

Stock Code: 4533



SHIEH YIH MACHINERY INDUSTRY CO., LTD.

## 2024 Annual General Shareholders' Meeting

### Meeting Agenda Handbook

Type of Meeting: Physical Meeting

Time: June 13, 2024 (Thursday) 9:00 a.m.

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

(Conference Room at the Taoyuan City Industrial Association)

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# **Procedures and Agenda for the 2024 Annual General Shareholders’ Meeting of SHIEH YIH MACHINERY INDUSTRY CO., LTD.**

One. Type of Meeting: Physical Meeting

Two. Time: June 13, 2024 (Thursday) 9:00 a.m.

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

Four. Agenda:

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

II. Chair’s Remarks

III. Reported Items

1. 2023 Business Report.

2. Audit Committee’s Review Report on the 2023 Financial Statements.

3. Report on the amount of endorsement and guarantee for 2023.

4. Report on 2023 employees’ compensation and remuneration of  
directors.

5. Report on the distribution of cash dividends from earnings for 2023.

IV. Ratifications

1. 2023 Business Report and Financial Statements.

2. 2023 Earnings Distribution.

V. Discussions

1. Amendments to the “Articles of Incorporation”.

VI. Election

1. Election of one director.

VII. Others

1. The proposal for revoking the restriction on diligence.

VIII. Extraordinary Motions

IX. Meeting Adjourned

## **Reported Items**

1. The Company's 2023 Business Report is submitted for review.  
Note: Please refer to Attachment I (pages 6~10) for the 2023 Business Report.
2. The Audit Committee's Review Report on the 2023 Financial Statements is submitted for review.  
Explanation: Please refer to Attachment II (Page 11) for the Audit Committee's Review Report.
3. The report on the amount of endorsement and guarantee for 2023 is submitted for review.  
Explanation: Please refer to Attachment III (page 12) for the list of endorsement and guarantee amount for 2023.
4. The report on 2023 employees' compensation and remuneration to directors is submitted for review.  
Explanation: The Company's income before tax for the year 2023, before deducting employee compensation and remuneration to directors, was NT\$251,534,237. The Board meeting held on March 11, 2024 had approved 3% of the earnings in the amount of NT\$7,546,027 as employee compensation and 2% of the earnings in the amount of NT\$5,030,685 as remuneration to directors, both pay in cash.
5. The report on the distribution of cash dividends from earnings for 2023 is submitted for review.  
Explanation:
  - (I) The Company proposed to distribute cash dividends in the amount of NT\$184,543,770 from the distributable earnings to shareholders. Each share shall be distributed at NT\$1.16479823 based on the shares held by shareholders as recorded in the shareholder roster on the ex-dividend date.
  - (II) Cash dividend distribution from earnings and capital surplus is calculated up to the NT\$1 and rounded off to the nearest NT\$1. The sum of the fractional amount less than NT\$1 is recorded in other income of the Company.
  - (III) This proposal has been approved by the board of directors and the chairman is authorized to set a record date and distribution date and other related matters. If there is any subsequent change in the number of outstanding shares affected by a change in the Company's share capital, resulting in a change in the dividend payout ratio, the Chairman is authorized to manage at his sole discretion.

## **Ratifications**

Item I (proposed by Board of Directors)

Proposal: The Company's 2023 Business Report and Financial Statement are submitted for ratification.

Explanation: (1) The 2023 Business Report and Financial Statement have been approved by the audit committee and have been resolved by the Board of Directors, and the aforementioned financial statements were audited by CPAs, Wan-I Liao and Bo-Ren Weng from Deloitte & Touche.

(2) Please refer to Attachment I (pages 6~10) and Attachment IV (pages 13~34) for the Business Report, Independent Auditor's Report, parent company only financial statements and consolidated financial statements.

(3) Submit for ratification.

Resolution:

Item II (proposed by Board of Directors)

Proposal: The 2023 Earnings Distribution is submitted for ratification.

Explanation: (1) The Company's 2023 Earnings Distribution has been reviewed by the audit committee and have been resolved by the Board of Directors. Please refer to Attachment V. (Page 35)

(2) Submit for ratification.

Resolution:

## **Discussions**

Item I (proposed by Board of Directors)

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

Explanation: (1) Amended wordings “Establish the position of Vice Chairman of the Board” in the related sections of the Company’s “Articles of Incorporation”.

Please refer to Attachment VI (pages 36~37) for the “Articles of Incorporation” before and after the amendment.

(2) Resolution requested.

Resolution:

## **Election**

Item I (proposed by Board of Directors)

Proposal: Election of one director.

Explanation: (1) In accordance with Article 18 of the Company's Articles of Incorporation, the Company shall have five to seven Directors, including at least three Independent Directors. The Company currently has six Directors (including three Independent Directors) and therefore plans to elect one Director at this year's annual general meeting of shareholders.

(2) The director election adopts a nomination system, where shareholders vote to appoint candidates from the list of nominees, and consecutive terms are permissible for re-election. The newly appointed director will assume office from the date of appointment, with a term of office from June 13th, 2024 until May 26th, 2025.

(3) The list of candidates of directors of the company has been approved by the board of directors, and his educational background, experience, current positions, and other relevant information can be found in Attachment VII (Page 38).

(4) The procedures for the election of directors, please refer to Appendix III (Page 50).

(5) Requesting voting for appointment.

Resolution:

## **Others**

Item I (proposed by Board of Directors)

Proposal: The proposal for revoking the restriction on diligence is submitted for resolve.

Explanation: (1) It is conducted in accordance with Paragraph 1, Article 209 of the Company Act, which provides that “A director, acting on behalf of themselves or others within the scope of the company's business, shall explain to the shareholders meeting the essential contents of such an act and secure its approval.”.

(2) The newly appointed director of the company who has investments or engages in businesses similar to or overlapping with the company's scope of operations and serves as a director or manager in such companies shall have the restrictions on competition lifted from the date of their appointment as a director.

(3) Please refer to Attachment VIII (pages 39) for the newly appointed director concurrently holding positions in other company.

(4) Resolution requested.

Resolution:

## **Extraordinary Motions**

## **Meeting Adjourned**



## Shieh Yih Machinery Industry Co., Ltd.

### Annual Business Report

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. The latest annual World Economic Outlook report released by the International Monetary Fund (IMF) shows that the economic growth rate forecast for 2024 has been lowered to 2.9%, far below the historical average level 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.

# **I.The 2023 results of operating plans are as follows: :**

## **(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 paid-in capital                             |        |        |
|                     | Operating profit  | (1.89) | 9.61   |
|                     | 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, Aiyi 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.

# 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

## 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 endorserment/guarantee provider holds directly and indirectly over 50% of voting shares.
- A company holds directly and indirectly over 50% voting shares of endorserment/guarantee provider.
- A company directly and indirectly holds more than 90% voting shares of endorserment/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 endorserment 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, 2023.

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

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of Shieh Yih Machinery Industry Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 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  | 3,034,884           | 61         | 2,949,361           | 61         |
| <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  | 1,951,517           | 39         | 1,882,051           | 39         |
| <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   | 975,352             | 19         | 1,139,917           | 24         |
| <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   | 1,430,044           | 29         | 1,265,384           | 26         |
| Total liabilities   | 2,405,396           | 48         | 2,405,301           | 50         |
| <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  | 2,581,005           | 52         | 2,426,111           | 50         |
| <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<br>WITH SUBSIDIARIES AND ASSOCIATES | (56,173)         | (4)       | (53,851)         | (4)         |
| REALIZED GAIN ON TRANSACTION WITH<br>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>   |            |

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.**

**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) |                   |                        |                                    |   |  |                             |                 |                            |  |  | Total Equity |
|---|--|-------------------|------------------------|------------------------------------|---|--|-----------------------------|-----------------|----------------------------|--|--|--------------|
|   | Capital Surplus  |                   |                        |                                    | Changes in<br>Percentage of<br>Ownership<br>Interest in<br>Subsidiaries | Employee Stock<br>Options -<br>Expired | Retained Earnings (Note 21) |                 |                            | Exchange<br>Differences on<br>Translating<br>Foreign<br>Operations | Unrealized Loss<br>on Financial<br>Assets at<br>FVTOCI |              |
|   | Share Capital  | Share<br>Premiums | Conversion of<br>Bonds | Treasury<br>Shares<br>Transactions |   |  | Legal Reserve               | Special Reserve | Unappropriated<br>Earnings |  |  |              |
| 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)  | \$ 2,385,525 |
| Appropriation of 2021 earnings  | -  | -                 | -                      | -                                  | -   | -                                      | 5,307                       | -               | (5,307)                    | -  | -  | -            |
| Legal reserve   | -  | -                 | -                      | -                                  | -   | -                                      | -                           | 10,288          | (10,288)                   | -  | -  | -            |
| Special reserve   | -  | (17,975)          | -                      | -                                  | -   | -                                      | -                           | -               | (37,477)                   | -  | -  | (55,452)     |
| Cash dividends distributed by the Company   | -  | (17,975)          | -                      | -                                  | -   | -                                      | 5,307                       | 10,288          | (53,072)                   | -  | -  | (55,452)     |
| Net profit for the year ended December 31, 2022   | -  | -                 | -                      | -                                  | -   | -                                      | -                           | -               | 28,744                     | -  | -  | 28,744       |
| Other comprehensive income for the year ended December 31, 2022, net of income tax        | -  | -                 | -                      | -                                  | -   | -                                      | -                           | -               | 16,183                     | 42,895   | 8,216  | 67,294       |
| Total comprehensive income for the year ended December 31, 2022                           | -  | -                 | -                      | -                                  | -   | -                                      | -                           | -               | 44,927                     | 42,895   | 8,216  | 96,038       |
| Disposal in equity instruments at fair value through other comprehensive income           | -  | -                 | -                      | -                                  | -   | -                                      | -                           | -               | (25,000)                   | -  | 25,000   | -            |
| BALANCE AT DECEMBER 31, 2022  | 1,584,341  | 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)                    | -  | -  | -            |
| Legal reserve   | -  | -                 | -                      | -                                  | -   | -                                      | -                           | (76,111)        | 76,111                     | -  | -  | -            |
| Special reserve   | -  | (10,262)          | -                      | -                                  | -   | -                                      | -                           | -               | (40,437)                   | -  | -  | (50,699)     |
| Cash dividends distributed by the Company   | -  | (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 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>             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                            |                            |
| 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>             |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | <b>(141,726)</b>           | <b>425,700</b>             |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>  | <b><u>1,824,684</u></b>    | <b><u>1,398,984</u></b>    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>  | <b><u>\$ 1,682,958</u></b> | <b><u>\$ 1,824,684</u></b> |

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

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

(Concluded)

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 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:  
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

DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

| ASSETS  | 2023         |     | 2022         |     |
|---|--------------|-----|--------------|-----|
|   | Amount       | %   | Amount       | %   |
| CURRENT ASSETS  |              |     |              |     |
| 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  | 4,949,511    | 82  | 5,040,353    | 81  |
| NON-CURRENT ASSETS  |              |     |              |     |
| 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  | 1,101,455    | 18  | 1,180,057    | 19  |
| TOTAL   | \$ 6,050,966 | 100 | \$ 6,220,410 | 100 |
| LIABILITIES AND EQUITY  |              |     |              |     |
| CURRENT LIABILITIES   |              |     |              |     |
| 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   | 2,063,763    | 34  | 2,532,694    | 41  |
| NON-CURRENT LIABILITIES   |              |     |              |     |
| 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   | 1,406,198    | 23  | 1,261,605    | 20  |
| Total liabilities   | 3,469,961    | 57  | 3,794,299    | 61  |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)                                |              |     |              |     |
| 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   | 953,669      | 16  | 783,596      | 13  |
| 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  | (141,987)    | (2) | (137,070)    | (2) |
| Total equity  | 2,581,005    | 43  | 2,426,111    | 39  |
| TOTAL   | \$ 6,050,966 | 100 | \$ 6,220,410 | 100 |

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 Percentage of Ownership Interest in Subsidiaries |               |                                   | Other Equity            |  |   |
|   | Share Capital  | Share Premiums | Conversion of Bonds | Treasury Shares Transactions | Employee Stock Options - Expired                            | Legal Reserve | Retained Earnings Special Reserve | Unappropriated Earnings | 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  | \$ 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 (loss) for the year ended December 31, 2022, net of income tax | -  | -              | -                   | -                            | -   | -             | -                                 | 16,183                  | 42,895   | 8,216   |
| Total comprehensive income (loss) 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   | 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  | \$ 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                                 | 69,357     | (57,991)  |
| <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<br/>BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b> | <u>(7,688)</u>      | <u>133,981</u>      |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH<br/>EQUIVALENTS</b>                               | (201,884)           | 149,350             |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF<br/>THE YEAR</b>                             | <u>2,479,488</u>    | <u>2,330,138</u>    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE<br/>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****Earnings Distribution Table****2023**

Unit: NT\$

| Items   | Amount                       |
|---|------------------------------|
| Beginning balance of retained earnings  | \$ 372,211,828               |
| Net Income for the year   | \$212,897,946                |
| Remeasurement of defined benefit plans recognized in retained earnings (after tax)          | <u>(2,387,239)</u>           |
| Net income plus items other than net income included in undistributed earnings for the year | 210,510,707                  |
| Provision as legal reserve (10%)  | (21,051,071)                 |
| Provision as special reserve  | (4,915,866)                  |
| Distributable earnings from the current period  | <u>184,543,770</u>           |
| Total distributable earnings  | 556,755,598                  |
| Distributed item:   |                              |
| Dividends to shareholders - cash (NT\$1.16479823 per share)                                 | <u>(184,543,770)</u>         |
| Unappropriated retained earnings at the end of period                                       | <u><u>\$ 372,211,828</u></u> |

Chairman: Ya-Hui Kuo

Manager: Ting-Chun Kuo

Accounting Officer: Tsui-Hua Wu

## SHIEH YIH MACHINERY INDUSTRY CO.,LTD.

## The Articles of Incorporation before v.s. after amendment

| The articles after the amendment  | The articles before the amendment  | Explanation  |
|---|--|--|
| <p>Article 13:<br/>The chairman shall chair the shareholders' meeting. <u>When the chairman of the board is on leave or unable to exercise their duties due to unforeseen circumstances, they shall be represented by the vice chairman.</u> Similarly, if the vice chairman is on leave or unable to exercise their duties due to unforeseen circumstances, the chairman shall appoint a director as a proxy. The convener shall act as the meeting chairman for shareholders' meetings convened by any authorized party other than the board of directors. If there are two or more conveners simultaneously, one shall be appointed among themselves to chair the meeting.</p> | <p>Article 30:<br/>The chairman shall chair the shareholders' meeting. <u>If the chairman is absent</u>, the chairman shall appoint a director as a proxy. The convener shall act as the meeting chairman for shareholders' meetings convened by any authorized party other than the board of directors. If there are two or more conveners simultaneously, one shall be appointed among themselves to chair the meeting.</p>                                  | <p>The board of directors establishes the position of vice chairman.</p> |
| <p>Article 21:<br/>Over two-thirds of the directors shall be present, and over half of the directors present shall vote to elect the chairman of the board, <u>and the selection of one vice chairman may be conducted through the same process</u> during a board of directors meeting organized by the directors. All company affairs shall be implemented according to the laws and regulations, the Articles of Incorporation, and the shareholders' resolutions or the board of directors meetings..</p>   | <p>Article 21:<br/>Over two-thirds of the directors shall be present, and over half of the directors present shall vote to elect the chairman of the board during a board of directors meeting organized by the directors. All company affairs shall be implemented according to the laws and regulations, the Articles of Incorporation, and the shareholders' resolutions or the board of directors meetings.</p>  | <p>Text related to the appointment of a Vice Chairman.</p>               |
| <p>Article 22:<br/>The Company's operating policies and other important matters shall be resolved by the board of directors. Except for the first board of directors meeting each year that is convened according to Article 203 of the Company Act, the rest of the meetings shall be convened and chaired by the chairman of the board. When the chairman cannot perform such duties, <u>the vice chairman shall act as their proxy. Similarly, if the vice chairman is unable to execute their responsibilities</u>, the chairman shall appoint one of the directors to act as a</p>   | <p>Article 22:<br/>The Company's operating policies and other important matters shall be resolved by the board of directors. Except for the first board of directors meeting each year that is convened according to Article 203 of the Company Act, the rest of the meetings shall be convened and chaired by the chairman of the board. When the chairman cannot perform such duties, the chairman shall appoint one of the directors to act as a proxy.</p> | <p>Text related to the appointment of a Vice Chairman</p>                |

| The articles after the amendment  | The articles before the amendment  | Explanation  |
|---|--|--|
| proxy.  |  |  |
| <p>Article 26:<br/> The remuneration received by the chairman, <u>vice chairman</u>, and directors shall be determined by the board of directors according to the individuals' contribution, the extent of involvement in the Company's operations, and the general remuneration standards within the industry. The Company may purchase liability insurance for all directors during their term of office with the board of directors' approval.</p> | <p>Article 26:<br/> The remuneration received by the chairman, and directors shall be determined by the board of directors according to the individuals' contribution, the extent of involvement in the Company's operations, and <u>consider</u> the general remuneration standards within the industry. The Company may purchase liability insurance for all directors during their term of office <u>with the board of directors' approval</u>.</p> | Text related to the appointment of a Vice Chairman and adjustments to operational practices. |
| <p>Article 33:<br/> The Articles of Incorporation was established on December 10, 1981<br/> 1st amendment: February 17, 1982<br/> .... °<br/> 32nd amendment: June 21, 2023<br/> <u>33rd amendment: June 13, 2024.</u></p>  | <p>Article 33:<br/> The Articles of Incorporation was established on December 10, 1981<br/> 1st amendment: February 17, 1982<br/> ..... °<br/> 32nd amendment: June 21, 2023.</p>  | Added the dates of amendment.  |



## SHIEH YIH MACHINERY INDUSTRY CO.,LTD.

## List of Candidate of Director

| No. | Candidate Type | Nominee Name    | Highest Education                             | Experience                          | Current Position                        | Shares Held |
|-----|----------------|-----------------|---|-------------------------------------|---|-------------|
| 1   | Director       | Xiao-Guang Chen | Bachelor's in Accounting, Aletheia University | Founder of "Dakasi" Tea Chain Brand | Chairman of Dakasi Investment Co., Ltd. | 0 shares    |

## SHIEH YIH MACHINERY INDUSTRY CO.,LTD.

The newly appointed director concurrently holding positions in other company

| Title    | Name            | Current Positions in Other Companies    |
|----------|-----------------|---|
| Director | Xiao-Guang Chen | Chairman of Dakasi Investment Co., Ltd. |

# SHIEH YIH MACHINERY INDUSTRY CO., LTD.

## Articles of Incorporation

### Chapter 1. General

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

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

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

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

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

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

### Chapter 2. Shares

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

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

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

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

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

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

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

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

### Chapter 3. Shareholders' Meeting

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

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

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

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

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

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

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

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

## Chapter 4. Directors and Audit Committee

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

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

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

Article 18-1 Deleted.

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

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

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

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

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

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

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

Article 25: Deleted.

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

## Chapter 5. Managers

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

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

## Chapter 6. Accounting

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

Article 30: The Company shall set aside at least 2% of the pre-tax profit for the year before deducting employee compensation and remuneration to directors as employee compensation; and no more than 5% of the said profit as remuneration to directors. The board of directors shall implement the resolution adopted by a majority vote at a board of directors meeting attended by over two-thirds of the directors and report to the shareholders' meeting. However, if the Company still has accumulated losses, the pre-tax profit amount shall be reserved for making up the accumulated loss first. The subjects receiving the preceding employee remuneration in the form

of a share certificate or cash may include the employees of a subsidiary company who meet certain criteria. The board of directors shall set up the criteria to be followed..

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

Article 30-1: When the Company's annual final accounts show a surplus, the Company shall first pay taxes and make up for accumulated deficits, then set aside 10% of the legal reserve. Once the legal reserve has reached the Company's paid-in capital, the 10% reserve may cease to appropriate. The special surplus reserve shall be allocated or reversed according to the laws of competent authority, decrees, or regulations. If there is still a surplus, the undistributed surplus of the previous year may be added to the distributable surplus. The board of directors shall draft a distribution proposal, execute it in the form of new share issuance, and submit the proposal to the shareholders' meeting for resolution and distribution.

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

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

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

## Chapter 7. Supplementary Provisions



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

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

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

1st amendment: February 17, 1982

2nd amendment: July 25, 1985

3rd amendment: August 6, 1988

4th amendment: September 5, 1989

5th amendment: December 8, 1989

6th amendment: March 11, 1994

7th amendment: October 23, 1995

8th amendment: October 30, 1996

9th amendment: May 26, 1997

10th amendment: June 29, 1998

11th amendment: December 21, 1998

12th amendment: February 22, 1999

13th amendment: May 27, 1999

14th amendment: June 17, 2000

15th amendment: June 15, 2001

16th amendment: June 21, 2002

17th amendment: May 16, 2003

18th amendment: May 3, 2004

19th amendment: June 10, 2005

20th amendment: June 9, 2006

21st amendment: June 15, 2007

22nd amendment: June 13, 2008

23rd amendment: June 10, 2009

24th amendment: June 18, 2010

25th amendment: June 10, 2011

26th amendment: June 18, 2012

27th amendment: June 10, 2013

28th amendment: June 20, 2014

29th amendment: June 24, 2016

30th amendment: June 13, 2019

31st amendment: May 27, 2022

32nd amendment: June 21, 2023

SHIEH YIH MACHINERY INDUSTRY CO.,LTD.

Chairman: Ya-Hui Kuo

## SHIEH YIH MACHINERY INDUSTRY CO., LTD.

### Rules of Procedure for Shareholders Meetings

- Article 1 The rules of procedure for our company's shareholders' meeting shall be conducted by these rules, except where otherwise specified by laws or the articles of incorporation.
- Article 2 The Corporation shall furnish the attending shareholders (or proxies) with an attendance book to sign, or attending shareholders (or proxies) may hand in a sign-in card in lieu of signing in.
- Article 3 Attendance and voting at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, , including the shares for which voting rights are exercised through written or electronic means.
- Article 4 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5 If the shareholders' meeting is convened by the board of directors, the shareholders' meeting shall be chaired by the chairman of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson. If there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as Chair. If the shareholder meeting is convened by someone other than the board of directors, the chairman shall be appointed by the convening person. When there are two or more convening persons, they shall mutually elect a chairman.
- Article 6 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
- Article 7 The Corporation shall record with an audio or video tape the whole proceedings of the shareholders meeting, and said video tape or audio tape shall be kept for at least one year. However, if a lawsuit is filed by shareholders in accordance with Article 189 of the Company Act, the relevant documents should be preserved until the litigation is concluded.
- Article 8 The chair shall call the meeting to order when the attending shareholders (or proxies) represent a majority of the total number of issued shares. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may

be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

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

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

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

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

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

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

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

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

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

**Article 12** When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak.

**Article 13** After an attending shareholder has spoken, the chair may respond in person or

direct relevant personnel to respond.

- Article 14 When the chair considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.
- Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
- Article 16 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.  
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.  
A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 17 Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.
- Article 18 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 19 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.  
The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel (or security personnel) help maintain order at the meeting place, they shall wear armbands or identifiable clothing.  
When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- Article 20 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.
- Article 21 These Rules was established on January 20, 1999.  
The first amendment was made on November 10, 2000.  
The second amendment was made on April 17, 2002  
The third amendment was made on June 18, 2012.

# SHIEH YIH MACHINERY INDUSTRY CO., LTD

## Procedures for the Election of Directors

- Article 1: The election of directors in this company shall be conducted in accordance with these regulations unless otherwise stipulated by laws or the company's articles of association.
- Article 2: The election of directors in this company shall adopt a single cumulative voting system. Each share shall have the same number of voting rights as the number of persons to be elected. Shareholders may either vote for one candidate or distribute their votes among multiple candidates.
- Article 3: The election of directors in this company shall calculate the voting rights separately for independent directors and non-independent directors as stipulated in the company's articles of association. Candidates with the highest number of votes shall be elected in succession. In the event of a tie among two or more candidates with the same number of votes exceeding the prescribed quota, the selection shall be determined by drawing lots. If a candidate is absent, the chairman shall draw lots on their behalf.
- Article 4: Before the start of the election, the chairman shall appoint several inspectors and vote counters to perform various duties. However, the inspectors must be shareholders.
- Article 5: The convener shall prepare an equal number of ballots as the number of directors to be elected, with their corresponding voting rights indicated. These ballots shall be distributed to shareholders attending the general meeting, and the voters may use their attendance numbers printed on the ballots as identification.
- Article 6: The voting box shall be prepared by the convener and shall be publicly inspected by the inspectors before the voting begins.
- Article 7: The following situations shall render a ballot invalid:
- (1) Ballots not provided by the convener.
  - (2) Blank ballots placed into the voting box.
  - (3) Ballots with unclear or altered handwriting.
  - (4) Ballots where the nominated candidate's name does not match the list of director candidates.
  - (5) Ballots with additional writings other than the distribution of voting rights.
  - (6) Ballots with two or more candidates listed for the same position.
- Article 8: After the completion of the voting, the ballots shall be counted on the spot. The results shall be announced by the chairman, including the list of elected directors and their respective vote counts.
- Article 9: These regulations shall come into effect after being passed by the general meeting of shareholders and shall also apply to any amendments.
- Article 10: These procedures were established on January 20th, 1999;  
First amended on November 10th, 2000;  
Second amended on April 17<sup>th</sup>, 2002;  
Third amended on June 15th, 2007;  
Fourth amended on July 8<sup>th</sup>, 2021;  
Fifth amended on May 27th, 2022.

## SHIEH YIH MACHINERY INDUSTRY CO., LTD

## Shareholding of Directors

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

April 15, 2024 (book closure date)

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

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

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

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

## II. List of shareholdings of directors

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