vice President, Finance and Accounting Div. SEYI Alcatel-Lucent Tech. VPCFO AT&amp;T Taiwan Branch CFO</td></tr></table> <p>Note 2: The Corporate Governance Officer has participated in education and training for a total of 12 hours, as required by regulations.</p> <table><tr><th>Date</th><th>Course</th><th>Hours</th></tr><tr><td>2023/4/11</td><td>Board and Supervisory Board Re-election and Equity Planning Amidst Power Struggles</td><td>3</td></tr><tr><td>2023/7/31</td><td>Corporate Governance Forum</td><td>3</td></tr><tr><td>2023/9/28</td><td>Corporate Governance and Securities Regulations: Awareness of Regulatory Supervision among Executives of Listed Companies</td><td>3</td></tr><tr><td>2023/10/6</td><td>New Perspectives on Sustainable Investment and Financing Forum</td><td>3</td></tr></table>	Name	Gender	Academic qualifications	Work experience	Tsui-Hua, Wu	Female	MBA, Memphis State University, USA	Vice President, Finance and Accounting Div. SEYI Alcatel-Lucent Tech. VPCFO AT&T Taiwan Branch CFO	Date	Course	Hours	2023/4/11	Board and Supervisory Board Re-election and Equity Planning Amidst Power Struggles	3	2023/7/31	Corporate Governance Forum	3	2023/9/28	Corporate Governance and Securities Regulations: Awareness of Regulatory Supervision among Executives of Listed Companies	3	2023/10/6	New Perspectives on Sustainable Investment and Financing Forum	3	No material difference
Name	Gender	Academic qualifications	Work experience																							
Tsui-Hua, Wu	Female	MBA, Memphis State University, USA	Vice President, Finance and Accounting Div. SEYI Alcatel-Lucent Tech. VPCFO AT&T Taiwan Branch CFO																							
Date	Course	Hours																								
2023/4/11	Board and Supervisory Board Re-election and Equity Planning Amidst Power Struggles	3																								
2023/7/31	Corporate Governance Forum	3																								
2023/9/28	Corporate Governance and Securities Regulations: Awareness of Regulatory Supervision among Executives of Listed Companies	3																								
2023/10/6	New Perspectives on Sustainable Investment and Financing Forum	3																								



Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The company has a spokesperson and a deputy spokesperson, and their contact information is disclosed as required on the MOPS. Additionally, financial and shareholder-related information is announced on both the MOPS and the company's website. A stakeholder engagement area has been set up on the company's website, providing corresponding contact points for various stakeholder groups, to establish effective communication channels with investors and other stakeholders.	No material difference
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The company has appointed a professional stock agency, Grand Fortune Securities Co., Ltd., Shareholder Services Department, to handle various shareholder-related matters on behalf of the company. There are established "Shareholder Services Operation Guidelines" that regulate the related affairs.	No material difference
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the company publish and report its annual financial report within two months after the end of	V		(1) The company has a corporate website with the website: <a href="http://www.seyi.com">www.seyi.com</a> , where financial, business, and corporate governance information is disclosed. (2) The company also maintains an English version of the corporate website, managed by a dedicated department. In addition to providing information on the company's financial and business operations, the website also timely discloses relevant news and updates. Major announcements and disclosures are made through the spokesperson via the MOPS website. In the case of investor conferences or press events, presentation materials are posted in the website's Investor Relations section. Other operations follow the regulations set by the competent authorities. (3) The company announces and files the annual financial report within seventy-five days after the end of the	No material difference

Evaluation item	Implementation status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	
the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?			fiscal year. It also complies with the prescribed deadlines for announcing and filing the first, second, and third-quarter financial reports, as well as monthly operating results.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		<p>(1) The company values the protection of employee rights and benefits. In addition to complying with legal requirements for employee insurance and implementing a retirement pension system, the company has established an Employee Welfare Committee and actively fosters communication channels between labor and management to create a harmonious work environment that facilitates the smooth progress of various tasks.</p> <p>(2) Continuing education for directors and supervisors: The company's directors and supervisors engage in professional development based on the guidelines provided in the "Sample Guidelines for Continuing Education of Directors and Supervisors of Listed and Over-the-Counter Companies" issued by the Taiwan Stock Exchange. (Note 2)</p> <p>(3) Implementation of risk management policies and risk assessment standards: Major proposals are reviewed and approved by the Board of Directors, and internal audits are conducted to ensure compliance.</p> <p>(4) Execution of customer protection policies: The company follows quality policies in accordance with ISO standards.</p> <p>(5) Purchase of liability insurance for directors and supervisors and social responsibility: The company's directors and supervisors uphold the principle of integrity in business operations and have no record of litigation or illegal activities. The company has also purchased directors' and supervisors' liability insurance to provide additional protection.</p>
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement: None.			No material difference

Note 1: The following is an assessment of the independence of the CPA:

Evaluation item	Evaluation result	Compliance with independence
1. Whether the CPA has a direct or material indirect financial interest in the Company	No	Yes
2. Whether the CPA has engaged in financing or guarantee activities with the Company or the Company's directors	No	Yes
3. Whether the CPA has close business relationship and potential employment relationship with the Company	No	Yes
4. Whether the CPA and the members of its audit team currently hold or have held any positions with the Company in the last two years as a managing director or as a person with significant influence over the audit work	No	Yes
5. Whether the CPA provides non-audit services to the Company that may directly or indirectly affect the audit work	No	Yes
6. Whether the CPA has brokered any shares or other securities issued by the Company	No	Yes
7. Whether the CPA has acted as a defender for the Company or represented the Company in coordinating conflicts with other third parties.	No	Yes
8. Whether the CPA is related to any of the Company's directors, managerial officers or persons with significant influence on the audit	No	Yes

Note 2: Listed companies should disclose the following information regarding the operation of corporate governance - participation of directors and supervisors in external training courses:

Job Title	Name	Training date	Organizer	Course name	Training hours
Chairman	Ya-Hui Kuo	2023/04/26	Corporate Organization and Sustainable Development Association	Collaborating with Businesses for ESG Innovation in Regional Revitalization	3
		2023/07/04	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit	3
		2023/08/07	TPEX	Internal Shareholding Advocacy Seminar for OTC and Emerging Companies	3
		2023/09/28	Corporate Organization and Sustainable Development Association	Corporate Governance and Securities Regulations: Awareness of Regulatory Supervision among Executives of Listed Companies	3
		2023/12/06	Corporate Organization and Sustainable Development Association	Discussing Mergers and Acquisitions Strategies for Taiwanese Enterprises in the Global Political and Economic Situation	3
Director	Yu Cheng Investment Co., Ltd. Representative: Chin-Jen Fu	2023/04/11	Corporate Organization and Sustainable Development Association	Board and Supervisory Board Re-election and Equity Planning Amidst Power Struggles	3
		2023/08/07	TPEX	Internal Shareholding Advocacy Seminar for OTC and Emerging Companies	3
Director	Cheng Lin Investment Co., Ltd. Representative: Chin-Ti Kan	2023/08/10	Taiwan Corporate Governance Association	Global Business Layout Strategy for Taiwanese Enterprises: Things to Consider When Withdrawing from or Downsizing Operations in Mainland China (Part 1)	3
		2023/08/10	Taiwan Corporate Governance Association	Global Business Layout Strategy for Taiwanese Enterprises: Things to Consider When Withdrawing from or Downsizing Operations in Mainland China (Part 2)	3
Director	Ken-Yi Cheng	2023/04/26	Corporate Organization and Sustainable Development Association	Collaborating with Businesses for ESG Innovation in Regional Revitalization	3
		2023/05/17	Corporate Organization and Sustainable Development Association	Significant Differences in Low-Carbon Transformation: Practical ESG Management in Sustainable and Climate Finance	3

Job Title	Name	Training date	Organizer	Course name	Training hours
Director	Hwe-Ching Wong	2023/07/31	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
		2023/11/30	Corporate Organization and Sustainable Development Association	Legal Risk Management in Digital Transformation	3
Independent Director	Yuan-Lih Tseng	2023/03/29	Corporate Organization and Sustainable Development Association	Transformation and Case Studies of Shareholder Meetings	3
		2023/04/19	Corporate Organization and Sustainable Development Association	Analysis of the Latest Company Law and Responses to Shareholder Meetings	3
		2023/06/09	Corporate Organization and Sustainable Development Association	Corporate Governance 3.0, Capital Market Blueprint, and Green Financing	3
Independent Director	Shu-Chuan Chen	2023/01/11	Taiwan Academy of Banking and Finance	International Anti-Money Laundering Seminar	7
		2023/03/15	Independent Director Association Taiwan	Analysis of Asset-Liability Management and Application of IFRS in the Financial Industry in Taiwan	3
		2023/03/29	Taiwan Corporate Governance Association	Legal Analysis and Corporate Response Strategies for Climate Change	2
		2023/04/12	Independent Director Association Taiwan	Constructing Sustainable Governance Strategies for the Board of Directors: Latest ESG Sustainable Information Disclosure Governance Standards	3
		2023/07/28	Securities & Futures Institute	Business Judgment Rules and Case Analysis	3
		2023/07/28	Securities & Futures Institute	Understanding the Real Value Created by Circular and Low-Carbon Innovation: Insights into Circular Economy and Governance	3
		2023/08/07	TPEX	Internal Shareholding Advocacy Seminar for OTC and Emerging Companies	3
		2023/09/04	Financial Supervisory Commission	14th Taipei Corporate Governance Forum	6
		2023/10/02	Chinese National Association of Industry and Commerce	Operation and Potential Business Opportunities of Natural Carbon Sink and Carbon Trading	3
		2023/10/03	Securities & Futures Institute	Mechanisms and Applications of Carbon Trading and Carbon Management in Resource Circulation	3
		2023/10/06	Chinese National Association of Industry and Commerce	Practical Applications of AI and Legal Analysis	3
		2023/10/19	Independent Director Association Taiwan	Mandatory ESG Sustainable Development Action Plans and Strategic Planning for the Board of Directors	3
		2023/10/20	Securities & Futures Institute	Insider Trading Prevention Advocacy Meeting for the Year 2023	3
		2023/11/15	Securities & Futures Institute	Explanation Meeting on Compliance with Insider Trading Laws for the Year 2023	3
		2023/12/08	Securities & Futures Institute	Anti-Money Laundering and Integrity Management	3
		2022/12/12	Taiwan Corporate Governance Association	International Summit on Corporate Governance - Creating New Governance Trends, Enhancing Corporate Value	6

(V) The composition, duties, and operation of the Remuneration Committee:

1. The first term of the Remuneration Committee and its Charter were established on October 31, 2011. The fourth term of the Committee ended on June 12, 2022 and the fifth term of the Committee was appointed on August 11, 2022, with the term from August 11, 2022 to May 26, 2025.

**Information on the members of the Remuneration Committee**

Position (Note 1)	Terms Name	Professional qualifications and experience (Note 2)	Status of Independence (Note 3)	Number of other public companies in which the individual is concurrently serving as the Remuneration Committee member
Convener and Independent Director	Yuan-Lih Tseng	Please see Page 16, 4 for information on disclosure of directors' professional qualifications and independence of independent directors.	(1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliated enterprises. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.	0
Independent Director	Hai-Ching Wong		(4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of an executive officer falling under (1), or of any of the persons in (2) and (3).	0
Independent Director	Shu-Chuan Chen		(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (6) A director, supervisor or employee of other companies who is not controlled by the same person as the majority of the directorships or voting shares of the company. (7) A director (officer), supervisor or employee of other company or institution who is not the same person or spouse as the chairman, president or person holding an equivalent position in the company. (8) A director, supervisor, managerial office or shareholder holding 5% or more of the shares of a specified company or institution that does not have financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. (10) Not been a person of any conditions defined in Article 30 of the Company Act.	1

Note 1: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. For "Position", please specify whether the member is an independent director or other (if the member is the convener, please note that fact).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.

Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

## 2. Responsibilities of the Remuneration Committee

- A. Evaluate the performance of directors, supervisors and managers of the Company.
- B. Prescribe and review the remuneration policy, system, standards, and structure.
- C. Set the amount of the remuneration for directors, supervisors and managers of the Company.

## 3. Information on the operation of the Remuneration Committee

- ① The Company's Remuneration Committee is composed of three (3) members.
- ② The term of office of the current members: August 11, 2022 to May 26, 2025. The Remuneration Committee met two times (A) in most recent year (2023). The qualifications and attendance of the members are as follows:

Job Title	Name	Attendance in Person (B)	No. of meetings attended by proxy	Attendance Rate in Person (%) (B/A)(Note)	Remarks
Convener (Independent Director)	Yuan-Lih Tseng	2	0	100.00%	Director is re-elected on May 27, 2022. Be expected to attend the meetings 2 times.
Member (Independent Director)	Hai-Ching Wong	2	0	100.00%	Director is re-elected on May 27, 2022. Be expected to attend the meetings 2 times.
Member (Independent Director)	Shu-Chuan Chen	2	0	100.00%	Director is new-elected on May 27, 2022. Be expected to attend the meetings 2 times.

Remuneration Committee	Content of the motion and the response thereto	Result of the resolution	The Company's handling of the recommendation of the Remuneration Committee
2023.01.06	1. Discussion of the Company's 2022 year-end bonus for managerial officers and 2021 Employees' Cash Compensation Distribution Plan. 2. Compensation for the Company's Chairman and Chief Sustainability Officer.	Approved by all members of the Committee	Proposed to the Board of Directors and approved by all directors present
2023.03.14	1. Proposal for the distribution method and amount of employees' compensation and remuneration to directors and supervisors for 2022. 2. Proposal for the distribution of the individual directors' and supervisors' remuneration for 2022.	Approved by all members of the Committee	Proposed to the Board of Directors and approved by all directors present

Other information required to be disclosed:

- I. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.
- II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

Notes:

- (1) If any remuneration committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.
- (2) If any by-election for remuneration committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

(VI) Sustainable Development Implementation Status and differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:

Item	Implementation status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		<p>To actively promote the company's sustainable development, the company's Chairman has been approved by the Board of Directors to concurrently serve as the Chief Sustainability Officer, authorized to be responsible for advancing sustainable development affairs. Following the ESG development trends, the company formally established the "ESG Sustainability Development Committee" in 2023. This committee is chaired by the Chief Sustainability Officer and includes senior executives from various professional fields as members, who collectively set short-term, medium-term, and long-term development goals. The ESG Sustainability Development Committee integrates cross-departmental efforts and links communication platforms up and down the organization. It meets regularly every month to track execution results, plan and formulate strategies, ensuring that the sustainability development strategy is fully implemented in daily operations.</p> <p>The Chairman reports on the progress and future work plans of related sustainable development tasks to the Board of Directors every quarter. In 2023, four meetings were held, covering topics such as sustainability goals, development strategies, execution results sharing, and evaluations.</p>
2. Does the company conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy in accordance with the materiality principle? (Note 2)	V		No material difference



Item	Implementation status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons						
	Yes	No							
	Summary description								
		<p>economic activities on the external economy, environment, and society." A "Material Topics Survey" was distributed, covering the three main themes of environment, society, and corporate governance. This survey targeted eight major stakeholder groups, with 125 questionnaires distributed and 110 valid responses collected. Additionally, five senior executives from the management team provided feedback on the impact assessment questionnaire, highlighting the company's emphasis on sustainability topics. After statistical analysis of the questionnaire results, the major topics for Shieh Yih Machinery were identified as: economic performance, innovative technology, customer relationship management, and occupational health and safety. The focus areas and corresponding management approaches for each topic are as follows:</p> <table><tr><th>Material Topics</th><th>Focus Areas</th><th>Management Approaches</th></tr><tr><td>Economic Performance</td><td>Company revenue, costs, and other key financial information, the economic impact of climate change on the company (including climate-related risks and opportunities), indirect economic impacts (such as supply chain disruptions and price fluctuations), etc.</td><td>Ensure transparency and accuracy in financial reporting, including disclosure of risks and opportunities, as well as assessment of climate-related factors. Actively manage supply chain risks and take measures to address potential impacts of climate change on operations.</td></tr></table>	Material Topics	Focus Areas	Management Approaches	Economic Performance	Company revenue, costs, and other key financial information, the economic impact of climate change on the company (including climate-related risks and opportunities), indirect economic impacts (such as supply chain disruptions and price fluctuations), etc.	Ensure transparency and accuracy in financial reporting, including disclosure of risks and opportunities, as well as assessment of climate-related factors. Actively manage supply chain risks and take measures to address potential impacts of climate change on operations.	
Material Topics	Focus Areas	Management Approaches							
Economic Performance	Company revenue, costs, and other key financial information, the economic impact of climate change on the company (including climate-related risks and opportunities), indirect economic impacts (such as supply chain disruptions and price fluctuations), etc.	Ensure transparency and accuracy in financial reporting, including disclosure of risks and opportunities, as well as assessment of climate-related factors. Actively manage supply chain risks and take measures to address potential impacts of climate change on operations.							

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Summary description			
	Yes	No		
	Innovative Technology	Continuous research and development of new processes and products, product quality, technology development, and management of patents and intellectual property rights.	Continuously engage in innovation and technology development to ensure product quality, thereby enhancing product competitiveness and value. Actively protect the company's intellectual property, such as patents and trademarks, to maintain market position and gain competitive advantages.	
	Customer Relationship Management	Customer service quality, product quality and reliability, customer privacy protection procedures and mechanisms.	Establish effective customer service mechanisms to provide high-quality products and services, and ensure compliance with customer privacy rights. Through proactive communication and feedback mechanisms, build good relationships with customers and respond promptly to their needs and feedback.	
	Occupational Health and Safety	Maintaining a healthy workplace, occupational injury ratio, occupational diseases, absenteeism due to injury or illness.	Developing and implementing effective occupational health and safety policies and procedures, including risk assessment, training, safety equipment, and standard operating procedures. Additionally, monitoring and reporting on the occurrence of occupational injuries and diseases, and implementing measures	

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			<div>to address absenteeism due to injury or illness, ensuring the health and safety of employees.</div> <p>Looking ahead, the ESG Sustainability Development Committee will continue to regularly explore material topics, adhering to the company's mission of "Applying Innovative Technology to Enrich Human Life" and the four core values of "Integrity, Accountability, Service, and Innovation." The committee will persistently promote corporate sustainable development, striving towards a better future.</p>	
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	V		(1) To assess the exposure of workers in their work environment, we monitor and evaluate the actual conditions of the labor workplace through planning, sampling, analysis, and instrument monitoring, ensuring both measurement and judgment purposes. Our company conducts operational environment monitoring every six months (May and November) to safeguard the health of our employees. We go beyond regulatory requirements by including additional testing parameters, ensuring that workers are protected from harmful substances in the workplace and providing a healthy and comfortable working environment.	No material difference
(2) Is the Company committed to improving energy use efficiency and using renewable materials with low impact on the environment?	V		(2) The company is committed to source reduction by implementing waste sorting and recycling practices to achieve the goals of reducing raw material consumption and waste generation. By doing so, we aim to minimize our environmental impact.	No material difference
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(3) In line with our corporate responsibility towards environmental protection, the company remains actively engaged in monitoring climate change trends and supporting government policies aimed at reducing	No material difference

Item	Implementation status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	
			Summary description  greenhouse gas emissions. In addition to conserving electricity, water, and promoting resource reuse, we prioritize the use of recyclable and renewable materials throughout the manufacturing, usage, and disposal phases of our products. This approach helps reduce the reliance on natural resource extraction and enables us to achieve a fully circular and zero-waste model, thereby minimizing the environmental impact of our products.
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		<p>(4)The company has obtained certification in accordance with the ISO 14001:2015 international standard for environmental management systems. We have developed an environmental management manual as part of this certification process. To promote energy conservation and carbon reduction, we have implemented digitalization initiatives to reduce paper usage. Additionally, we control the temperature settings in our office environment and utilize energy-efficient light bulbs to achieve energy conservation and carbon reduction goals. Here are the carbon emissions statistics for the past two years:</p> <p>1. Carbon Emissions Over the Past Two Years:</p> <p>2023 Indirect Carbon Emissions from Energy Use: Water: 2.9182 TonCO<sub>2</sub>e, Electricity: 952.6979 TonCO<sub>2</sub>e 2023 Water Consumption: 12,525 Ton 2023 Electricity Consumption: 1,924,642 Kwh 2023 Total Waste Weight: 22,730 Kg</p> <p>2022 Indirect Carbon Emissions from Energy Use: Water: 0.219 TonCO<sub>2</sub>e, Electricity: 505.341 TonCO<sub>2</sub>e 2022 Water Consumption: 12,896 Ton 2022 Electricity Consumption: 1,993,487 Kwh 2022 Total Waste Weight: 27,600 Kg</p>

Item	Implementation status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	
			<p>2. Reduction Plan:</p> <p>Both the assembly tools and the power source for the punch press products require compressed air. The company currently has four air compressors with an average equipment age of 20 years. Upon inspection, it was found that the air compressors are long-term equipment used in the factory and are non-variable frequency motors, resulting in an annual carbon emission of 172.5 metric tons CO<sub>2</sub>e.</p> <p>To implement an energy-saving and carbon reduction plan, the proposal is to purchase IE3 energy-saving motor air compressor equipment. It is expected that the carbon emissions will decrease from the original 172.5 metric tons CO<sub>2</sub>e per year to 138.45 metric tons CO<sub>2</sub>e per year after the improvement, resulting in an annual reduction of 34.05 metric tons CO<sub>2</sub>e.</p>
<p>4. Social Issues</p> <p>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	V		<p>No material difference</p> <p>(1) Our company complies with relevant labor laws and regulations. Matters related to employee appointment, dismissal, and compensation are managed in accordance with applicable laws and our internal control system to safeguard employees' fundamental rights.</p> <p>We have developed policies that align with internationally recognized human rights standards, such as the International Labor Conventions and the United Nations Universal Declaration of Human Rights. These policies reflect our commitment to business ethics, environmental and social issues, human rights, and other public policy commitments. We ensure human rights protection and disclose relevant information in our</p>

Item	Implementation status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	
			<p>annual reports and company website.</p> <ol style="list-style-type: none"> <li>1. We comply with relevant laws and regulations to provide a safe and healthy working environment.</li> <li>2. We are committed to maintaining a workplace free from violence, harassment, and intimidation, while respecting employees' privacy and dignity.</li> <li>3. In accordance with the Labor Standards Act and other relevant laws, we value the balance between employees' health, work, family, and leisure. We also implement work hour management, prohibit child labor, and prohibit all forms of forced labor and discrimination.</li> <li>4. To establish a gender-equal workplace, we implement maternity leave without pay, while also providing family care leave, menstrual leave, childbirth leave, paternity leave, and breastfeeding facilities for our employees.</li> <li>5. We prioritize the concept of employee health. Each year, we arrange medical examinations for employees at our headquarters and factory areas. We also organize periodic health seminars to provide employees with professional medical information and services, assisting them in addressing physical, mental, and spiritual concerns.</li> </ol> <p>(2) In addition to implementing human-centric management and various welfare measures, our company adheres to the concept of sharing profits with employees to attract and motivate talented individuals. Employee compensation is determined based on the company's operational performance.</p> <p>(3) A. Occupational Health and Safety Management: All occupational health and safety management work complies with regulations and follows the ISO 45001:2018 Occupational Health and Safety Management System specifications. Document</p>
<p>(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?</p> <p>(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?</p>			

Item	Implementation status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	
			<p>management is digitalized for inspection and auditing purposes.</p> <p>B. Management of hazardous machinery safety: In addition to regular inspections and confirmations conducted by on-site colleagues and supervisors for general machinery and equipment, extra management measures are taken for machinery regulated by laws. Periodic outsourcing inspections are carried out to ensure the proper functioning of all machinery. Hazardous machinery in the company includes forklifts and fixed cranes. To enhance the effectiveness of equipment maintenance and upkeep, vendors are responsible for maintaining the equipment in good condition. Fixed cranes, which are crucial for production support, are maintained by professional vendors.</p> <p>C. Occupational Health and Safety Education and Training: 1.New employees: Safety and health education and training are conducted on their first day of work to familiarize them with workplace hazards and safety regulations. 2.Existing employees: 2-1. On-the-job safety and health training: Employees with relevant safety and health qualifications undergo regular on-the-job training to comply with regulations and enhance their awareness of workplace hazards. 2-2. Fire emergency drills: Conducted semi-annually to improve mutual understanding among all employees and strengthen the emergency response capabilities of the entire team in case of accidents. 3.Contractors: Various education and training sessions are conducted based on the nature of the work to enhance</p>

Item	Implementation status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	
			<p>hazard prevention awareness and prevent accidents proactively.</p> <p>D. Appointment of Professional Occupational Health and Safety Management Personnel: The company's occupational health and safety management unit consists of one Type A Occupational Safety and Health Business Supervisor, one Grade A Occupational Safety Manager, and one Occupational Health and Safety Administrator. Additionally, one Type A Occupational Safety and Health Business Supervisor is designated for each manufacturing unit. Health service nursing staff are also appointed, and all aforementioned personnel hold professional certifications. They actively participate in government-sponsored education campaigns to enhance their professional competence. Apart from the occupational health and safety unit, strict controls are implemented for on-site colleagues' operating qualifications. They must obtain licenses and pass internal assessments before operating hazardous machinery. The statistics for the number of operators' licenses for hazardous machinery are as follows: 73 for fixed cranes and 81 for forklifts. Additionally, training is provided annually by outsourcing companies to enhance the awareness of operating colleagues, understand the latest legal regulations, and reduce the probability of accidents, with the ultimate goal of achieving zero workplace accidents.</p> <p>E. Health Promotion and Management:</p> <p>1. Health management:</p> <p>(1) Regular annual health check-ups for employees.</p> <p>(2) Monthly consultations provided by occupational medicine specialists to assess return-to-work</p>



Item	Implementation status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	
<p>(4) Has the Company established effective career development training programs for employees?</p> <p>(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?</p> <p>(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such</p>			<p>arrangements and abnormal health check-up results, facilitating continuous care and follow-up.</p> <p>(3) Compliance with regulations for maternal health protection and health management of employees under 18 (e.g., vocational students).</p> <p>2.Health promotion:</p> <p>(1) Periodic health promotion and lectures to enhance employees' health knowledge.</p> <p>(2) Participation in slow jogging events organized by the company to promote employee involvement.</p> <p>Implementation and execution of four major workplace health plans.</p> <p>(4) The company encourages employees to pursue further education and training, with the goal of developing outstanding talents. We have established a performance assessment matrix that aligns with professional/technical competencies and a clear promotion system. In addition to providing internal educational training, employees can also apply for external education and training programs to enhance their skills and advance their career capabilities.</p> <p>(5) The company manufactures machine tools and presses, and our products adhere to strict international standards. Therefore, our product marketing and labeling comply with relevant laws and international guidelines. We also have product liability insurance to safeguard consumer rights. If there are any questions or concerns regarding our products, customers can contact us via phone or email. We will assign dedicated personnel to understand, coordinate, and handle the matter appropriately.</p> <p>(6) All our suppliers are required to adhere to the company's integrity policy, as well as policies related to environmental quality and occupational health and safety.</p>

Item	Implementation status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?			This ensures that both the company and suppliers are committed to enhancing corporate social responsibility.
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		V	The company has not yet prepared a sustainability report.  The company plans to prepare the 2024 Sustainability Report in accordance with the schedule stipulated by the regulatory authorities during 2025.
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has not yet established the "Sustainable Development Best Practice Principles", but in fact, the Company is in compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.			
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: We believe that it is our responsibility to create a friendly and healthy work environment. We insist on using recyclable and renewable materials at all phases of manufacturing, using and disposing of our products to replace those from natural resources. So that we can achieve the goal of total recycling and zero waste, and reduce the burden of our products on the environment. The Company regularly organizes free health checkups for all employees and has doctors on site to provide health consultation. The Company believes that only healthy employees can maintain high quality specifications. Healthy employees are the only ones who can create competitive products. Therefore, it is our business philosophy to create a healthy and balanced working environment.			

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future.

Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

(7) Execution Status of Climate-related Information:

Item	Execution Status
1. Describing the supervision and governance of climate-related risks and opportunities by the board of directors and management.	The board of directors of our company serves as the highest authority for the supervision and governance of climate-related risks and opportunities. They are responsible for overseeing and reviewing the progress of the implementation of the group's relevant risk policies and action plans. In 2023, our company formally established the "ESG Sustainable Development Committee." The committee is chaired by the chairman of our company, who also serves as the Chief Sustainability Officer. It invites senior executives from various professional fields to serve as committee members, collaborating to develop short-term, medium-term, and long-term development goals. The committee promotes the work related to climate risks and opportunities and reports to the board of directors at least once a year.
2. Describing how identified climate risks and opportunities affect the business, strategy, and finances of the company (short-term, medium-term, long-term).	As of the printing date of the annual report, our company is still in the process of planning and identifying climate risks and opportunities. Once these plans are finalized, the relevant details will be disclosed on our company's official website.
3. Describing the financial impact of extreme weather events and transition actions.	As of the printing date of the annual report, our company is still assessing the financial impact of extreme weather events and transition actions. The relevant details will be disclosed on our company's official website once this assessment is completed.
4. Describing how the identification, assessment, and management process of climate risks are integrated into the overall risk management system.	As of the printing date of the annual report, our company is still in the process of planning the identification, assessment, and management process of climate risks. The relevant details will be disclosed on our company's official website once this process is completed.
5. If conducting a scenario analysis to assess resilience to climate change risks, it's essential to clarify the context, parameters, assumptions, analysis factors, and key financial impacts.	As of the printing date of the annual report, our company is still in the planning stage of using scenario analysis to assess resilience to climate change risks.

Item	Execution Status
6. If there is a transition plan in place to address climate-related risks, please describe the content of the plan and the indicators and objectives used to identify and manage physical risks and transition risks.	As of the printing date of the annual report, the transition plan to manage climate-related risks is still under feasibility study.
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	As of the printing date of the annual report, the use of internal carbon pricing as a planning tool is still under consideration.
8. If climate-related goals are set, information should be provided on the activities covered, greenhouse gas emission scopes, planning timeline, progress achieved annually, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, details should be provided on the source and quantity of carbon offsets or RECs exchanged.	Our company has initiated a three-year plan starting from the fiscal year 2022 to reduce greenhouse gas emissions, water usage, and total waste weight by 5%.  As of the printing date of the annual report, we are still exploring the feasibility of using carbon offsets or Renewable Energy Certificates (RECs).
9. Greenhouse gas inventory and verification status, along with reduction targets, strategies, and specific action plans (also filled in pages 1-1 and 1-2).	The detailed explanation can be found on pages 1-1 and 1-2.

# Explanation of Greenhouse Gas Inventory and Verification Situation on Page 1-1:

<p>Our company's basic information</p> <p><input type="checkbox"/> A company with a capital of over 10 billion NT dollars, operating in the steel or cement industry.</p> <p><input type="checkbox"/> A Company with a capital of over 5 billion NT dollars but less than 10 billion NT dollars.</p> <p><input checked="" type="checkbox"/> A Company with a capital of less than 5 billion NT dollars.</p>	<p>According to the roadmap for sustainable development of listed companies, disclosure should include:</p> <p><input checked="" type="checkbox"/> Individual inventory of the parent company</p> <p><input type="checkbox"/> Consolidated financial report subsidiary inventory</p> <p><input checked="" type="checkbox"/> Individual verification of the parent company</p> <p><input type="checkbox"/> Consolidated financial report subsidiary verification</p> <p>(Our company has already completed the individual inventory and verification of the parent company ahead of schedule)</p>
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Scope 1	Total emissions (TonCO2e)	Intensity (TonCO2e/ Million dollars in revenue)	Verifying Company	Explanation of verification status
Parent company 2023	132.1140	0.088	AFNOR International	Internal verification of greenhouse gases is being conducted by a consulting firm in 2023.
Parent company 2022	141.2808	0.109	AFNOR International	Verification Conclusion: The organization has been confirmed to have submitted a greenhouse gas statement in accordance with the requirements of the agreed-upon verification criteria, and has fairly presented greenhouse gas data and related information consistent with the verification scope, objectives, and criteria agreed upon by both parties. The reasonable assurance level for the inventory data is Scope 1 and Scope 2.

Scope 2	Total emissions (TonCO2e)	Intensity (TonCO2e/ Million dollars in revenue)	Verifying Company	Explanation of verification status
Parent company 2023	955.2146	0.639	AFNOR International	Internal verification of greenhouse gases is being conducted by a consulting firm in 2023.
Parent company 2022	986.7760	0.762	AFNOR International	Verification Conclusion: The organization has been confirmed to have submitted a greenhouse gas statement in accordance with the requirements of the agreed-upon verification criteria, and has fairly presented greenhouse gas data and related information consistent with the verification scope, objectives, and criteria agreed upon by both parties. The reasonable assurance level for the inventory data is Scope 1 and Scope 2.

Scope 3	Total emissions (TonCO2e)	Intensity (TonCO2e/ Million dollars in revenue)	Verifying Company	Explanation of verification status
Parent company 2023	13813.0240	9.235	AFNOR International	Internal verification of greenhouse gases is being conducted by a consulting firm in 2023.
Parent company 2022	13583.5533	10.492	AFNOR International	(The scope falls within 3 to 6.)

## Explanation 1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans:

### 1. Future Yearly Quantitative Management Goals:

For the 2022 fiscal year, which marks the first year of the company's carbon inventory, the goal is to reduce carbon emissions, water usage, and total waste weight by 5% in three years, based on the first year.

### 2. Greenhouse Gas Emissions:

The company has established a "Greenhouse Gas Inventory Management Procedure" based on the "Greenhouse Gas Emission Coefficient Management Table (Version 6.0.4, 108/6)" of the Environmental Protection Administration's National Greenhouse Gas Registration Platform. This procedure maintains the operation of the company's greenhouse gas inventory to comply with the international standard ISO 14064-1:2018 for information management. It serves as a reference for management decision-making to reduce the organization's greenhouse gas emissions.

The company's Taiwan factory completed ISO 14064-1, Scope 1 to 6, in the 2022 fiscal year. To enhance the credibility of the greenhouse gas inventory information and improve data quality, an internal verification was conducted in the 2023 fiscal year. This verification was carried out by a third-party impartial entity, AFNOR International, and the verification certificate was obtained on December 28, 2023.

The total greenhouse gas emissions for Scope 1 to 6 in 2022 were 14,700 tons CO<sub>2</sub>e, with Scope 4 ("Upstream emissions from purchased goods") accounting for 83.8% of the emissions, followed by Scope 2 (Fuel emissions from purchased electricity) at 6.7%.

The company adheres to the concept of sustainable operation and practices environmental symbiosis. After inventory, it was found that the main greenhouse gas emissions are Scope 3 to 6, which are other indirect emissions generated by external activities. To align with the "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies" and fulfill corporate ESG responsibilities, the company implements its environmental management policy in daily operations as follows:

Promoting energy conservation and waste reduction, Implementing pollution control.

Implementing resource recycling, Compliance with regulatory requirements.

Fulfilling social responsibilities, Committing to continuous improvement.

And gradually implements the following:

- (1) Promote energy conservation by cultivating the habit of "raising hands to save energy," reducing energy waste.
- (2) Control the office area temperature at 26°C to reduce the load on the air conditioning system, thereby reducing power consumption.
- (3) Regularly review contract capacity, air conditioning zoning, and lighting circuits to enhance energy utilization efficiency.
- (4) Conduct regular equipment maintenance to maintain optimal operational efficiency and reduce energy consumption.
- (5) Replace fuel-powered vehicles with hybrid or electric cars annually to reduce greenhouse gas emissions from fuel consumption.

Since 2022 marked the company's first year of greenhouse gas inventory, it will continue to promote the reduction of emissions from other emission sources in subsequent years.

(8) Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Evaluation item	Implementation status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p> <p>(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>	V		<p>No material difference</p> <p>(1) The company, established for over 60 years, has always upheld the principles of integrity and compliance. All operational regulations within the company strictly adhere to the latest government laws and regulations. The board of directors and management team operate with integrity as their guiding principle. In 2022, we have established the "Code of Conduct and Prevention of Unethical Practices" policy.</p> <p>(2) The company has internal regulations in place, such as the Insider Trading Prevention Operating Procedures and the Employee Handbook, which explicitly state that employees are prohibited from engaging in or being involved in any dishonest business activities. The internal audit unit conducts regular audits and implements measures to prevent such activities through internal reporting mechanisms.</p> <p>(3) Our company has established "Work Regulations," "Rules of Ethics Management Measures," and related operational requirements. These documents outline expectations regarding integrity, integrity commitments, and ethical standards. Violations are subject to disciplinary action, and procedures for reporting violations are outlined. We encourage reporting of illegal or unethical behavior to ensure the implementation of integrity in our operations. These points are communicated during onboarding for new</p>



Evaluation item	Implementation status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	
			employees and are reinforced through internal meetings and training activities.
<p>2. Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p> <p>(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p> <p>(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p> <p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	V	<p>(1) The company has established "Work Standards" and related internal regulations that clearly define disciplinary measures for violations and establish a complaint system. These policies are communicated and enforced through internal education and training programs.</p> <p>(2) The HR Department of our company has established an "Integrity Operation Task Force," which reports directly to the board of directors and is responsible for overseeing and auditing the implementation of integrity in various operational departments. They regularly report to the board of directors on their execution and implementation.</p> <p>(3) All business activities of the company are conducted in accordance with the law, and significant information is disclosed in compliance with legal requirements to ensure information transparency.</p> <p>(4) We have established effective accounting and internal control systems, and the company's audit unit carries out audit operations based on the annual audit plan approved by the board of directors. Audit reports are submitted to the board of directors, and the implementation of audits is reported to the board of directors. Additionally, the company complies with the reporting requirements of relevant authorities.</p> <p>(5) New employees receive a briefing on our core values (Integrity, Accountability, Service, Innovation) upon arrival, emphasizing the importance of understanding the</p>	No material difference

Evaluation item	Implementation status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	
			company's code of ethics. They are required to sign both a "Confidentiality and Intellectual Property Agreement" and an "Integrity Commitment Statement" to uphold a culture of integrity and ethical conduct.
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers? (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		<p>No material difference</p> <p>(1) The company has established a reporting channel to address violations of the integrity policy. Members who violate the policy are subject to the disciplinary measures outlined in our company's reward and punishment regulations.</p> <p>(2) The company has defined procedures for opinions, communication, and feedback, and relevant supervisors have the responsibility to maintain the confidentiality of the parties involved.</p> <p>(3) The company's work regulations and rules of ethics management measures have established corresponding disciplinary provisions for various types of violations. We also encourage colleagues to report any violations of laws, regulations, or ethical requirements directly to the responsible department and provide relevant evidence. Whistleblowers and reporters are protected from threats or undue pressure.</p>
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		No material difference
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation:			

Evaluation item	Implementation status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
The Company's ethical corporate management best practice principles and related bylaws will be established in accordance with the law.			
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): Our company has established specific regulations for integrity management, including the "Integrity Operation Policy" and the "Code of Ethics Management Measures".			

Note: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.

(8) The corporate governance best-practice principles or related bylaws adopted by the Company:

The company has established Corporate Governance Best Practice Principles and approved by BOD. It has been disclosed on the company's website.

(9) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance:

1. The Company disclosed the information in both English and Chinese in the Corporate Governance section of the Company's website starting from this year.
2. The Company posted material information in both English and Chinese on the Market Observation Post System starting from this year.

(11) Implementation of the internal control system:

1. Statement of the Internal Control System:

SHIEH YIH MACHINERY INDUSTRY CO., LTD.

Statement of the Internal Control System

Date: March 11, 2024

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2023:

- I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The judgment items of the internal control system adopted in the "Regulations" are the process of management control, and the internal control system is divided into the following five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision operation. There are several items in each key components. Please refer to the Regulations for the preceding items.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Company's Board of Directors on March 11, 2024. Of the 7 directors present, 0 had objections, and the rest all agreed with the content of this statement and declare here.

SHIEH YIH MACHINERY INDUSTRY CO., LTD.

Chairman: Ya-Hui Kuo

President: Ting-Chun Kuo

2. CPA audit report on reviewing of the internal control system: None.

(11) During the most recent year and up to the date of printing of the annual report, the punishment of the company and its insiders in accordance with the law, the company's punishment on its insiders for violating the provisions of the internal control system, and the major deficiencies and improvement: None.

(12) Important resolutions of shareholders' meetings and board meetings in the most recent year and as of the date of printing of the annual report:

Shareholders' Meeting or Board of Directors(BOD)	Date	Important resolutions
BOD	2023.05.10	(1)Approval of Consolidated Financial Report for the Q1,2023. (2)Approval of Endorsement guarantee for subsidiary company. (3)Approval of establishing the "Pre-Approval Review Procedures for Non-Assurance Services Provided by CPAs." (4)Approval of the Chairman of the company adjust from the CEO position.
Shareholders' Meeting	2023.06.27	(1)Approval of the company's 2022 Business Report and Financial Statement for ratification. (2)Approval of the 2022 Earnings Distribution for ratification. Implementation Status: Approved Ex-dividend date: August 8, 2023 Payment date: August 28, 2023 (The dividend amount per share is set at NT\$0.32.) (3)Approval of the amendment of the "Articles of Incorporation". Implementation Status: The Articles of Incorporation have been approved and registered with the Ministry of Economic Affairs on July 18, 2023.
BOD	2023.08.09	(1)Approval of Consolidated Financial Report for the Q2,2023. (2)Approval of establishing the "Procedures for Financial and Business Operations among Related Parties." (3)Approval of the Amendment of the "Internal Control System"for the Company.
BOD	2023.11.09	(1)Approval of Consolidated Financial Report for the Q3,2023. (2)Approval of the Audit Plan for the Year 2024. (3)Approval of the Amendment of the "Insider Trading Prevention Management Procedures." (4)Approval of endorsement guarantee for subsidiary company.
BOD	2024.01.26	(1)Approval of Managers' Year-end Bonus 2023 and Employee Cash Compensation Distribution for Year 2022 (2)2024 Business Plan for the Company ° (3)Approval of Endorsement guarantee for subsidiary company.
BOD	2024.03.11	(1)Approval of the method and amount of employee remuneration and director remuneration for the year 2023. (2)Approval of of the allocation of individual director remuneration for the year 2023. (3)Approval of the financial statements, business reports, and earnings distribution for the year 2023. (4)Approval of the cash dividend distribution for the year 2023. (5)Approval of rotation the signing CPA for the year 2023. (6)Approval of evaluation of the independence and suitability of the CPAs for the year 2024. (7)Approval of Endorsement guarantee for subsidiary company. (8)Earnings distribution strategy for subsidiary company SEYI-China. (9)Acceptance of proposals for shareholder meeting agenda items and the venues for acceptance during the proposal period. (10)The proposal of the amendment of the "Articles of Incorporation". (11)Setting the agenda items for the shareholders' meeting for the year 2024. (12)Approval of the effectiveness assessment of the "Internal Control System" and the "Internal Control System Statement" for the year 2023.

Shareholders' Meeting or Board of Directors(BOD)	Date	Important resolutions
BOD	2024.04.10	(1)Supplementary Election of One Director. (2)Approval of the List of Director Candidates. (3)The proposal for for revoking the restriction on diligence. (4)Acceptance of Shareholder-Nominated Director Candidates, Nomination Period, Number of Vacancies, and Acceptance Venues. (5)Amendment for Convening the Shareholders' Meeting for the Year 2024.

- (13) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.
- (14) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: None.

**IV. Information on the professional fees of the attesting CPAs:**

Unit: NT\$ Thousands

Name of accounting firm	Names of CPAs		Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche	Wan-I Liao	Bo-Ren Weng	2023.01.01~2023.12.31	2,750	210	2,960	None

Note: If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column.

- (1) If the amount of non-audit fees paid to the CPA, the accounting firm and its affiliates is more than one-fourth of the audit fees, disclose sequentially the audit and non-audit fees paid. For non-audit fees, additionally specify the content of the services: None.

The non-audit fees are mainly \$210 thousand for tax audit.

- (2) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

- (3) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

**V. Information on replacement of certified public accountant: None.****VI. Whether the chairman, president, or manager in charge of financial or accounting affairs of the company has worked in the firm of the CPAs or its affiliated enterprises in the past year: None.**

**VII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a board of director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.**

**(I) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders**

Job Title	Name	2023		As of April 15, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Increase/decrease in the number of shares held	Pledged shareholding increase (or decrease)
Chairman	Ya-Hui Kuo	0	0	0	0
Director	Yu Cheng Investment Co., Ltd.	0	0	0	0
Representative of the corporate director	Chin-Jen Fu	0	0	0	0
Director	Cheng Lin Investment Co., Ltd.	0	0	0	0
Representative of the corporate director	Chin-Ti Kan	0	0	0	0
Director	Keng-Yi Cheng	0	0	0	0
Independent Director	Yuan-Lih Tseng	0	0	0	0
Independent Director	Hai-Ching Wong	0	0	0	0
Independent Director	Shu-Chuan Chen	0	0	0	0
President	Ting-Chun Kuo	0	0	0	0
Executive Vice President	Liu, Kuo-Wang	0	0	0	0
Vice President	Tsui-Hua Wu	(130,000)	0	0	0
Vice President	Cheng-Wei Li	0	0	0	0
Vice President	Hung-Chieh Huang	0	0	0	0

Note 1: Any shareholder holding more than 10 percent of the Company's total share capital shall be noted as a major shareholder, and such shareholders shall be listed individually.

Note 2: If the counterparty of a transfer of shareholding or a pledge of shareholding is a related party, additionally complete the table below.

**(II) Information on Transfers of Shareholding:**

Name (Note 1)	Reason for transfer (Note 2)	Date of transaction	Counterparty	Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and major shareholders	No. of shares	Transaction price
None						

Note 1: Fill in the names of the directors, supervisors, and managerial officers, and the shareholders with greater than 10 percent shareholding.

Note 2: Specify whether the shares are acquired or disposed of.

**(III) Information on Pledges of Shareholding: None.**



**VIII. Relationship information, if among the company's 10 largest shareholders any one is a related party under SFAS No. 6:**

Relationships Among the Top 10 Shareholders are Related Parties

April 15, 2024

Name	Shareholding		Shareholdings of spouse and minors		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree of kinship		Re-marks
	Number of shares	Share-holding ratio	Number of shares	Share-holding ratio	Number of shares	Share-holding ratio	Name of entity (or individual)	Relationship	
Yu Cheng Investment Co., Ltd.	13,000,000	8.21%	0	0.00%	0	0.00%	None	None	None
Yu Cheng Investment Co., Ltd. Representative: Hsiu-E Chen	454,082	0.20%	0	0.00%	0	0.00%	Ya-Hui Kuo Li-Hui Kuo Ying-Hui Kuo Ting-Chun Kuo	Mother and Daughter Mother and Daughter Mother and Daughter Mother and Son	None
Far Union Investment Limited	7,883,547	5.11%	0	0.00%	0	0.00%	None	None	None
Far Union Investment Limited Representative: Pi-E Hu	701,721	0.44%	0	0.00%	0	0.00%	None	None	None
Ying-Hui Kuo	6,144,596	3.88%	0	0.00%	0	0.00%	Hsiu-E Chen Ya-Hui Kuo Li-Hui Kuo Ting-Chun Kuo	Mother and Daughter Sisters Sisters Sister and Brother	None
Ya-Hui Kuo	4,300,138	2.71%	0	0.00%	0	0.00%	Hsiu-E Chen Li-Hui Kuo Ying-Hui Kuo Ting-Chun Kuo	Mother and Daughter Sisters Sisters Sister and Brother	None
Ting-Chun, Kuo	4,300,126	2.71%	0	0.00%	0	0.00%	Hsiu-E Chen Ya-Hui Kuo Ying-Hui Kuo Li-Hui Kuo	Mother and Son Sister and Brother Sister and Brother Sister and Brother	None
Yi-Shin Huang	2,890,000	1.82%	0	0.00%	0	0.00%	None	None	None
Cyuan-Jhih Kao	1,730,493	1.09%	0	0.00%	0	0.00%	Pi-E Hu	Spouse	None
Li-Hui Kuo	1,313,115	0.83%	0	0.00%	0	0.00%	Hsiu-E Chen Ya-Hui Kuo Ying-Hui Kuo Ting-Chun Kuo	Mother and Daughter Sisters Sisters Sister and Brother	None
Ming-Sin Chang	1,199,000	0.76%	0	0.00%	0	0.00%	None	None	None
Ruei-long Wong	1,130,000	0.71%	0	0.00%	0	0.00%	None	None	None

**IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, or any companies controlled either directly or indirectly by the company.**

Total Ownership of Shares in Investee Enterprises

Unit: Shares; %

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Number of shares	Shareholding ratio %	Number of shares	Shareholding ratio %	Number of shares	Shareholding ratio %
SEYI-AMERICA, INC.	3,000,000	100.00	0	0	3,000,000	100.00
SEYI INTERNATIONAL (SAMOA) INC.	2,252,750	100.00	0	0	2,252,750	100.00
SEYI PRESSES EUROPE GmbH	250,000	100.00	0	0	250,000	100.00
LINK TARGET INVESTMENT LIMITED	25,000,000	100.00	0	0	25,000,000	100.00
SEYI TECHNOLOGY (SAMOA) INC.	2,000,000	100.00	0	0	2,000,000	100.00
SEYI (THAILAND) CO., LTD.	75,000	100.00	0	0	75,000	100.00
XIE YI TECH MACHINERY (CHINA) CO., LTD	Note 1	100.00	Note 1	0	Note 1	100.00

Note 1: There is no share issuance because it is a limited company; the Company adopts the investment accounted for using the equity method.

Note 2: The information on the number of shares held by the investee company is for the year ended March 31, 2024.

# Chapter Four. Fund Raising Status

## I. Capital and shares

(I) Types of shares issued by the company and source of capital stock during the preceding fiscal years and in the current fiscal year up to the date of the publication of the report:

### 1. Source of capital stock:

Unit: shares; NT\$

Month/year	Issued price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital paid in by assets other than cash	Other
August 2014	10	202,800,000	2,028,000,000	158,481,110	1,584,811,100	Cash capital increase 150,000,000	None	Note 1
August 2014	10	202,800,000	2,028,000,000	160,481,110	1,604,811,100	Restricted stock 20,000,000	None	Note 2
January 2015	10	202,800,000	2,028,000,000	160,434,110	1,604,341,100	Cancellation of treasury stocks 470,000	None	Note 3
April 2017	10	202,800,000	2,028,000,000	160,254,110	1,602,541,100	Cancellation of restricted stock 1,800,000	None	Note 4
May 2017	10	202,800,000	2,028,000,000	158,434,110	1,584,341,100	Cancellation of restricted stock 18,200,000	None	Note 5
July 2019	10	300,000,000	3,000,000,000	158,434,110	1,584,341,100	-	-	Note 6

Note:

- 1: Approved by the Ministry of Economic Affairs on 2014.08.18 (103) with letter Jin Shou Shang Zi No. 10301169590.
- 2: Approved by the Ministry of Economic Affairs on 2014.08.29 (103) with letter Jin Shou Shang Zi No. 10301178220.
- 3: Approved by the Ministry of Economic Affairs on 2015.01.22 (104) with letter Jin Shou Shang Zi No. 10401009310.
- 4: Approved by the Ministry of Economic Affairs on 2017.04.12 (106) with letter Jin Shou Shang Zi No. 10601041470.
- 5: Approved by the Ministry of Economic Affairs on 2017.05.31 (106) with letter Jin Shou Shang Zi No. 10601067950.
- 6: Approved by the Ministry of Economic Affairs on 2019.07.26 (108) with letter Jin Shou Shang Zi No. 10801083490.

### 2. Type of shares issued:

Unit: Shares

Type	Shares	Authorized capital			Remarks
		Outstanding shares (OTC)	Unissued shares	Total	
Nominal ordinary shares		158,434,110	141,565,890	300,000,000	OTC listed shares

### 3. Information Relating to the Shelf Registration System: None.

(II) Shareholder structure:

April 15, 2024

Shareholder	Government Agencies	Financial Institutions	Other legal Entities	Foreign Institutions and Foreign Individuals	Individuals	Total
Quantity						
Number of shareholders	0	0	259	44	38,280	38,583
Number of shares held	0	0	23,831,158	2,907,024	131,695,928	158,434,110
Shareholding ratio	0.00%	0.00%	15.04%	1.84%	83.12%	100.00%

Note 1: The Company does not have any Mainland Chinese investors.

(III) Distribution of Shareholding:

1. Distribution of shareholding in common stock:

April 15, 2024

Range of No. of shares held	No. of Shareholders	No. of shares held	Shareholding Ratio (%)
1 to 999	22,804	509,100	0.32%
1,000 to 5,000	12,616	25,052,065	15.81%
5,000 to 10,000	1,641	13,788,808	8.70%
10,001 to 15,000	426	5,517,905	3.48%
15,001 to 20,000	386	7,291,813	4.60%
20,001 to 30,000	237	6,214,758	3.92%
30,001 to 40,000	109	3,968,033	2.51%
40,001 to 50,000	85	4,031,997	2.55%
50,001 to 100,000	133	9,574,275	6.04%
100,001 to 200,000	78	11,042,949	6.97%
200,001 to 400,000	25	7,145,000	4.51%
400,001 to 600,000	19	9,102,872	5.75%
600,001 to 800,000	8	5,663,399	3.58%
800,001 to 1,000,000	4	3,513,120	2.22%
1,000,001 (incl.) and above	12	46,018,016	29.04%
Total	38,583	158,434,110	100.00%

Note 1: Common stock; Par value per share NT\$10

Note 2: The total number of issued shares of the Company was 158,434,110 shares.

2. Distribution of shareholding in preferred shares:None

(IV) Information on shareholders with a stake of 5 percent or greater, or the shareholders who rank in the top 10 in shareholding percentage

April 15, 2024

Shares Names of major shareholders	No. of shares held	Shareholding Ratio (%)
Yu Cheng Investment Co., Ltd.	13,000,000	8.21%
Far Union Investment Ltd	7,883,547	4.98%
Ying-Hui Kuo	6,144,596	3.88%
Ya-Hui Kuo	4,300,138	2.71%
Ting-Chun Kuo	4,300,126	2.71%
Yi-Shin Huang	2,890,000	1.82%
Cyuan-Jhih Kao	1,730,493	1.09%
Li-Hui Kuo	1,313,115	0.83%
Ming-Sin Chang	1,199,000	0.76%
Ruei-long Wong	1,130,000	0.71%

Note 1: The total number of issued shares of the Company was 158,434,110 shares.

(V) Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information.

Information on market price per share, the company's net worth per share, earnings per share, dividends per share

Unit: NT\$; shares

Unit: INR, shares

Item \ Year			2022	2023	As of March 31, 2024
Market price per share	Highest		12.65	39.50	28.80
	Lowest		10.00	10.40	23.45
	Average		11.10	20.85	26.45
Net worth per share	Before distribution		15.31	16.29	16.04
	After distribution		14.99	15.13	-
Earnings per share	Weighted average shares (in thousands)		158,434	158,434	158,434
	Earnings per share		0.18	1.34	0.77
Dividends per share	Cash dividends		0.32	1.16479823	-
	Stock dividends	Dividends from retained earnings	0	0	-
		Dividends from capital reserve	0	0	-
	Accumulated undistributed dividends		0	0	-
Return on investment analysis	Price/earnings ratio (Note 1)		61.67	15.56	-
	Price/dividend ratio (Note 2)		34.69	17.90	-
	Cash dividend yield (Note 3)		2.88%	5.59%	-

\* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 2: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 3: Cash dividend yield = cash dividend per share / average closing price per share for the year.

(VI) Company's dividend policy and implementation thereof. If a material change in dividend policy is expected, provide an explanation:

1. Dividend policy adopted in the company's Articles of Incorporation:

When the Company's annual final accounts show a surplus, the Company shall first pay taxes and make up for accumulated deficits, and then set aside 10% of the legal reserve, except when the legal reserve has reached the Company's total paid-in capital. Also, if special reserve is set aside or reversed as required by law or

by the competent authority, the undistributed earnings from previous years may be added to the distributable earnings. The board of directors shall prepare a proposal to distribute the earnings, and if the proposal is made by issuing new shares, the proposal shall be submitted to the shareholders' meeting for resolution.

The Company may authorize the distributable dividends and bonuses or the statutory surplus reserves and capital reserves stipulated in Article 241 of the Company Act, in whole or in part, to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting in accordance with Article 240 of the Company Act.

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.

2. The proposal of dividend distributions for the most recent year:

The proposed distribution of earnings and cash dividends from capital reserve for 2023 has been approved by the board of directors on March 11, 2024. The proposed distribution consists of cash dividends of NT\$1.16479823 per share, or a total of NT\$184,543,770.

3. If there is a significant change in the dividend policy, it should be stated: None.

(VII) The effect of the proposed stock dividends by the shareholders' meeting on the Company's business results and earnings per share: None.

(VIII) Compensation of employees, directors, and supervisors:

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's articles of incorporation:

After subtracting the employee, and director, remunerations from the current year's pre-tax benefits, the Company shall set aside at least 2% 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 make-up amount should be reserved in advance. The employees to receive stock and cash bonus may include employees serving in affiliates who meet specific requirements. .

2. The basis for estimating the amount of compensation to employees, directors and supervisors, the basis for calculating the number of shares of employees' compensation distributed by stock, and the accounting treatment if the actual amount of distribution differs from the estimated amount.

There was no difference in the amount estimated for the period and there was no employee compensation distributed in stock.

3. Distribution of remuneration approved by the board of directors:
- (1) The amount of compensation to employee, director and supervisor distributed in cash or shares: If the estimated annual expense is different from the recognized expense, the amount, reason and treatment of the difference should be disclosed:  
The compensation to employee, director and supervisor is not provided due to the net loss before tax for the year occurred.
  - (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: Not applicable.
4. If there is any difference between the actual distribution (including the number of shares distributed, the amount and the price of shares) and the recognition of compensation to employees, directors and supervisors in the previous year, the amount, the reason and the handling of the difference should be stated as follows:  
No difference.

(IX) Status of a company repurchasing its own shares: None.

**II. Issuance of corporate bonds (including foreign corporate bonds):** None.

**III. Issuance of preferred shares:** None.

**IV. Issuance of global depository receipts:** None.

**V. Issuance of employee share subscription warrants:** None.

**VI. Issuance of new restricted employee shares:** None.

**VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies:** None.

**VIII. Implementation of the company's capital allocation plans:** None.

## Chapter Five. Overview of Business Operations

### I. A description of the business:

#### (I) Scope of business:

##### 1. Major lines of business:

(1)CB01010 Mechanical Equipment Manufacturing

(2)CB01990 Other Machinery Manufacturing

(3)I301010 Software Design Services

(4)I599990 Other Designing

(5)ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. The relative weight of main current products:

Main product	Important applications and functions	2023 Consolidated Net revenue (in thousands)	2023 Weight in sales (%)
Stamping press	It can be used in single or continuous die precision stamping of metal materials such as forming, shearing, bending and stamping. Its applications include automotive stamping parts, sheet metal parts, skeleton. It is also used for stamping components such as computer cases for information equipment, computer hard drives, CD-ROMs, optical readheads, DVD products, communication products, consumer electronic products such as home appliances, stationery products, air conditioner cases, and motors.	3,343,052	95.58%
Others	Income from maintenance, sale of spare parts, and design services	154,619	4.42%
Total		3,497,671	100.00%

##### 3. Company's current products

Shieh Yih Machinery offers a complete product line of presses ranging from 60 tons to 2500 tons, catering to various metal stamping processes and different sizes of stamped components. Its main customers are in the metal parts manufacturing industries, including automotive, consumer electronics, household appliances, building materials, hardware, agricultural machinery, aerospace, and medical devices. It is currently one of the top five servo press manufacturers globally and among the top 20 leading companies in the machine tool equipment industry.

The year 2050 has become a primary policy for governments worldwide to achieve carbon neutrality. This has driven industries to actively address the issue of transitioning to net-zero and formulate relevant strategies. Shieh Yih Machinery actively embraces this trend and incorporates the design concept of "green products," focusing on high efficiency, digitization, and energy-saving servo products that align with the carbon neutrality goal. Therefore, the "completeness of servo products" has become a key development project. It extends downwards to smaller tonnage C-frame servo presses in



the general-purpose category, while also introducing dedicated servo presses for thick plate stamping. Future plans include the development of high-tonnage servo modules to enhance the overall forming quality of stamping products.

Furthermore, Shieh Yih Machinery continues to build upon its efforts in smart stamping solutions from the past few years, continuously optimizing existing solutions to make them more user-friendly, meet customer requirements in terms of functionality and pricing, and assist more customers in implementing the foundation of smart manufacturing.

#### 4. New product planned for development

Type	Function
High-tonnage servo die	Servo digital control, position and load can be customized to improve forming performance
Servo link electronic control system	Integrated with servo press and automatic peripheral equipment to maximize the servo product characteristics and to improve the equipment's production efficiency.
Heavy Stamping Servo Press	The servo system is used to optimize the forming process for thick metal plates. It is applied to the stamping process for thick metal plate products.
High-torque clutch	The clutch is the core device for the press. We can control the schedule with our own production in order to meet the customer's demand for short lead time and reduce the reliance on imported parts for long lead time.
Smart Mechanical Systems	In response to the Industry 4.0 and Smart Production trends, we have developed a dedicated forming production line management system for the press.

## (II) An overview of the industry:

### 1. Current status and development of the industry:

According to the Industrial Technology Research Institute, Taiwan's machinery production value is estimated to increase by approximately 4.9% in 2024, with the machine tool production value expected to grow by 2%. Despite a decline in the machinery industry's production value for the entire year of 2023 compared to the previous year, a global manufacturing industry recovery is anticipated in 2024. Industrial trends include preparations for the low-carbon era, lean and digital production management, and the integration of environmental technology into business models. Smart manufacturing and green products are expected to become the core of the future machine tool industry, enhancing production efficiency and quality while implementing environmentally friendly processes and energy-saving measures. Emerging markets and the dual axes of smart/green initiatives will drive industry upgrades, while governments focus on promoting green and digital transformations to foster sustainable development in manufacturing.

The Taiwan Machinery Industry Association indicates that although the global economy was sluggish in 2023, economic recovery is expected after the end of conflicts, leading to increased business investment intentions. Overall economic conditions are expected to gradually improve after the second quarter of 2024, with strong demand for machinery equipment, particularly in industries such as electric vehicles and other new energy sectors. It is predicted that unless conflicts erupt in the Middle East, demand for machinery equipment will rise after inventory depletion. Additionally, companies may relocate

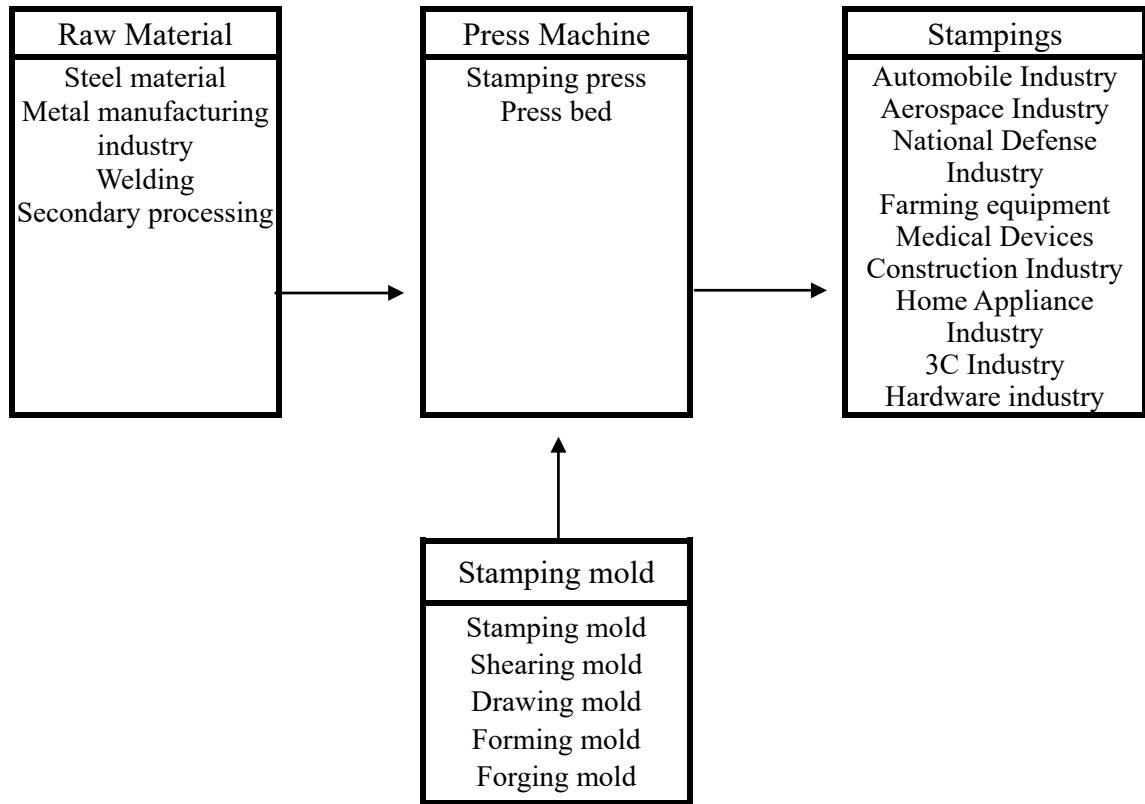
production bases to regions such as India in South Asia, Mexico in North America, or Eastern Europe following the U.S.-China trade war, stimulating new demand. The Taiwan Association of Machinery and Components Industries states that signs of an economic trough are emerging, with supply chain inventories returning to normal and external trade expected to stabilize, leading to a slight growth in machine tool exports.

Looking ahead to 2024, based on reports from various research institutions, the gradual improvement in global manufacturing industry chain inventories is expected to return to normal levels this year. Enhanced investor confidence, coupled with continued investment in energy-saving equipment, is anticipated to lead to a recovery in private sector investment, potentially improving the order situation for the machine tool industry quarter by quarter. However, ongoing geopolitical tensions, regional military conflicts, economic divergence, a weakening real estate market in mainland China, and fluctuations in commodity prices pose certain risks to the global economy.

Furthermore, the European Union will impose carbon tariffs starting in 2023, and carbon neutrality has become a global focus. Countries like the United States, Japan, and South Korea have also developed carbon reduction schedules. Taiwan aims for net-zero carbon emissions by 2050. Despite the considerable challenge, industries must take steps to reduce energy consumption and carbon emissions, automate production, and seize significant business opportunities. Smart machinery and smart manufacturing are seen as solutions for carbon neutrality.

While continuing to improve product technology, SEYI Machinery also endeavors to advance toward the goal of "ESG Sustainable Development." In terms of "Environmental Sustainability (E)," environmental protection and zero-carbon transformation are inevitable directions for business development. The company's servo press series is designed with energy-saving and carbon reduction principles in mind, making SEYI the first manufacturer in Taiwan to receive certification from Germany's TÜV Rheinland. In the aspect of "Social Sustainability (S)," the company is committed to promoting industry-academia cooperation to cultivate more talent in the metal forming field. In terms of "Corporate Sustainability (G)," corporate governance focuses on reshaping organizational culture, promoting digital transformation, and incorporating value engineering concepts. Externally, SEYI strengthens cooperation with various government, academic, research, and supplier units to foster a win-win situation for the entire industry chain, and has initiated carbon inventory projects on both internal and external aspects of products and factory processes, laying the foundation for a transition to net-zero.

2. Links between the upstream, midstream, and downstream segments of the industry supply chain:



### 3. Development trends and competition for the company's products:

#### (1) Development trend for stamping press industry

Over 130 countries have pledged to achieve "net-zero emissions" by 2050, actively addressing extreme climate and environmental issues to reduce greenhouse gas emissions. Zero-carbon initiatives bring new business opportunities, with the machinery industry advocating the concept of "green machine tools" and emphasizing innovation in next-generation mechanical products. Enterprises are not only integrating environmental concepts into product design but also adjusting manufacturing processes towards green manufacturing. For example, even electrical components in power designs need to be adjusted. When SEYI Servo Press was introduced over ten years ago, it incorporated energy-saving and environmentally friendly concepts into product design. SEYI independently developed servo motors for press machines, which are the most energy-efficient, with maximum energy conversion efficiency and recyclable electricity. This significantly reduces electricity costs for customers, making it a crucial tool for addressing energy-saving and carbon reduction trends.

The stamping industry faces four major challenges: the growth of electric vehicles and lightweight vehicles from the automotive market, posing significant challenges to stamping companies; energy conservation, environmental protection, and smart manufacturing are related to global net-zero carbon emissions and sustainable development trends. With the maturation of electric vehicle technology and AI applications, stamping companies face fierce competition and focus on cost optimization. Lightweighting of vehicle bodies and components is the main direction of new energy vehicles, aligning with energy-saving and environmental protection trends and promoting the development and technological advancement of the electric vehicle industry.

Under the goal of lightweighting electric vehicles, body and power systems have become the main application areas for stamping companies. Although lightweight materials are difficult to form, the precise control of servo presses gives them a clear advantage in shaping difficult materials, especially in hot forming applications. Servo presses can maintain pressure for a long time, ensuring high-tensile steel sheets achieve high formability. Therefore, stamping companies need to address important issues such as precision and productivity under the lightweighting trend, with servo presses becoming an effective tool to tackle this challenge.

Building on smart machinery, SEYI develops smart stamping solutions to help customers achieve intelligent management based on their needs, detecting production and equipment status. Another foundation for metal stamping companies transitioning to smart manufacturing is the introduction of automation and digitization to production lines. SEYI can provide customers with integrated stamping peripheral equipment, including feeding systems, conveying devices, or robots, while also collecting key data from these peripheral devices for comprehensive line status management. SEYI must continue to closely monitor issues such as big data, digital twins, and AI artificial intelligence, which will also be key areas of focus in assisting customer development..

## (2) Analysis of competition in the stamping press industry

Observing recent developments among other press manufacturers closely tied to market applications, SEYI positions itself as a provider of universal mechanical presses in the press market. In recent years, servo presses developed by SEYI are also mechanical power systems. In the global market, major competitors mainly come from Japan, the United States, and Germany, with local manufacturers dominating the competition in the Chinese market. Fierce competition has also emerged from Indian manufacturers in emerging markets in recent years. Competitors from Japan, the United States, and Germany emphasize press line integration, providing services for automated press lines and integrating peripheral equipment. With the growing maturity of smart manufacturing applications, suppliers are no longer just equipment manufacturers but need to upgrade to system integrators of hardware and software. In recent years, SEYI has made efforts to increase the sources of system integration cases, expand its electrical control development capabilities, and deepen relationships with key customers while enhancing after-sales service support to increase repeat orders.

Servo presses remain one of the key products promoted by major players, with efforts even made to reduce reliance on commercially available servo motors through technical collaboration with motor manufacturers. SEYI 's independently developed servo power control unit constitutes a complete energy-saving and excellent solution, creating servo presses that better suit stamping applications. It emphasizes the flexibility of electronic control systems and convenience in smart production.

From the perspective of market applications, the primary application of metal stamping is in the automotive industry. In the process of electrification, body panels, battery casings, and electric motors are key products that stamping companies actively engage with. Therefore, various manufacturers have launched dedicated stamping equipment to meet the needs of this application.

Given the close relationship between the market and the development of electric vehicles, Japanese and American press manufacturers focus on high-speed presses for medium and small tonnages. The application of battery casings has also reached a mature stage of development. Due to the large demand and crucial importance of production costs, most press manufacturers can provide mechanical presses tailored to customer needs for mass production. Similarly, with automotive body panels transitioning to lightweighting in electric vehicles, servo presses, due to their controllable punch, offer multiple motion curves for customers to control based on mold and material conditions, thus outperforming traditional presses in stamping lightweight materials such as high-tensile steel sheets and aluminum alloys.

Currently, major press manufacturers spare no effort in promoting servo presses, making them the mainstream development of the press industry. Servo presses have always been a product highly valued by SEYI, which continuously invests significant resources and manpower to improve and maintain its market-leading position, continuously improving servo products and developing new products to meet diverse market demands. Furthermore, in response to market trends, the shift of stamping plants towards becoming system integrators also prompts SEYI to accelerate its corporate transformation towards the goals of "servo presses," "automation," and "smart manufacturing." Although the competition is becoming increasingly fierce, SEYI 's advantages lie in its valuable accumulated R&D and manufacturing experience over the past 60 years and its globally leading servo motors dedicated to presses. Currently, the focus is on key applications and strengthening the design capabilities of existing models to quickly deliver new specifications required by the market, thereby increasing product profitability and value. Additionally, efforts will continue towards changes in business models, leveraging external resources including peripheral equipment suppliers, mold partners, academic research units, etc., to seek package solutions for key prospective customers and jointly develop stamping solutions required for smart manufacturing with customers.

(III) An overview of the company's technologies and its research and development work:

1. Research and development expenditures during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Unit: NT\$ thousand

Item \ Year	2023	As of March 31, 2024
R&D expense	163,113	26,939

2. Successfully developed technology or product

Year	R&D results
2019	<ol style="list-style-type: none"> <li>1. Completed the development of SDEL4 multi-link stress analysis and linkage curve simulation program.</li> <li>2. Completed SDG2 and SDE2 modularization and parameterization integration design to shorten the lead time requirement of special products.</li> <li>3. Completed HW100 high-torque clutch performance test to meet short lead-time order requirements</li> <li>4. Completed the rigidity and vibration mode analysis design standards for main components like frame, and punch.</li> <li>5. Obtained a new patent for "Press that can press the die after passing the lower dead center position".</li> <li>6. Modularized electronic control system to enhance the stability of the machine function</li> <li>7. Develop smart machine and sensor system to lay the foundation for Industry 4.0</li> </ol>
2020	<ol style="list-style-type: none"> <li>1. Completed the development of SDF1-100 compact high rigidity servo press.</li> <li>2. Completed the design of SDM1-500 high precision heavy load servo press.</li> <li>3. Completed the design of pneumatic die for 80-ton transfer press.</li> <li>4. Completed development of high pressure oil chamber module for straight side press.</li> <li>5. Obtained new type patent: Crane system with emergency power-off device</li> <li>6. Obtained a new patent for "Press that can press the die after passing the lower dead center position".</li> </ol>
2021	<ol style="list-style-type: none"> <li>1. Completed the test run and inspection of SDM1-500 high precision heavy load servo press.</li> <li>2. Complete PC06/PC10/PC15/PC30 die design optimization</li> </ol>
2022	<ol style="list-style-type: none"> <li>1. Completed the development of the SDE4-1600 large eccentric gear servo press.</li> <li>2. Completed the development of the SE4-1000(B) blanking press.</li> <li>3. Completed the design of the SE2-1200(T) multi-station transfer press.</li> <li>4. Completed the design of the HW200 high-torque clutch.</li> <li>5. Development of Full-Tonnage Full-Stroke Protection Function for Servos press</li> </ol>
2023	<ol style="list-style-type: none"> <li>1. Completion of the development of the SDN1-110 C type servo press.</li> <li>2. Completion of the design of the SNS2-600-LT split-frame.</li> <li>3. Completion of the design of the SAG2-400 vertical-axis high-rigidity.</li> <li>4. Completion of the design study for the Scottish yoke SDN1-110.</li> </ol>

(IV) The company's long- and short-term business development plans:

1. Short-term business development plans:

- (1) Develop a complete product line of high-efficiency, digitized, and energy-saving servo presses to expand servo application while assisting clients in achieving their net-zero transition goals.
- (2) Optimize existing product specifications based on industry insights and customer requirements to meet market demands and increase market share.
- (3) Monitor order demand forecasts and changes in real-time, preemptively stock critical components, and reduce supply chain disruption variables.
- (4) Promote intelligent stamping function combinations to meet the needs of various customer segments.
- (5) Strengthen relationship management with key clients, foster positive interactions and trust to enhance customer retention rates.

2. Long-term business development plans:

- (1) Continuously strive to become an integrated solution provider for stamping, securing more high-value integrated line solution projects.
- (2) Explore diverse applications in metal stamping markets, evaluate product improvements, and develop new product plans to align with industry trends and leverage competitive advantages.
- (3) Harness research and development resources from domestic and international industry-academia collaborations to stay abreast of the latest material applications and key stamping technology trends.
- (4) Establish long-term, mutually beneficial relationships and trust between agents and manufacturers, collaboratively setting goals and plans, and ensuring comprehensive global pre-to-post-sales service.

## II. An analysis of the market as well as the production and marketing situation:

(I) Market analysis:

1. Geographic areas where the main products sold

Unit: NT\$ thousand; %

Year Type of Sales	2021		2022		2023	
	Net sales	Ratio (%)	Net sales	Ratio (%)	Net sales	Ratio (%)
China	2,069,599	54.52%	1,566,630	44.15%	1,310,444	37.47%
Taiwan	877,416	23.12%	303,038	8.54%	117,209	3.35%
America	614,191	16.18%	985,259	27.76%	1,207,323	34.52%
Europe	188,359	4.96%	124,971	3.52%	172,450	4.93%
Other areas	46,186	1.22%	568,680	16.03%	690,245	19.73%
Operating revenue, net	3,795,751	100.00%	3,548,578	100.00%	3,497,671	100.00%

## 2. Market share:

In recent years, SEYI has focused on cultivating and promoting servo presses, utilizing independently developed dedicated servo motors to differentiate from the market. Through active efforts to expand its servo product line, SEYI has maintained a position among the top five global competitors out of over 100 companies. In 2023, the company's annual revenue decreased by 1.29% compared to 2022, primarily due to the lingering effects of the global economic slowdown and ongoing geopolitical tensions stemming from the Russo-Ukrainian War.

Especially in today's manufacturing landscape, where energy conservation and environmental protection are paramount concerns, the low power consumption of servo presses has become a preferred option for customers. Additionally, the rapid advancement of new materials in Europe, the United States, and Japan has positioned servo presses as complementary equipment for material experiments, thanks to their controllable ram and flexible forming curves based on mold/material/process conditions. Anticipated demand for related services is expected to increase significantly.

Looking ahead to 2024, SEYI will continue to deepen its three main business pillars: complete servo press solutions, integrated automation peripherals, and smart stamping manufacturing systems. On one hand, the company will focus more on product optimization and upgrades, demonstrating its commitment to proactive and high-quality transformation in various areas. On the other hand, it will accelerate the execution of plans for integrated automation peripherals and smart stamping manufacturing systems to meet future market competition. SEYI aims to become a manufacturing service-oriented enterprise that can assist customers in optimization and upgrades, aspiring to be a provider of manufacturing management solutions with production capabilities. Internally, the company will initiate digital transformation in operations and production, while externally leveraging integrated digital tools to enhance customer satisfaction and gradually adjust its organizational structure to adapt to the ever-changing external business environment. In terms of product development, it will deploy a product roadmap to quickly identify models that meet different market needs, allocating resources precisely to products with market value while accumulating orders from international customers in various regions to mitigate operational risks and overcome external challenges.

## 3. Demand and supply conditions for the market in the future, and the market's growth potential

### (1) Supply and demand trends of the industry in the future

Based on the latest issue of the World Economic Outlook report and the World Bank's Global Economic Prospects report, the global economy is expected to grow by 2.9% in 2024, slightly below previous forecasts. The reports indicate that while the global economy is recovering from the COVID-19 pandemic and the Ukraine crisis, the progress is slow and uneven. Global economic growth is projected to slow from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024, below the historical average. Developed economies are expected to grow by 1.4% in 2024, with the United States and the Eurozone growing by 1.5% and 1.2%, respectively. Emerging markets and developing economies are expected to grow by 4.0%, with China projected to grow by 4.2%. Global inflation is expected to steadily decline from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024.

However, the IMF remains concerned about risks such as China's real estate crisis, commodity price volatility, geopolitical fragmentation, and a resurgence of inflation. Although the global economy is recovering, growth trends vary across regions, and the



medium-term outlook is described as "lackluster." The World Bank estimates that inflation in most countries will not return to target levels until 2025.

The World Bank report notes that global GDP growth is projected to be 2.4% in 2024, marking the third consecutive year of slowdown, influenced by multiple factors. While global GDP growth may slightly rise to 2.7% in 2025, advanced economies are expected to remain sluggish. Economic growth in North America, Europe, Central Asia, and the Asia-Pacific regions will slow, while Latin America and the Caribbean will see slight improvements, and the Middle East and Africa will experience more significant economic recovery. However, developing countries may be the hardest hit due to weak global trade and tight financial conditions. The World Bank estimates that the economic growth rate for developing countries will be only 3.9% in 2024, more than one percentage point below the average of the past decade.

The U.S. economy is projected to grow by 1.6% in 2024, the Eurozone by 0.7%, and China by 4.5%. China's slowing economic growth reflects the impact of demographic shrinkage and aging, with increased debt limiting opportunities for investment and productivity gains. Emerging and developing countries are projected to grow by 3.9% in 2024, but this pace is insufficient to lift populations out of poverty. The World Bank believes that accelerating the transition to clean energy and adapting to climate change are key to boosting economic growth.

Regarding the automotive market, car sales continued to grow in 2023, and global car sales are expected to reach 88.3 million units in 2024. The stamping industry will benefit from the smart and electric transformation of the automotive industry and contribute to the international electric vehicle supply chain.

## (2) Future development trend and growth

Since 2019, the electric vehicle (EV) industry has been booming, with sales growth exceeding 50%. However, in the fourth quarter of 2023, major manufacturers like Ford, Volkswagen, and General Motors slowed their production expansion, raising concerns within the industry. Despite adjustments due to the overall environment, sales of China's two major car manufacturers continued to grow steadily. Although Tesla's stock price fell, its sales maintained growth above 50%, indicating that consumer purchasing decisions are influenced by factors such as product quality, logistics, and ecosystem. During the diffusion process of new technological products, young people are the initial adopters, willing to try and pay a premium. As penetration increases, mainstream users focus more on price and other factors. EVs will emphasize price and functionality to attract mainstream consumers. In 2024, EV development will focus on mature technology and AI computing, with an emphasis on cost control.

At CES 2024, AI, automation, sustainability, and inclusivity were highlighted as essential elements for the future, with automotive technology receiving particular attention. Honda introduced a new series of electric vehicles, and Vietnam's VinFast showcased the VF Wild electric pickup, demonstrating its determination to enter the U.S. market. Consumer expectations for charging infrastructure, speed, and assistance systems are rising, and automakers will offer more applications in response. Additionally, cars are becoming extensions of smartphones, with mobile phone manufacturers also entering the automotive field.

In the metal stamping industry, the high rigidity of body panels and key structures remains a primary concern for consumers. Traditional car manufacturers will invest significant resources in material research and development, achieving higher production efficiency through process optimization using servo presses.

Overall, in 2024, the EV industry will be dominated by mature technologies and AI computing, continuously innovating while striving for more energy-efficient and environmentally friendly development under the goals of sustainable development.

4. Competitive niches, positive and negative factors for future development, and the company's response to such factors

(1) Positive factors for future development

A. The Net-Zero Carbon Trend Benefits the Promotion of Servo Presses

The major energy consumption in the metal processing industry occurs during the production process, with electricity being the primary energy source. SEYI's servo presses align with energy-saving and environmentally friendly design principles. The energy management system adopts a power leveling design, and the servo motors can regenerate electricity. Through capacitor devices, the recovered power is reused, significantly reducing energy consumption by at least two-thirds compared to traditional presses. This can make a substantial contribution to customers' carbon footprint calculations for end products.

B. ESG Vision Promotes Sustainable Corporate Operations and Accelerates Internal Transformation

ESG stands for Environmental Protection, Social Responsibility, and Corporate Governance. It is a new type of metric and indicator for assessing companies and represents the realization of corporate social responsibility. Developing company goals and strategies based on these three aspects aligns with the interests of all stakeholders. Internal transformation includes digital transformation, product transformation, and talent transformation. Externally, various digital platforms will be integrated, allowing customers to understand SEYI and its stamping solutions in real time via the internet. Internally, plans for upgrading operational and production systems are underway, and organizational restructuring is being implemented to maximize employee value.

C. Over 60 Years of Experience in Press Design and Manufacturing, with Products Certified in Multiple Countries

SEYI is a leading manufacturer in the global stamping equipment industry and the leading press brand in Taiwan. It has long-standing customer relationships in the automotive, consumer electronics, home appliance, and hardware industries, among others. Many well-known brands in various fields closely collaborate with SEYI. All SEYI presses comply with local regulations and certifications in importing countries, such as CE and UL, and the machine precision meets Japan's JIS Grade 1 standards, demanding the highest product quality. Since 1996, SEYI has continuously received the Taiwan Excellence Award and has also been awarded the highest honors, the Gold and Silver Awards. The servo press series products have also received related awards.

D. Close Collaboration with Industry, Government, Academic, and Research Institutions to Expand R&D Capabilities and Attract Talented Individuals

SEYI actively engages with industry and research institutions worldwide to exchange and collaborate on the latest technological developments and key market themes for each country, enhancing the knowledge content of various metal processing technologies. Additionally, SEYI organizes the "SEYI Cup" stamping competition to discover the potential and interests of young students. Through academic exchanges, the company aims to enhance the stamping industry's technology and prepare a talent pool for related fields.

E. Comprehensive After-Sales Support System Providing High Customer Satisfaction

Service Quality

For many multinational companies, the timeliness and quality of after-sales service are crucial. SEYI has major regional bases in the USA, China, Europe, and Thailand, supported by agents and technical service teams in multiple

countries, creating a complete service network. This network helps customers maintain stable production and reduces long downtime risks. Whether on-site repair or remote online support, SEYI provides high satisfaction service quality to customers. The after-sales team also sends regular maintenance reminders and offers related training to help customers extend equipment lifespan and ensure continuous production.

F. Stable Finances and a Comprehensive Audit System, Strictly Enforcing Risk Control for Accounts Receivable to Reduce Transaction Risks

(2) Negative factors for future development and countermeasures

Negative factor: Taiwan's industrial development is overly concentrated in high-tech and semiconductor industries. Traditional industries are constrained by existing wage structures and have less attractive development prospects, making it difficult to attract the younger generation. This results in challenges in cultivating R&D personnel, which will have a significantly adverse impact on the long-term R&D capabilities and technological breakthroughs of enterprises.

Countermeasures:

A. Establish a Product R&D Database and Utilize Digital Tools to Manage and Simulate Product Design Processes:

With 60 years of experience in the development and manufacturing of press equipment, SEYI has traditionally relied on practical experience passed down through generations. In light of significant challenges in talent cultivation, it is crucial to accelerate the digitization of related workflows and design concepts. This will allow new employees to quickly get up to speed and ensure the continuity of product development is not disrupted by personnel changes. Additionally, by implementing digital simulation software to create a "digital twin" mechanism for product design, production, manufacturing, and testing, SEYI can mitigate efficiency issues caused by manpower shortages, save R&D time and labor costs, and significantly enhance production efficiency.

B. Strengthen Connections with Academic Institutions' Mechanical Engineering Departments:

By enhancing collaboration with academic institutions through industry-academia partnerships, SEYI can provide practical training environments and share experiences, helping students explore future career aspirations. Updating recruitment criteria and improving working conditions will also attract new talent to the company.

C. Deeply Understand the Needs of Key Domestic and International Clients for Intelligent Stamping Production:

SEYI should form cross-departmental project teams to address these needs and implement professional project management techniques. This includes closely tracking progress and managing the process from demand analysis and specification review to system implementation and project completion.

D. Leverage SEYI China's R&D and Manufacturing Capabilities:

Plans should be made to establish a second R&D center in collaboration with professional metal research institutions. By reorganizing and sharing the group's hardware and software resources, SEYI can maintain and enhance its existing advantages.

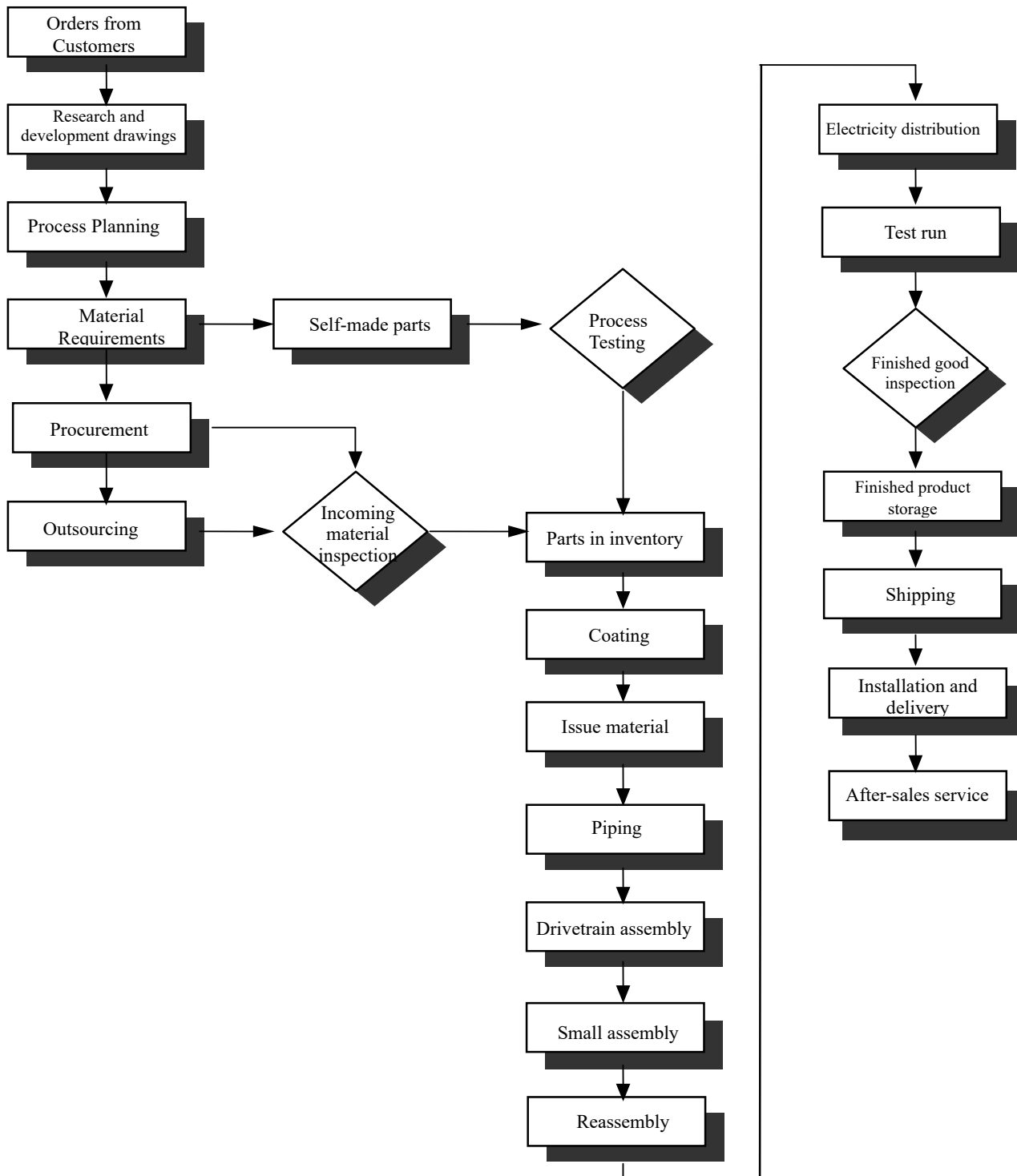
## (II) Important applications and production process of major products

### 1. Usage for the company's main products:

The presses developed by SEYI are widely used for various metalworking tasks such as cutting, shearing, punching, bending, and drawing, effectively meeting the requirements for these forming processes. Most of them are used in the automobile industry. Some non-metallic materials such as carbon fiber, paper or metal alloys such as aluminum and magnesium alloys can also be processed by stamping press.

Product Name	Application	
Stamping press	Automobile	Sheet metal, engine panel, rear trunk cover, fender, automotive hardware, and automotive electronics
	Automobile Parts and Accessories	Automotive sheet metal parts, AB pillar frame, anti-collision steel beam, all kinds of pedals (including brake and clutch pedals), and small parts for motorcycle and bicycle, chains, etc.
	Medical Devices	Surgical equipment, stents, medical instrument cases, hospital bed mechanism parts, etc.
	Consumer Electronics	Computer casing, disk drive casing, CD-ROM drive casing, power supply casing, heat sink, iron frame for monitor tube, various connectors
	Home Appliances	Air conditioner casing, base, LCD screen back cover, various switches, battery clips, various plugs, socket brass, toaster casing, metal sheet for lighting, microwave oven casing and internal parts, etc.
	Communication Products	Metal stamping components for various communication products including switches and cell phones
	Motors and transformers	Motors for washing machines, compressors for air conditioners (including refrigerators), starter motors for automobiles, motors for electric windows and windshield wipers, motor housings and rotors for motors under 1/2 HP, transformers for general household appliances, and heat sink motors for computers
	Stationery, furniture	Stapler, book clip, pen clip, metal frame for office chair, desk drawer, slide rail, door lock
	Heavy Electrical Engineering	Large transformer silicon steel plate
	Construction Machinery	Sheet metal parts, engine parts, hardware parts, exterior parts, gear plates
	Agricultural Machinery	Sheet metal parts, engine parts, exterior parts, hardware parts, gear plates, blades
	Aerospace Industry	Sheet metal parts for aerospace, aircraft fasteners, instrument panel housings, and other structural components, etc.
	Others	Floor tile (plastic) cutting, environmental friendly paper material

## 2. Manufacturing processes for the company's main products:



(III) Supply situation for the company's major raw materials:

The main raw materials used in our products are frames, punches, plates, gears, crankshafts, servo motors, etc. All of them are supplied by our partners or partly purchased from overseas. The company has good cooperation with the importers and the price is stable. Overall, the Company has sufficient access to a number of domestic and international suppliers for its major raw materials. However, in order to disperse the purchasing risk, the Company still adds other suppliers in a timely manner, so that the price and quality can be maintained in a reasonable and stable condition.

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years:

1. List of Major Suppliers:

Information on Major Suppliers for the Most Recent 2 Years

Unit: NT\$ thousand; %

2022				2023				Q1 2024			
Name of entity	Amount	As a percentage of net purchase(%)	Relationship with the issuer	Name of entity	Amount	As a percentage of net purchase(%)	Relationship with the issuer	Name of entity	Amount	As a percentage of net purchase(%)	Relationship with the issuer
Supplier A	320,096	14.87%	None	Supplier A	253,230	14.59%	None	Supplier A	48,714	12.60%	None
Other	1,833,191	85.13%	None	Other	1,482,577	85.41%	None	Other	337,821	87.40%	None
Net purchase amount	2,153,287	100.00%	None	Net purchase amount	1,735,807	100.00%	None	Net purchase amount	386,535	100.00%	None

Changes in major suppliers: Supplier A is a professional steel plate welding and cutting manufacturer, mainly engaged in the welding and processing of machine frames and gear structures. The Company mainly purchases the cut steel plates and frames from Supplier A.

2. List of Major Customers:

Information on Major Customers for the Most Recent 2 Fiscal Years

Unit: NT\$ thousand; %

2022				2023				Q1 2024			
Name of entity	Amount	As a percentage of net sales(%)	Relationship with the issuer	Name of entity	Amount	As a percentage of net sales(%)	Relationship with the issuer	Name of entity	Amount	As a percentage of net sales(%)	Relationship with the issuer
Net sales	3,548,578	100.00%	None	Net sales	3,497,671	100.00%	None	Net sales	796,115	100.00%	None

Changes in major customers: There were no other single customer whose revenue reached 10% or more of the Group's total revenue in fiscal 2023 and 2022; therefore, there was no significant change.

(V) Production Volume and Value in the Most Recent 2 Fiscal Years

Unit: unit; NT\$ thousand

Year Production Volume and Value	2022			2023		
	Production capacity(unit)	Production volume(unit)	Production value	Production capacity(unit)	Production volume(unit)	Production value
	(Note2)	(Note3)		(Note2)	(Note3)	
Main products						
Stamping press	1,483	1,173	2,331,802	1,326	952	2,175,770
Other (Note1)	-	-	77,644	-	-	76,068
Total	1,483	1,173	2,409,446	1,326	952	2,251,838

Note 1: Other refers to income from design services, maintenance and spare parts sales, so there is no statistics on production volume and capacity.

Note 2: The difference between units in production capacity and units in output is affected by the different product tonnage structures.

Note 3: The production machines are gradually becoming medium and large in size.

(VI) Sales Volume and Value in the Most Recent 2 Fiscal Years:

Unit: unit; NT\$ thousand

Year Sales volume and value Main products	2022				2023			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Stamping press	163	273,231	994	3,129,651	49	75,354	810	3,267,698
Other (Note1)	-	29,807	-	115,889	-	41,855	-	112,764
Total	163	303,038	994	3,245,540	49	117,209	810	3,380,462

Note 1: Other refers to income from design services, maintenance and spare parts sales, so there is no statistics on production volume.

### III. Information on the employees:

Year		2022	2023	As of March 31, 2024
Number of employees	Number of managers	61	57	57
	Indirect employees	305	320	326
	Direct employees	336	335	322
	Total	702	712	705
Average age		40.06	37.1	40.01
Average years of service		6.88	7.20	7.05
Education distribution percentage (%)	Ph.D.	1.69%	1.52%	1.62%
	Master's degree	17.85%	18.97%	16.12%
	College	47.42%	45.41%	44.61%
	Below senior high school	33.04%	34.10%	37.65%

#### **IV. Disbursements for environmental protection**

The Company has been certified with ISO-14000 environmental management system. It is not engaged in the waste treatment and removal business, and is not involved in the final removal of sewage. The Company did not have any violation against environmental protection units. In order to enhance the environmental protection work and meet the future environmental protection requirements, our environmental protection related measures are as follows:

1. Implement waste separation and recycle resources.
2. Appoint qualified waste removers and report online all waste management activities.
3. Promote the environmental protection concept occasionally.

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: Up to date in 2023, the Company has not been fined for polluting the environment.

#### **V. Labor relations:**

##### **(I) Current labor-management agreements and implementation status**

##### **1. Employee benefit plans:**

##### **(1) Self-organized welfare items:**

- A. In addition to the monthly salary we pay to our employees, we may also pay year-end bonuses each year based on operational performance. Quarterly performance bonuses will be paid based on performance as well.
- B. All employees participate in labor insurance and national health insurance.
- C. Provide employees with free meals, work clothes, safety shoes, dormitory, regular health check and employee parking.
- D. Provide benefits for employees' new home, childbirth, injury and illness, and wedding or funeral.
- E. In order to create a child-friendly environment, we have set up nursing rooms and provide special nurseries.
- F. We offer visually impaired massage service to our staff with consideration for their hard work and social responsibility.
- G. We organize employee training and seminars, provide subsidies for foreign language study, and provide subsidies for employees' on-the-job training and scholarships for their children.

##### **(2) Benefits items handled by the Welfare Committee:**

The Company appropriates welfare funds in accordance with the law and establishes an employee welfare committee to implement the following benefits:

- A. Employee trip.
- B. Cash gift for festival.
- C. Birthday cash gift.
- D. Grants to employees for hospitalization, injuries and illnesses.



- E. Subsidies for group recreational activities.
2. Employee continuing education and training:
- (1) Annual education and training programs are provided to employees for pre-job, on-the-job and professional training.
  - (2) Total number of employees trained in FY 2023 was 780; the total number of hours of training was 2,478.
3. Pension system:
- (1) The Company established the Labor Pension Fund Supervisory Committee in accordance with the Labor Standards Act. To comply with the amendments to the Labor Standards Act, if the remaining balance of the special account before the end of each year is not sufficient to pay for the workers who are expected to meet the requirements for retirement in the following year, the difference shall be appropriated by the end of March of the following year. The Company has appropriated the full amount by the end of March to meet the requirements of the Act. In addition, the Company contributes a certain percentage of monthly salary to the pension fund, which is deposited into the special pension fund in the Bank of Taiwan.
  - (2) The “Labor Pension Act” became effective on July 1, 2005 and is subject to a defined contribution plan. Employees may choose to be covered by the Labor Standards Act or by the pension system under the Labor Pension Act and retain the years of service prior to the adoption of the Labor Standards Act. For employees subject to the new system, the Company contributes 6% of the employee’s monthly salary to the employee’s pension fund.
4. Other important agreements:
- (1) The Company believes in the concept of “ Employees and Management as One, Coexistence and Prosperity”, and strengthens the communication channels with employees under the laws, rules and emotions, and builds consensus in order to achieve the goal of “Happy Enterprise”.
  - (2) The Company organizes welfare committees and holds regular labor-management meetings in accordance with the law to maintain labor-management relations and to jointly conduct employee welfare activities.
  - (3) All employees of the Company communicate freely with each other and participate in the “monthly meeting” held at the beginning of each month to communicate with the Company regarding its policies and operational goals, and to make sure that all employees understand and work together towards the goals. As a result of good communication between labor and management, we have achieved harmony and high morale, and both sides have benefited from each other.
- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: The Company places great importance on good labor relations and has had no labor disputes or losses in the most recent fiscal year and up to the annual report publication date.

## VI. Cyber security management:

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

### 1. Cyber security risk management framework

In 2023, our company established an "Cyber Security Team" to coordinate and implement relevant security policies and promote information security awareness. The team is responsible for setting up protective mechanisms and disseminating information security messages to enhance colleagues' awareness of information and communication security. Regular security and social engineering drills are conducted to ensure the normal, safe, and stable operation of the company's information systems. This initiative aims to create a secure and reliable information system and operational environment.

### 2. Cyber security policies

SEYI Machinery adheres to international regulations for information security, implementing relevant policies to maintain the confidentiality, integrity, availability, and compliance of company information. On December 1, 2023, the company joined the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) as a member to proactively obtain cybersecurity alerts, understand security threats and vulnerabilities, and report information security incidents.

We regularly assess various internal information security risks and align with global security trends and threats. We plan to enhance internal security operations and update equipment to reduce operational risks. The key points of our information security implementation include:

- (1) Network security control.
- (2) Installation of firewalls to prevent external attacks.
- (3) Setup of Web Application Firewall (WAF) protection.
- (4) Prohibition of non-company devices on the internal network.
- (5) Control of internal wireless network (WIFI) connections.
- (6) Endpoint protection.
- (7) Regular updates of Windows and antivirus software.
- (8) Control of USB and other access media devices.
- (9) Management of business software licenses and installations.
- (10) Regular system vulnerability scans to identify potential risks.
- (11) User account control.
- (12) Employee account management for onboarding/offboarding.
- (13) Enable Multi-Factor Authentication (MFA) and promote a zero-trust architecture.
- (14) Data backup management.
- (15) Implement a comprehensive backup mechanism with daily backups.
- (16) Regularly conduct backup restoration and verify file integrity.
- (17) Information emergency response measures.
- (18) Annual Disaster Recovery (DR) exercise.
- (19) Information security management and education for employees.
- (20) Monthly information security awareness campaigns.
- (21) Annual social engineering exercises to enhance employee security awareness.

3. Concrete management plan for cyber security and resources put into cyber security management

- (1) Information Security Incidents in 2023: 0 incidents..
  - (2) Acquisition and Implementation of Information Asset Management System (Endpoint).
  - (3) Acquisition and Implementation of Internal Network Control System (UPAS).
  - (4) Conducted Four Information Security Training Sessions (95% attendance).
  - (5) Regular Monthly Information Security Awareness Campaigns.
  - (6) Regular Social Engineering Exercises (99% of employees met the goal).
  - (7) Regular System Disaster Recovery Drills.
  - (8) All Information Security Personnel Completed External Security Courses Annually (100%).
- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

As of the date of publication of the annual report, the Company has not experienced any cyber security incidents that resulted in losses to the Company.

**VII. Important contracts:**None

## Chapter Six. Financial Status

### I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years; the name of the certified public accountant and the auditor's opinion given thereby:

(I) Condensed Balance Sheets and Statements of Comprehensive Income:

#### Condensed Consolidated Balance Sheets - IFRS

Unit: NT\$ thousand

Year Item		Financial information for the last five years(Note1)					Financial information for 2024 up to March 31 (Note2)
		2019	2020	2021	2022	2023	
Current assets		3,593,657	4,523,761	4,758,157	5,040,353	4,949,511	5,058,645
Property, plant, and equipment		1,304,536	940,267	857,072	790,551	747,303	739,915
Intangible assets		8,721	6,778	18,828	16,765	13,896	14,354
Other assets		380,692	444,226	498,176	372,741	340,256	379,156
Total assets		5,287,606	5,915,032	6,132,233	6,220,410	6,050,966	6,192,070
Current liabilities	Before distribution	1,870,829	2,147,347	2,639,849	2,532,694	2,063,763	2,385,898
	After distribution	1,910,438	2,179,034	2,695,301	2,481,995	Not distribute yet	–
Non-current liabilities		998,649	1,393,262	1,106,859	1,261,605	1,406,198	1,265,214
Total liabilities	Before distribution	2,869,478	3,540,609	3,746,708	3,794,299	3,469,961	3,651,112
	After distribution	2,909,087	3,572,296	3,802,160	3,743,600	Not distribute yet	–
Equity attributable to shareholders of the parent		2,418,128	2,374,423	2,385,525	2,426,111	2,581,005	2,540,958
Stock capital		1,584,341	1,584,341	1,584,341	1,584,341	1,584,341	1,584,341
Capital reserve	Before distribution	284,515	244,906	213,219	195,244	184,982	184,982
	After distribution	244,906	213,219	195,244	184,982	184,982	–
Retained earnings	Before distribution	730,072	748,069	801,146	783,596	953,669	891,219
	After distribution	730,072	748,069	763,669	743,159	Not distribute yet	–
Other equity interest		(180,800)	(202,893)	(213,181)	(137,070)	(141,987)	(119,584)
Treasury stocks		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	2,418,128	2,374,423	2,385,525	2,426,111	2,581,005	2,540,958
	After distribution	2,378,519	2,342,736	2,330,073	2,375,412	Not distribute yet	–

Note 1: The aforesaid financial statements were audited by the CPAs.

Note 2: The financial statements for the first quarter of 2024 have been reviewed by the CPA.

## Condensed Consolidated Statement of Comprehensive Income - IFRS

Unit: NT\$ thousands, except for Earnings Per Shares

Item \ Year	Financial information for the last five years(Note1)					Financial information for 2024 up to March 31 (Note2)
	2019	2020	2021	2022	2023	
Operating Income	3,356,940	2,642,152	3,795,751	3,548,578	3,497,671	796,115
Gross profit	889,333	567,226	812,900	843,249	1,061,893	276,810
Net Income (loss) from operating	37,758	(137,183)	5,484	(29,927)	152,178	57,679
Non-operating income and expenses	(10,164)	129,573	40,898	112,915	104,232	101,400
Net profit (loss) before tax	27,594	(7,610)	46,382	82,988	256,410	159,079
Net income (loss) from continuing operations	18,618	15,672	56,663	28,744	212,897	122,094
Loss from discontinued operations	0	0	0	0	0	0
Net Income (loss)	18,618	15,672	56,663	28,744	212,897	122,094
Other comprehensive income (loss) for the period (net of Income Tax)	(48,795)	(19,768)	(13,874)	67,294	(7,304)	22,403
Total comprehensive income for the period	(30,177)	(4,096)	42,789	96,038	205,593	144,497
Net income (loss) attributable to owners of parent	18,618	15,672	56,663	28,744	212,897	122,094
Net income (loss) attributable to noncontrolling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of parent	(30,177)	(4,096)	42,789	96,038	205,593	144,497
Total comprehensive income attributable to non-controlling interest	0	0	0	0	0	0
Earnings per share	0.12	0.10	0.36	0.18	1.34	0.77

Note 1: The aforesaid financial statements were audited by the CPAs.

Note 2: The financial statements for the first quarter of 2024 have been reviewed by the CPA.

# Condensed Parent Company Only Balance Sheets - IFRS

Unit: NT\$ thousand

Year Item		Financial information for the last five years(Note1)				
		2019	2020	2021	2022	2023
Current assets		1,939,082	2,155,631	2,328,338	2,949,361	3,034,884
Property, plant, and equipment		937,618	642,096	623,586	601,257	577,405
Intangible assets		8,720	6,778	18,824	16,763	13,895
Other assets		1,714,462	1,838,110	1,688,588	1,264,031	1,360,217
Total assets		4,599,882	4,642,615	4,659,336	4,831,412	4,986,401
Current liabilities	Before distribution	1,143,506	855,300	1,162,018	1,139,917	975,352
	After distribution	1,183,115	886,987	1,106,566	1,089,218	Not distribute yet
Non-current liabilities		1,038,248	1,412,892	1,111,793	1,265,384	1,430,044
Total liabilities	Before distribution	2,181,754	2,268,192	2,273,811	2,405,301	2,405,396
	After distribution	2,221,363	2,299,879	2,218,359	2,354,602	Not distribute yet
Equity attributable to shareholders of the parent		2,418,128	2,374,423	2,385,525	2,426,111	2,581,005
Stock capital		1,584,341	1,584,341	1,584,341	1,584,341	1,584,341
Capital reserve	Before distribution	284,515	244,906	213,219	195,244	184,982
	After distribution	244,906	213,219	195,244	184,982	184,982
Retained earnings	Before distribution	730,072	748,069	801,146	783,596	953,669
	After distribution	730,072	748,069	763,669	743,159	Not distribute yet
Other equity interest		(180,800)	(202,893)	(213,181)	(137,070)	(141,987)
Treasury stocks		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	2,418,128	2,374,423	2,385,525	2,426,111	2,581,005
	After distribution	2,378,519	2,342,736	2,330,073	2,375,412	Not distribute yet

Note 1: The aforesaid financial statements were audited by the CPAs.

## Condensed Parent Company Only Statement of Comprehensive Income - IFRS

Unit: NT\$ thousands, except for Earnings Per Shares

<div style="text-align: center;"> <div>Year</div> <div>Item</div> </div>	Financial information for the last five years(Note1)				
	2019	2020	2021	2022	2023
Operating Income	1,652,320	903,878	1,483,650	1,294,580	1,495,683
Realized gross profit	427,855	157,409	227,225	265,382	476,613
Net Income (loss) from operating	(19,404)	(160,014)	(122,157)	(123,230)	58,108
Non-operating income and expenses	33,856	139,771	146,251	190,447	180,849
Net profit (loss) before tax	14,452	(20,243)	24,094	67,217	238,957
Net income from continuing operations	18,618	15,672	56,663	28,744	212,897
Loss from discontinued operations	0	0	0	0	0
Net Income (loss)	18,618	15,672	56,663	28,744	212,897
Other comprehensive income (loss) for the period (net of Income Tax)	(48,795)	(19,768)	(13,874)	67,294	(7,304)
Total comprehensive income for the period	(30,177)	(4,096)	42,789	96,038	205,593
Earnings per share	0.12	0.10	0.36	0.18	1.34

Note 1: The aforesaid financial statements were audited by the CPAs.

(II) Names of the CPAs and their opinions given thereby for the last five years:

Year	Name of CPA	Audit Opinions	Remarks
2019	Deloitte & Touche CPA Wan-I Liao and Chien-Hsin Hsieh	Unqualified opinion audit report.	Long-term investments accounted for using the equity method and investment gains or losses are stated in accordance with other auditors' reports.
2020	Deloitte & Touche CPA Wan-I Liao and Chien-Hsin Hsieh	Unqualified opinion audit report.	Long-term investments accounted for using the equity method and investment gains or losses are stated in accordance with other auditors' reports.
2021	Deloitte & Touche CPA Wan-I Liao and Bo-Ren Weng(Note1)	Unqualified opinion audit report.	Long-term investments accounted for using the equity method and investment gains or losses are stated in accordance with other auditors' reports.
2022	Deloitte & Touche CPA Wan-I Liao and Bo-Ren Weng	Unqualified opinion audit report.	Long-term investments accounted for using the equity method and investment gains or losses are stated in accordance with other auditors' reports.
2023	Deloitte & Touche CPA Wan-I Liao and Bo-Ren Weng	Unqualified opinion audit report.	Long-term investments accounted for using the equity method and investment gains or losses are stated in accordance with other auditors' reports.

Note 1: The Company's 2021 financial statements were audited and reviewed by CPA Wan-I Liao and CPA Bo-Ren Weng from Deloitte & Touche, as a result of the firm's internal organizational changes.



## II. Financial analyses for the past 5 fiscal years

### (I) Consolidated financial statements -IFRS

Analysis item \ Year		Financial analysis for the last five years (Note1)					
		2019	2020	2021	2022	2023	As of March 31, 2024
Financial structure	Debt to assets ratio	54.27	59.86	61.10	61.00	57.35	58.96
	Ratio of long-term capital to property, plant and equipment	241.04	358.11	360.88	409.71	533.55	514.41
Solvency	Current ratio	192.09	210.67	180.24	199.01	239.83	212.02
	Quick ratio	132.12	162.37	143.01	150.49	179.06	157.24
	Times interest earned	2.34	0.72	2.84	3.90	8.39	20.00
Operating performance	Accounts receivable turnover (times)	5.12	6.02	7.25	5.58	6.56	7.43
	Average collection days	71	61	50	65	56	49
	Inventory turnover (times)	2.25	1.96	3.00	2.53	2.03	1.64
	Accounts payable turnover (times)	2.53	2.40	2.85	2.20	2.23	2.33
	Average days in sales	162	187	122	144	180	222
	Property, plant and equipment turnover (times)	2.32	2.14	3.76	3.80	4.25	4.28
	Total asset turnover (times)	0.62	0.47	0.63	0.57	0.57	0.52
Profitability	Return on total assets (%)	0.65	0.67	1.27	0.84	3.92	2.10
	Return on equity (%)	0.75	0.65	2.38	1.19	8.50	4.77
	Income before tax to paid-in capital (%)	1.74	-0.48	2.93	5.24	16.18	10.04
	Net profit margin (%)	0.55	0.59	1.49	0.81	6.09	15.34
	Earnings per share (NT\$)	0.12	0.10	0.36	0.18	1.34	0.77
Cash flow	Cash flow ratio (%)	10.18	17.81	1.96	-2.29	3.36	0.40
	Cash flow adequacy ratio (%)	108.73	130.30	153.70	127.49	88.10	71.40
	Cash reinvestment ratio (%)	2.80	7.44	0.46	-2.42	0.37	0.19
Leverage	Operating leverage	81.69	-15.80	570.32	-94.87	18.47	11.23
	Financial leverage	2.20	0.83	-0.28	0.51	1.30	1.17
Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)							
1. Ratio of long-term capital to property, plant and equipment: Increased in 2023 compared to 2022, mainly due to an decrease in property, plant and equipment.							
2. Current ratio: Increased in 2023 compared to 2022, mainly due to an decrease in current liabilities.							
3. Interest coverage ratio: Increased in 2023 compared to 2022, mainly due to an increase in income before tax.							
4. Inventory turnover ratio: Decreased in 2023 compared to 2022, and average days in sales increased in 2023 compared to 2022: Mainly due to a increase in raw material stocking quantity.							
5. Return on assets, return on equity, net profit margin, earnings per share: Increased in 2023 compared to 2022, mainly due to a increase in after-tax net income.							
6. Income before tax to paid-in capital ratio: Increased in 2023 compared to 2022, mainly due to an increase in income before tax.							
7. Cash flow ratio and cash reinvestment ratio: Increased in 2023 compared to 2022, mainly due to a increase in net cash inflow from operating activities.							
8. Cash flow adequacy ratio: Decreased in 2023 compared to 2022, mainly due to an decrease in 5-year sum of net cash flow from operating activities for 2023 compared to 2022.							
9. Operating leverage: Increased in 2023 compared to 2022, mainly due to a increase in operating net profit.							
10. Financial leverage: Increased in 2023 compared to 2022, mainly due to a increase in operating net profit.							

Note 1: The 2019 - 2023 financial statements were audited by the CPAs.

Note 2: The financial statements for the first quarter of 2024 have been reviewed by the CPA.

(II) Parent company only financial statements -IFRS

Analysis item \ Year		Financial analysis for the last five years (Note1)				
		2019	2020	2021	2022	2023
Financial structure	Debt to assets ratio	47.43	48.86	48.80	49.78	48.24
	Ratio of long-term capital to property, plant and equipment	328.99	502.35	476.30	519.35	694.67
Solvency	Current ratio	169.57	252.03	200.37	254.24	311.16
	Quick ratio	124.64	195.30	175.50	216.16	253.37
	Interest coverage ratio	1.86	0.08	2.32	4.04	8.87
Operating performance	Accounts receivable turnover (times)	3.64	2.85	5.63	3.93	4.64
	Average collection days	100	128	65	93	79
	Inventory turnover (times)	2.48	1.57	3.32	2.64	1.95
	Accounts payable turnover (times)	2.44	2.19	3.75	2.27	2.31
	Average days in sales	147	233	110	138	187
	Property, plant and equipment turnover (times)	1.59	1.00	1.99	1.79	2.32
	Total asset turnover (times)	0.36	0.20	0.32	0.27	0.30
Profitability	Return on total assets (%)	0.69	0.72	1.53	0.98	4.83
	Return on equity (%)	0.75	0.65	2.38	1.19	8.50
	Income before tax to paid-in capital ratio(%)	0.91	-1.28	1.52	4.24	15.08
	Net profit margin (%)	1.13	1.73	3.82	2.22	14.23
	Earnings per share (NT\$)	0.12	0.10	0.36	0.18	1.34
Cash flow	Cash flow ratio (%)	-20.28	6.17	-7.09	-14.08	-2.50
	Cash flow adequacy ratio (%)	-31.05	-69.54	-80.26	-36.99	-69.43
	Cash reinvestment ratio (%)	-8.33	0.33	-3.16	-5.53	-1.75
Leverage	Operating leverage	-64.21	-3.60	-9.76	-7.62	19.72
	Financial leverage	0.54	0.88	0.87	0.85	2.09
<p>Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)</p> <ol style="list-style-type: none"> <li>Ratio of long-term capital to property, plant and equipment: Increased in 2023 compared to 2022, mainly due to an decrease in property, plant and equipment.</li> <li>Current ratio: Increased in 2023 compared to 2022, mainly due to an increase in current assets.</li> <li>Interest coverage ratio: Increased in 2023 compared to 2022, mainly due to an increase in income before tax.</li> <li>Inventory turnover ratio: Decreased in 2023 compared to 2022, and average days in sales increased in 2023 compared to 2022: Mainly due to a increase in raw material stocking quantity.</li> <li>Property, plant and equipment turnover: Increased in 2023 compared to 2022, mainly due to an decrease in property, plant and equipment.</li> <li>Return on assets, return on equity, net profit margin, earnings per share: Increased in 2023 compared to 2022, mainly due to a increase in after-tax net income.</li> <li>Income before tax to paid-in capital ratio: Increased in 2023 compared to 2022, mainly due to an increase in income before tax.</li> <li>Cash flow adequacy ratio: Decreased in 2023 compared to 2022, mainly due to an decrease in 5-year sum of net cash flow from operating activities for 2023 compared to 2022.</li> <li>Cash reinvestment ratio: Increased in 2023 compared to 2022, mainly due to a increase in net cash inflow from operating activities.</li> <li>Operating leverage: Increased in 2023 compared to 2022, mainly due to a increase in revenue.</li> <li>Financial leverage: Increased in 2023 compared to 2022, mainly due to a increase in operating net profit.</li> </ol>						

Note 1: The 2019 - 2023 financial statements were audited by the CPAs.

The formula for financial analysis:

1. Financial structure
  - (1) Debt to assets ratio = total liabilities / total assets.
  - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
  - (1) Current ratio = current assets / current liabilities.
  - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
  - (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
  - (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
  - (2) Average collection days = 365 / accounts receivable turnover.
  - (3) Inventory turnover = cost of goods sold / average inventory.
  - (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
  - (5) Average days in sales = 365 / inventory turnover.
  - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
  - (7) Total asset turnover = net sales / average total assets.
4. Profitability
  - (1) Return on total assets = (net income + interest expenses \* (1 - effective tax rate)) / average total assets.
  - (2) Return on equity = net income after tax / average total equity.
  - (3) Net profit margin = net income after tax / net sales.
  - (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)
5. Cash flow
  - (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
  - (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
  - (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage:
  - (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).
  - (2) Financial leverage = operating income / (operating income – interest expenses).

Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semiannual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

If the Company's shares have no par value or the par value per share is not NT\$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

**III. Audit committee's report for the most recent year's financial statement:**

**SHIEH YIH MACHINERY INDUSTRY CO., LTD**

**Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2023 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

2024 Annual General Shareholders' Meeting of  
SHIEH YIH MACHINERY INDUSTRY CO., LTD

SHIEH YIH MACHINERY INDUSTRY CO., LTD

Audit Committee Convener: Shu-Chuan Chen

March 11, 2024

**IV. Parent company only financial statement for the most recent year, certified by CPAs:** Please see Pages 117-188.

**V. Consolidated financial statement for the most recent year, certified by CPAs:** Please see Pages 189-260.

**VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how the difficulties will affect the company's financial situation:** None.

# Chapter Seven. Review and analyse its financial position and financial performance, and shall assess its risks

## I. Financial position

Unit: NT\$ thousand

Item \ Year	2022	2023	Differences	
			Amount	%
Current assets	5,040,353	4,949,511	(90,842)	(1.80%)
Non-current assets	1,180,057	1,101,455	(78,602)	(6.66%)
Assets	6,220,410	6,050,966	(169,444)	(2.72%)
Current liabilities	2,532,694	2,063,763	(468,931)	(18.52%)
Non-current liabilities	1,261,605	1,406,198	144,593	11.46%
Liabilities	3,794,299	3,469,961	(324,338)	(8.55%)
Capital - common stock	1,584,341	1,584,341	0	0.00%
Capital reserve	195,244	184,982	(10,262)	(5.26%)
Retained earnings	783,596	953,669	170,073	21.70%
Other equity	(137,070)	(141,987)	(4,917)	3.59%
Equity	2,426,111	2,581,005	154,894	6.38%
Analysis of changes in ratio of increase/decrease (if the change is more than 20% and the amount of change reaches NT\$10 million):				
Retained earnings: The main reason is due to a increase in after-tax net income for 2023.				

## II. Financial performance

Unit: NT\$ thousand

Item \ Year	2022	2023	Differences	
			Amount	%
Operating Income	3,548,578	3,497,671	(50,907)	(1.43%)
Operating costs	2,705,329	2,435,778	(269,551)	(9.96%)
Operating gross profit	843,249	1,061,893	218,644	25.93%
Operating expenses	873,176	909,715	36,539	4.18%
Net Income (loss) from operating	(29,927)	152,178	182,105	608.50%
Non-operating income and expenses	112,915	104,232	(8,683)	(7.69%)
Net Income before tax	82,988	256,410	173,422	208.97%
Income tax benefit (expense)	(54,244)	(43,513)	10,731	(19.78%)
Net income	28,744	212,897	184,153	640.67%
Analysis of changes in ratio of increase/decrease (if the change is more than 20% and the amount of change reaches NT\$10 million):				
In 2023, the significant increase in profitability was primarily driven by large order sales conditions and improved pricing, which boosted the overall gross profit.				

### III. Cash Flow

Unit: NT\$ thousand

Cash at Beginning of Year	Net cash inflow (outflow) from operating activities for the year	Net cash inflow (outflow) from investing and financing activities for the year	Effect of exchange rate fluctuations on cash and cash equivalents	Excess (shortfall) of cash	Remedial Measures for Cash Inadequacy	
					Investment plan	Financing plan
2,479,488	69,357	(263,553)	(7,688)	2,277,604	-	-

(1) Analysis of Cash Flow Variations:

- Net cash inflow from operating activities is NT\$ 69,357 thousands.  
The main reason for this is an increase in income before tax.
- Net cash outflow from investing and financing activities is NT\$ 263,553 thousands, primarily due to cash management and the acquisition of financial assets..

(2) Improvements for Lack of Liquidity: Not applicable.

(3) Liquidity Analysis for the Next Year: Not applicable.

### IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year: None.

### V. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans coming year:

The Company's investment policy is based on the long-term strategy, and the "Procedures for the Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" established by the competent authority is used as the basis for the Company's investment business, in order to grasp the related business and financial situation. In addition, the Company has established control and management rules for its subsidiaries in its internal control system, and set up relevant regulations for information disclosure, finance, business, inventory and financial management. The Company regularly performs audits on important subsidiaries to establish the related operational risk mechanism so that the Company can maximize the effectiveness of its investees.

In response to the global trend towards net-zero carbon emissions advocated by governments and various countries, our company is also focusing on the future transformation of the manufacturing industry towards low-carbon and intelligent upgrades. We are investing in and implementing plans for infrastructure development to facilitate this transition.

## **VI. Risk Management and Assessments:**

- (I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. The effect upon the company's profits (losses) of interest rate fluctuation, and response measures to be taken in the future:

The interest income of the Company and its subsidiaries for 2023 was \$93,139 thousand, or 2.66% of the net operating income; the interest expense was \$34,677 thousand, or 0.99% of the net operating income. These are very small amount; therefore, the effect of interest rate fluctuations on the overall profitability is not significant. The Company regularly evaluates bank borrowing rates to obtain more favorable borrowing rates or types of loans for the Company. Short-term working capital is often funded by lower interest rates from the money market. The Company has adjusted to increase the proportion of medium- and long-term loans in order to strengthen its financial structure and reduce capital risk. In addition, the Company maintains good relationships with its creditors. In response to the interest rate fluctuations, the Company will closely monitor the interest rate movements in the future, adjust the borrowing structure and take necessary measures to avoid the risk of interest rate increases promptly.

2. The effect upon the company's profits (losses) of exchange rate fluctuation, and response measures to be taken in the future:

The Company and its subsidiaries had an exchange loss of \$1,600 thousand in fiscal 2023, representing 0.05% of net operating revenues. The fluctuation of the exchange loss was mainly due to the impact of exchange rate changes in the current year on the valuation of related assets and liabilities, which accounted for a small amount of operating income. The Company adjusts the exchange rate of foreign currency quotations for foreign sales contracts, taking into account changes in interest rates and exchange rates, or sets the terms and conditions when accepting foreign currency quotations. The Company also conducts forward exchange transactions for hedging purposes as necessary to mitigate the possible impact of foreign exchange losses. Since the Company's export quota is high while its import quota is low, the foreign exchange rate is based on the Company's capital needs to seek the most suitable exchange rate at the time. When there is a high amount of export foreign exchange, we will use forward exchange and option to hedge the exchange rate risk.

3. The effect upon the company's profits (losses) of changes in the inflation rate, and response measures to be taken in the future:



The Company and its subsidiaries will keep track of price fluctuations of raw materials and key components, maintain good interaction with suppliers and customers, and timely adjust product prices and raw material inventory quantity in response to the price vitality, so as to reduce inflation impact on the Company.

- (II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company will continue to expand the business scale of its subsidiaries in accordance with the Company's global business plan. The Company does not engage in high-risk and high-leverage investment activities, except for the endorsement and guarantee or lending of funds for the financing needs of its subsidiaries. The Company follows the Company's procedures for lending funds to others and the procedures for endorsement and guarantee. In addition, the policy on derivative transactions is governed by the "Procedures for the Acquisition or Disposal of Assets".

- (III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

The Company invests in research and development in order to maintain its competitiveness in the marketplace through continuous research and development of new products and technologies. The Company has been collecting global market information, industry development analysis, and trends in the development of press technology for a long time, based on global development. We formulate long-term research and development strategies and product development projects at various stages to effectively reduce the risk of ineffective investment of R&D funds. The estimated research and development expenses for the Year 2024 are approximately \$112,000 thousand.

- (IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company and its subsidiaries operate in accordance with the relevant domestic and foreign laws and regulations. In recent years, domestic and international policies and laws have changed, the most important issues related to business operation are corporate governance and environmental protection. The Company will gradually enhance its corporate governance based on the legal system with a steady and flexible response.

- (V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

The Company is a professional and leading manufacturer of stamping presses. Our products are widely used in various metal stamping industries. In response to market demand and

competition, the Company continues to develop refined and high value-added products to enhance its competitiveness and leading position in the market.

Cyber security risk assessment: The Company has established the highest standard for the information system, the related management rules and operating procedures for reference basis. At the same time, we integrate and strengthen our information security management system, establish an institutionalized, documented and standardized management mechanism, and continuously monitor and review management performance in order to implement our information system policy and the sustainable business operation concept. We will also achieve the implementation of information security management policies, introduce comprehensive information security management systems, train information security professionals, strengthen information security environment and response capabilities, and achieve information system policy measurement. The Company ensures the confidentiality, integrity, and availability of the information assets belonging to the Company, and complies with the relevant laws and regulations to protect them from internal and external threats, whether intentional or accidental, in order to protect the rights of the Company's employees or customers.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

The Company and its subsidiaries have always been operating with professionalism and integrity. The management has been operating in a law-abiding manner, focusing on high-end development and sustainable services, and providing excellent products to our customers, so that we have a good reputation in the industry. There is no significant impact on the Company due to the change of corporate image in the recent year.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

There is no significant transfer of equity by the Company's directors, supervisors or major shareholders who hold more than 10% of the shares. The current shareholding percentages of directors and supervisors are in compliance with the regulations set by the

competent authority and have not had a significant impact on the Company's operations.

(XI) Effect upon and risk to company associated with any change in managerial control and mitigation measures being or to be taken: None.

There is no change in the managerial control of the Company and its subsidiaries that would affect the Company's operations, and the Company and its subsidiaries have established a complete internal control system and related management rules, so there should be no significant impact on operations if there is a change in the managerial control.

(XII) Disclosure of litigious and non-litigious matters: None.

(XIII) Disclosure of other significant risks and countermeasures: None.

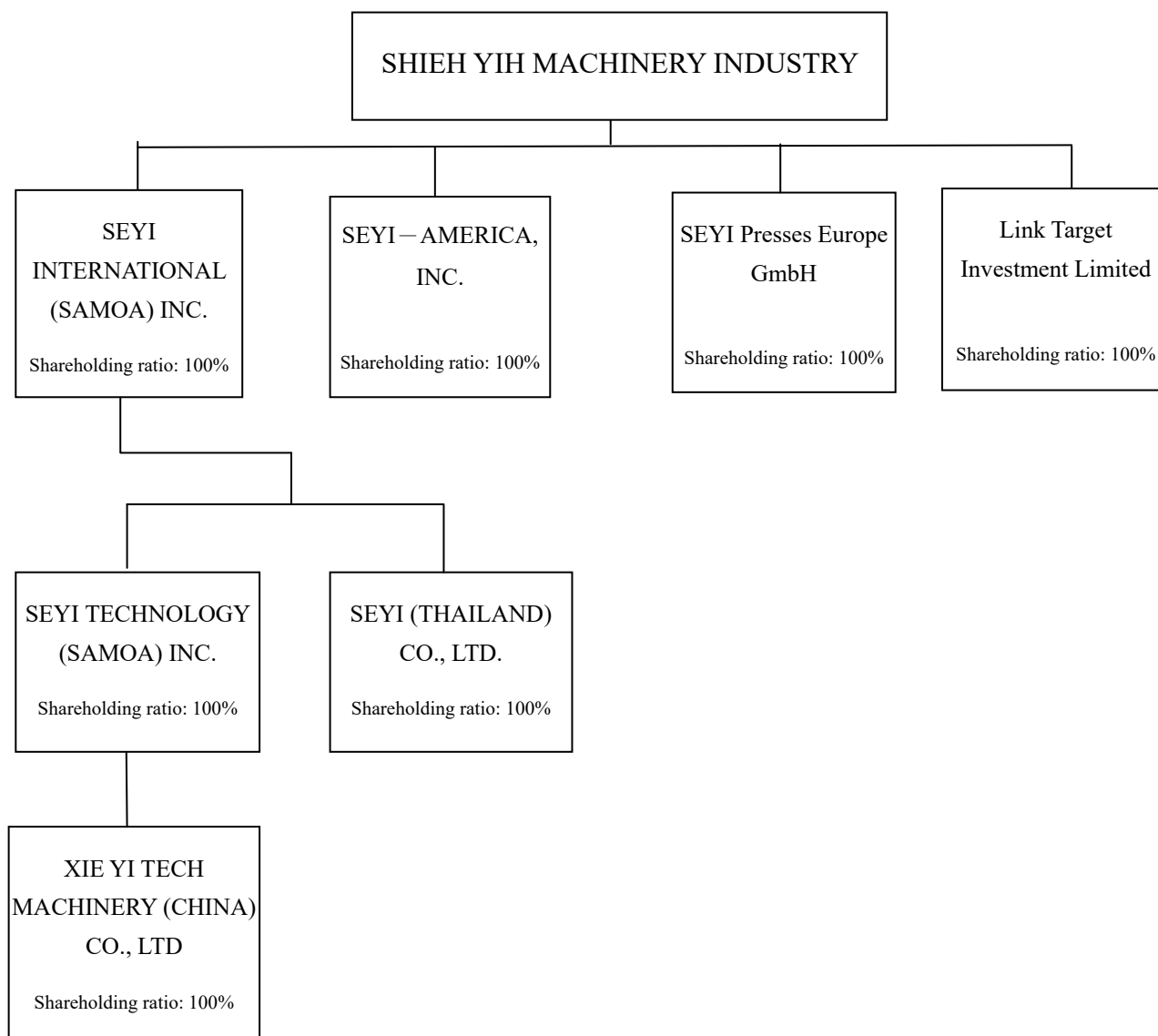
**VII. Other material items:** None.

## Chapter Eight. Special items to be included

### I. Information related to the company's affiliates:

#### (I) Consolidated business report of affiliates

##### 1. Organizational chart of affiliates



Note: Organizational chart of affiliates as of March 31, 2024

## 2. Basic information on affiliates

Unit: in thousand

Company name	Date of incorporation	Address	Paid-in capital	Main business or production items
SEYI INTERNATIONAL (SAMOA) INC.	2002.07.31	TrustNet Chamber, Loter mau Centre, P.O.Box 1225, Apia, Samoa	USD 2,253	Trading and investing business
SEYI-AMERICA, INC.	2000.01.31	17534 VON KARMAN AVE. IRVINE, CA 92614, U.S.A.	USD 3,000	Sales of machine tools and related mechanical parts for presses
SEYI Presses Europe GmbH	2012.08.29	Wilhelm-Gutbrod-Str. 25, 60437 Frankfurt am Main, Germany	EUR 250	Sales of machine tools and related mechanical parts for presses
Link Target Investment Limited	2013.04.24	9F., No. 183, Gangqian Rd., Neihu Dist., Taipei City	NTD 250,000	Investing business
SEYI TECHNOLOGY (SAMOA) INC.	2002.07.31	TrustNet Chambers, Lotemau Centre, P.O. Box 1225, Apia, Samoa	USD 2,000	Trading and investing business
SEYI (THAILAND) CO., LTD.	2012.08.31	399/69 Moo13, Rachatewa, Bangplee, Samutprakarn 10540 Thailand.	THB 7,500	Sales of machine tools and related mechanical parts for presses
XIE YI TECH MACHINERY (CHINA) CO., LTD	2002.08.22	No. 88 Xing Puzhong Lu, Qiandeng Town, Kunshan City, Jiangsu, China	USD 12,000	Manufacturing of specialized equipment for the electronics, automobile, home appliance and machine industries

Note: The record date for paid-in capital is March 31, 2024.

- Information on the shareholders in common for presumption of a relationship of control or subordination: None.
- The industries covered by the business operated by the affiliates overall:  
The Company and its affiliates are engaged in the design, manufacture, trading and general investment business for presses and peripheral equipment and parts.

## 5. Information on directors, supervisors and presidents of affiliates

Unit: Shares; %

Company name	Position	Name of individual or representative(s)	Shareholding	
			Number of shares	Shareholding Ratio %
SEYI INTERNATIONAL (SAMOA)INC.	Chairman	SHIEH YIH MACHINERY INDUSTRY CO., LTD. Legal Representative: Ya-Hui Kuo	2,252,750	100.00
SEYI-AMERICA,INC.	Chairman	SHIEH YIH MACHINERY INDUSTRY CO., LTD. Legal Representative: Ya-Hui Kuo	3,000,000	100.00
SEYI Presses Europe GmbH	Chairman	SHIEH YIH MACHINERY INDUSTRY CO., LTD. Legal Representative: Ya-Hui Kuo	250,000	100.00
Link Target Investment Limited	Chairman	SHIEH YIH MACHINERY INDUSTRY CO., LTD. Legal Representative: Ya-Hui Kuo	25,000,000	100.00
SEYI TECHNOLOGY (SAMOA)INC.	Chairman	SHIEH YIH MACHINERY INDUSTRY CO., LTD. Legal Representative: Ya-Hui Kuo	2,000,000	100.00
SEYI(THAILAND) CO.,LTD.	Chairman	SHIEH YIH MACHINERY INDUSTRY CO., LTD. Legal Representative: Ya-Hui Kuo	75,000	100.00
XIE YI TECH MACHINERY (CHINA) CO., LTD	Chairman	SHIEH YIH MACHINERY INDUSTRY CO., LTD. Legal Representative: Ya-Hui Kuo	12,000,000	100.00

Note: Information as of March 31, 2024

## 6. Operating overview of affiliates

December 31, 2023; Unit: NT\$thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating Income	Operating profit	Profit or Loss for the period (After tax)	Earnings per share (NTD) (After tax)
SEYI INTERNATIONAL (SAMOA)INC.	87,697	1,673,898	886,192	787,706	1,603,241	57,119	76,346	33.89
SEYI-AMERICA, INC.	93,776	488,293	257,437	230,857	1,196,098	33,469	28,051	9.35
SEYI Presses Europe GmbH	9,251	219,907	245,638	(25,731)	172,450	3,865	3,245	12.98
Link Target Investment Limited	250,000	170,372	0	170,371	0	(403)	13,953	0.56

(II) Consolidated financial statements of affiliates: Please see page 189-260.

(III) Affiliation reports: Not applicable.

- II. Where the company has carried out a private placement of securities during the current fiscal year up to the date of publication of the annual report: None.**
- III. Holdings or disposal of shares in the company by the company's subsidiaries during the current fiscal year up to the date of publication of the annual report: None.**
- IV. Other matters that require additional description: None.**
- V. If any of the situations listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the current fiscal year up to the date of publication of the annual report: None.**

**Appendix (I) 2023 Parent Company Only Financial Statement**

**Appendix (II) 2023 Consolidated Financial Statement**



**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, 2023 and 2022, 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 material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 is described as follows:

**Estimated Loss Due to Impairment of Inventory**

As of December 31, 2023, the Company's net value of inventories amounted to \$559,072 thousand (refer to Note 12), representing 11.21% 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 systems. We evaluated the rationality of the method for calculating the inventory obsolescence loss at the end of the year. On the physical inventory count, we observed that 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, 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 the general economic conditions of the industry in which the debtors operate and an assessment of both the current and global economic growth rate at the reporting date. The Company uses a provision matrix to determine the 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 the adjustment of the loss rate are influenced by the assumptions that 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 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 11 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 the 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 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., is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the total assets of Seyi-America, Inc. were \$190,486 thousand, representing 3.82%, and

\$162,998 thousand, representing 3.37%, respectively, of the consolidated total assets, and the amounts of total revenue were \$28,051 thousand, representing 11.74%, and \$32,068 thousand, representing 47.71%, 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, 2023 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 11, 2024

### 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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,682,958	34	\$ 1,824,684	38
Financial assets at fair value through profit or loss (Notes 4, 7 and 28)	5,568	-	5,593	-
Contract assets (Note 22)	-	-	2,603	-
Financial assets at amortized cost (Notes 4, 10 and 30)	350,321	7	169,812	4
Notes receivable (Notes 4, 5, 11 and 22)	16,093	-	36,655	1
Trade receivables (Notes 4, 5, 11 and 22)	36,548	1	91,053	2
Trade receivables - related parties (Notes 22 and 29)	273,514	6	184,290	4
Other receivables	17,989	-	16,478	-
Other receivables - related parties (Note 29)	10,257	-	71,182	1
Current tax assets (Notes 4 and 24)	7,738	-	1,835	-
Inventories (Notes 4, 5 and 12)	559,072	11	481,258	10
Prepayments	72,577	2	62,790	1
Other current assets	2,249	-	1,128	-
Total current assets	<u>3,034,884</u>	<u>61</u>	<u>2,949,361</u>	<u>61</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 28)	140,916	3	31,606	1
Long-term investments at equity (Notes 4 and 13)	1,145,625	23	1,035,507	21
Property, plant and equipment (Notes 4, 14 and 30)	577,405	12	601,257	13
Right-of-use assets (Note 15)	15,967	-	5,782	-
Investment properties (Notes 4, 16 and 30)	-	-	109,534	2
Intangible assets (Note 4)	13,895	-	16,763	-
Deferred tax assets (Notes 4 and 24)	55,284	1	74,914	2
Refundable deposits	2,425	-	2,554	-
Prepayments for equipment	-	-	4,134	-
Total non-current assets	<u>1,951,517</u>	<u>39</u>	<u>1,882,051</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 4,986,401</u>	<u>100</u>	<u>\$ 4,831,412</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 254,830	5	\$ 254,583	6
Contract liabilities (Notes 3, 22 and 29)	106,143	2	99,304	2
Notes payable (Note 18)	659	-	702	-
Trade payables (Note 18)	395,690	8	480,078	10
Trade payables - related parties (Note 29)	2,333	-	285	-
Lease liabilities - current (Note 15)	5,997	-	2,756	-
Other payables (Note 19)	115,577	2	93,776	2
Current tax liabilities (Note 24)	-	-	6,395	-
Current portion of long-term borrowings (Notes 17 and 30)	94,000	2	201,692	4
Other current liabilities	123	-	346	-
Total current liabilities	<u>975,352</u>	<u>19</u>	<u>1,139,917</u>	<u>24</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 17 and 30)	1,331,667	27	1,181,051	24
Deferred tax liabilities (Notes 4 and 24)	22,812	-	21,053	-
Lease liabilities - non-current (Note 15)	9,202	-	2,295	-
Net defined benefit liabilities (Notes 4 and 20)	26,775	1	25,303	1
Credit balance for using equity methods (Notes 4 and 13)	38,596	1	34,756	1
Other non-current liabilities	992	-	926	-
Total non-current liabilities	<u>1,430,044</u>	<u>29</u>	<u>1,265,384</u>	<u>26</u>
Total liabilities	<u>2,405,396</u>	<u>48</u>	<u>2,405,301</u>	<u>50</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)</b>				
Share capital				
Ordinary shares	1,584,341	32	1,584,341	33
Capital surplus	184,982	4	195,244	4
Retained earnings				
Legal reserve	258,877	5	254,384	5
Special reserve	137,070	3	213,181	4
Unappropriated earnings	557,722	11	316,031	7
Total retained earnings	953,669	19	783,596	16
Other equity				
Exchange differences on translating foreign operations	(136,182)	(3)	(125,086)	(3)
Unrealized loss on financial assets at fair value through other comprehensive income	(5,805)	-	(11,984)	-
Total other equity	(141,987)	(3)	(137,070)	(3)
Total equity	<u>2,581,005</u>	<u>52</u>	<u>2,426,111</u>	<u>50</u>
<b>TOTAL</b>	<u>\$ 4,986,401</u>	<u>100</u>	<u>\$ 4,831,412</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated March 11, 2024)

# SHIEH YIH MACHINERY INDUSTRY CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
GROSS SALES	\$ 1,495,798	100	\$ 1,294,653	100
LESS: SALES RETURNS	115	-	60	-
LESS: SALES ALLOWANCE	<u>-</u>	<u>-</u>	<u>13</u>	<u>-</u>
NET SALES (Notes 22 and 29)	1,495,683	100	1,294,580	100
OPERATING COST (Notes 12, 23 and 29)	<u>1,016,747</u>	<u>68</u>	<u>1,014,274</u>	<u>79</u>
GROSS PROFIT	478,936	32	280,306	21
UNREALIZED GAIN ON TRANSACTION WITH SUBSIDIARIES AND ASSOCIATES	(56,173)	(4)	(53,851)	(4)
REALIZED GAIN ON TRANSACTION WITH SUBSIDIARIES AND ASSOCIATES	<u>53,850</u>	<u>4</u>	<u>38,927</u>	<u>3</u>
REALIZED GROSS PROFIT	<u>476,613</u>	<u>32</u>	<u>265,382</u>	<u>20</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	140,763	9	124,472	10
General and administrative expenses	150,030	10	129,725	10
Research and development expenses	121,173	8	134,415	10
Expected credit loss (Note 11)	<u>6,539</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>418,505</u>	<u>28</u>	<u>388,612</u>	<u>30</u>
GAIN (LOSS) FROM OPERATIONS	<u>58,108</u>	<u>4</u>	<u>(123,230)</u>	<u>(10)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 29)	72,704	5	12,495	1
Rental income	30	-	91	-
Other income	3,914	-	1,250	-
Dividends income	1,034	-	11,797	1
Gains on disposal of investment property	14,492	1	-	-
Gain on valuation of financial instruments	775	-	2,255	-
Miscellaneous expenses	(585)	-	(1,261)	-
Foreign exchange (losses) gains (Note 23)	(2,752)	-	112,821	9
Interest expenses	(30,358)	(2)	(22,110)	(2)
Share of the profit or loss of associates	<u>121,595</u>	<u>8</u>	<u>73,109</u>	<u>6</u>
Total non-operating income and expenses	<u>180,849</u>	<u>12</u>	<u>190,447</u>	<u>15</u>

(Continued)

# SHIEH YIH MACHINERY INDUSTRY CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 238,957	16	\$ 67,217	5
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(26,060)</u>	<u>(2)</u>	<u>(38,473)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>212,897</u>	<u>14</u>	<u>28,744</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (Notes 20 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(2,984)	-	20,230	1
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	6,395	1	(10,705)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>597</u>	<u>-</u>	<u>(4,047)</u>	<u>-</u>
	<u>4,008</u>	<u>1</u>	<u>30,478</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(13,870)	(1)	53,620	4
Unrealized (losses) gains on investments in debt instruments at fair value through other comprehensive	(1,147)	-	-	-
Share of other comprehensive loss of subsidiaries ventures accounted for using the equity method	876	-	(7,171)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>2,829</u>	<u>-</u>	<u>(9,633)</u>	<u>(1)</u>
	<u>(11,312)</u>	<u>(1)</u>	<u>36,816</u>	<u>3</u>
Other comprehensive income (loss) for the year (net of income tax)	<u>(7,304)</u>	<u>-</u>	<u>67,294</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 205,593</u>	<u>14</u>	<u>\$ 96,038</u>	<u>7</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.34</u>		<u>\$ 0.18</u>	
Diluted	<u>\$ 1.34</u>		<u>\$ 0.18</u>	

he accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche audit report dated March 11, 2024)

(Concluded)



**SHIEH YIH MACHINERY INDUSTRY CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners to the Company (Note 20)										
	Capital Surplus					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 (Note 21)	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at FVTOCI
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE AT JANUARY 1, 2022	1,584,341	155,873	47,180	5,129	1,602	3,435	249,077	202,893	349,176	(167,981)	(45,200)
Appropriation of 2021 earnings	-	-	-	-	-	-	5,307	-	(5,307)	-	-
Legal reserve	-	-	-	-	-	-	-	10,288	(10,288)	-	-
Special reserve	-	(17,975)	-	-	-	-	-	-	(37,477)	-	-
Cash dividends distributed by the Company	-	(17,975)	-	-	-	-	5,307	10,288	(53,072)	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	-	28,744	-	-
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	-	16,183	42,895	8,216
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	44,927	42,895	8,216
Disposal in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(25,000)	-	25,000
BALANCE AT DECEMBER 31, 2022	1,584,341	137,898	47,180	5,129	1,602	3,435	254,384	213,181	316,031	(125,086)	(11,984)
Appropriation of 2022 earnings	-	-	-	-	-	-	4,493	-	(4,493)	-	-
Legal reserve	-	-	-	-	-	-	-	(76,111)	76,111	-	-
Special reserve	-	(10,262)	-	-	-	-	-	-	(40,437)	-	-
Cash dividends distributed by the Company	-	(10,262)	-	-	-	-	4,493	(76,111)	31,181	-	-
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	-	212,897	-	-
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	-	(2,387)	(11,096)	6,179
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	-	210,510	(11,096)	6,179
BALANCE AT DECEMBER 31, 2023	1,584,341	127,636	47,180	5,129	1,602	3,435	258,877	137,070	557,722	(136,182)	(5,805)

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

(With Deloitte & Touche audit report dated March 11, 2024)

# SHIEH YIH MACHINERY INDUSTRY CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 238,957	\$ 67,217
Adjustments for:		
Depreciation expenses	32,295	34,051
Amortization expenses	9,256	7,536
Expect credit loss recognized on trade receivables	6,539	-
Gain on valuation of financial assets instruments	(775)	(2,255)
Interest expenses	30,358	22,110
Interest income	(72,704)	(12,495)
Dividends income	(1,034)	(11,797)
Gains on disposals of investment property	(14,492)	-
Share of profit of associates	(121,595)	(73,109)
Loss of write-downs of inventories	7,920	-
Gain on lease modification	-	(4)
Unrealized gain on transactions with subsidiaries and associates	56,173	53,850
Realized gain on transactions with subsidiaries and associates	(53,850)	(38,927)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	800	1,770
Contract assets	2,603	(2,603)
Notes receivable	20,562	17,181
Trade receivables	47,966	14,320
Trade receivables - related parties	(89,224)	3,449
Other receivables	7,028	(10,210)
Other receivables - related parties	60,925	(62,249)
Inventories	(85,872)	(194,955)
Prepayments	(5,653)	(50,600)
Other current assets	(1,121)	22
Contract liabilities	6,839	39,895
Notes payable	(43)	(646)
Trade payables	(84,388)	69,662
Trade payables to related parties	2,048	(88)
Other payables	21,530	8,034
Other current liabilities	(223)	(267)
Net defined benefit liabilities	(1,512)	(11,471)
Cash generated from operations	19,313	(132,579)
Interest paid	(30,193)	(21,826)
Income tax paid	(13,543)	(6,048)
Net cash used in operating activities	(24,423)	(160,453)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(114,862)	-
Purchase of financial assets at amortized cost	(180,509)	(75,754)

(Continued)

# SHIEH YIH MACHINERY INDUSTRY CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Capital repatriation from subsidiaries (Note 26)	\$ -	\$ 342,349
Proceeds from the capital reduction of subsidiaries	-	316,200
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	10,800	-
Payments for property, plant and equipment (Note 26)	(2,069)	(7,179)
Gains on disposals of investment property	123,549	-
Decrease in refundable deposits	129	106
Payments for intangible assets (Note 26)	(6,282)	(5,475)
Interest received	64,165	9,955
Dividend received	<u>1,034</u>	<u>11,797</u>
Net cash (used in) generated from investing activities	<u>(104,045)</u>	<u>591,999</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	247	(150,770)
Proceeds from long-term borrowings	1,760,924	801,692
Repayment from long-term borrowings	(1,718,000)	(594,949)
Repayment of the principal portion of lease liabilities	(5,796)	(6,376)
Increase in deposits received	66	9
Dividends paid to owners of the Company	<u>(50,699)</u>	<u>(55,452)</u>
Net cash generated used in financing activities	<u>(13,258)</u>	<u>(5,846)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(141,726)	425,700
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,824,684</u>	<u>1,398,984</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,682,958</u>	<u>\$ 1,824,684</u>

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

(With Deloitte & Touche audit report dated March 11, 2024)

(Concluded)

# SHIEH YIH MACHINERY INDUSTRY CO., LTD.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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#### 1. GENERAL INFORMATION

Shieh Yih Machinery Industry Co., Ltd. (the “Company”) was established in March 1982 and began operations in April 1982. The Company designs, develops, manufactures and sells machinery, and the Company provides IT software services and other design services.

The ordinary shares of the Company have been listed on the Taipei Exchange since April 2002.

The functional currency of the Company is the New Taiwan dollar.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Company’s board of directors on March 11, 2024.

#### 3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	January 1, 2023

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of standards and interpretations above on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of standards and interpretations above on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

d. Presentation reclassification

The management of the Company considers the bank deposits repatriated for restricted purposes for the use of substantial investments and financial investments in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. The nature of the deposit does not change the nature of the deposit as the entity can access those amounts on demand. The management concludes that the presentation of cash and cash equivalents is more appropriate and, therefore, has changed the presentation of the consolidated balance sheets and consolidated statements of cash flows in 2023. The financial assets at amortized cost were reclassified to cash and cash equivalents with a carrying amount of \$40,708 thousand and \$51,208 thousand December 31, 2023 and 2022. The impact on cash flows for the year ended December 31, 2022 was as follows:

	<b>Adjustments</b>
Net cash generated from (used in) operating activities	\$ -
Net cash generated from (used in) investing activities	<u>51,208</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 51,208</u>

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and the net defined benefit liability which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting only financial statements, the financial statements of the Company (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The reason why the Company's inventory write-downs may arise is due to the obsolescence caused by customization. The net realizable value is estimated based on inventory age and historical experience. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.



g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits and bonds with repurchase agreements with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as reflected in the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized costs using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## l. Revenue recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

### 1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of vehicles and parts. Revenue from the sale of goods is recognized when the goods are delivered, and the title has been transferred.

### 2) Revenue from rendering of services

Revenue from the rendering of services comes from designing and performing the R&D of cars. Contract assets and revenue are recognized by reference to the stage of completion of the respective contract, and contract assets are reclassified to trade receivables when the remaining obligation is performed. If the milestone payment exceeds the revenue recognized to date, then the Company recognizes a contract liability for the difference.

## m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

### 1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

### 2) The Company as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the

lease liabilities. Right-of-use assets are presented on a separate line in the only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the only balance sheets.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

## 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 3) Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

### p. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **Estimated Impairment of Accounts Receivable**

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions, as well as forward-looking estimates as of the end of each reporting period. When the actual future cash inflows are less than expected, a material impairment loss may arise.

### **Inventory Obsolescence Loss**

Inventory obsolescence loss is estimated based on the stock age and the ratio of the impairment loss. Historical experience is also taken into consideration when assessing inventory obsolescence loss. If the actual impairment of inventory is higher than expected in the future, it may cause critical losses.

## **6. CASH AND CASH EQUIVALENTS**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 1,095	\$ 773
Checking accounts and demand deposits	554,711	847,183
Cash equivalents		
Time deposits with original maturities less than 3 months	935,272	757,469
Bonds with repurchase agreements	<u>191,880</u>	<u>219,259</u>
	<u>\$ 1,682,958</u>	<u>\$ 1,824,684</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Time deposits with original maturities less than 3 months	1.70%-5.53%	1.25%-4.80%
Bonds with repurchase agreements	5.45%-5.60%	4.40%-4.50%

## **7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Hua Nan Financial Holdings Co., Ltd.	<u>\$ 5,568</u>	<u>\$ 5,593</u>



## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Non-current</u>		
Investments in equity instruments	\$ 44,001	\$ 31,606
Investments in debt instruments	<u>96,915</u>	<u>-</u>
	<u>\$ 140,916</u>	<u>\$ 31,606</u>

### a. Investments in equity instruments:

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - Hua Nan Financial Holdings Co., Ltd.	\$ 3,043	\$ 3,056
Unlisted shares		
Ordinary shares - Barits Biofund, Inc.	28,650	22,824
Ordinary shares - Kingfont Precision Industrial Co., Ltd.	<u>12,308</u>	<u>5,726</u>
	<u>\$ 44,001</u>	<u>\$ 31,606</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

### b. Investments in debt instruments:

	December 31	
	2023	2022
<u>Non-current</u>		
Foreign Investment	<u>\$ 96,915</u>	<u>\$ -</u>

The bond held by the company have a coupon rate as follow:

	December 31	
	2023	2022
<u>Bond investments</u>	4.75%-7.63 %	-

## 9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Gross carrying amount	\$ 97,894	\$ -
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	97,894	-
Fair value adjustment	(1,147)	-
Foreign exchange gains and losses	<u>168</u>	<u>-</u>
	<u><b>\$ 96,915</b></u>	<u><b>\$ -</b></u>

The Company invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

## 10. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Time deposits with original maturity of more than 3 months		
(a)	\$ 334,830	\$ 154,609
Time deposits - limited (b)	<u>15,491</u>	<u>15,203</u>
	<u><b>\$ 350,321</b></u>	<u><b>\$ 169,812</b></u>

- As of December 31, 2023 and 2022, the interest rates of time deposits with original maturity of more than 3 months were from 1.7% to 5.52% and from 2.75% to 3.75%, respectively at the end of the reporting period.
- Financial assets at amortized cost pledged as collateral for derivative products, bank borrowings and endorsements/guarantees are set out in Note 30.

## 11. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 16,093	\$ 36,655
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u><b>\$ 16,093</b></u>	<u><b>\$ 36,655</b></u>

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 43,087	\$ 91,053
Less: Allowance for impairment loss	<u>6,539</u>	<u>-</u>
	<u>\$ 36,548</u>	<u>\$ 91,053</u>
		(Concluded)

a. Notes receivable

The average credit period of sales of goods was from 120 to 150 days. No interest was charged on notes receivable. In order to minimize credit risk, the management of the Company has determined credit limits, credit approvals and internal control procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company use lifetime expected loss provision for all notes receivables. The expected credit losses on notes receivable are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions. The provision matrix of the Company is used to identify whether objective evidence shows the significant notes receivable are impaired. The Company determines the impairment amounts individually when the evidence shows the receivables are impaired. Other customers are differentiated by product category, the Company determines the credit losses with the respective risks of default occurring as the weights.

The Company writes off a notes receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For notes receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable based on the Company's provision matrix.

December 31, 2023

	<b>Not Past Due</b>
Expected credit loss rate	-
Gross carrying amount	\$ 16,093
Loss allowance (Lifetime ECL)	<u>-</u>
Amortized cost	<u>\$ 16,093</u>

December 31, 2022

	<b>Not Past Due</b>
Expected credit loss rate	-
Gross carrying amount	\$ 36,655
Loss allowance (Lifetime ECL)	<u>-</u>
Amortized cost	<u>\$ 36,655</u>

b. Trade receivables

The average credit period of sales of goods was from 120 to 150 days. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from default. The Company uses the internal credit rating system to assess the credit quality and defines credit limits of the potential customers and periodically reviews each customer's records of historical trade and financial position each year.

The Company use lifetime expected loss provision for all trade receivables. The expected credit losses on notes receivable are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions. The provision matrix of the Company is used to identify whether objective evidence shows the significant trade receivables are impaired. The Company determines the impairment amounts individually when the evidence shows the receivables are impaired. Other customers are differentiated by region and by product category, the Company evaluates the prospect of recovery based on the past due days of accounts receivable and determine the credit losses with the respective risks of default occurring as the weights.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2023

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 360 Days	Over 361 Days	Individual Identification	Total
Expected credit loss rate	-	-	-	-	-	100%	100%	
Gross carrying amount	\$ 36,548	\$ -	\$ -	\$ -	\$ -	\$ 3,937	\$ 2,602	\$ 43,087
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,937)</u>	<u>(2,602)</u>	<u>(6,539)</u>
Amortized cost	<u>\$ 36,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,548</u>

December 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 360 Days	Over 361 Days	Individual Identification	Total
Expected credit loss rate	-	-	-	-	-	-	-	
Gross carrying amount	\$ 88,730	\$ 2,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,053
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 88,730</u>	<u>\$ 2,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,053</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ -	\$ -
Add: Net remeasurement	<u>6,539</u>	<u>-</u>
Balance at December 31	<u>\$ 6,539</u>	<u>\$ -</u>

c. Other receivables

The Company determines the impairment amounts individually when the objective evidence shows the other receivables are impaired. There is no overdue other receivable outstanding at the end of the reporting period.

## 12. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Finished goods	\$ 21,461	\$ 13,609
Work in progress	360,279	339,378
Raw materials	<u>177,332</u>	<u>128,271</u>
	<u>\$ 559,072</u>	<u>\$ 481,258</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$1,016,747 thousand and \$1,014,274 thousand, respectively. The cost of goods sold for the year ended December 31, 2023 included inventory depreciation and obsolescence losses of \$7,920 thousand.

## 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Investments in subsidiaries	<u>\$ 1,145,625</u>	<u>\$ 1,035,507</u>
Unlisted shares		
Seyi International (Samoa) Inc.	\$ 784,768	\$ 716,097
Xie Da Investment Co., Ltd.	170,371	156,412
Seyi-America Inc.	190,486	162,998
Seyi Press Europe GmbH	<u>(38,596)</u>	<u>(34,756)</u>
	<u>1,107,029</u>	<u>1,000,751</u>
Add: Investments accounted for using equity method (credit balance) listed in non-current liability	<u>38,596</u>	<u>34,756</u>
	<u>\$ 1,145,625</u>	<u>\$ 1,035,507</u>

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited.

The percentage subsidiaries' ownerships and voting right held by the Company:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Seyi International (Samoa) Inc.	100%	100%
Xie Da Investment Co., Ltd.	100%	100%
SEYI-AMERICA, INC.	100%	100%
Seyi Presses Europe GmbH	100%	100%

#### 14. PROPERTY, PLANT AND EQUIPMENT - USED BY THE COMPANY

	<b>Freehold Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Office Equipment</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>						
Balance at January 1, 2022	\$ 125,720	\$ 498,642	\$ 396,790	\$ 22,451	\$ 56,468	\$ 1,100,071
Additions	-	-	380	1,239	2,772	4,391
Disposals	-	-	-	(22)	(1,530)	(1,552)
Balance at December 31, 2022	<u>\$ 125,720</u>	<u>\$ 498,642</u>	<u>\$ 397,170</u>	<u>\$ 23,668</u>	<u>\$ 57,710</u>	<u>\$ 1,102,910</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 135,390	\$ 281,842	\$ 16,611	\$ 42,642	\$ 476,485
Depreciation expenses	-	11,669	8,931	2,363	3,757	26,720
Disposals	-	-	-	(22)	(1,530)	(1,552)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 147,059</u>	<u>\$ 290,773</u>	<u>\$ 18,952</u>	<u>\$ 44,869</u>	<u>\$ 501,653</u>
Carrying amounts at December 31, 2022	<u>\$ 125,720</u>	<u>\$ 351,583</u>	<u>\$ 106,397</u>	<u>\$ 4,716</u>	<u>\$ 12,841</u>	<u>\$ 601,257</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 125,720	\$ 498,642	\$ 397,170	\$ 23,668	\$ 57,710	\$ 1,102,910
Additions	-	-	-	1,511	558	2,069
Disposals	-	-	(680)	(6,565)	(2,115)	(9,359)
Internal transfers	-	-	-	-	138	138
Balance at December 31, 2023	<u>\$ 125,720</u>	<u>\$ 498,642</u>	<u>\$ 396,490</u>	<u>\$ 18,614</u>	<u>\$ 56,291</u>	<u>\$ 1,095,758</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ -	\$ 147,059	\$ 290,773	\$ 18,952	\$ 44,869	\$ 501,653
Depreciation expenses	-	11,163	8,884	2,359	3,653	26,059
Disposals	-	-	(680)	(6,565)	(2,115)	(9,359)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 158,222</u>	<u>\$ 298,977</u>	<u>\$ 14,746</u>	<u>\$ 46,407</u>	<u>\$ 518,353</u>
Carrying amounts at December 31, 2023	<u>\$ 125,720</u>	<u>\$ 340,420</u>	<u>\$ 97,513</u>	<u>\$ 3,868</u>	<u>\$ 9,884</u>	<u>\$ 577,405</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

##### Buildings

Main buildings	50 years
Administration building	50 years
Others	5 to 50 years
Machinery and equipment	3 to 20 years
Office equipment	3 to 6 years
Other equipment	2 to 16 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.  
No impairment assessment was performed for the years ended December 31, 2023 and 2022.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Buildings	\$ 511	\$ 706
Office equipment	1,254	1,735
Transportation equipment	<u>14,202</u>	<u>3,341</u>
	<u>\$ 15,967</u>	<u>\$ 5,782</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 15,944</u>	<u>\$ 1,256</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 195	\$ 927
Office equipment	481	481
Transportation equipment	<u>5,083</u>	<u>4,778</u>
	<u>\$ 5,759</u>	<u>\$ 6,186</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Current	<u>\$ 5,997</u>	<u>\$ 2,756</u>
Non-current	<u>\$ 9,202</u>	<u>\$ 2,295</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Buildings	1.51%-1.54%	1.51%-1.54%
Office equipment	1.54%	1.54%
Transportation equipment	1.51%-1.54%	1.51%-1.54%

Except for the recognition of depreciation expenses and additions, there was no significant sublease and impairment of the right-of-use assets of the Company in 2023 and 2022. In addition, the Company terminated some lease contracts earlier, which resulted in a decrease of right-of-use assets of \$117 thousand, recognized a lease modification benefit of \$4 thousand in 2022.

c. Material lease-in activities and terms

The Company leases certain transportation equipments and office equipments for the use of its executives with lease terms of 2 to 7 years. The Company does not have bargain purchase options to acquire the leasehold cars at the end of the lease terms.

The Company also leases buildings for the use of plants, offices and dormitory with lease terms of 5 years. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 2,162</u>	<u>\$ 1,562</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 72</u>	<u>\$ 79</u>
Total cash outflow for leases	<u>\$ (8,030)</u>	<u>\$ (8,196)</u>

The Company leases certain transportation equipment which qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

**16. INVESTMENT PROPERTIES**

	<b>Completed Investment Property</b>
<u>Cost</u>	
Balance at January 1, 2022	\$ 145,323
Additions	<u>-</u>
Balance at December 31, 2022	<u>\$ 145,323</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ (34,644)
Depreciation expense	<u>(1,145)</u>
Balance at December 31, 2022	<u>\$ (35,789)</u>
Carrying amounts at December 31, 2022	<u>\$ 109,534</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 145,323
Additions	<u>(145,323)</u>
Balance at December 31, 2023	<u>\$ -</u>

(Continued)



**Completed  
Investment  
Property**

Accumulated depreciation

Balance at January 1, 2023	\$ (35,789)
Depreciation expense	(477)
Disposals	<u>36,266</u>
Balance at December 31, 2023	<u>\$ -</u>
Carrying amounts at December 31, 2023	<u>\$ -</u> (Concluded)

In June 2023, the company completed the disposal procedure. The proceeds was \$123,549 thousand, and the related gain on disposal was \$14,492 thousand.

The investment properties are depreciated using the straight-line method over their estimated useful lives of 55 years.

The fair value of investment real estate has not been evaluated by independent evaluators, and is only measured by the management of the combined company using evaluation methods commonly used by market participants. The evaluation is based on market evidence of similar real estate transaction prices. The fair value of its evaluation is as follows:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Fair value	<u>\$ -</u>	<u>\$ 189,519</u>

The total amount of lease payments that will be received in the future for leasing investment real estate, please refer to Note 30.

## 17. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Unsecured borrowings</u>		
Bank loans	\$ 250,000	\$ 250,000
Loans from letter of credit of bank	<u>4,830</u>	<u>4,583</u>
	<u>\$ 254,830</u>	<u>\$ 254,583</u>

The ranges of interest rates on unsecured borrowings were both was 1.4945%-2.023% and 0.95%-1.47% per annum as of December 31, 2023 and 2022, respectively.

b. Long-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Secured borrowings</u>		
First Commercial Bank	\$ 610,000	\$ 200,000
O-Bank Co., Ltd	-	323,076
	<u>610,000</u>	<u>523,076</u>
<u>Unsecured borrowings</u>		
O-Bank Co., Ltd	200,000	-
Cathay United Bank	200,000	200,000
HuaNan Bank	175,000	235,000
SinoPac Bank	150,000	300,000
Fubon Bank	90,667	124,667
	<u>815,667</u>	<u>859,667</u>
Less: Current portions	<u>94,000</u>	<u>201,692</u>
Long-term borrowings	<u>\$ 1,331,667</u>	<u>\$ 1,181,051</u>

The ranges of effective interest rates on the above loan were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Effective interest rate:		
Floating rate	1.66%-1.80%	1.46%-1.77%

- 1) First Commercial Bank: In December 2021, the Company signed a loan agreement with First Commercial Bank. Under the loan agreement, a revolving credit line of \$1.1 billion was granted to the Company. The credit period is 5 years from the date of the first use. Each drawdown will have a loan period of two years, with the principal of each drawdown being repayable in full upon maturity, and the facility may be revolving. The Company provides the land and plant on Nanshang Road, Guishan District, Taoyuan City, as collateral; refer to Note 30.
- 2) Secured borrowings from O-Bank Co., Ltd: The Company signed a loan agreement; the loan period is from December 25, 2020 to December 2025, with the principal as the first installment in December 2022, and every three months thereafter. There are 13 installments in total, which are evenly amortized on a monthly basis. The Company made early principal repayments of \$161,538 thousand in March 2023 and \$161,538 thousand in June 2023, respectively. The Company provides investment real estate in Xinghua Section of Xinzhuang City as collateral. Refer to Note 30.
- 3) Unsecured borrowings from O-Bank Co., Ltd.: The Company signed a loan agreement; the loan period is from November 2023 to November 2028, with the principal as the first installment in November 2025, and every three months thereafter. There are 13 installments in total, which are evenly amortized on a monthly basis.
- 4) Unsecured borrowings from Cathay United Bank: The Company signed a loan agreement; the loan period is from June 2021 to June 2023 and shall be repaid upon the maturity date. The Company extended the loan for one year with the bank in June 2022 and 2023. In addition, the contract was renewed starting from June 2022 to June 2024 and June 2023 to June 2025, respectively, and the loan shall be repaid upon the maturity date.

- 5) Unsecured borrowings from Huanan Bank: The Company signed a loan agreement; the loan period is from November 2021 to November 2026, with the principal as the first installment in December 2022 and every month thereafter. There are 48 installments in total, which are evenly amortized on a monthly basis.
- 6) Unsecured borrowings from SinoPac Bank: The Company signed a new loan agreement on January 2022 and February 2022; the loan period is from January 2022 to January 2025 and February 2022 to February 2025, respectively, and the loan shall be repaid upon the maturity date. The Company made early principal repayments of \$150,000 thousand in November 2023.
- 7) Unsecured borrowings from Fubon Bank: The Company signed a loan agreement; the loan period is from August 2021 to August 2026, with the principal as the first installment in November 2022 and every month thereafter. There are 48 installments in total, which are evenly amortized on a monthly basis.

## 18. NOTES PAYABLE AND TRADE PAYABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes payable</u>		
Operating	<u>\$ 659</u>	<u>\$ 702</u>
<u>Trade payables</u>		
Operating	<u>\$ 395,690</u>	<u>\$ 480,078</u>

## 19. OTHER PAYABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Other payables		
Payables for salaries or bonuses	\$ 75,596	\$ 49,005
Payables for employee benefits	13,220	12,969
Payables for commissions	2,573	5,044
Payables for test run fees	1,951	3,251
Others	<u>22,237</u>	<u>23,507</u>
	<u>\$ 115,577</u>	<u>\$ 93,776</u>

## 20. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law of the ROC is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 148,081	\$ 157,738
Fair value of plan assets	<u>(121,306)</u>	<u>(132,435)</u>
Net defined benefit liabilities	<u>\$ 26,775</u>	<u>\$ 25,303</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	<u>\$ 179,298</u>	<u>\$(122,294)</u>	<u>\$ 57,004</u>
Service cost			
Current service cost	700	-	700
Net interest expense (income)	<u>1,130</u>	<u>(770)</u>	<u>360</u>
Recognized in profit or loss	<u>1,830</u>	<u>(770)</u>	<u>1,060</u>
Remeasurement			
Actuarial gain - changes in financial assumptions	(11,665)	-	(11,665)
Actuarial gain - changes in experience adjustments	<u>949</u>	<u>(9,514)</u>	<u>(8,565)</u>
Recognized in other comprehensive income	<u>(10,716)</u>	<u>(9,514)</u>	<u>(20,230)</u>
Contributions from the employer	<u>-</u>	<u>(12,531)</u>	<u>(12,531)</u>
Benefits paid	<u>(12,674)</u>	<u>12,674</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 157,738</u>	<u>\$(132,435)</u>	<u>\$ 25,303</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2023	<u>\$ 157,738</u>	<u>\$(132,435)</u>	<u>\$ 25,303</u>
Service cost			
Current service cost	475	-	475
Net interest expense (income)	<u>1,940</u>	<u>(1,629)</u>	<u>311</u>
Recognized in profit or loss	<u>2,415</u>	<u>(1,629)</u>	<u>786</u>
Remeasurement			
Actuarial loss - changes in financial assumptions	346	-	346
Actuarial loss - changes in experience adjustments	<u>3,315</u>	<u>(677)</u>	<u>2,638</u>
Recognized in other comprehensive income	<u>3,661</u>	<u>(677)</u>	<u>2,984</u>
Contributions from the employer	<u>-</u>	<u>(2,298)</u>	<u>(2,298)</u>
Benefits paid	<u>(15,733)</u>	<u>15,733</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 148,081</u>	<u>\$(121,306)</u>	<u>\$ 26,775</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.18%	1.23%
Expected rate(s) of salary increase	1.50%	1.50%

If possible reasonable change in each of the significant actuarial assumptions will occurs and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.5% increase	<u>\$ (1,798)</u>	<u>\$ (1,975)</u>
0.5% decrease	<u>\$ 8,928</u>	<u>\$ 9,485</u>
Expected rate(s) of salary increase		
0.5% increase	<u>\$ 8,851</u>	<u>\$ 9,404</u>
0.5% decrease	<u>\$ (1,800)</u>	<u>\$ (1,980)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
The expected contributions to the plan for the next year	<u>\$ 2,298</u>	<u>\$ 2,040</u>
The average duration of the defined benefit obligation	7 years	7 years

## 21. EQUITY

### a. Share capital - ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>158,434</u>	<u>158,434</u>
Shares issued	<u>\$ 1,584,341</u>	<u>\$ 1,584,341</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

### b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 127,636	\$ 137,898
Conversion of bonds	47,180	47,180
Treasury share transactions	5,129	5,129
Employee share options - expired	3,435	3,435

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>May be used to offset a deficit only (2)</u>		
Changes in percentage of ownership interest in subsidiaries	\$ 1,602	\$ 1,602
	<u>\$ 184,982</u>	<u>\$ 195,244</u> (Concluded)

- 1) This capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital but limited to a certain percentage of the Company's capital surplus and once a year.
- 2) This capital surplus may be used only to offset a deficit, which arises from the effect of changes in capital surplus of subsidiaries accounted for by using the equity method or from the exercise of employee share options - expired.

c. Retained earnings and dividend policy

The parent company has passed a resolution of the shareholders meeting on June 13, 2019 to amend the articles of association, stating that the company authorizes the board of directors to make a special resolution to distribute dividends and bonuses in cash, and report to the shareholders meeting.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors after amendment, refer to "Employees' compensation and remuneration of directors and supervisors" in Note 23(c).

As the Company is in the growing stage, for long-term financial planning and sustainable operating development needs, the Company uses residual dividend policy and constant growth dividend policy and take into consideration the Company's earnings position, future expansion plans, and financial funds requirement. The dividend distribution may take the form of a cash dividend and/or stock dividends, but the amount of cash dividends should not exceed 80% of total distribution.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 which have been approved in the shareholders' meetings on June 21, 2023 and May 27, 2022, respectively, were as follows:

	<b>Appropriation of Earnings For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 4,493	\$ 5,307
Special reserve	(76,111)	10,288
Cash dividends	40,437	37,477
Dividends per share	0.26	0.24

The above appropriations for cash dividends were resolved by the Company's board of directors on March 14, 2023 and March 7, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 21, 2023 and May 27, 2022, respectively.

The Company's also resolved by the Company's board of directors on March 14, 2023 and March 7, 2022 to issue share dividends and cash dividends of \$10,262 thousand and \$17,975 thousand, respectively, from the capital surplus.

The appropriation of earnings for 2023 were proposed by the Company's board of directors on March 11, 2024. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 21,051	
Special reserve	4,917	
Cash dividends	184,544	\$1.16

The above appropriations for cash dividends were resolved by the Company's board of directors. Rest of the cash dividends from share premium ordinary are yet to be announced in the shareholder's meeting to be held on June 13, 2024.

d. Special reserves

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
First-time Adoption of IFRSs	\$ 22,544	\$ 22,544
Appropriation in respect of:		
Debit to other equity items	<u>114,526</u>	<u>190,637</u>
	<u>\$ 137,070</u>	<u>\$ 213,181</u>

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Company appropriated for special reserve an amount of \$22,544 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.



e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$(125,086)	\$(167,981)
Exchange differences on translating foreign operations	(13,870)	53,620
Related income tax	<u>2,774</u>	<u>(10,725)</u>
Balance at December 31	<u>\$(136,182)</u>	<u>\$(125,086)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$(11,984)	\$(45,200)
Recognized for the year		
Unrealized gain - equity instruments	6,395	(10,705)
Unrealized gain - debt instruments	(1,147)	-
Shares from subsidiary accounted for using the equity method	876	17,829
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	25,000
Related tax - debt instruments	<u>55</u>	<u>1,092</u>
Balance at December 31	<u>\$ (5,805)</u>	<u>\$(11,984)</u>

## 22. REVENUE

a. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Notes receivable (Note 10)	<u>\$ 16,093</u>	<u>\$ 36,655</u>	<u>\$ 53,836</u>
Trade receivables (Note 10)	<u>\$ 36,548</u>	<u>\$ 91,053</u>	<u>\$ 105,373</u>
Trade receivable-related parties (Note 29)	<u>\$ 273,514</u>	<u>\$ 184,290</u>	<u>\$ 187,739</u>
Contract assets			
Sale of goods	<u>\$ -</u>	<u>\$ 2,603</u>	<u>\$ -</u>
Contract liabilities			
Sale of goods	<u>\$ 106,143</u>	<u>\$ 99,304</u>	<u>\$ 59,409</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue of the reporting period recognized from the beginning contract liabilities and from the performance obligations which were satisfied in the previous periods is as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
From the beginning contract liabilities		
Sale of goods	<u>\$ 77,428</u>	<u>\$ 57,557</u>

b. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from the sale of goods	\$ 1,343,111	\$ 1,160,908
Repairs and other revenue	<u>152,572</u>	<u>133,672</u>
	<u>\$ 1,495,683</u>	<u>\$ 1,294,580</u>

c. Partially completed contracts

The transaction prices allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Sale of goods		
January 2023 to December 2023	\$ -	\$ 83,279
January 2024 to December 2024	<u>106,143</u>	<u>16,025</u>
	<u>\$ 106,143</u>	<u>\$ 99,304</u>

## 23. NET PROFIT

a. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Operating costs	\$ 16,789	\$ 16,312
Operating expenses	15,029	16,594
Non-operating expenses	<u>477</u>	<u>1,145</u>
	<u>\$ 32,295</u>	<u>\$ 34,051</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 9,256</u>	<u>\$ 7,536</u>

b. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term benefits		
Payroll	\$ 295,411	\$ 259,342
Labor and health insurance	27,511	25,723
Remuneration of directors	<u>7,071</u>	<u>3,155</u>
	<u>329,993</u>	<u>288,220</u>
Post-employment benefits (see Note 20)		
Defined contribution plans	12,282	11,897
Defined benefit plans	<u>786</u>	<u>1,060</u>
	<u>13,068</u>	<u>12,957</u>
Total employee benefit expenses	<u>\$ 343,061</u>	<u>\$ 301,177</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 133,037	\$ 113,063
Operating expenses	<u>210,024</u>	<u>188,114</u>
	<u>\$ 343,061</u>	<u>\$ 301,177</u>

	<b>2023</b>			<b>2022</b>		
	<b>Operating Costs</b>	<b>Operating Expense</b>	<b>Amount</b>	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Amount</b>
Payroll	\$ 116,590	\$ 178,821	\$ 295,411	\$ 98,109	\$ 161,233	\$ 259,342
Labor and health insurance	11,639	15,872	27,511	10,330	15,393	25,723
Post-employment expenses	4,808	8,260	13,068	4,624	8,333	12,957
Remuneration of directors and supervisors	-	<u>7,071</u>	<u>7,071</u>	-	<u>3,155</u>	<u>3,155</u>
Total employee benefits expenses	<u>\$ 133,037</u>	<u>\$ 210,024</u>	<u>\$ 343,061</u>	<u>\$ 113,063</u>	<u>\$ 188,114</u>	<u>\$ 301,177</u>

For the years ended December 31, 2023 and 2022, the Company had 353 and 359 employees and there were 5 and 5 non-employee directors, respectively. For the year 2023 and 2022, the average numbers of the Company were 351 and 345, respectively. Employees and non-employee directors adopted the same calculation basis for benefit expenses.

The Company has been listed on the Over-the-Counter (OTC) Stock Exchange, therefore, the additional information disclosed as follows:

- 1) The average employee benefit expenses in 2023 equaled \$971 thousand, which was calculated as follows: (Sum of employee benefit expenses - Sum of remuneration of directors in 2023)/(Number of employees - Number of non-employee directors in 2023).

The average employee benefit expenses in 2022 equaled \$877 thousand, which was calculated as follows: (Sum of employee benefit expenses - Sum of remuneration of directors in 2022)/(Number of employees - Number of non-employee directors in 2022).

- 2) The average employee payroll expense in 2023 equaled \$854 thousand, which was calculated as follows: Sum of employee payroll expense in 2023/(Number of employees - Number of non-employee directors in 2023).

The average employee payroll expense in 2022 equaled \$763 thousand, which was calculated as follows: Sum of employee payroll expense in 2022/(Number of employees - Number of non-employee directors in 2022).

- 3) The change in average employee payroll expense equaled 9.96% in 2023, which was calculated as follows: (Average employee payroll expense in 2023 - average employee payroll expense in 2022)/Average employee payroll expense in 2022.
- 4) The Company's remuneration policy, standard and combination, procedures for determining remuneration relied upon the Article 26 and 30 of the Articles of Incorporation, the Company shall accrue remuneration of directors at the rates no higher than 5% of net profit before income tax, and reference with the trade. The Company's remuneration policy concerning president, and vice president relied upon the Article 29 of the Articles of Incorporation, the extent of operating responsibility, and value of contribution; and reference with the trade. The hiring and remuneration payroll procedures are based on relevant rules of the Company.
- c. Employees' compensation and remuneration to directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates no less than 2% and no higher than 5%, respectively. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 11, 2024 and March 14, 2023, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Employees' compensation	3%	3%
Remuneration of directors and supervisors	2%	2%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ 7,546	\$ 2,123
Remuneration of directors and supervisors	5,031	1,415

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the year ended December 31, 2022.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

- d. Gain or loss on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 46,526	\$ 142,377
Foreign exchange losses	<u>(49,278)</u>	<u>(29,556)</u>
Net (gain) loss	<u>\$ (2,752)</u>	<u>\$ 112,821</u>

## 24. INCOME TAXES

- a. The major components of tax expense recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ -	\$ 5,844
Adjustments for prior years	(30)	6,395
land value increment tax	<u>1,275</u>	<u>-</u>
	<u>1,245</u>	<u>12,239</u>
Deferred tax		
In respect of the current year	<u>24,815</u>	<u>26,234</u>
Income tax expense recognized in profit or loss	<u>\$ 26,060</u>	<u>\$ 38,473</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax from continuing operations	<u>\$ 238,957</u>	<u>\$ 67,217</u>
Income tax expense calculated at the statutory rate	\$ 47,791	\$ 13,444
Non-taxable income	(24,797)	(14,900)
Repatriated offshore funds tax	-	5,844
Deferred tax adjustments	1,821	27,690
land value increment tax	1,275	-
Adjustments for prior years' tax	<u>(30)</u>	<u>6,395</u>
Income tax expense recognized in profit or loss	<u>\$ 26,060</u>	<u>\$ 38,473</u>

In July 2019, the president promulgated the regulations on the management, use and taxation of overseas capital repatriation. Profit-seeking enterprises may be subject to the approval of the tax authority to apply the regulations for taxation within two years from the implementation date of the regulations. Furthermore, the repatriated funds in the first year are applicable to the tax rate of 8%, and the applicable tax rate for repatriated funds in the second year is 10%. The general statutory tax rate of 20% is not applicable or both. If real investment is made in the future, a refund of 50% of the tax paid can be applied for the investment amount that meets the requirements.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (2,774)	\$ 10,725
Unrealized loss on financial assets at FVTOCI	(55)	(1,092)
Actuarial gain from defined benefit plans	<u>(597)</u>	<u>4,047</u>
	<u>\$ (3,426)</u>	<u>\$ 13,680</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax assets		
Tax refund receivable	<u>\$ 7,738</u>	<u>\$ 1,835</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 6,395</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Write-down of inventories	\$ 7,881	\$ 1,584	\$ -	\$ 9,465
bad debt	-	642	-	642
Defined benefit obligation	8,110	(302)	597	8,405
Payable for annual leave	2,468	51	-	2,519
Unrealized exchange loss	(5,047)	6,778	-	1,731
Unrealized gain between affiliates	10,770	465	-	11,235
Financial instruments at fair value through profit or loss	1,330	-	55	1,385
Exchange difference on foreign operations	<u>6,536</u>	<u>-</u>	<u>2,774</u>	<u>9,310</u>
	32,048	9,218	3,426	44,692
Tax losses	<u>42,866</u>	<u>(32,274)</u>	<u>-</u>	<u>10,592</u>
	<u>\$ 74,914</u>	<u>\$ (23,056)</u>	<u>\$ 3,426</u>	<u>\$ 55,284</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of the profit or loss of associates	<u>\$ 21,053</u>	<u>\$ 1,759</u>	<u>\$ -</u>	<u>\$ 22,812</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Write-down of inventories	\$ 14,181	\$ (6,300)	\$ -	\$ 7,881
Defined benefit obligation	14,451	(2,294)	(4,047)	8,110
Payable for annual leave	2,123	345	-	2,468
Unrealized exchange loss	11,402	(16,449)	-	(5,047)
Unrealized gain between affiliates	7,785	2,985	-	10,770
Financial instruments at fair value through profit or loss	238	-	1,092	1,330
Exchange difference on foreign operations	<u>17,261</u>	<u>-</u>	<u>(10,725)</u>	<u>6,536</u>
	67,441	(21,713)	(13,680)	32,048
Tax losses	<u>48,125</u>	<u>(5,259)</u>	<u>-</u>	<u>42,866</u>
	<u>\$ 115,566</u>	<u>\$ (26,972)</u>	<u>\$ (13,680)</u>	<u>\$ 74,914</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of the profit or loss of associates	<u>\$ 21,791</u>	<u>\$ (738)</u>	<u>\$ -</u>	<u>\$ 21,053</u>

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
\$ 46,457	2030
<u>6,501</u>	2032
<u>\$ 52,958</u>	

f. Income tax assessments

Income tax returns of the Company through 2021 have been examined and cleared by the tax authorities.

**25. EARNINGS PER SHARE**

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2023	2022
Basic earnings per share	<u>\$ 1.34</u>	<u>\$ 0.18</u>
Diluted earnings per share	<u>\$ 1.34</u>	<u>\$ 0.18</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 212,897</u>	<u>\$ 28,744</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	158,434	158,434
Effect of potentially dilutive ordinary shares:		
Employees compensation issue to employees	<u>280</u>	<u>202</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>158,714</u>	<u>158,636</u>

The Company may settle compensation paid to employees in cash or shares; therefore, the Company assumes that entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 26. PARTIAL CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Company entered into the following partial cash investing activities, which were not reflected in the statements of cash flows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash paid for intangible assets acquisition		
Increase in intangible assets	\$ 6,388	\$ 5,475
Net decrease in other payables	<u>(106)</u>	<u>-</u>
Cash paid	<u>\$ 6,282</u>	<u>\$ 5,475</u>
Cash paid for property, plant and equipment acquisition		
Increase in property, plant and equipment	\$ 2,069	\$ 4,391
Net increase in prepayments for equipment	<u>-</u>	<u>2,788</u>
Cash paid	<u>\$ 2,069</u>	<u>\$ 7,179</u>

(Continued)



	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Capital repatriation from subsidiaries		
Surplus appropriation from subsidiaries	\$ -	\$ 107,803
Net decrease in accounts receivable	-	<u>234,546</u>
Cash receive	<u>\$ -</u>	<u>\$ 342,349</u> (Concluded)

Changes in liabilities arising from financing activities

2023

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>New Leases</b>	<b>Disposals</b>	<b>December 31, 2023</b>
Short-term borrowings	\$ 254,583	\$ 247	\$ -	\$ -	\$ 254,830
Guarantee deposits received	926	66	-	-	992
Long-term borrowings	1,382,743	42,924	-	-	1,425,667
Lease liabilities (Note 15)	<u>5,051</u>	<u>(5,796)</u>	<u>15,944</u>	<u>-</u>	<u>15,199</u>
	<u>\$ 1,643,303</u>	<u>\$ 37,441</u>	<u>\$ 15,944</u>	<u>\$ -</u>	<u>\$ 1,696,688</u>

2022

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>New Leases</b>	<b>Disposals</b>	<b>December 31, 2022</b>
Short-term borrowings	\$ 405,353	\$ (150,770)	\$ -	\$ -	\$ 254,583
Guarantee deposits received	917	9	-	-	926
Long-term borrowings	1,176,000	206,743	-	-	1,382,743
Lease liabilities (Note 15)	<u>10,292</u>	<u>(6,376)</u>	<u>1,256</u>	<u>(121)</u>	<u>5,051</u>
	<u>\$ 1,592,562</u>	<u>\$ 49,606</u>	<u>\$ 1,256</u>	<u>\$ (121)</u>	<u>\$ 1,643,303</u>

## 27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company's capital structure management strategy is based on its products, economic status of property development, and consideration of the risk of future development. The Company's goals to achieve suitable market package of sales, operating scale and target of market share and planned capital expenditure and related schemes of operating capital and cash are the factors in the whole planning of the Company's development and in deciding on the Company's appropriate capital structure.

The Company's management regularly reviews the Company's capital structure and considers the costs and risks of different capital structures and adopts the best overall capital structure. The Company's methods used for capital management and overall strategy had not changed until December 31, 2023.

## 28. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The Company's management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or their fair value could not be measured reliably.

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Listed shares	\$ 5,568	\$ -	\$ -	\$ 5,568
<u>Financial assets at FVTOCI</u>				
Investments in equity				
Instruments at FVTOCI				
Listed shares	\$ 3,043	\$ -	\$ -	\$ 3,043
Unlisted shares	-	-	40,958	40,958
Investments in debt				
Instruments at FVTOCI				
Foreign Investment	96,915	-	-	96,915
	\$ 99,958	\$ -	\$ 40,958	\$ 140,916

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Listed shares	\$ 5,593	\$ -	\$ -	\$ 5,593
<u>Financial assets at FVTOCI</u>				
Investments in equity				
Instruments at FVTOCI				
Listed shares	\$ 3,056	\$ -	\$ -	\$ 3,056
Unlisted shares	-	-	28,550	28,550
	\$ 3,056	\$ -	\$ 28,550	\$ 31,606

There were no transfers between Levels 1 and 2 in the prior periods.

#### 2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of limited partnership is based on assets-based approach. The fair values of unlisted equity securities-ROC were based on the fair values of investment targets which were calculated by using the market approach or assets assets-based approach.

The market approach refers to the use of stock transaction price of the stock in the active market and the value multiplier implied by the price of the companies that engage in the same or similar business, and considers the liquidity reduction to determine the value of the target company.

The assets-based approach evaluates the total market value of individual assets and individual liabilities covered by the evaluation target, and considers non-controlling discounts and liquidity discounts to reflect the overall value of the enterprise or business.

### 3) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2023	\$ 28,550
Additions	16,800
Reduction	(10,800)
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	<u>6,408</u>
Balance at December 31, 2023	<u>\$ 40,958</u>

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 39,519
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	<u>(10,969)</u>
Balance at December 31, 2022	<u>\$ 28,550</u>

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Financial assets mandatorily classified as at FVTPL	\$ 5,568	\$ 5,593
Financial assets at amortized cost (Note 1)	2,390,105	2,396,708
Financial assets at FVTOCI	140,916	31,606
<u>Financial liabilities</u>		
Amortized cost (Note 2)	2,106,932	2,151,119

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity of more than 3 months, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties, restricted demand deposits, restricted time deposits and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payable, trade payables, part of other payables, trade payables from related parties, long-term loans and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debts investments, trade receivables, trade payables, borrowings, and lease liability. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price risk (see (c) below).

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing individual option contracts. The mechanism regularly monitors the position held and the exchange rate fluctuation to lower the risk on exchange rate fluctuations.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the USD, EUR, RMB and JPY.

The following table shows the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity assuming when the New Taiwan dollars strengthened 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	<b>For the Year Ended December</b>	
	<b>31</b>	
	<b>2023</b>	<b>2022</b>
Effect of USD (i)	\$(15,829)	\$(14,298)
Effect of EUR (ii)	(1,705)	(1,188)
Effect of RMB (iii)	(4,245)	(5,853)
Effect of JPY (iv)	(154)	(110)

- i. This was mainly attributable to the outstanding USD-denominated cash and cash equivalents, trade receivables (including related parties), trade payables (including related parties) and other payable at the end of the reporting period.
- ii. This was mainly attributable to the outstanding EUR-denominated cash and cash equivalents and trade receivables (including related parties) and other receivables from related parties at the end of the reporting period.
- iii. This was mainly attributable to the outstanding RMB-denominated cash and cash equivalents, trade receivables (including related parties), other receivables from related parties and trade payables (including related parties) at the end of the reporting period.
- iv. This was mainly attributable to the outstanding JPY-denominated cash and cash equivalents, trade receivables, short-term borrowings, trade payables and other payables at the end of the reporting period.

b) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrowed funds at both fixed and floating interest rate and held demand deposit, foreign currency deposit and investment of financial product. The Company's management periodically monitors the risk of changes in interest rates, measures the significant risks, and takes control of the risks affected by market rates.

Because the amounts of the Company's financial assets and financial liabilities exposed to fair value interest rate risk and cash flow interest rate risk are immaterial, floating interest rate risk is considered not significant to the Company.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 1,477,473	\$ 1,146,540
Financial liabilities	15,199	5,051
Cash flow interest rate risk		
Financial assets	549,010	843,312
Financial liabilities	1,680,497	1,637,326

### Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the assets outstanding at the end of the reporting period was outstanding for the whole year. A 1 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis point higher/lower and all other variables were held constant, the Company's pre-tax income for the year ended December 31, 2023 and 2022 would decrease/increase by \$1,131 thousand and \$794 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank borrowing.

### c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities, debts instruments investments, and limited partnership. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

### Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity instrument and debt instrument prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2023 would have increased/decreased by \$278 thousand, as a result of the changes in financial assets at FVTPL. Other comprehensive income and losses before tax will increase/decrease by \$7,046 thousand due to changes in financial assets at FVTOCI for the year ended December 31, 2023.

If equity instrument prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2022 would have increased/decreased by \$280 thousand, as a result of the changes in financial assets at FVTPL. Other comprehensive income and losses before tax will increase/decrease by \$1,580 thousand due to changes in financial assets at FVTOCI for the year ended December 31, 2022.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from:

- a) The carrying amounts of the respective recognized financial assets as stated in the balance sheets; and
- b) The amounts of contingent liabilities in relation to financial guarantee issued by the Company.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's concentration of credit risk of 59.15% and 86.83% in total trade receivables as of December 31, 2023 and 2022, respectively, were related to the Company's five largest customers.

## 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.



The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities set out in (2) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2023

	Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	\$ 633	\$ 1,182	\$ 4,908	\$ 10,001	\$ -	\$ 16,724
Floating interest rate liabilities	7,188	28,216	340,527	1,364,704	-	1,740,635
	<u>\$ 7,821</u>	<u>\$ 29,398</u>	<u>\$ 345,435</u>	<u>\$ 1,374,705</u>	<u>\$ -</u>	<u>\$ 1,757,359</u>

December 31, 2022

	Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	\$ 469	\$ 889	\$ 1,821	\$ 2,313	\$ -	\$ 5,492
Floating interest rate liabilities	1,355	10,962	471,276	1,208,320	-	1,691,913
	<u>\$ 1,824</u>	<u>\$ 11,851</u>	<u>\$ 473,097</u>	<u>\$ 1,210,633</u>	<u>\$ -</u>	<u>\$ 1,697,405</u>

b) Financing facilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured bank financing facilities		
Amount used	\$ 1,070,497	\$ 1,114,250
Amount unused	<u>979,503</u>	<u>635,750</u>
	<u>\$ 2,050,000</u>	<u>\$ 1,750,000</u>
Secured bank loan facilities		
Amount used	\$ 610,000	\$ 523,076
Amount unused	<u>565,000</u>	<u>926,924</u>
	<u>\$ 1,175,000</u>	<u>\$ 1,450,000</u>

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Commercial paper facilities		
Amount used	\$ -	\$ -
Amount unused	<u>-</u>	<u>70,000</u>
	<u>\$ -</u>	<u>\$ 70,000</u>
		(Concluded)

## 29. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

### a. Related party name and category

<b>Related Party Name</b>	<b>Related Party Category</b>
Seyi-America, Inc.	Subsidiary
Seyi Presses Europe Gmbh	Subsidiary
Xie Da Investment Co., Ltd.	Subsidiary
Seyi (Thailand) Co., Ltd.	Second-tier subsidiary
Xie Yi Tech Machinery (China) Co., Ltd.	Second-tier subsidiary

### b. Sales of goods

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Sales	Subsidiary		
	Seyi-America, Inc.	\$ 697,081	\$ 504,857
	Seyi Presses Europe Gmbh	140,453	61,895
	Second-tier subsidiary		
	Xie Yi Tech Machinery (China) Co., Ltd.	672	11,596
	Seyi (Thailand) Co., Ltd.	<u>81,081</u>	<u>13,500</u>
		<u>\$ 919,287</u>	<u>\$ 591,848</u>
Repairs and other revenue	Second-tier subsidiary		
	Xie Yi Tech Machinery (China) Co., Ltd.	<u>\$ 46,694</u>	<u>\$ 44,770</u>

Sales to related parties are made at usual list price and the terms do not have significant differences from usual customers. Payment terms is based on mutual agreement.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 283	\$ 555
Second-tier subsidiary	<u>3,447</u>	<u>962</u>
	<u>\$ 3,730</u>	<u>\$ 1,517</u>

The terms and conditions of purchase transactions with related parties are base on mutual; agreement. Usually, after the goods were accepted and recorded, the Group issues notes due within three to four months for the payment, which is similar to the payment process to general suppliers and processors.

d. Operating expenses

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Selling and marketing expenses	Subsidiaries	\$ <u>37</u>	\$ <u>-</u>
	Second-tier subsidiary	\$ <u>53</u>	\$ <u>1,887</u>

The Company pays for the import and export costs, and the transaction prices and payment terms associated with purchases between the Company and related parties are negotiated separately.

e. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Trade receivables from related parties	Subsidiary		
	Seyi Presses Europe Gmbh	\$ 121,199	\$ 85,873
	Seyi-America, Inc.	93,595	53,323
	Second-tier subsidiary		
	Xie Yi Tech Machinery (China) Co., Ltd.	21,587	31,641
	Other	<u>37,133</u>	<u>13,453</u>
		<u>\$ 273,514</u>	<u>\$ 184,290</u>
Other receivables from related parties	Subsidiary		
	Seyi Presses Europe Gmbh	\$ 9,401	\$ 6,118
	Second-tier subsidiary		
	Xie Yi Tech Machinery (China) Co., Ltd.	<u>856</u>	<u>3,644</u>
		<u>\$ 10,257</u>	<u>\$ 9,762</u>

No guarantee had been received for receivables from related parties. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for receivables from related parties.

- f. Loans to related parties (recognized as other receivables from related parties)

Related Party Category/Name	December 31	
	2023	2022
Second-tier subsidiary		
Xie Yi Tech Machinery (China) Co., Ltd.	\$ <u>-</u>	\$ <u>61,420</u>
<u>Interest revenue</u>		

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Second-tier subsidiary		
Xie Yi Tech Machinery (China) Co., Ltd.	\$ <u>1,583</u>	\$ <u>820</u>

- g. Payables to related parties (not including loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables - related parties	Subsidiary		
	SEYI PRESSES EUROPE GMBH	\$ 94	\$ -
	Second-tier subsidiary		
	Xie Yi Tech Machinery (China) Co., Ltd.	<u>2,239</u>	<u>285</u>
		\$ <u>2,333</u>	\$ <u>285</u>

- h. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31	
	2023	2022
Subsidiary		
Seyi Presses Europe	\$ <u>143,169</u>	\$ <u>5,545</u>

- i. Compensation of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 43,348	\$ 40,768
Post-employment benefits	1,777	1,857
Separation benefits	<u>-</u>	<u>9,188</u>
	\$ <u>45,125</u>	\$ <u>51,813</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

### 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as guarantees for the derivative products, borrowing and endorsements/guarantees:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Buildings, net	\$ 119,698	\$ 125,153
Land	118,957	118,957
Investment property	-	109,534
Restricted time deposits	<u>15,491</u>	<u>15,203</u>
	<u>\$ 254,146</u>	<u>\$ 368,847</u>

### 31. CRITICAL TECHNOLOGY AGREEMENT

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2023 and 2022 were as follows:

Available unused letters of credit were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Available unused Letters of Credit	<u>\$ 1,404</u>	<u>\$ 1,910</u>

### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2023

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 51,862	30.705 (USD:NTD)	\$ 1,592,423
EUR	5,018	33.98 (EUR:NTD)	170,512
RMB	98,672	4.327 (RMB:NTD)	426,954
JPY	94,802	0.2172 (JPY:NTD)	<u>20,591</u>
			<u>\$ 2,210,480</u>
			(Continued)

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
Investments accounted for using equity method			
USD	\$ 31,762	30.705 (USD:NTD)	\$ 975,254
EUR	(1,136)	33.98 (EUR:NTD)	<u>(38,596)</u>
			<u>\$ 936,658</u>
<u>Financial liabilities</u>			
Monetary items			
USD	310	30.705 (USD:NTD)	\$ 9,519
JPY	24,072	0.2172 (JPY:NTD)	5,228
RMB	564	4.327 (RMB:NTD)	<u>2,440</u>
			<u>\$ 17,187</u>
			(Concluded)

December 31, 2022

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 47,014	30.71 (USD:NTD)	\$ 1,443,808
EUR	3,632	32.72 (EUR:NTD)	118,845
RMB	132,841	4.408 (RMB:NTD)	585,561
JPY	72,075	0.2324 (JPY:NTD)	<u>16,750</u>
			<u>\$ 2,164,964</u>
Investments accounted for using equity method			
USD	28,626	30.71 (USD:NTD)	\$ 879,095
EUR	(1,062)	32.72 (EUR:NTD)	<u>(34,756)</u>
			<u>\$ 844,339</u>
<u>Financial liabilities</u>			
Monetary items			
USD	455	30.71 (USD:NTD)	\$ 13,977
JPY	24,644	0.2324 (JPY:NTD)	5,727
RMB	65	4.408 (RMB:NTD)	<u>285</u>
			<u>\$ 19,989</u>

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gain (losses) were \$(2,752) thousand and \$112,821 thousand, respectively. The realized and unrealized foreign exchange gain or loss resulted from the evaluation. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company entities.

### 33. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled portion). (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments. (None)
- 10) Information on investees. (Table 6)

#### c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Note 29, Table 1):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.

- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the period or on the Company's financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)



## SHIEH YIH MACHINERY INDUSTRY CO., LTD.

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 2)	Ending Balance (Note 2)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	Shieh Yih Machinery Industry Co., Ltd.	Xie Yi Tech Machinery (China) Co., Ltd.	Other receivables - related party	Yes	\$ 62,840	\$ -	\$ -	-	Short-term financing	\$ -	-	\$ -	-	\$ -	\$ 645,251	\$ 1,032,402	

Note 1: The total amount of the parent company's funds loaned to others shall not exceed 40% of the parent company's net worth, and the limit of individual fund loans to individual objects shall not exceed 25% of the parent company's net worth.

Note 2: The maximum balance for the current period and the ending balance are the quota approved by the board of directors.

## SHIEH YIH MACHINERY INDUSTRY CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023

(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 (Notes 4 and 5)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	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	\$ 516,201	\$ 143,169 (EUR 756 thousand) (US\$ 3,826 thousand)	\$ 143,169 (EUR 756 thousand) (US\$ 3,826 thousand)	\$ 81,759 (EUR 756 thousand) (US\$ 1,826 thousand)	\$ -	5.55	\$ 1,290,503	Y	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 Company 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, 2023.

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

TABLE 3

## SHIEH YIH MACHINERY INDUSTRY CO., LTD.

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares/ Denomination	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shieh Yih Machinery Industry Co., Ltd.	Hua Nan Financial Holdings	-	Financial asset at fair value through profit or loss	249,123	\$ 5,568	-	\$ 5,568	Note 1
	Hua Nan Financial Holdings	-	Financial asset at fair value through other comprehensive income (FVTOCI)	136,161	3,043	-	3,043	Note 1
	Kingfont Precision Industrial Co., Ltd.	-	Financial asset at fair value through other comprehensive income (FVTOCI)	374,710	12,308	1.11	12,308	Note 1
	Barits Biofund, Inc.	The Company is the supervisor	Financial asset at fair value through other comprehensive income (FVTOCI)	3,000,000	28,650	1.50	28,650	Notes 1 and 3
	HSBC 6 1/2 09/15/37 Corp	-	Financial asset at fair value through other comprehensive income (FVTOCI)	US\$ 300 thousand	9,742	-	9,742	Note 1
	HSBC 7 58 05/17/32 Corp	-	Financial asset at fair value through other comprehensive income (FVTOCI)	US\$ 300 thousand	10,372	-	10,372	Note 1
	Vicon Bonds 3	-	Financial asset at fair value through other comprehensive income (FVTOCI)	US\$ 630 thousand	15,464	-	15,464	Note 1
	AT&T Bonds 5	-	Financial asset at fair value through other comprehensive income (FVTOCI)	US\$ 550 thousand	15,241	-	15,241	Note 1
	HSBC 5.402 08/11/33	-	Financial asset at fair value through other comprehensive income (FVTOCI)	US\$ 500 thousand	15,302	-	15,302	Note 1
	MQGAU 5.491 11/09/33	-	Financial asset at fair value through other comprehensive income (FVTOCI)	US\$ 1,000 thousand	30,794	-	30,794	Note 1
Seyi International (Samoa) Inc.	Petroleos Mexicanos (5.35%)	-	Financial asset at fair value through other comprehensive income (FVTOCI)	US\$ 500 thousand	13,319	-	13,319	Note 1
	Petroleos Mexicanos (5.95%)	-	Financial asset at fair value through other comprehensive income (FVTOCI)	US\$ 500 thousand	12,363	-	12,363	Note 1
Xie Da Investment Co., Ltd.	PineBridge ESG Quantitative Income & Growth Fund N	-	Financial asset at fair value through profit or loss	2,970,209	27,260	-	27,260	Note 1
	EVA Airways Corporation	-	Financial asset at fair value through profit or loss	800,000	25,160	-	25,160	Note 1
	Foryou Private Equity Limited Partnership	-	Financial asset at fair value through profit or loss	-	25,103	-	25,103	Note 1
	Foryou Venture Capital Limited Partnership	-	Financial asset at fair value through profit or loss	-	13,702	-	13,702	Note 1
	Outstanding Management Capital Limited Partnership	-	Financial asset at fair value through profit or loss	-	16,544	-	16,544	Note 1
	Emirates NBD Bank PJSC (3.00%)	-	Financial asset at fair value through other comprehensive income (FVTOCI)	US\$ 980 thousand	24,452	-	24,452	Note 1

Note 1: No pledge on securities.

Note 2: Refer to Tables 6 and 7 for information about subsidiaries and associates.

Note 3: Gfortune Co., Ltd. has changed its name to Barits Biofund, Inc.

## SHIEH YIH MACHINERY INDUSTRY CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total
Shieh Yih Machinery Industry Co., Ltd.	Seyi-America, Inc.	Subsidiary	Sale	\$(697,081)	(47)	Note	\$ -	-	\$ 93,595	29	-
Seyi-America, Inc.	Shieh Yih Machinery Industry Co., Ltd.	Parent company	Purchase	697,081	78	Note	-	-	(93,595)	(100)	-
Shieh Yih Machinery Industry Co., Ltd.	Seyi Presses Europe Gmbh	Subsidiary	Sale	(140,453)	(9)	Note	-	-	121,199	37	-
Seyi Presses Europe Gmbh	Shieh Yih Machinery Industry Co., Ltd.	Parent company	Purchase	140,453	98	Note	-	-	(121,199)	93	-

Note: The collection terms of receivables between the related parties and the Company depend on funds status of the Company. The transaction prices and payment terms associated with purchases between the Company and related parties are negotiated separately.

## SHIEH YIH MACHINERY INDUSTRY CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shieh Yih Machinery Industry Co., Ltd.	Seyi Presses Europe GmbH	A subsidiary of the parent company	\$ 121,199	1.36	\$ -	-	\$ -	\$ -

**SHIEH YIH MACHINERY INDUSTRY CO., LTD.**

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023		Net Income (Loss) of the Investee (Note 2)	Share of Profits (Loss) (Note 2)	Note
				December 31, 2023	December 31, 2022	Shares	%			
Shieh Yih Machinery Industry Co., Ltd.	Seyi International (Samoa) Inc.	Trust Net Chambers, Lotemai Centre, P.O. Box 1225, Apia, Samoa	Trading and business investment	\$ 74,266 (US\$ 2,253 thousand)	\$ 74,266 (US\$ 2,253 thousand)	2,252,750	100	\$ 784,768 (US\$ 25,558 thousand)	\$ 76,346 (US\$ 2,451 thousand)	Note 3
	Seyi-America, Inc.	17534 VON KARMAN AVE, IRVINE, CA 92614, U.S.A.	Punching machine and other spare and accessory parts	93,776 (US\$ 3,000 thousand)	93,776 (US\$ 3,000 thousand)	3,000,000	100	190,486 (US\$ 6,204 thousand)	28,051 (US\$ 900 thousand)	Note 3
	Seyi Presses Europe GmbH	Wilhelm-Guthrod-Straße 25, 60437 Frankfurt am Main, Germany	Punching machine and other spare and accessory parts	9,251 (EUR 250 thousand)	9,251 (EUR 250 thousand)	250,000	100	638,596 (EUR 1,136 thousand)	3,245 (EUR 96 thousand)	Note 3
	Xie Da Investment Co., Ltd.	9F., No. 183, Gangqian Rd., Neihu Dist., Taipei City	Business investment	250,000	250,000	25,000,000	100	170,371	13,953	Note 3
Seyi International (Samoa) Inc.	Seyi Technology (Samoa) Inc.	Trust Net Chambers, Lotemai Centre, P.O. Box 1225, Apia, Samoa	Trading and business investment	65,409 (US\$ 2,000 thousand)	65,409 (US\$ 2,000 thousand)	2,000,000	100	691,353 (US\$ 22,516 thousand)	67,534 (US\$ 2,168 thousand)	Note 3
	Seyi (Thailand) Co., Ltd.	399/69 Moo 13, Rachatewa, Bangplee, Samutprakarn 10540 Thailand.	Punching machine and other spare and accessory parts	7,300 (THB 7,500 thousand)	7,300 (THB 7,500 thousand)	75,000	100	17,397 (THB 19,294 thousand)	5,656 (THB 6,281 thousand)	Note 3

Note 1: The amount was calculated using the end of period exchange rate of USD, EUR and THB to NTD on December 31, 2023.

Note 2: The amount was calculated using the average exchange rate of USD, RMB, EUR and THB to NTD from January to December 2023.

Note 3: The financial statements have been audited.

Note 4: The information on investment in mainland China is included in Table 6.

## SHIEH YIH MACHINERY INDUSTRY CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee (Notes 2 and 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Xie Yi Tech Machinery (China) Co., Ltd.	Production of electronic equipment for computer communication and electronic parts; sale of self-produced products	\$ 392,456 (US\$ 12,000 thousand)	b (Sevi Technology (Samoa) Inc)	\$ 65,409 (US\$ 2,000 thousand)	\$ -	\$ -	\$ 65,409 (US\$ 2,000 thousand)	\$ 67,203 (RMB 15,287 thousand)	100	\$ 67,203 (RMB 15,287 thousand)	\$ 677,982 (RMB 156,686 thousand)	\$ 734,846 (RMB 166,180 thousand)	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$65,409 (US\$2,000 thousand)	\$65,409 (US\$2,000 thousand)	\$1,548,603

Note 1: The method of investment is divided into three categories as follows:

- Direct investment.
- Investments through a holding company registered in a third region.
- Others.

Note 2: The amount was calculated using the average rate of USD and RMB to NTD from January to December 2023.

Note 3: The financial statement had been audited by the Company's auditors.

Note 4: Calculated on 60% of the Company's net value on December 31, 2023 according to the letter of the Ministry of Economic Affairs No. 09704604680.

**TABLE 8****SHIEH YIH MACHINERY INDUSTRY CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

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Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yu Cheng Investment Co., Ltd.	13,000,000	8.20

Note: The main shareholder information in this table is based on the last business day of the quarter at the end of the quarter, and the shareholders hold more than 5% of the Company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The share capital recorded in the Company's financial report and the actual number of shares delivered without physical registration may be different due to different or different calculation bases.



**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, 2023 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 No. 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:

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YA-HUI KUO  
Chairman

March 11, 2024

## **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 (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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.

### **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, 2023. 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, 2023, Shieh Yih Machinery Industry Co., Ltd. and some of its subsidiaries' net value of inventories amounted to \$919,457 thousand, representing 15.20% of the consolidated total assets. Refer to Note 12 to the accompanying consolidated financial statements for the related disclosures of inventory.

The impairment of Shieh Yih Machinery Industry Co., Ltd. and some of its subsidiaries' 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(k) and 5 to the accompanying consolidated financial statements for the accounting policies on inventory impairment.

We obtained an understanding of Shieh Yih Machinery Industry Co., Ltd. and some of its subsidiaries' inventory obsolescence loss estimation process and of the design and implementation of related internal control systems. We evaluated the rationality of the method for calculating the inventory obsolescence loss at the end of the year. On the physical inventory count, we observed that inventory that had not moved for a long time had been included in the assessment of inventory obsolescence. We obtained Shieh Yih Machinery Industry Co., Ltd. and some of its subsidiaries' 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, compared the impairment loss with the actual inventory loss in previous years and confirmed the inventory obsolescence loss.

### Estimated Impairment of Accounts Receivable

As of December 31, 2023, Shieh Yih Machinery Industry Co., Ltd. and some of its subsidiaries' net value of accounts receivable amounted to \$197,566 thousand, representing 3.27% of the consolidated total assets. Refer to Note 11 to the accompanying consolidated financial statements for the related disclosures of accounts receivable.

Shieh Yih Machinery Industry Co., Ltd. and some of its subsidiaries recognize impairment loss on accounts receivable by assessing the impairment amount of each past due receivable and also apply 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, an analysis of the debtor's current financial position adjusted for the general economic conditions of the industry in which the debtors operate and an assessment of both the current and global economic growth rate at the reporting date. Shieh Yih Machinery Industry Co., Ltd. and some of its subsidiaries use a provision matrix to determine the expected credit loss rate and evaluate the prospect of recovery based on the past due days of accounts receivable. The degree of default risk and the adjustment of the loss rate are influenced by the assumptions that 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 past due accounts receivable.

Refer to Notes 4(k) and 5 to the accompanying consolidated financial statements for the relevant accounting policies on the impairment of receivables.

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 Shieh Yih Machinery Industry Co., Ltd. and some of its subsidiaries, 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 the 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 Shieh Yih Machinery Industry Co., Ltd. and some of its subsidiaries on past due receivable balances after 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., is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the total assets of Seyi-America, Inc. were NT\$488,293 thousand, representing 8.07%, and NT\$533,170 thousand, representing 8.57%, respectively, of the consolidated total assets, and the amounts of total revenue were NT\$1,196,098 thousand, representing 34.20%, and NT\$985,259 thousand, representing 27.76%, 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, 2023 and 2022, 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, 2023 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 11, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,277,604	38	\$ 2,479,488	40
Financial assets at fair value through profit or loss (Notes 4, 7 and 30)	194,087	3	272,928	4
Financial assets at amortized cost (Notes 4, 10 and 32)	654,206	11	262,254	4
Contract assets (Note 24)	44,577	1	64,962	1
Notes receivable (Notes 4, 11 and 24)	152,154	2	323,730	5
Trade receivables (Notes 4, 5, 11 and 24)	247,242	4	307,182	5
Other receivables	34,160	1	24,149	1
Current tax assets (Notes 4 and 26)	7,768	-	1,841	-
Inventories (Notes 4, 5 and 12)	1,238,121	20	1,168,144	19
Prepayments	97,337	2	134,538	2
Other current assets	2,255	-	1,137	-
Total current assets	<u>4,949,511</u>	<u>82</u>	<u>5,040,353</u>	<u>81</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 30)	191,050	3	80,686	1
Financial assets at amortized cost - non-current (Notes 4, 10 and 32)	2,852	-	2,746	-
Property, plant and equipment (Notes 4, 14 and 32)	747,303	13	790,551	13
Right-of-use assets (Note 15)	59,799	1	67,094	1
Investment properties (Notes 4, 16 and 32)	-	-	109,534	2
Intangible assets (Note 4)	13,896	-	16,765	-
Deferred tax assets (Notes 4 and 26)	68,852	1	89,387	2
Refundable deposits	7,683	-	9,338	-
Other non-current assets (Note 17)	10,020	-	13,956	-
Total non-current assets	<u>1,101,455</u>	<u>18</u>	<u>1,180,057</u>	<u>19</u>
<b>TOTAL</b>	<u>\$ 6,050,966</u>	<u>100</u>	<u>\$ 6,220,410</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 18)	\$ 254,830	4	\$ 254,583	4
Contract liabilities (Note 24)	578,740	10	628,341	10
Notes payable (Note 19)	226,870	4	372,038	6
Trade payables (Note 19)	706,425	12	876,163	14
Other payables (Note 20)	174,605	3	168,027	3
Current tax liabilities (Notes 4 and 26)	5,931	-	10,892	-
Lease liabilities - current (Note 15)	22,027	-	20,371	1
Current portion of long-term borrowings (Note 18)	94,000	1	201,692	3
Other current liabilities (Note 21)	335	-	587	-
Total current liabilities	<u>2,063,763</u>	<u>34</u>	<u>2,532,694</u>	<u>41</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 18 and 32)	1,331,667	22	1,181,051	19
Deferred tax liabilities (Notes 4 and 26)	22,812	-	21,053	-
Net defined benefit liabilities (Notes 4 and 22)	26,775	1	25,303	-
Guarantee deposits received	993	-	927	-
Lease liabilities - non-current (Note 15)	23,951	-	33,271	1
Total non-current liabilities	<u>1,406,198</u>	<u>23</u>	<u>1,261,605</u>	<u>20</u>
Total liabilities	<u>3,469,961</u>	<u>57</u>	<u>3,794,299</u>	<u>61</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>				
Share capital				
Ordinary shares	1,584,341	26	1,584,341	25
Capital surplus	184,982	3	195,244	3
Retained earnings				
Legal reserve	258,877	5	254,384	4
Special reserve	137,070	2	213,181	4
Unappropriated earnings	557,722	9	316,031	5
Total retained earnings	<u>953,669</u>	<u>16</u>	<u>783,596</u>	<u>13</u>
Other equity				
Exchange differences on translating foreign operations	(136,182)	(2)	(125,086)	(2)
Unrealized loss on financial assets at fair value through other comprehensive income	(5,805)	-	(11,984)	-
Total other equity	<u>(141,987)</u>	<u>(2)</u>	<u>(137,070)</u>	<u>(2)</u>
Total equity	<u>2,581,005</u>	<u>43</u>	<u>2,426,111</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 6,050,966</u>	<u>100</u>	<u>\$ 6,220,410</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2024)

# SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
GROSS SALES	\$ 3,497,675	100	\$ 3,548,643	100
LESS: SALES RETURNS	4	-	60	-
LESS: SALES ALLOWANCE	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>
NET SALES (Note 24)	3,497,671	100	3,548,578	100
OPERATING COST (Notes 12 and 25)	<u>2,435,778</u>	<u>70</u>	<u>2,705,329</u>	<u>76</u>
GROSS PROFIT	<u>1,061,893</u>	<u>30</u>	<u>843,249</u>	<u>24</u>
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	497,293	14	473,239	14
General and administrative expenses	241,720	7	213,761	6
Research and development expenses	163,113	5	175,991	5
Expected credit loss (Notes 11 and 24)	<u>7,589</u>	<u>-</u>	<u>10,185</u>	<u>-</u>
Total operating expenses	<u>909,715</u>	<u>26</u>	<u>873,176</u>	<u>25</u>
PROFIT/(LOSS) FROM OPERATIONS	<u>152,178</u>	<u>4</u>	<u>(29,927)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	93,139	3	46,268	1
Rental income	30	-	91	-
Dividends income	2,160	-	13,571	-
Other income	21,529	1	7,315	-
Gain (loss) on disposal of property, plant and equipment	530	-	(133)	-
Gain on disposal of investment	14,492	-	-	-
Gain (loss) on valuation of financial instruments	11,750	-	(10,636)	-
Miscellaneous expenses	(3,121)	-	(1,623)	-
Foreign exchange gains (losses), net (Note 25)	(1,600)	-	86,640	3
Interest expenses	<u>(34,677)</u>	<u>(1)</u>	<u>(28,578)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>104,232</u>	<u>3</u>	<u>112,915</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	256,410	7	82,988	2
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(43,513)</u>	<u>(1)</u>	<u>(54,244)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>212,897</u>	<u>6</u>	<u>28,744</u>	<u>1</u>

(Continued)



# SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (2,984)	-	\$ 20,230	1
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	6,395	-	14,295	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>597</u>	<u>-</u>	<u>(4,047)</u>	<u>-</u>
	<u>4,008</u>	<u>-</u>	<u>30,478</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(13,870)	-	53,620	1
Unrealized gain on investments in debt instruments at fair value through other comprehensive income	(271)	-	(7,171)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>2,829</u>	<u>-</u>	<u>(9,633)</u>	<u>-</u>
	<u>(11,312)</u>	<u>-</u>	<u>36,816</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(7,304)</u>	<u>-</u>	<u>67,294</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 205,593</u>	<u>6</u>	<u>\$ 96,038</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 212,897</u>	<u>6</u>	<u>\$ 28,744</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 205,593</u>	<u>6</u>	<u>\$ 96,038</u>	<u>3</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 1.34</u>		<u>\$ 0.18</u>	
Diluted	<u>\$ 1.34</u>		<u>\$ 0.18</u>	

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

(With Deloitte & Touche auditors' report dated March 11, 2024)

(Concluded)

# SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

Equity Attributable to Owners to the Company (Note 23)												
Capital Surplus				Changes in			Retained Earnings			Other Equity		
	Share Capital	Share Premiums	Conversion of Bonds	Treasury Shares Transactions	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	Total Equity
	\$ 1,584,341	\$ 155,873	\$ 47,180	\$ 5,129	\$ 1,602	\$ 3,435	\$ 249,077	\$ 202,893	\$ 349,176	\$ (167,981)	\$ (45,200)	\$ 2,385,525
BALANCE AT JANUARY 1, 2022												
Appropriation of 2021 earnings												
	-	-	-	-	-	-	5,307	-	(5,307)	-	-	-
	-	-	-	-	-	-	-	10,288	(10,288)	-	-	-
	-	(17,975)	-	-	-	-	-	-	(37,477)	-	-	(55,452)
	-	(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	137,898	47,180	5,129	1,602	3,435	254,384	213,181	316,031	(125,086)	(11,984)	2,426,111
Appropriation of 2022 earnings												
	-	-	-	-	-	-	4,493	-	(4,493)	-	-	-
	-	-	-	-	-	-	-	(76,111)	76,111	-	-	-
	-	(10,262)	-	-	-	-	-	-	(40,437)	-	-	(50,699)
	-	(10,262)	-	-	-	-	4,493	(76,111)	31,181	-	-	(50,699)
Net profit for the year ended December 31, 2023												
	-	-	-	-	-	-	-	-	212,897	-	-	212,897
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax												
	-	-	-	-	-	-	-	-	(2,387)	(11,096)	6,179	(7,304)
Total comprehensive income (loss) for the year ended December 31, 2023												
	-	-	-	-	-	-	-	-	210,510	(11,096)	6,179	205,593
BALANCE AT DECEMBER 31, 2023												
	\$ 1,584,341	\$ 127,636	\$ 47,180	\$ 5,129	\$ 1,602	\$ 3,435	\$ 258,877	\$ 137,070	\$ 557,722	\$ (136,182)	\$ (5,805)	\$ 2,581,005

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

(With Deloitte & Touche auditors' report dated March 11, 2024)

# SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 256,410	\$ 82,988
Adjustments for:		
Expected credit loss recognized on trade receivables	7,589	10,185
Depreciation expenses	88,020	109,188
Amortization expenses	9,256	7,536
Interest expenses	34,677	28,578
Interest income	(93,139)	(46,268)
Dividends income	(2,160)	(13,571)
Write-downs of inventories	7,920	50,587
Gain on lease modification	-	(4)
Loss (gain) on disposal of property, plant and equipment	(530)	133
Gain on disposal of investments property	(14,492)	-
Loss (gain) on valuation of financial assets instruments	(11,750)	10,636
Gain on foreign currency exchange	(2,912)	(87,906)
Changes in operating assets and liabilities:		
Contract assets	17,678	16,096
Notes receivable	171,576	(65,977)
Trade receivables	55,010	42,782
Other receivables	5,188	(12,066)
Inventories	(76,590)	(250,088)
Prepayments	41,335	(97,344)
Other current assets	(1,115)	23
Contract liabilities	(49,601)	139,626
Notes payable	(145,168)	(59,877)
Trade payables	(169,738)	100,426
Other payables	6,150	22,505
Other current liabilities	(252)	(269)
Net defined benefit liabilities	(1,512)	(11,471)
Cash generated from operations	131,850	(23,552)
Interest paid	(34,355)	(28,316)
Income tax paid	(28,138)	(6,123)
Net cash generated from (used in) operating activities	<u>69,357</u>	<u>(57,991)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(114,862)	-
Proceeds from sale of financial assets at amortized cost	-	25,000
Proceeds from disposal of financial assets at fair value through profit or loss	195,020	341,554
Capital reduction of financial assets at fair value through other comprehensive income	10,800	-
Purchase of financial assets at fair value through profit or loss	(104,143)	(50,610)
Purchase of financial assets at amortized cost	(392,058)	(84,735)

(Continued)

# SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Payments for property, plant and equipment (Note 28)	\$ (22,764)	\$ (17,808)
Proceeds from disposal of property, plant and equipment	595	766
Gains on disposals of investment property	123,549	-
Decrease (increase) in refundable deposits	1,655	(1,665)
Payments for intangible assets (Note 28)	(6,282)	(5,475)
Decrease in other non-current assets	(198)	666
Interest received	77,940	42,964
Dividend received	<u>2,160</u>	<u>13,571</u>
Net cash generated from (used in) investing activities	<u>(228,588)</u>	<u>264,228</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	247	(316,946)
Proceeds from long-term debt	1,760,924	801,692
Repayments of long-term debt	(1,718,000)	(594,949)
Proceeds from guarantee deposits received	66	10
Repayment of the principal portion of lease liabilities	(27,503)	(25,223)
Dividends paid to owners of the Company	<u>(50,699)</u>	<u>(55,452)</u>
Net cash generated from financing activities	<u>(34,965)</u>	<u>(190,868)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(7,688)</u>	<u>133,981</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(201,884)</u>	<u>149,350</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>2,479,488</u>	<u>2,330,138</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 2,277,604</u>	<u>\$ 2,479,488</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2024)

(Concluded)

# SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Shieh Yih Machinery Industry Co., Ltd. (the “Company”) was established in March 1982 and began operations in April 1982. The Company designs, develops, manufactures and sells machinery, and the Company provides IT software services and other design services.

The ordinary shares of the Company have been listed on the Taipei Exchange since April 2002.

The functional currency of the Company is the New Taiwan dollar, and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in the Company’s functional currency.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 11, 2024.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB</u></b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	January 1, 2023

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

d. Presentation reclassification

The management of the Group considers the bank deposits repatriated for restricted purposes for the use of substantial investments and financial investments in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. The nature of the deposit does not change the nature of the deposit as the entity can access those amounts on demand. The management concludes that the presentation of cash and cash equivalents is more appropriate and, therefore, has changed the presentation of the consolidated balance sheets and consolidated statements of cash flows in 2023. The financial assets at amortized cost were reclassified to cash and cash equivalents with a carrying amount of \$40,708 thousand and \$51,208 thousand December 31, 2023 and December 31, 2022. The impact on cash flows for the year ended December 31, 2022 was as follows:

	<b>Adjustments</b>
Net cash generated from (used in) operating activities	\$ -
Net cash generated from (used in) investing activities	<u>51,208</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 51,208</u>

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and the net defined benefit liability which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a

liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13, Tables 7 and 8 for the detailed information of subsidiaries (including the percentages of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.



Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the functional currencies of the Group entities (including subsidiaries, associates, joint ventures and branches currency in other countries that use different from the currency of the Company) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The reason why the Group's inventory write-downs may arise is due to the obsolescence caused by customization. The net realizable value is estimated based on inventory age and historical experience. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits and bonds with repurchase agreements with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

#### iv. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

#### b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as reflected in the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

#### c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows

from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

All the financial liabilities are measured at amortized costs using the effective interest method.

### b) Derecognition of financial liabilities

The Group derecognizes a financial liability only when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 1. Revenue recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

### 1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of vehicles and parts. Revenue from the sale of goods is recognized when the goods are delivered, and the title has been transferred.

### 2) Revenue from rendering of services

Revenue from the rendering of services comes from designing and performing the R&D of cars. Contract assets and revenue are recognized by reference to the stage of completion of the respective contract, and contract assets are reclassified to trade receivables when the remaining obligation is performed. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

## 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized.

## 3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

### p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Estimated Impairment of Accounts Receivable

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions, as well as forward-looking estimates as of the end of each reporting period. When the actual future cash inflows are less than expected, a material impairment loss may arise.

### Inventory Obsolescence Loss

Inventory obsolescence loss is estimated based on the stock age and the ratio of the impairment loss. Historical experience is also taken into consideration when assessing inventory obsolescence loss. If the actual impairment of inventory is higher than expected in the future, it may cause critical losses.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 1,707	\$ 1,467
Checking accounts and demand deposits	1,122,480	1,457,293
Cash equivalents		
Time deposits with original maturities less than 3 months	941,413	757,469
Bonds with repurchase agreements	<u>212,004</u>	<u>263,259</u>
	<u>\$ 2,277,604</u>	<u>\$ 2,479,488</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Time deposits with original maturities less than 3 months	1.70%-5.53%	1.25%-4.80%
Bonds with repurchase agreements	5.35%-5.95%	0.80%-4.50%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Structured deposits	\$ 80,750	\$ 197,141
Non-derivative financial assets		
Beneficiary certificate	27,260	26,417
Domestic-listed shares		
EVA Airways Corporation	25,160	-
Hua Nan Financial Holdings Co., Ltd.	5,568	5,593
United Microelectronics Corporation	-	20,350

(Continued)



	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Limited partnership		
Foryou Private Equity Limited Partnership	\$ 25,103	\$ 12,460
Outstanding Management Capital Limited Partnership	16,544	568
Foryou Venture Capital Limited Partnership	<u>13,702</u>	<u>10,399</u>
	<u>\$ 194,087</u>	<u>\$ 272,928</u> (Concluded)

The Group's structured time deposits are 100% principal guaranteed. As of December 31, 2023 and 2022, the principal of undue structured time deposits were \$80,750 thousand (RMB18,662 thousand) and \$197,141 thousand (RMB44,709 thousand), and related information was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Maturity	January 2024- March 2024	January 2023 - March 2023
Expected rate of return	2.78%-2.95%	3.00%-3.50%

#### 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Investments in equity instruments	\$ 44,001	\$ 31,606
Investments in debt instruments	<u>147,049</u>	<u>49,080</u>
	<u>\$ 191,050</u>	<u>\$ 80,686</u>

#### Investments in Equity Instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - Hua Nan Financial Holdings Co., Ltd.	\$ 3,043	\$ 3,056
Unlisted shares		
Ordinary shares - Barits Biofund Inc.	28,650	22,824
Ordinary shares - Kingfont Precision Industrial Co., Ltd.	<u>12,308</u>	<u>5,726</u>
	<u>\$ 44,001</u>	<u>\$ 31,606</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

### Investments in Debt Instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>

#### Non-current

Foreign investments	<u>\$ 147,049</u>	<u>\$ 49,080</u>
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For debt instrument investments held by the Group, the coupon rate ranges are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Debt instrument investments	3.00%-7.63%	3.00%-5.95%

## 9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Gross carrying amount	\$ 159,303	\$ 61,517
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	159,303	61,517
Adjustment to fair value	(12,708)	(12,437)
Foreign exchange gains and losses	<u>454</u>	<u>-</u>
	<u>\$ 147,049</u>	<u>\$ 49,080</u>

The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

As of December 31, 2023, the combined company was assessed not to recognize expected credit impairment losses.

## 10. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Time deposits with original maturity of more than 3 months (a)	\$ 638,715	\$ 247,051
Time deposits - limited (b)	<u>15,491</u>	<u>15,203</u>
	<u>\$ 654,206</u>	<u>\$ 262,254</u>

### Non-current

Restricted bank deposits (b)	<u>\$ 2,852</u>	<u>\$ 2,746</u>
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- a. As of December 31, 2023 and 2022, the interest rates of time deposits with original maturity of more than 3 months were from 1.40% to 5.45% and 2.10% to 3.75%, respectively at the end of the reporting period.
- b. Financial assets at amortized cost pledged as collateral for derivative products and endorsements/guarantees are set out in Note 32.

## 11. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	<u>\$ 152,154</u>	<u>\$ 323,730</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 267,536	\$ 323,439
Less: Allowance for impairment loss	<u>20,294</u>	<u>16,257</u>
	<u>\$ 247,242</u>	<u>\$ 307,182</u>

- a. Notes receivable

The average credit period of sales of goods was from 120 to 150 days. No interest was charged on notes receivable. In order to minimize credit risk, the management of the Group has determined credit limits, credit approvals and internal control procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group use lifetime expected loss provision for all notes receivables. The expected credit losses on notes receivable are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both

the current as well as the forecasted direction of economic conditions. The provision matrix of the Group is used to identify whether objective evidence shows the significant notes receivable are impaired. The Group determines the impairment amounts individually when the evidence shows the receivables are impaired. Other customers are differentiated by region and by product category, the Group determines the credit losses with the respective risks of default occurring as the weights.

The Group writes off a notes receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For notes receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable based on the Group's provision matrix.

December 31, 2023

	<b>Not Past Due</b>
Expected credit loss rate	-
Gross carrying amount	\$ 152,154
Loss allowance (Lifetime ECL)	<u>-</u>
Amortized cost	<u>\$ 152,154</u>

December 31, 2022

	<b>Not Past Due</b>
Expected credit loss rate	-
Gross carrying amount	\$ 323,730
Loss allowance (Lifetime ECL)	<u>-</u>
Amortized cost	<u>\$ 323,730</u>

b. Trade receivables

The average credit period of sales of goods was from 120 to 150 days. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from default. The Group uses the internal credit rating system to assess the credit quality and defines credit limits of the potential customers and periodically reviews each customer's records of historical trade and financial position each year.

The Group use lifetime expected loss provision for all trade receivables. The expected credit losses on notes receivable are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions. The provision matrix of the Group is used to identify whether objective evidence shows the significant trade receivables are impaired. The Group determines the impairment amounts individually when the evidence shows the receivables are impaired. Other customers are differentiated by region and by product category, the Group evaluates the prospect of recovery based on the past due days of accounts receivable and determine the credit losses with the respective risks of default occurring as the weights.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

#### December 31, 2023

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 360 Days	Over 361 Days	Individual Identification	Total
Expected credit loss rate	0.00%-18.20%	0.00%-18.20%	0.00%-18.20%	-	18.20%	100.00%	18.20%-100.00%	
Gross carrying amount	\$ 227,972	\$ 18,311	\$ 2,120	\$ 500	\$ 9,393	\$ 3,937	\$ 5,303	\$ 267,536
Loss allowance (Lifetime ECL)	(8,731)	(580)	(33)	-	(1,710)	(3,937)	(5,303)	(20,294)
Amortized cost	<u>\$ 219,241</u>	<u>\$ 17,731</u>	<u>\$ 2,087</u>	<u>\$ 500</u>	<u>\$ 7,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,242</u>

#### December 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 360 Days	Over 361 Days	Individual Identification	Total
Expected credit loss rate	0.00%-12.11%	0.00%-12.11%	0.00%-12.11%	-	-	-	30.00%-100.00%	
Gross carrying amount	\$ 244,620	\$ 33,460	\$ 30,190	\$ -	\$ -	\$ -	\$ 15,169	\$ 323,439
Loss allowance (Lifetime ECL)	(3,710)	(3,515)	(1,988)	-	-	-	(7,044)	(16,257)
Amortized cost	<u>\$ 240,910</u>	<u>\$ 29,945</u>	<u>\$ 28,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,125</u>	<u>\$ 307,182</u>

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Balance at January 1	\$ 16,257	\$ 5,913
Add: Net remeasurement of loss allowance	4,839	10,185
Less: Write-off	(490)	(14)
Foreign exchange translation gains and losses	<u>(312)</u>	<u>173</u>
Balance at December 31	<u>\$ 20,294</u>	<u>\$ 16,257</u>

## 12. INVENTORIES

	<u>December 31</u>	
	2023	2022
Finished goods	\$ 404,131	\$ 369,155
Work in progress	527,668	535,493
Raw materials	<u>306,322</u>	<u>263,496</u>
	<u>\$ 1,238,121</u>	<u>\$ 1,168,144</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$2,435,778 thousand and \$2,705,329 thousand, respectively. The Cost of goods sold for the years ended December 31, 2023 and 2022 included inventory depreciation and obsolescence losses of \$7,920 thousand and \$50,587 thousand, respectively.

### 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Nature of Activities	Proportion of Ownership		Remark
			September 30, 2023	December 31, 2022	
Shieh Yih Machinery Industry Co., Ltd.	Seyi-America, Inc.	Sales of presses and other spare accessory parts	100%	100%	Note 1
	Seyi International (Samoa) Inc.	Trade and business investment	100%	100%	
	Seyi Presses Europe GmbH	Sales of presses and other spare accessory parts	100%	100%	
Seyi International (Samoa) Inc.	Xie Da Investment Co., Ltd.	Business investment	100%	100%	Note 2
	Seyi Technology (Samoa) Inc.	Trade and business investment	100%	100%	
	Seyi (Thailand) Co., Ltd.	Sales of presses and other spare accessory parts	100%	100%	
Seyi Technology (Samoa) Inc.	Xie Yi Tech Machinery (China) Co., Ltd.	Production of electronic equipment for computer communication and electronic parts; sale of self-produced products.	100%	100%	Note 3

Note 1: The Board of Directors of Seyi International (SAMOA) Inc. resolved a cash capital reduction of US\$10,000 thousand on September 22, 2022, with the base date of the capital reduction on September 22, 2022.

Note 2: The Board of Directors of Seyi Technology (SAMOA) Inc. resolved a cash capital reduction of US\$10,000 thousand on September 22, 2022, with the base date of the capital reduction on September 22, 2022.

Note 3: The Board of Directors of Xie Yi Tech Machinery (China) Co., Ltd. resolved a cash capital reduction of US\$10,000 thousand on September 22, 2022, with the base date of the capital reduction on September 22, 2022. In addition, on November 30, 2022, the board of directors resolved to convert the earnings into additional capital of US\$10,000 thousand, with the base date of capital addition on November 30, 2022.

### 14. PROPERTY, PLANT AND EQUIPMENT - USED BY THE GROUP

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Leasehold Improvements	Property under Construction	Total
<b>Cost</b>									
Balance at January 1, 2022	\$ 125,720	\$ 860,864	\$ 1,020,553	\$ 13,534	\$ 67,404	\$ 115,559	\$ 381	\$ 3,248	\$ 2,207,263
Additions	-	260	5,340	361	2,317	6,066	-	676	15,020
Disposals	-	(863)	(6,199)	(9,050)	(3,421)	(1,954)	-	-	(21,487)
Reclassification	-	3,991	-	-	-	-	-	(3,991)	-
Effect of foreign currency exchange differences	-	5,439	9,406	13,801	(17,558)	8,425	28	67	19,608
Balance at December 31, 2022	<u>\$ 125,720</u>	<u>\$ 869,691</u>	<u>\$ 1,029,100</u>	<u>\$ 18,646</u>	<u>\$ 48,742</u>	<u>\$ 128,096</u>	<u>\$ 409</u>	<u>\$ -</u>	<u>\$ 2,220,404</u>
<b>Accumulated depreciation and impairment</b>									
Balance at January 1, 2022	\$ -	\$ 333,308	\$ 860,982	\$ 11,123	\$ 49,046	\$ 95,545	\$ 187	\$ -	\$ 1,350,191
Depreciation expenses	-	29,455	41,902	1,336	4,061	8,225	78	-	85,057
Disposals	-	(858)	(6,199)	(8,156)	(3,421)	(1,954)	-	-	(20,588)
Effect of foreign currency exchange differences	-	2,880	8,574	11,244	(12,828)	5,307	16	-	15,193
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 364,785</u>	<u>\$ 905,259</u>	<u>\$ 15,547</u>	<u>\$ 36,858</u>	<u>\$ 107,123</u>	<u>\$ 281</u>	<u>\$ -</u>	<u>\$ 1,429,853</u>
Carrying amounts at December 31, 2022	<u>\$ 125,720</u>	<u>\$ 504,906</u>	<u>\$ 123,841</u>	<u>\$ 3,099</u>	<u>\$ 11,884</u>	<u>\$ 20,973</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 790,551</u>
<b>Cost</b>									
Balance at January 1, 2023	\$ 125,720	\$ 869,691	\$ 1,029,100	\$ 18,646	\$ 48,742	\$ 128,096	\$ 409	\$ -	\$ 2,220,404
Additions	-	1,593	1,218	6,120	2,489	3,745	-	7,599	22,764
Disposals	-	-	(5,380)	(1,821)	(6,929)	(2,659)	(35)	-	(16,824)
Reclassification	-	-	-	-	-	138	-	-	138
Effect of foreign currency exchange differences	-	(6,962)	(11,597)	246	(4,165)	(2)	2,628	(120)	(19,972)
Balance at December 31, 2023	<u>\$ 125,720</u>	<u>\$ 864,322</u>	<u>\$ 1,013,341</u>	<u>\$ 23,191</u>	<u>\$ 40,137</u>	<u>\$ 129,318</u>	<u>\$ 3,002</u>	<u>\$ 7,479</u>	<u>\$ 2,206,510</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Leasehold Improvements	Property under Construction	Total
Accumulated depreciation and impairment									
Balance at January 1, 2023	\$ -	\$ 364,785	\$ 905,259	\$ 15,547	\$ 36,858	\$ 107,123	\$ 281	\$ -	\$ 1,429,853
Depreciation expenses	-	28,883	20,899	1,783	3,336	7,760	493	-	63,154
Disposals	-	-	(5,380)	(1,789)	(6,929)	(2,661)	-	-	(16,759)
Effect of foreign currency exchange differences	-	(4,348)	(11,439)	15	(497)	(920)	148	-	(17,041)
Disposals	-	-	-	-	-	-	-	-	-
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 389,320</u>	<u>\$ 909,339</u>	<u>\$ 15,556</u>	<u>\$ 32,768</u>	<u>\$ 111,302</u>	<u>\$ 922</u>	<u>\$ -</u>	<u>\$ 1,459,207</u>
Carrying amounts at									
December 31, 2023	<u>\$ 125,720</u>	<u>\$ 475,002</u>	<u>\$ 104,002</u>	<u>\$ 7,635</u>	<u>\$ 7,369</u>	<u>\$ 18,016</u>	<u>\$ 2,080</u>	<u>\$ 7,479</u>	<u>\$ 747,303</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

#### Buildings

Main buildings	50 years
Administration building	50 years
Factory building located in mainland China	20 to 50 years
Others	5 to 50 years

#### Machinery and equipment

3 to 20 years

#### Transportation equipment

3 to 5 years

#### Office equipment

3 to 7 years

#### Other equipment

2 to 16 years

#### Leasehold improvement

2 to 12 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32. No impairment assessment was performed for the year ended December 31, 2023 and 2022 as there was no indication of impairment.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Land	\$ 12,320	\$ 12,973
Buildings	27,479	37,977
Office equipment	1,254	1,735
Transportation equipment	<u>18,746</u>	<u>14,409</u>
	<u>\$ 59,799</u>	<u>\$ 67,094</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 19,656</u>	<u>\$ 12,862</u>
Depreciation charge for right-of-use assets		
Land	\$ 418	\$ 421
Buildings	13,760	13,156
Office equipment	481	481
Transportation equipment	<u>9,730</u>	<u>8,928</u>
	<u>\$ 24,389</u>	<u>\$ 22,986</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022. In addition, the Group early terminated part of the lease contract during the year ended December 31, 2022, which resulted in a decrease of \$117 thousand in right-of-use assets and recognition of a lease modification benefit of \$4 thousand.

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Current	<u>\$ 22,027</u>	<u>\$ 20,371</u>
Non-current	<u>\$ 23,951</u>	<u>\$ 33,271</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Buildings	1.51%-7.27%	1.51%-7.27%
Office equipment	1.54%	1.54%
Transportation equipment	1.51%-4.75%	1.51%-4.75%

c. Material lease-in activities and terms

The Group leases certain cars for the use of its executives with lease terms of 2 to 7 years. The Group does not have bargain purchase options to acquire the leasehold cars at the end of the lease terms.

The Group also leases buildings for the use of plants, offices and dormitory with lease terms of 1 to 6 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. The land right-of-use assets if the Group located in Mainland China is depreciated for 50 years.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 2,162</u>	<u>\$ 1,562</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 72</u>	<u>\$ 79</u>
Total cash outflow for leases	<u>\$(32,327)</u>	<u>\$(30,107)</u>

The Group leases certain transportation equipment which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.



## 16. INVESTMENT PROPERTIES

	<b>Completed Investment Property</b>
<u>Cost</u>	
Balance at January 1, 2022	\$ 145,323
Additions	<u>-</u>
Balance at December 31, 2022	<u>\$ 145,323</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ (34,644)
Depreciation expense	<u>(1,145)</u>
Balance at December 31, 2022	<u>\$ (35,789)</u>
Carrying amounts at December 31, 2022	<u>\$ 109,534</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 145,323
Disposal	<u>(145,323)</u>
Balance at December 31, 2023	<u>\$ -</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ (35,789)
Depreciation expense	(477)
Disposal	<u>36,266</u>
Balance at December 31, 2023	<u>\$ -</u>
Carrying amounts at December 31, 2023	<u>\$ -</u>

In June 2023, the Group completed the disposal procedure. The proceeds was \$123,549 thousand, and the related gain on disposal was \$14,492 thousand.

The investment properties are depreciated using the straight-line method over their estimated useful lives of 55 years.

The fair value of investment real estate has not been evaluated by independent evaluators, and is only measured by the management of the combined company, and the evaluation is based on market evidence of similar real estate transaction prices. The fair value of its evaluation is as follows:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Fair value	<u>\$ -</u>	<u>\$ 189,519</u>

The investment properties pledged as collateral for bank borrowings are set out in Note 32.

## 17. OTHER NON-CURRENT ASSETS

	December 31	
	2023	2022
Prepayments for equipment	\$ -	\$ 4,134
Others	<u>10,020</u>	<u>9,822</u>
	<u>\$ 10,020</u>	<u>\$ 13,956</u>

## 18. BORROWINGS

### a. Short-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Bank loans	\$ 250,000	\$ 250,000
Loans from letter of credit of bank	<u>4,830</u>	<u>4,583</u>
	<u>\$ 254,830</u>	<u>\$ 254,583</u>

The ranges of interest rates on unsecured borrowings were both was 1.4945%-2.023% and 0.95%-1.47% per annum as of December 31, 2023 and 2022, respectively.

### b. Long-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings</u>		
First Commercial Bank	\$ 610,000	\$ 200,000
O-Bank Co., Ltd	<u>-</u>	<u>323,076</u>
	<u>610,000</u>	<u>523,076</u>
<u>Unsecured borrowings</u>		
O-Bank Co., Ltd	200,000	-
Cathay United Bank	200,000	200,000
HuaNan Bank	175,000	235,000
SinoPac Bank	150,000	300,000
Fubon Bank	<u>90,667</u>	<u>124,667</u>
	<u>815,667</u>	<u>859,667</u>
Less: Current portions	<u>94,000</u>	<u>201,692</u>
Long-term borrowings	<u>\$ 1,331,667</u>	<u>\$ 1,181,051</u>

The ranges of effective interest rates on the above loan were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Effective interest rate:		
Floating rate	1.66%-1.80%	1.46%-1.77%
1) First Commercial Bank: In December 2021, the Group signed a loan agreement with First Commercial Bank. Under the loan agreement, a revolving credit line of \$1.1 billion was granted to the Group. The credit period is 5 years from the date of the first use. Each drawdown will have a loan period of two years, with the principal of each drawdown being repayable in full upon maturity, and the facility may be revolving. The Group provides the land and plant on Nanshang Road, Guishan District, Taoyuan City, as collateral; refer to Note 32.		
2) Secured borrowings from O-Bank Co., Ltd.: The Group signed a loan agreement; the loan period is from December 25, 2020 to December 2025, with the principal as the first installment in December 2022, and every three months thereafter. There are 13 installments in total, which are evenly amortized on a monthly basis. The Group made early principal repayments of \$161,538 thousand in March 2023 and \$161,538 thousand in June 2023, respectively. The Group provides investment real estate in Xinghua Section of Xinzhuang City as collateral. Refer to Note 32.		
3) Unsecured borrowings from O-Bank Co., Ltd.: The Group signed a loan agreement; the loan period is from November 2023 to November 2028, with the principal as the first installment in November 2025, and every three months thereafter. There are 13 installments in total, which are evenly amortized on a monthly basis.		
4) Unsecured borrowings from Cathay United Bank: The Group signed a loan agreement; the loan period is from June 2021 to June 2023 and shall be repaid upon the maturity date. The Group extended the loan for one year with the bank in June 2022 and June 2023. In addition, the contract was renewed starting from June 2022 to June 2024 and June 2023 to June 2025, respectively, and the loan shall be repaid upon the maturity date.		
5) Unsecured borrowings from Huanan Bank: The Group signed a loan agreement; the loan period is from November 2021 to November 2026, with the principal as the first installment in December 2022 and every month thereafter. There are 48 installments in total, which are evenly amortized on a monthly basis.		
6) Unsecured borrowings from SinoPac Bank: The Group signed a new loan agreement on January 2022 and February 2022, respectively; the loan period is from January 2022 to January 2025 and February 2022 to February 2025, respectively, and the loan shall be repaid upon the maturity date. The Group made early principal repayments of \$150,000 thousand in November 2023.		
7) Unsecured borrowings from Fubon Bank: The Group signed a loan agreement; the loan period is from August 2021 to August 2026, with the principal as the first installment in November 2022 and every month thereafter. There are 48 installments in total, which are evenly amortized on a monthly basis.		

## 19. NOTES PAYABLE AND TRADE PAYABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes payable</u>		
Operating	<u>\$ 226,870</u>	<u>\$ 372,038</u>
<u>Trade payables</u>		
Operating	<u>\$ 706,425</u>	<u>\$ 876,163</u>

## 20. OTHER PAYABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Other payables		
Payables for salaries or bonuses	\$ 108,965	\$ 83,906
Payables for employee benefits	18,728	18,015
Payables for product warranty fees	14,989	15,570
Payables for service	5,332	10,173
Payables for insurance	3,132	2,963
Payables for commissions	2,573	5,044
Payables for test run fees	1,951	3,251
Others	<u>18,935</u>	<u>29,105</u>
	<u>\$ 174,605</u>	<u>\$ 168,027</u>

## 21. OTHER CURRENT LIABILITIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Receipts under custody	\$ 312	\$ 317
Temporary credits	<u>23</u>	<u>270</u>
	<u>\$ 335</u>	<u>\$ 587</u>

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The consolidated subsidiaries have pension plans in accordance with their respective local regulations. The subsidiaries are required to contribute an amount equal to a specified percentage of local employees' salaries to the retirement benefit scheme.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law of the ROC is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 148,081	\$ 157,738
Fair value of plan assets	<u>(121,306)</u>	<u>(132,435)</u>
Net defined benefit liabilities	<u>\$ 26,775</u>	<u>\$ 25,303</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	<u>\$ 179,298</u>	<u>\$(122,294)</u>	<u>\$ 57,004</u>
Service cost			
Current service cost	700	-	700
Net interest expense (income)	<u>1,130</u>	<u>(770)</u>	<u>360</u>
Recognized in profit or loss	<u>1,830</u>	<u>(770)</u>	<u>1,060</u>
Remeasurement			
Actuarial gain - changes in experience adjustments	(11,665)	-	(11,665)
Actuarial loss - changes in financial assumptions	<u>949</u>	<u>(9,514)</u>	<u>(8,565)</u>
Recognized in other comprehensive income	<u>(10,716)</u>	<u>(9,514)</u>	<u>(20,230)</u>
Contributions from the employer	<u>-</u>	<u>(12,531)</u>	<u>(12,531)</u>
Benefits paid	<u>(12,674)</u>	<u>12,674</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 157,738</u>	<u>\$(132,435)</u>	<u>\$ 25,303</u>
Balance at January 1, 2023	<u>\$ 157,738</u>	<u>\$(132,435)</u>	<u>\$ 25,303</u>
Service cost			
Current service cost	475	-	475
Net interest expense (income)	<u>1,940</u>	<u>(1,629)</u>	<u>311</u>
Recognized in profit or loss	<u>2,415</u>	<u>(1,629)</u>	<u>786</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Remeasurement			
Actuarial loss - changes in experience adjustments	\$ 346	\$ -	\$ 346
Actuarial loss - changes in financial assumptions	<u>3,315</u>	<u>(677)</u>	<u>2,638</u>
Recognized in other comprehensive income	<u>3,661</u>	<u>(677)</u>	<u>2,984</u>
Contributions from the employer	<u>-</u>	<u>(2,298)</u>	<u>(2,298)</u>
Benefits paid	<u>(15,733)</u>	<u>15,733</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 148,081</u>	<u>\$(121,306)</u>	<u>\$ 26,775</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.18%	1.23%
Expected rate(s) of salary increase	1.50%	1.50%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.5% increase	<u>\$ (1,798)</u>	<u>\$ (1,975)</u>
0.5% decrease	<u>\$ 8,928</u>	<u>\$ 9,485</u>
Expected rate(s) of salary increase		
0.5% increase	<u>\$ 8,851</u>	<u>\$ 9,404</u>
0.5% decrease	<u>\$ (1,800)</u>	<u>\$ (1,980)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
The expected contributions to the plan for the next year	<u>\$ 2,298</u>	<u>\$ 2,040</u>
The average duration of the defined benefit obligation	7 years	7 years

## 23. EQUITY

### a. Share capital - ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>158,434</u>	<u>158,434</u>
Shares issued	<u>\$ 1,584,341</u>	<u>\$ 1,584,341</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 127,636	\$ 137,898
Conversion of bonds	47,180	47,180
Treasury share transactions	5,129	5,129
Employee share options - expired	3,435	3,435
May be used to offset a deficit only (2)		
Changes in percentage of ownership interest in subsidiaries		
Employee share options - expired	<u>1,602</u>	<u>1,602</u>
	<u>\$ 184,982</u>	<u>\$ 195,244</u>

- 1) This capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital but limited to a certain percentage of the Company's capital surplus and once a year.
- 2) This capital surplus may be used only to offset a deficit, which arises from the effect of changes in capital surplus of subsidiaries accounted for by using the equity method or from the exercise of employee share options - expired.

c. Retained earnings and dividend policy

The parent company has passed a resolution of the shareholders meeting on June 13, 2019 to amend the articles of association, stating that the company authorizes the board of directors to make a special resolution to distribute dividends and bonuses in cash, and report to the shareholders meeting.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors after amendment, refer to "Employees' compensation and remuneration of directors and supervisors" in Note 25(c).

As the Company is in the growing stage, for long-term financial planning and sustainable operating development needs, the Company uses residual dividend policy and constant growth dividend policy and take into consideration the Company's earnings position, future expansion plans, and financial funds requirement. The dividend distribution may take the form of a cash dividend and/or stock dividends, but the amount of cash dividends should not exceed 80% of total distribution.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.



When a special reserve is appropriated by the parent company for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 which have been approved in the shareholders' meetings on June 21, 2023 and May 27, 2022, respectively, were as follows:

	<b>Appropriation of Earnings For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 4,493	\$ 5,307
Special reserve	(76,111)	10,288
Cash dividends	40,437	37,477
Cash dividends per share	0.26	0.24

The above appropriations for cash dividends were resolved by the Company's board of directors on March 14, 2023 and March 7, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 21, 2023 and May 27, 2022, respectively.

The parent company's board of director also proposed to issue cash dividends from Share Premium-Ordinary of \$10,262 thousand and \$17,975 on March 14, 2023 and March 7, 2022, respectively.

The appropriation of earnings for 2023 were proposed by the Company's board of directors on March 11, 2024. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 21,051	
Special reserve	4,917	
Cash dividends	184,544	\$1.16

Rest of the cash dividends from share premium ordinary are yet to be announced in the shareholder's meeting to be held on June 13, 2024.

d. Special reserves

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
First-time Adoption of IFRSs	\$ 22,544	\$ 22,544
Appropriation in respect of:		
Debit to other equity items	<u>114,526</u>	<u>190,637</u>
	<u>\$ 137,070</u>	<u>\$ 213,181</u>

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Company appropriated for special reserve an amount of \$22,544 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$(125,086)	\$(167,981)
Exchange differences on translating foreign operations	(13,870)	53,620
Related income tax	<u>2,774</u>	<u>(10,725)</u>
Balance at December 31	<u>\$(136,182)</u>	<u>\$(125,086)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$(11,984)	\$(45,200)
Recognized for the year		
Unrealized gain - equity instruments	6,395	14,295
Unrealized loss - debt instruments	(271)	(7,171)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	25,000
Related tax - debt instruments	<u>55</u>	<u>1,092</u>
Balance at December 31	<u>\$ (5,805)</u>	<u>\$(11,984)</u>

## 24. REVENUE

a. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Notes receivable (Note 11)	<u>\$ 152,154</u>	<u>\$ 323,730</u>	<u>\$ 257,753</u>
Trade receivables (Note 11)	<u>\$ 247,242</u>	<u>\$ 307,182</u>	<u>\$ 360,617</u>
Contract assets			
Sale of goods	<u>\$ 44,577</u>	<u>\$ 64,962</u>	<u>\$ 81,058</u>
Contract liabilities			
Sale of goods	<u>\$ 578,740</u>	<u>\$ 628,341</u>	<u>\$ 488,715</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment; other significant changes are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Contract assets		
Transfers of beginning balance to receivables	\$ 52,523	\$ 80,866

Changes in the allowance for losses on contract assets are described as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ -	\$ -
Add: Impairment loss	2,750	-
Foreign exchange translation gains and losses	<u>(43)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,707</u>	<u>\$ -</u>

Revenue of the reporting period recognized from the beginning contract liabilities and from the performance obligations which were satisfied in the previous periods is as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
From the beginning contract liabilities		
Sale of goods	<u>\$ 578,660</u>	<u>\$ 467,598</u>

b. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from the sale of goods	\$ 3,343,052	\$ 3,402,882
Repairs and other revenue	<u>154,619</u>	<u>145,696</u>
	<u>\$ 3,497,671</u>	<u>\$ 3,548,578</u>

c. Partially completed contracts

The transaction prices allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Sale of goods		
January 2023 to December 2023	\$ -	\$ 611,972
January 2024 to December 2024	578,479	16,369
January 2025 to December 2025	<u>261</u>	<u>-</u>
	<u>\$ 578,740</u>	<u>\$ 628,341</u>

## 25. NET PROFIT

### a. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Operating costs	\$ 40,199	\$ 61,125
Operating expenses	47,344	46,918
Non-operating expenses	<u>477</u>	<u>1,145</u>
	<u>\$ 88,020</u>	<u>\$ 109,188</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 9,256</u>	<u>\$ 7,536</u>

### b. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term benefits		
Payroll	\$ 576,430	\$ 536,572
Labor and health insurance	<u>41,890</u>	<u>37,623</u>
	<u>618,320</u>	<u>574,195</u>
Post-employment benefits (see Note 21)		
Defined contribution plans	29,332	25,674
Defined benefit plans	<u>786</u>	<u>1,060</u>
	<u>30,118</u>	<u>26,734</u>
Other employee benefits	<u>6,655</u>	<u>5,205</u>
Total employee benefit expenses	<u>\$ 655,093</u>	<u>\$ 606,134</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 233,093	\$ 214,001
Operating expenses	<u>422,000</u>	<u>392,133</u>
	<u>\$ 655,093</u>	<u>\$ 606,134</u>

### c. Employees' compensation and remuneration to directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates no less than 2% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 11, 2024 and March 14, 2023, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Employees' compensation	3%	3%
Remuneration of directors and supervisors	2%	2%

Amount

	<b>For the Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ 7,546	\$ 2,123
Remuneration of directors and supervisors	5,031	1,415

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## d. Gain (loss) on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 53,753	\$ 144,297
Foreign exchange losses	<u>(55,353)</u>	<u>(57,657)</u>
Net (loss) gain	<u>\$ (1,600)</u>	<u>\$ 86,640</u>

**26. INCOME TAXES**

## a. The major components of tax expense recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 20,523	\$ 24,996
Land value increment tax	1,275	-
Adjustments for prior years	<u>(4,548)</u>	<u>866</u>
	<u>17,250</u>	<u>25,862</u>
Deferred tax		
In respect of the current year	<u>26,263</u>	<u>28,382</u>
Income tax expense recognized in profit or loss	<u>\$ 43,513</u>	<u>\$ 54,244</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit (loss) before tax from continuing operations	<u>\$ 256,410</u>	<u>\$ 82,988</u>
Income tax expense calculated at the statutory rate	\$ 76,005	\$ 24,106
Nondeductible expenses in determining taxable income	(307)	8,190
Non-taxable income	(28,633)	(20,255)
Unrecognized loss carryforwards	(256)	(201)
Unrecognized deductible temporary differences	(1,842)	8,004
Deferred tax adjustments	1,819	27,690
Repatriated offshore funds tax	-	5,844
Land value increment tax	1,275	-
Adjustments for prior years' tax	<u>(4,548)</u>	<u>866</u>
Income tax expense recognized in profit or loss	<u>\$ 43,513</u>	<u>\$ 54,244</u>

The applicable tax rate used by subsidiaries in China is 15%. Tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

In July 2019, the president promulgated the regulations on the management, use and taxation of overseas capital repatriation. Profit-seeking enterprises may be subject to the approval of the tax authority to apply the regulations for taxation within two years from the implementation date of the regulations. Furthermore, the repatriated funds in the first year are applicable to the tax rate of 8%, and the applicable tax rate for repatriated funds in the second year is 10%. The general statutory tax rate of 20% is not applicable or both. If real investment is made in the future, a refund of 50% of the tax paid can be applied for the investment amount that meets the requirements.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (2,774)	\$ 10,725
Unrealized loss on financial assets at FVTOCI	(55)	(1,092)
Actuarial gain from defined benefit plans	<u>(597)</u>	<u>4,047</u>
	<u>\$ (3,426)</u>	<u>\$ 13,680</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax assets		
Tax refund receivable	<u>\$ 7,768</u>	<u>\$ 1,841</u>
Current tax liabilities		
Income tax payable	<u>\$ 5,931</u>	<u>\$ 10,892</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Write-down of inventories	\$ 7,881	\$ 1,584	\$ -	\$ -	\$ 9,465
Bad debt	-	642	-	-	642
Defined benefit obligation	8,110	(302)	597	-	8,405
Payable for annual leave	2,468	51	-	-	2,519
Unrealized exchange loss	(5,047)	6,778	-	-	1,731
Unrealized gain between affiliates	10,770	465	-	-	11,235
Financial instruments at fair value through profit or loss	1,330	-	55	-	1,385
Exchange difference on foreign operations	<u>6,536</u>	<u>-</u>	<u>2,774</u>	<u>-</u>	<u>9,310</u>
	32,048	9,218	3,426	-	44,692
Tax losses	<u>57,339</u>	<u>(33,722)</u>	<u>-</u>	<u>543</u>	<u>24,160</u>
	<u>\$ 89,387</u>	<u>\$ (24,504)</u>	<u>\$ 3,426</u>	<u>\$ 543</u>	<u>\$ 68,852</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Share of the profit or loss of associates	<u>\$ 21,053</u>	<u>\$ 1,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,812</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Write-down of inventories	\$ 14,181	\$ (6,300)	\$ -	\$ -	\$ 7,881
Defined benefit obligation	14,451	(2,294)	(4,047)	-	8,110
Payable for annual leave	2,123	345	-	-	2,468
Unrealized exchange loss	11,402	(16,449)	-	-	(5,047)
Unrealized gain between affiliates	7,785	2,985	-	-	10,770
Financial instruments at fair value through profit or loss	238	-	1,092	-	1,330
Exchange difference on foreign operations	<u>17,261</u>	<u>-</u>	<u>(10,725)</u>	<u>-</u>	<u>6,536</u>
	67,441	(21,713)	(13,680)	-	32,048
Tax losses	<u>64,124</u>	<u>(7,407)</u>	<u>-</u>	<u>622</u>	<u>57,339</u>
	<u>\$ 131,565</u>	<u>\$ (29,120)</u>	<u>\$ (13,680)</u>	<u>\$ 622</u>	<u>\$ 89,387</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Share of the profit or loss of associates	<u>\$ 21,791</u>	<u>\$ (738)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,053</u>



- e. Deductible temporary differences and unused loss carry forwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Loss carryforwards		
Expiry in 2024	\$ -	\$ 476
Expiry in 2025	3,063	3,802
Expiry in 2026	11,551	11,551
Expiry in 2027	77,236	77,236
Expiry in 2028	<u>215</u>	<u>215</u>
	<u>\$ 92,065</u>	<u>\$ 93,280</u>
Deductible temporary differences	<u>\$ 87,350</u>	<u>\$ 99,408</u>

- f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 612	2025
2,310	2026
15,447	2027
2,739	2028
9,293	2030
20,506	2032
<u>17,166</u>	No limit
<u>\$ 68,073</u>	

- g. Income tax assessments

Income tax returns of the Company through 2021 have been examined and cleared by the tax authorities.

Income tax returns of Xie Da Investment Co., Ltd. through 2021 have been examined and cleared by the tax authorities.

## 27. EARNINGS PER SHARE

**Unit: NT\$ Per Share**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share	<u>\$ 1.34</u>	<u>\$ 0.18</u>
Diluted earnings per share	<u>\$ 1.34</u>	<u>\$ 0.18</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 212,897</u>	<u>\$ 28,744</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	158,434	158,434
Effect of potentially dilutive ordinary shares:		
Employees compensation issue to employees	<u>280</u>	<u>202</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>158,714</u>	<u>158,636</u>

The Group may settle compensation paid to employees in cash or shares; therefore, the Group assumes that entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 28. PARTIAL CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Group entered into the following partial cash investing activities, which were not reflected in the consolidated statements of cash flows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash paid for intangible assets acquisition		
Increase in intangible assets	\$ 6,388	\$ 5,475
Net decrease in other payables	<u>(106)</u>	<u>-</u>
Cash paid	<u>\$ 6,282</u>	<u>\$ 5,475</u>
Cash paid for property, plant and equipment acquisition		
Increase in property, plant and equipment	\$ 22,764	\$ 15,020
Net increase in prepayments for equipment	<u>-</u>	<u>2,788</u>
Cash paid	<u>\$ 22,764</u>	<u>\$ 17,808</u>

## Changes in liabilities arising from financing activities

### 2023

	Opening Balance	Cash Flows	New Leases	Disposals	Change in Foreign Currencies	December 31, 2023
Short-term borrowings	\$ 254,583	\$ 247	\$ -	\$ -	\$ -	\$ 254,830
Guarantee deposits received	927	66	-	-	-	993
Long-term borrowings	1,382,743	42,924	-	-	-	1,425,667
Lease liabilities	<u>53,642</u>	<u>(27,503)</u>	<u>19,656</u>	<u>-</u>	<u>183</u>	<u>45,978</u>
	<u>\$ 1,691,895</u>	<u>\$ 15,734</u>	<u>\$ 19,656</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 1,727,468</u>

### 2022

	Opening Balance	Cash Flows	New Leases	Disposals	Change in Foreign Currencies	December 31, 2022
Short-term borrowings	\$ 571,529	\$ (316,946)	\$ -	\$ -	\$ -	\$ 254,583
Guarantee deposits received	917	10	-	-	-	927
Long-term borrowings	1,176,000	206,743	-	-	-	1,382,743
Lease liabilities	<u>65,153</u>	<u>(25,223)</u>	<u>12,862</u>	<u>(121)</u>	<u>971</u>	<u>53,642</u>
	<u>\$ 1,813,599</u>	<u>\$ (135,416)</u>	<u>\$ 12,862</u>	<u>\$ (121)</u>	<u>\$ 971</u>	<u>\$ 1,691,895</u>

## 29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group's capital structure management strategy is based on its products, economic status of property development, and consideration of the risk of future development. The Group's goals to achieve suitable market package of sales, operating scale and target of market share and planned capital expenditure and related schemes of operating capital and cash are the factors in the whole planning of the Group's development and in deciding on the Group's appropriate capital structure.

The Group's management regularly reviews the Group's capital structure and considers the costs and risks of different capital structures and adopts the best overall capital structure. The Group's methods used for capital management and overall strategy had not changed until December 31, 2023.

## 30. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The Group's management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair value could not be measured reliably.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy  
December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Listed shares	\$ 30,728	\$ -	\$ -	\$ 30,728
Structured deposits	-	80,750	-	80,750
Beneficiary certificate	27,260	-	-	27,260
Limited partnership	<u>-</u>	<u>-</u>	<u>55,349</u>	<u>55,349</u>
	<u>\$ 57,988</u>	<u>\$ 80,750</u>	<u>\$ 55,349</u>	<u>\$ 194,087</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Listed shares	\$ 3,043	\$ -	\$ -	\$ 3,043
Unlisted shares	-	-	40,958	40,958
Investments in debt instruments				
Foreign investment	<u>147,049</u>	<u>-</u>	<u>-</u>	<u>147,049</u>
	<u>\$ 150,092</u>	<u>\$ -</u>	<u>\$ 40,958</u>	<u>\$ 191,050</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Listed shares	\$ 25,943	\$ -	\$ -	\$ 25,943
Structured deposits	-	197,141	-	197,141
Beneficiary certificate	26,417	-	-	26,417
Limited partnership	<u>-</u>	<u>-</u>	<u>23,427</u>	<u>23,427</u>
	<u>\$ 52,360</u>	<u>\$ 197,141</u>	<u>\$ 23,427</u>	<u>\$ 272,928</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Listed shares	\$ 3,056	\$ -	\$ -	\$ 3,056
Unlisted shares	-	-	28,550	28,550
Investments in debt instruments				
Foreign investment	<u>49,080</u>	<u>-</u>	<u>-</u>	<u>49,080</u>
	<u>\$ 52,136</u>	<u>\$ -</u>	<u>\$ 28,550</u>	<u>\$ 80,686</u>

There were no transfers between Levels 1 and 2 in the prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
Structured deposits	Discounted cash flow Future cash flows are estimated based on contract forward rates, discounted at a rate that reflects credit risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of limited partnership is based on assets-based approach. The fair values of unlisted equity securities-ROC were based on the fair values of investment targets which were calculated by using the market approach or assets assets-based approach.

The market approach refers to the use of stock transaction price of the stock in the active market and the value multiplier implied by the price of the companies that engage in the same or similar business, and considers the liquidity reduction to determine the value of the target company.

The assets-based approach evaluates the total market value of individual assets and individual liabilities covered by the evaluation target, and considers non-controlling discounts and liquidity discounts to reflect the overall value of the enterprise or business.

4) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2023	\$ 23,427	\$ 28,550
Additions	26,400	16,800
Reduction	-	(10,800)
Recognized in profit or loss (included in other gains and losses)	5,522	-
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	6,408
Balance at December 31, 2023	<u>\$ 55,349</u>	<u>\$ 40,958</u>

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 7,354	\$ 39,519
Additions	12,600	-
Recognized in profit or loss (included in other gains and losses)	3,473	-
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	(10,969)
Balance at December 31, 2022	<u>\$ 23,427</u>	<u>\$ 28,550</u>

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 194,087	\$ 272,928
Financial assets at amortized cost (Note 1)	3,375,901	3,408,887
Financial assets at FVTOCI	191,050	80,686
<u>Financial liabilities</u>		
Amortized cost (Note 2)	2,672,704	2,961,374

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity of more than 3 months, notes receivable, trade receivables, other receivables, time deposits - limited, restricted bank deposits and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, notes payable, trade payables, part of other payables, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debts investments, trade receivables, trade payables, borrowings, and lease liability. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

## 1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price risk (see (c) below). The Group uses foreign exchange swap contracts and option contracts to manage its exposure to foreign currency risk and interest rate risk.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

### a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing individual option contracts. The mechanism regularly monitors the position held and the exchange rate fluctuation to lower the risk on exchange rate fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

#### Sensitivity analysis

The Group was mainly exposed to the USD, EUR, RMB and JPY.

The following table shows the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and their adjusted translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity assuming when the New Taiwan dollars strengthened 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Effect of USD (i)	\$(16,173)	\$(12,588)
Effect of EUR (ii)	(1,705)	(1,188)
Effect of RMB (iii)	(4,387)	(6,659)
Effect of JPY (iv)	(154)	(110)

- i. This was mainly attributable to the outstanding USD-denominated cash and cash equivalents, trade receivables (including related parties), other receivables from related parties, trade payables (including related parties) and other payable at the end of the reporting period.
- ii. This was mainly attributable to the outstanding EUR-denominated cash and cash equivalents and trade receivables (including related parties), other receivables from related parties and other payable at the end of the reporting period.

- iii. This was mainly attributable to the outstanding RMB-denominated cash and cash equivalents, trade receivables (including related parties), other receivables and trade payables (including related parties) at the end of the reporting period.
- iv. This was mainly attributable to the outstanding JPY-denominated cash and cash equivalents, trade receivables, short-term borrowings and trade payable at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rate and held demand deposit, foreign currency deposit and investment of financial product. The Group's management periodically monitors the risk of changes in interest rates, measures the significant risks, and takes control of the risks affected by market rates.

Because the amounts of the Group's financial assets and financial liabilities exposed to fair value interest rate risk and cash flow interest rate risk are immaterial, floating interest rate risk is considered not significant to the Group.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 1,888,373	\$ 1,480,123
Financial liabilities	45,978	53,642
Cash flow interest rate risk		
Financial assets	1,040,484	1,389,403
Financial liabilities	1,680,497	1,637,326

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the assets outstanding at the end of the reporting period was outstanding for the whole year. A 1 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis point higher/lower and all other variables were held constant, the Group's pre-tax loss for the year ended December 31, 2023 and 2022 would decrease/increase by \$640 thousand and \$248 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowing.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities, debts instruments investments, and limited partnership. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.



### Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices and limited partnership instrument had been 5% higher/lower, pre-tax profit for the year ended December 31, 2023 would have increased/decreased by \$5,667 thousand, as a result of the changes in financial assets at FVTPL.

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the year ended December 31, 2023 would have increased/decreased by \$9,553 thousand, as a result of the changes in financial assets at FVTOCI.

If equity prices and limited partnership instrument had been 5% higher/lower, pre-tax profit for the year ended December 31, 2022 would have increased/decreased by \$3,789 thousand, as a result of the changes in financial assets at FVTPL.

If equity prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2022 would have increased/decreased by \$4,034 thousand, as a result of the changes in financial assets at FVTOCI.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- a) The carrying amounts of the respective recognized financial assets as stated in the balance sheets.
- b) The amounts of contingent liabilities in relation to financial guarantee issued by the Group.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's concentration of credit risk of 35.95% and 24.63% in total trade receivables as of December 31, 2023 and 2022, respectively, were related to the Group's five largest customers.

### 3) Liquidity risk

The Group manages liquidity risk by maintaining and monitoring a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank loan facilities set out in (2) below.

#### a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining maturity for its borrowings with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

##### December 31, 2023

	Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	\$ 2,355	\$ 4,625	\$ 18,250	\$ 26,642	\$ -	\$ 51,872
Floating interest rate liabilities	7,188	28,216	340,527	1,364,704	-	1,740,635
	<u>\$ 9,543</u>	<u>\$ 32,841</u>	<u>\$ 358,777</u>	<u>\$ 1,391,346</u>	<u>\$ -</u>	<u>\$ 1,792,507</u>

##### December 31, 2022

	Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	\$ 2,268	\$ 4,488	\$ 17,197	\$ 34,717	\$ 2,491	\$ 61,161
Floating interest rate liabilities	1,355	10,962	471,276	1,208,320	-	1,691,913
	<u>\$ 3,623</u>	<u>\$ 15,450</u>	<u>\$ 488,473</u>	<u>\$ 1,243,037</u>	<u>\$ 2,491</u>	<u>\$ 1,753,074</u>

#### b) Financing facilities

	<u>December 31</u>	
	2023	2022
Unsecured bank financing facilities		
Amount used	\$ 1,070,497	\$ 1,114,250
Amount unused	<u>1,995,893</u>	<u>1,933,881</u>
	<u>\$ 3,066,390</u>	<u>\$ 3,048,131</u>
		(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Secured bank loan facilities		
Amount used	\$ 610,000	\$ 523,076
Amount unused	<u>565,000</u>	<u>926,924</u>
	<u>\$ 1,175,000</u>	<u>\$ 1,450,000</u>
Commercial paper facilities		
Amount used	\$ -	\$ -
Amount unused	<u>-</u>	<u>70,000</u>
	<u>\$ -</u>	<u>\$ 70,000</u>
		(Concluded)

### 31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

#### Compensation of Key Management Personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 43,348	\$ 40,768
Post-employment benefits	1,777	1,857
Termination benefits	<u>-</u>	<u>9,188</u>
	<u>\$ 45,125</u>	<u>\$ 51,813</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

### 32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as guarantees for the derivative products, borrowing and endorsements/guarantees:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Buildings, net	\$ 119,698	\$ 125,153
Land	118,957	118,957
Investment property	-	109,534
Restricted time deposits	15,491	15,203
Restricted demand deposits	<u>2,852</u>	<u>2,746</u>
	<u>\$ 256,998</u>	<u>\$ 371,593</u>

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2023 and 2022 were as follows:

Available unused letters of credit were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Available unused letters of credit	<u>\$ 1,404</u>	<u>\$ 1,910</u>

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

#### December 31, 2023

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 51,864	30.705 (USD:NTD)	\$ 1,592,481
USD	1,120	7.08 (USD:RMB)	34,390
EUR	5,021	33.98 (EUR:NTD)	170,606
RMB	99,190	4.327 (RMB:NTD)	429,194
RMB	2,753	0.14 (RMB:USD)	11,912
JPY	94,802	0.2172 (JPY:NTD)	<u>20,591</u>
			<u>\$ 2,259,174</u>
<u>Financial liabilities</u>			
Monetary items			
USD	310	30.705 (USD:NTD)	\$ 9,526
EUR	3	33.98 (EUR:NTD)	94
RMB	564	4.327 (RMB:NTD)	2,440
JPY	24,072	0.2172 (JPY:NTD)	<u>5,228</u>
			<u>\$ 17,288</u>

December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 47,077	30.71 (USD:NTD)	\$ 1,445,724
USD	810	6.97 (USD:RMB)	24,862
EUR	3,632	32.72 (EUR:NTD)	118,845
RMB	132,841	4.408 (RMB:NTD)	585,753
RMB	18,238	0.14 (RMB:USD)	80,418
JPY	72,075	0.2324 (JPY:NTD)	<u>16,750</u>
			<u>\$ 2,272,352</u>
<u>Financial liabilities</u>			
Monetary items			
USD	455	30.71 (USD:NTD)	\$ 13,977
USD	438	34.35 (USD:THB)	13,453
USD	6,003	0.94 (USD:EUR)	184,352
RMB	65	4.408 (RMB:NTD)	285
JPY	24,644	0.2324 (JPY:NTD)	<u>5,727</u>
			<u>\$ 217,794</u>

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were \$(1,600) thousand and \$86,640 thousand, respectively. The realized and unrealized foreign exchange gain or loss resulted from the evaluation. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

### 35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled portion). (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in

capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)

8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 6)

11) Information on investees. (Table 7)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 1 and Table 5):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the Group's financial position, such as the rendering or receipt of services.

c. Information on investees (Table 9)

### 36. SEGMENT INFORMATION

The Group mainly develops, manufactures and sells, and provides IT software services, other design services, and catering service.

a. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Sales of equipment	\$ 3,343,052	\$ 3,402,882
Repair services	<u>154,619</u>	<u>145,696</u>
	<u><b>\$ 3,497,671</b></u>	<u><b>\$ 3,548,578</b></u>

b. Geographical information

The Group's revenue from external customers by locations of operations and information about its non-current assets by locations of assets are detailed below.

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
China	\$ 1,310,444	\$ 1,566,630	\$ 176,646	\$ 213,788
Taiwan	117,209	303,038	600,700	730,869
America	1,207,323	985,259	28,328	30,560
Europe	172,450	124,971	9,476	12,139
Others	<u>690,245</u>	<u>568,680</u>	<u>23,551</u>	<u>19,882</u>
	<u><b>\$ 3,497,671</b></u>	<u><b>\$ 3,548,578</b></u>	<u><b>\$ 838,701</b></u>	<u><b>\$ 1,007,238</b></u>

Non-current assets exclude financial instruments and deferred tax assets.

c. Information about major customers

No other single customers contributed 10% or more to the Group's revenue for both 2023 and 2022.

## SHIEH YIH MACHINERY INDUSTRY CO., LTD. CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 2)	Ending Balance (Note 2)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	Shieh Yih Machinery Industry Co., Ltd.	Xie Yi Tech Machinery (China) Co., Ltd	Other receivables - related party	Yes	\$ 62,840	\$ -	\$ -	-	Short-term financing	\$ -	-	\$ -	-	\$ -	\$ 645,251	\$ 1,032,402	

Note 1: The total amount of the parent company's funds loaned to others shall not exceed 40% of the parent company's net worth, and the limit of individual fund loans to individual objects shall not exceed 25% of the parent company's net worth.

Note 2: The maximum balance for the current period and the ending balance are the quota approved by the board of directors.

Note 3: It has been fully written off when preparing the consolidated financial report.



## SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023

(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 Parent on Behalf of Subsidiaries	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	\$ 516,201	\$ 143,169 (EUR 756 thousand) (US\$ 3,826 thousand)	\$ 143,169 (EUR 756 thousand) (US\$ 3,826 thousand)	\$ 81,759 (EUR 756 thousand) (US\$ 1,826 thousand)	\$ -	5.55	\$ 1,290,503	Y	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.

**SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES**  
**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2023**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares/ Denomination	Carrying Amount	Percentage of Ownership (%)	Fair Value
Shieh Yih Machinery Industry Co., Ltd.	Hua Nan Financial Holdings	-	Financial asset at fair value through profit or loss	249,123	\$ 5,568	-	\$ 5,568
	Hua Nan Financial Holdings	-	Financial asset at fair value through other comprehensive income (FV/TOCI)	136,161	3,043	-	3,043
	Kingfont Precision Industrial Co., Ltd.	-	Financial asset at fair value through other comprehensive income (FV/TOCI)	374,710	12,308	1.11	12,308
	Barits Biofund, Inc.	The Company is the supervisor	Financial asset at fair value through other comprehensive income (FV/TOCI)	3,000,000	28,650	1.50	28,650
	HSBC 6 1/2 09/15/37 Corp	-	comprehensive income (FV/TOCI)	US\$ 300 thousand	9,742	-	9,742
	HSBC 7 5/8 05/17/32 Corp	-	comprehensive income (FV/TOCI)	US\$ 300 thousand	10,372	-	10,372
	Vicon Bonds 3	-	Financial asset at fair value through other comprehensive income (FV/TOCI)	US\$ 630 thousand	15,464	-	15,464
	AT&T Bonds 5	-	comprehensive income (FV/TOCI)	US\$ 550 thousand	15,241	-	15,241
	HSBC 5.402 08/11/33	-	Financial asset at fair value through other comprehensive income (FV/TOCI)	US\$ 500 thousand	15,302	-	15,302
	MQGAU 5.491 11/09/33	-	Financial asset at fair value through other comprehensive income (FV/TOCI)	US\$ 1,000 thousand	30,794	-	30,794
Seyi International (Samoa) Inc.	Petroleos Mexicanos (5.35%)	-	Financial asset at fair value through other comprehensive income (FV/TOCI)	US\$ 500 thousand	13,318	-	13,318
	Petroleos Mexicanos (5.95%)	-	Financial asset at fair value through other comprehensive income (FV/TOCI)	US\$ 500 thousand	12,362	-	12,362
	PineBridge ESQ Quantitative Income & Growth Fund N	-	Financial asset at fair value through profit or loss	2,970,209	27,260	-	27,260
Xie Da Investment Co., Ltd.	EVA Airways Corporation	-	Financial asset at fair value through profit or loss	800,000	25,160	-	25,160
	Foryou Private Equity Fund Limited Partnership	-	Financial asset at fair value through profit or loss	-	25,103	-	25,103
	Foryou Venture Capital Limited Partnership	-	Financial asset at fair value through profit or loss	-	13,702	-	13,702
	Outstanding Management Capital Limited Partnership	-	Financial asset at fair value through profit or loss	-	16,544	-	16,544
	Emirates NBD Bank PJSC (3.00%)	-	Financial asset at fair value through other comprehensive income (FV/TOCI)	US\$ 980 thousand	24,452	-	24,452

Note 1: No pledge on securities.

Note 2: Refer to Tables 7 and 8 for information about subsidiaries and associates.

Note 3: Gfortune Co., Ltd. has changed its name to Barits Biofund, Inc.

## SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount (Note 2)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 2)	% of Total	
Shieh Yih Machinery Industry Co., Ltd.	Seyi-America, Inc.	Subsidiary	Sale	\$(697,081)	(47)	Note 1	\$ -	-	\$ 93,595	29	-
Seyi-America, Inc.	Shieh Yih Machinery Industry Co., Ltd.	Parent company	Purchase	697,081	78	Note 1	-	-	(93,595)	(100)	-
Shieh Yih Machinery Industry Co., Ltd.	Seyi Presses Europe GmbH	Subsidiary	Sale	(140,453)	(9)	Note 1	-	-	121,199	37	-
Seyi Presses Europe GmbH	Shieh Yih Machinery Industry Co., Ltd.	Parent company	Purchase	140,453	98	Note 1	-	-	(121,199)	(93)	-

Note 1: The collection terms of receivables between the related parties and the Group depend on funds status of the Group. Most receivables were collected according to the fund status. There was no significant difference in other transaction conditions between related parties and non-related parties.

Note 2: The transactions were eliminated from the consolidated financial statements.

## SHIEH YIH MACHINERY INDUSTRY CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shieh Yih Machinery Industry Co., Ltd.	Seyi Presses Europe Gmbh	A subsidiary of the parent company	\$ 121,199	1.36	\$ -	-	\$ -	\$ -

Note: The amount was eliminated from the consolidated financial statements.

## SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

## INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details		
				Financial Statement Accounts	Amount (Note 4)	% to Total Sales or Assets (Note 3)
0	Shieh Yih Machinery Industry Co., Ltd.	Seyi-America, Inc.	a	Sales revenue	\$ 697,081	19.93
			a	Accounts receivable	93,595	1.55
			a	Purchase	142	-
			a	Selling expenses	4	-
	Xie Yi Tech Machinery (China) Co., Ltd.		a	Sales revenue	672	0.02
			a	Interest Income	1,583	0.05
			a	Other operating revenue	46,694	1.34
			a	Selling expenses	53	-
			a	Accounts receivable	21,587	0.36
			a	Other receivables	856	0.01
			a	Accounts payable	2,239	0.04
			a	Purchase	3,447	0.10
	Seyi Presses Europe GmbH		a	Sales revenue	140,453	4.02
			a	Accounts receivable	121,199	2.00
			a	Other receivables	9,401	0.16
			a	Accounts payable	94	-
	Seyi (Thailand) Co., Ltd.		a	Purchase	141	-
			a	Selling expenses	33	-
			a	Sales revenue	81,081	2.32
			a	Accounts receivable	37,133	0.61

Note 1: Significant transactions between the Company and its subsidiaries are numbered as follows:

- "0" for the Company.
- Subsidiaries are numbered from "1".

Note 2: Related party transactions are divided into three categories as follows:

- The Company to subsidiaries.
- Subsidiaries to the Company.
- Subsidiaries to subsidiaries.

Note 3: For assets and liabilities, the amount is shown as a percentage to consolidated total assets as of December 31, 2023, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2023.

Note 4: The amount was eliminated from the consolidated financial statements.

Note 5: The Company's sales to related parties were mainly composed of parts and semi-finished goods to Xie Yi Tech Machinery (China) Co., Ltd., finished goods to Seyi-America, Inc. and Seyi Presses Europe GmbH, and parts to Seyi (Thailand) Co., Ltd. For the conditions of sales to Xie Yi Tech Machinery (China) Co., Ltd., the price was the Group's usual list price and there were no similar conditions to compare. The prices of sales to Seyi-America, Inc., Seyi Presses Europe GmbH and Seyi (Thailand) Co., Ltd. Sales price and payment terms are negotiated separately.

**SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES**

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023		Net Income (Loss) of the Investee (Note 2)	Share of Profits (Loss) (Note 2)	Note
				December 31, 2023	December 31, 2022	Shares	%			
Shieh Yih Machinery Industry Co., Ltd.	Seyi International (Samoa) Inc.	Trust Net Chambers, Lotemau Centre, P.O. Box 1225, Apia, Samoa	Trading and business investment	\$ 74,266 (US\$ 2,253 thousand)	\$ 74,266 (US\$ 2,253 thousand)	2,252,750	100.00	\$ 784,768 (US\$ 25,558 thousand)	\$ 76,346 (US\$ 2,451 thousand)	Note 3
	Seyi-America, Inc.	17534 VON KARMAN AVE, IRVINE, CA 92614, U.S.A.	Punching machine and other spare and accessory parts	93,776 (US\$ 3,000 thousand)	93,776 (US\$ 3,000 thousand)	3,000,000	100.00	190,486 (US\$ 6,204 thousand)	28,051 (US\$ 900 thousand)	Note 3
	Seyi Presses Europe GmbH	Wilhelm-Guthbrod-Strasse 25, 60437 Frankfurt am Main, Germany	Punching machine and other spare and accessory parts	9,251 (EUR 250 thousand)	9,251 (EUR 250 thousand)	250,000	100.00	(38,596) (EUR (1,136) thousand)	3,245 (EUR 96 thousand)	Note 4
Seyi International (Samoa) Inc.	Xie Da Investment Co., Ltd.	9F., No. 183, Gangqian Rd., Neihs Dist., Taipei City	Business investment			25,000,000	100.00	170,371 (US\$ 22,516 thousand)	13,953 (US\$ 2,168 thousand)	Note 4
	Seyi Technology (Samoa) Inc.	Trust Net Chambers, Lotemau Centre, P.O. Box 1225, Apia, Samoa	Trading and business investment	65,409 (US\$ 2,000 thousand)	65,409 (US\$ 2,000 thousand)	2,000,000	100.00	691,353 (US\$ 22,516 thousand)	67,534 (US\$ 2,168 thousand)	Note 3
	Seyi (Thailand) Co., Ltd.	399/69 Moo13, Rachatewa, Bangplee, Samutprakarn 10540 Thailand.	Punching machine and other spare and accessory parts	7,300 (THB 7,500 thousand)	7,300 (THB 7,500 thousand)	75,000	100.00	17,397 (THB 19,294 thousand)	5,656 (THB 6,281 thousand)	Note 4

Note 1: The amount was calculated using the end of period exchange rate of USD, EUR and THB to NTD on December 31, 2023.

Note 2: The amount was calculated using the average exchange rate of USD, RMB, EUR and THB to NTD from January to December 2023.

Note 3: The financial statements have been audited.

Note 4: Calculated based on financial statements for the same period that have not been reviewed by accountants.

Note 5: The information on investment in mainland China is included in Table 8.

Note 6: Related transactions had been written off in consolidated statement.

## SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee (Notes 2 and 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Xie Yi Tech Machinery (China) Co., Ltd.	Production of electronic equipment for computer communication and electronic parts; sale of self-produced products	\$ 392,456 (US\$ 12,000 thousand)	b. (Seyi Technology (Samoa) Inc.)	\$ 65,409 (US\$ 2,000 thousand)	\$	\$	\$ 65,409 (US\$ 2,000 thousand)	\$ 67,203 (RMB 15,287 thousand)	100	\$ 67,203 (RMB 15,287 thousand)	\$ 677,982 (RMB 156,686 thousand)	\$ 734,846 (RMB 166,180 thousand)	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
\$65,409 (US\$2,000 thousand)	\$65,409 (US\$2,000 thousand)	\$1,548,603

Note 1: The method of investment is divided into three categories as follows:

- Direct investment.
- Investments through a holding company registered in a third region.
- Others.

Note 2: The amount was calculated using the average rate of USD and RMB to NTD from January to December 2023.

Note 3: Xie Yi Tech Machinery (China) Co., Ltd. is calculated based on the financial report audited by the accountant of the Taiwanese parent company.

Note 4: Calculated on 60% of the Company's net value on December 31, 2023 according to the letter of the Ministry of Economic Affairs No. 09704604680.

Note 5: Related transactions have been written off in the consolidated financial statements.

**TABLE 9****SHIEH YIH MACHINERY INDUSTRY CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023**

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Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yu Cheng Investment Co., Ltd.	13,000,000	8.20

Note: The main shareholder information in this table is based on the last business day of the quarter at the end of the quarter, and the shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different due to different or different calculation bases



SHIEH YIH MACHINERY INDUSTRY CO.,LTD.

Chairman Ya-Hui Kuo