

Sinmag Equipment Corporation
2021 Annual Shareholders' Meeting Minutes

Time: 9:00 a.m., August 13, 2021 (Friday)

Address: 1F, No.13, Wuquan 7th Rd., Wugu Dist., New Taipei City, Taiwan (R.O.C.) (Shunde Building)

Attendance: A total of 32,350,095 shares were represented by shareholders' attendance in person, by proxy, and by electronic means (including 9,492,647 shares attended by electronic means), accounting for 64.40% of the total number of 50,230,242 shares issued by the Company.

Directors in attendance: Hsieh, Shun-Ho, Wu, Yao-Tsung, Chang, Jui-Jung, Chang, Yu-Chuan

Independent directors in attendance: Tu, San-Chien, Huang, Huei-Wang

Attendees without voting rights: CPA Chen, Chiang-Hsun of Deloitte & Touche

Chairman: Hsieh, Shun-Ho

Minute taker: Chan, Hui-Ju

I. Call the Meeting to Order: The total number of shares present has exceeded the statutory amount, and the Chairman called the meeting to order .

II. Chairman Remarks: (Omitted).

III. Report Items

1. For the 2020 Business Report, please refer to Attachment 1 for details.
2. For the 2020 Audit Committee's Review Report, please refer to Attachment 2 for details.
3. For the 2020 Employees' and Director's Compensation Distribution Report, please refer to the 2021 Meeting Handbook for details.
4. For the report on the amendments to the Rules of Procedure for Board of Directors' Meeting, please refer to Attachment 4 for details.

IV. Proposed Items

Motion 1: To approve the 2020 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation:

1. The Company's 2020 financial statements and consolidated financial statements and Business Report have been reviewed by the Audit Committee, and a written audit report has been issued.
2. For Business Report and financial statements for the year 2020, please refer to Attachment 1 and Attachment 3.
3. Please proceed to the ratification of the proposal.

Resolution: Affirmative shares: 31,153,316; Dissenting shares: 7,512; Shares abstained: 1,189,267. Affirmative shares accounted for 96.30% of the total 32,350,095 shares in attendance. The proposal was adopted.

Motion 2: To approve the proposed item for 2020 Earnings Distribution. (Proposed by the Board of Directors)

Explanation:

1. The Company's 2020 Earnings Distribution Proposal is as follows:

Sinmag Equipment Corporation

Earnings Distribution Table

2020

Unit: NT\$

Unappropriated retained earnings at the beginning of the period	794,986,859
Plus: Net profit in 2020	340,939,609
Remeasurement of defined benefit plans	1,068,101
Net profit for the period plus adjustment	342,007,710
Less: 10% appropriated as legal reserve	(34,200,771)
Plus: Reversal of special reserve	1,180,959
Retained earnings available for distribution	1,103,974,757
Item for distribution:	
Dividends to shareholders	
Cash dividends (NT\$6.79 per share)	(341,063,343)
Unappropriated retained earnings at the end of the period	762,911,414

Chairman: Hsieh, Shun-Ho

General Manager: Hsieh, Shun-Ho

Accounting Manager: Huang, Yu-Tung

2. Cash dividends to shareholders are NT\$6.79 per share. Upon the approval of the Annual Meeting of Shareholders, the Board of Directors is authorized to set the ex-dividend date and payment date of the dividends.

3. The cash dividends are calculated based on NT\$1. The amount less than NT\$1 is rounded. For the fractional amount of the sum less than NT\$1, shareholders' amounts are adjusted according to the number after the decimal point from big to small and the shareholder number from front to back until it conforms to the total cash dividends.
4. If the change of the Company's share capital affects the number of outstanding shares and leads to the change and amendment to shareholder dividend ratio, the Board of Directors shall be authorized to handle the changes.
5. As far as the amount of earnings distribution this time is concerned, priority distribution shall be made according to the 2020 after-tax earnings.
6. Please proceed to the ratification of the proposal.

Resolution: Affirmative shares: 31,175,286; Dissenting shares: 7,542; Shares abstained: 1,167,267. Affirmative shares accounted for 96.36% of the total 32,350,095 shares in attendance. The proposal was adopted.

V. Discussion Items

Motion 1: Discussion of amendments to the Rules of Procedures for Shareholders' Meetings. (Proposed by the Board of Directors)

Explanation:

1. In accordance with Letter Jin-Guan-Zheng-Jiao-Zi No. 1090150567 issued by Financial Supervisory Commission on January 21, 2021, and the amended and implemented Letter Zheng-Gui-Jian-Zi No. 11000519041 issued by TPEx on February 9, 2021, and in response to the needs of the Company's practical operation, it is proposed to amend some provisions of the Rules of Procedure for Shareholders' Meeting.
2. For the Comparison Table for the Rules of Procedure for Shareholders' Meeting Before and After Revision, please refer to Attachment 5.
3. It is hereby submitted for discussion.

Resolution: Affirmative shares: 31,125,314; Dissenting shares: 7,514; Shares abstained: 1,217,267. Affirmative shares accounted for 96.21% of the total 32,350,095 shares in attendance. The proposal was adopted.

Motion 2: Discussion of the amendments to the Procedures for Election of Directors. (Proposed by the Board of Directors)

Explanation:

1. In accordance with Letter Jin-Guan-Zheng-Fa-Zi No. 1090338980 issued by Financial Supervisory Commission on May 29, 2020, and the amended and implemented Letter Zheng-Gui-Jian-Zi No. 10900582661 issued by TPEx on June 12, 2020, and in response to the needs of the Company's practical operation, it is proposed to amend some provisions of the Procedures for Election of Directors.
2. For the Comparison Table for the Procedures for Election of Directors Before and After Revision, please refer to Attachment 6.
3. It is hereby submitted for discussion.

Resolution: Affirmative shares: 31,122,316; Dissenting shares: 10,512; Shares abstained: 1,217,267. Affirmative shares accounted for 96.20% of the total 32,350,095 shares in attendance. The proposal was adopted.

VI. Extempore Motions: After the Chairman consulted all shareholders present, no extempore motion was proposed.

VII. Adjournment: At 09:46 a.m. on the same day, the Chairman announced the adjournment of the meeting with no objections by shareholders present.

【Attachment 1】

Sinmag Equipment Corporation

2020 Business Report

I. 2020 Business Report

(I) Implementation Results of Business Plan

In 2020, due to the influence of COVID-19, many habits and economic activities in the world were forced to change, and economic growth was severely hit. China, where the pandemic first broke out, quickly controlled the pandemic under the government's pandemic prevention and control measures, and gradually restored the vitality of economic activities after the deblocking. However, other countries are in a dilemma between the consideration of pandemic prevention and economic growth.

Sinmag, as a leading brand of baking equipment, inevitably encountered an impact on its operation in the early stage of the pandemic. Fortunately, our major market- China, showed its vigorous vitality again after deblocking. After the baking industry, which is essential to people's livelihood, experienced the difficult period and the tide of closure during the pandemic period, customers re-integrated resources and adjusted their operation direction to adapt to the new consumption pattern in the post-pandemic era, and new entrants purchased equipment and put them into market operation. However, the world has not yet got rid of the threat of the pandemic, many supply chains are still affected, and small-scale food equipment manufacturers have exposed the shortcomings of insufficient product quality and after-sales service, giving Sinmag an opportunity to stand out again by virtue of its own competitive advantages after years of deep cultivation in the baking market and the construction of a complete product line and excellent after-sales service system. In addition to actively seizing business opportunities in China's market in the post pandemic era, the Company has adjusted its sales strategy to adapt to the pandemic situation in different countries and to gradually made up for the performance gap in the early stage of the outbreak of the pandemic.

The consolidated operating income of the Group in 2020 was NT\$3,300,489,000, down about 20.75% from NT\$4,164,628,000 in 2019, but the consolidated net profit after tax was NT\$340,940,000, after tax earnings per share was NT\$6.79, down 32.27% from the same period last year.

The comparison of operating results (combined profit and loss) are as follows:

Unit: Thousand NT\$

	2020	2019	Increase (Decrease) Rate (%)
Operating Revenue	3,300,489	4,164,628	-20.75%
Operating Costs	1,960,750	2,459,103	-20.27%

Gross Profit	1,339,739	1,705,525	-21.45%
Operating Expenses	850,898	1,043,445	-18.45%
Operating Profit	488,841	662,080	-26.17%
Non-operating Income and Expenses	3,949	25,471	-84.50%
Profit Before Income Tax	492,790	687,551	-28.33%
Profit After Income Tax	340,940	503,361	-32.27%

(II) Revenue Forecast and Realization

The Company did not have a public financial forecasting for 2020.

(III) Financial income and expenses (structure) and profitability analysis (consolidated financial statements)

Item		2020	2019
Financial Structure Analysis	Debt-to-Asset Ratio	32.34%	32.29%
	Long-Term Funds to Fixed Assets Ratio (%)	231.05%	217.98%
Liquidity Analysis	Current Ratio	191.08%	231.91%
	Quick Ratio	127.24%	156.60%
Profitability Analysis	Return on Assets	10.60%	15.95%
	Return on Shareholders' Equity	15.48%	23.68%
	Ratio of Paid-In Capital	Operating Profit	131.80%
		Pre-Tax income	136.88%
	Profit Ratio	10.71%	12.37%
	Earnings per Share (NT\$)	6.79	10.02

(IV) Research and Development

In recent years, China's baking market has gradually transformed from the original demand for single baking products, and baking and catering are gradually showing a trend of integrated development; Due to the sudden COVID-19, consumers' consumption habits and demand direction will be adjusted again, the baking industry will adapt to the changes of consumers quickly in the business mode, and food equipment manufacturers will also adjust the appropriate production and marketing strategy to meet the market demand. It is expected that the food equipment industry will still be difficult to get rid of the fierce competition.

The R&D team of Sinmag has been continuously observing market trends, maintaining close interaction with customers, deepening the cooperative relationship with customers, and actively developing products that meet customers' needs, so as to maintain its competitive advantage and leading position in the market; In 2020, the Group invested a total R&D cost of NT\$136,663,000 to develop various processes and technologies and develop more diversified, more innovative

and better quality products, and introduced the concept of safe production and environmental protection, to focus on the business opportunities in the post pandemic era and to lay out the Company's sustainable operation.

II. Summary of the Company's Business Plan for 2021

(I) Operating Strategies

In 2020, due to the ravage of COVID-19, the global baking equipment market has experienced a decline. Meanwhile, due to the change of dietary consumption habits, the baking equipment market has changed in terms of product attributes and sales model. In order to adapt to the changes in the post pandemic era, in 2021, Sinmag sets its operation and development goals as adjusting product mix, improving production and sales management and strengthening after-sales service, so as to continuously enhance the overall market competitiveness of its products. In addition to continuing to consolidate the existing customer groups, the Company will also enter new markets and develop new customers to seize market share and expand sales.

We will continue to observe the changes in the market, think from the perspective of customers, provide perfect and innovative services, and offer professional and technical personnel to assist customers in factory planning and shop equipment configuration, and professional bakers to help customers improve their bread making technology, to establish a good all-round relationship with customers, become a long-term partner of customers, and continue to enhance the market position in the baking field.

1. Sales in China Market

(1) Market development and resource integration in different regions

Follow up the development of major customers in various regions, cooperate with customers in innovation and transformation, and provide appropriate supporting strategies and equipment, including:

- a. The transformation and development of chain store customers (such as the upgrading of stores, new concept stores, R&D of new baked products, etc.).
- b. Stores with popular products in the market (such as tea and beverage compound stores, cake stores with new formats, Chinese pastry stores, etc.).
- c. The domestic retail supermarket market experiencing another transformation with new formats.
- d. Wholesalers who develop new product lines or increase production automation.

(2) Strengthen the development of new sales channel market customers (such as store popular on the Internet, personal personalized new store, personal studio, DIY classroom, etc.)

- (3) Continue to deepen the cooperation with baking training institutions in all regions, contact new baking trainees and explore potential customer groups.
- (4) Expand the cooperation with the kitchenware merchants and raw material dealers across the country, provide more attractive and flexible cooperation conditions, stimulate and explore more sales cooperation opportunities.

2. Overseas Market

- (1) Promote the growth of the U.S. market by participating in the bidding of supermarkets in the U.S. market and developing long-term contracts with supermarkets.
- (2) Adjust the regions that are responsible for by Indian market agents, implement multi-agent system in central India, and adjust the sales price of agents, to increase the sales competitiveness.
- (3) Assist agents in various countries to resume sales activities, adjust agents with slow sales growth, and take appropriate strategies (such as increasing agents, directly connecting with key customers, sending more business personnel to provide assistance, etc.).
- (4) Strengthen the professional training of sales and after-sale service for branches and agents, improve the management and efficiency of work and process, and improve the level of pre-sale and after-sale service for customers.

(II) Expected Sales Volume and Its Basis

The Company's main products are the food machinery equipment. According to the expected growth rate of the food market and the estimated production capacity, it will continue to expand new customers and develop new products in 2021, other than sticking to the original China market share and sales volume, and will continue to expand United States, India, Southeast Asia and other markets. The Company's sales volume is still expected to grow.

(III) Production and Sales Strategies

1. Adjust product structure and product mix according to market changes, gradually eliminate products with poor gross profit and sales volume, integrate equipment specifications and models for lean production, so as to reduce production costs and improve production efficiency and capacity utilization, and actively promote the sales of equipment of high gross profit and mass production.
2. Continue to improve and enhance equipment capacities and quality; assist customers to optimize factory layout, provide references for store layout, and strengthen the promotion and service of equipment update to win more market share.
3. Strengthen the management and training of the after-sales engineering team, introduce the electronic management system to improve the efficiency of engineering management,

improve the service efficiency, maintenance ability and service attitude, and improve the satisfaction of the existing customers for the after-sales service.

4. Set up the project after-sale service team subordinated to the headquarter, arrange the sales, installation, use, maintenance inspection and other services of the active customer equipment on a regular basis in the determined areas, regularly arrange engineering maintenance and equipment use training for customers, and check, correct and train the pre-sale and after-sale work of each office, so as to enhance the added value of the equipment of Sinmag.
5. Follow up the change from products with long shelf life to products with short shelf life in the wholesale market, integrate equipment manufacturers with strategic cooperation, adapt to the change of business model of online and offline logistics integration, and promote appropriate automation equipment and production lines.

(IV) Impact of External Competition, Laws and Regulations, and the General Business Environment

In the past year, due to the pandemic situation, the baking industry chain has been affected, the eating and consumption habits have been forced to change, and the baking industry has entered a new era, facing the pressure of adjustment and transformation in the business model and product positioning. However, with the gradual recovery of China's economy in the post pandemic era, the baking market is still showing vigorous vitality, and ushering in many opportunities in the changing environment. We are also adjusting channel strategy in a timely manner, and developing channels and marketing methods consistent with new consumption habits to improve operational efficiency.

Although COVID-19 pandemic has brought impact to China's economic operation, it cannot change the long-term development trend of China's economy. The impact of the pandemic on China's economy is temporary. According to important economic data, China's fundamentals have recovered continuously, and manufacturing investment, PMI and industrial enterprise profits also support the continuous recovery of enterprise profits. The market forecasts that China's GDP growth rate in 2021 will show a comprehensive recovery due to the low base period last year, and that the overall market recovery is sustainable.

In recent years, China has paid much attention to environmental and safety issues to prevent unenvironmentally friendly production practices from undermining its competitiveness in the global market. It also wants to use environmental measures to weed out companies that do not meet standards. In recent years, according to the regulations of the Chinese government, Sinmag has been transforming the painting workshop, improving the manufacturing process, improving the pollution prevention technology, and implementing the environmental monitoring system to reduce the pollution to the environment. In the past, the oil-based paints used by Sinmag in its products require the addition of volatile diluents. In addition to being harmful to the atmosphere, diluents are flammable and explosive, which often cause industrial safety problems. In 2020, Sinmag confirmed to replace the original paint with officially approved water-based paint, and

simultaneously transformed the workshop of automatic painting line and waste gas and wastewater treatment equipment, which began to play its production capacity in 2021.

After Wuxi No. 2 plant of Sinmag was opened in September 2019, we have been continuously deepening the concept of workshop management, committed to improving the cost structure and internal process, optimizing the layout of production line, increasing the input and production of decoiler machines, greatly reducing the use loss of plates, and increasing the flow speed of production line, so as to achieve the goal of improving production efficiency.

With 38 years of deep cultivation of baking equipment, Sinmag Group has rich experience in many markets around the world. With flexible production and marketing strategy, good product quality, perfect sales network and fast and perfect after-sales service system, in the face of the gradual recovery of global economic situation in the post pandemic era, the Company will continue to focus on the development of the Chinese market, continue to enter the U.S. market, and moderately adjust its sales strategy in Southeast Asia and other markets, to maintain its market competitiveness, and meanwhile will consider the financial management policy carefully to maintain the abundant cash flow and stable financial situation.

Over the years, no matter how the international situation changes and evolves, Sinmag has always adhered to the consistent long-term strategic direction and firmly moved forward, and will continue to lead all colleagues of the Company to work together towards the strategic goal, further expand the global business, create shareholder value, and steadily move towards a new milestone.

Chairman: Hsieh, Shun-Ho

General Manager: Hsieh, Shun-Ho

Accounting Manager: Huang, Yu-Tung

【Attachment 2】

Sinmag Equipment Corporation
Audit Committee's Review Report

Hereby approved.

The Board of Directors has submitted the 2020 Business Report, Financial Statements and Earnings Distribution Proposals of the Company. The Financial Statements have been audited by CPAs Chen, Chiang-Hsun and Chen, Chao-Mei of Deloitte & Touche, and the audit report has been issued. The aforementioned business report, financial statements and surplus distribution proposal have been reviewed and approved by the Audit Committee. All members believe that there is no disagreement. The above documents have been reported according to Article 14 (4) of the Securities Exchange Law and Article 219 of the Company Law. Please kindly check.

Sincerely,

Annual Shareholders' Meeting of Sinmag Equipment Corporation (2021)

Sinmag Equipment Corporation

Convener of the Audit Committee

March 26, 2021

【 Attachment 3 】

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinmag Equipment Corporation

Opinion

We have audited the accompanying financial statements of Sinmag Equipment Corporation (the “Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 based on our audits and the report of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. 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.

Key audit matter of the Company's financial statements for the year ended December 31, 2020 is stated as follows:

Occurrence of Sales Revenue

The Company has thousands of customers whose overall operating revenue (excluding related parties) accounted for 32% of the total operating revenue. Due to the impact of novel coronavirus pneumonia for the year ended December 31, 2020, the total operating revenue has declined compared with last year; however, operating revenue from some major customers has increased, which resulted in a significant impact on the financial performance of the Company. Therefore, we deemed the occurrence of sales revenue from customers with negative correlation between growth volatility and the Company's overall operating revenue as a key audit matter. The accounting policies related to revenue recognition are referred to in Note 4 to the financial statements.

The following audit procedures were performed in response to the abovementioned key audit matter:

1. We understood the design and implementation of the internal controls related to the recognition of sales revenue, and designed the appropriate audit procedures on internal controls related to the occurrence of sales revenue, in order to confirm and evaluate the effectiveness of the design and implementation of the Company's internal controls.
2. We selected samples of sales transactions, and reviewed sales orders, bills of lading or signed documents, invoices and receipts, in order to confirm the occurrence of sales revenue.
3. We compared the changes in sales revenue, gross profit margin, trade receivables turnover days and credit conditions of the abovementioned major customers between the current and previous year, and evaluated the reasonableness of the changes.

Other Matter

We did not audit the financial statements of LBC Bakery Equipment Inc., a subsidiary included in the financial statements of the Company, but such financial statements were prepared using a different financial reporting framework and audited by other auditors in accordance with auditing standards generally accepted in the United States of America. We have applied audit procedures on the conversion adjustments to the financial statements of LBC Bakery Equipment Inc., which conform to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Our opinion, insofar as it relates to the amounts included for LBC Bakery Equipment Inc. prior to these conversion adjustments, is based solely on the report of other auditors and additional audit procedures to meet the relevant requirements of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. The investments accounted for using the equity method of LBC Bakery Equipment Inc. constituted 9% (NT\$233,726 thousand) and 8% (NT\$213,039 thousand), of the total assets as of December 31, 2020 and 2019, respectively, and share of profit or loss of subsidiaries constituted 9% (NT\$33,003 thousand) and 6% (NT\$29,929 thousand), of profit before income tax from continuing operations for the years then ended, respectively.

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 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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 and appropriate audit evidence regarding the financial information of 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, 2020 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 Chiang-Hsun Chen and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

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.

SINMAG EQUIPMENT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 53,103	2	\$ 57,803	2
Notes receivable (Notes 4, 9 and 21)	11,526	-	13,734	-
Trade receivables (Notes 4, 9 and 21)	79,221	3	125,571	5
Trade receivables from related parties (Notes 4, 21 and 28)	60,677	2	63,350	2
Other receivables (Notes 4 and 9)	186	-	474	-
Current tax assets (Notes 4 and 23)	1,699	-	2,460	-
Inventories (Notes 4 and 10)	66,313	3	68,494	3
Prepayments (Note 15)	<u>2,151</u>	-	<u>1,731</u>	-
Total current assets	<u>274,876</u>	<u>10</u>	<u>333,617</u>	<u>12</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7, 8 and 29)	115	-	64	-
Investments accounted for using the equity method (Notes 4, 11 and 28)	2,239,142	84	2,207,286	82
Property, plant and equipment (Notes 4, 12 and 29)	108,683	4	111,894	4
Right-of-use assets (Notes 4 and 13)	189	-	567	-
Other intangible assets (Notes 4 and 14)	134	-	238	-
Deferred tax assets (Notes 4 and 23)	38,589	2	37,751	2
Other non-current assets (Notes 4 and 15)	<u>209</u>	-	<u>181</u>	-
Total non-current assets	<u>2,387,061</u>	<u>90</u>	<u>2,357,981</u>	<u>88</u>
TOTAL	<u>\$ 2,661,937</u>	<u>100</u>	<u>\$ 2,691,598</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 145,000	6	\$ 113,391	4
Contract liabilities - current (Notes 4 and 21)	4,528	-	4,540	-
Notes payable	14,779	1	20,878	1
Notes payable to related parties (Note 28)	500	-	339	-
Trade payables	6,728	-	6,327	-
Trade payables to related parties (Note 28)	70,558	3	221,833	9
Other payables (Note 17)	38,518	1	54,114	2
Current tax liabilities (Notes 4 and 23)	52,471	2	-	-
Provisions - current (Notes 4 and 18)	131	-	131	-
Lease liabilities - current (Notes 4 and 13)	<u>191</u>	-	<u>378</u>	-
Total current liabilities	<u>333,404</u>	<u>13</u>	<u>421,931</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	58,646	2	87,891	3
Lease liabilities - non-current (Notes 4 and 13)	-	-	191	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	<u>916</u>	-	<u>4,652</u>	-
Total non-current liabilities	<u>59,562</u>	<u>2</u>	<u>92,734</u>	<u>3</u>
Total liabilities	<u>392,966</u>	<u>15</u>	<u>514,665</u>	<u>19</u>
EQUITY (Notes 4 and 20)				
Share capital				
Ordinary shares	<u>502,302</u>	<u>19</u>	<u>502,302</u>	<u>19</u>
Capital surplus	<u>75,738</u>	<u>3</u>	<u>75,738</u>	<u>3</u>
Retained earnings				
Legal reserve	552,755	21	502,418	18
Special reserve	160,753	6	101,655	4
Unappropriated earnings	<u>1,136,995</u>	<u>42</u>	<u>1,155,573</u>	<u>43</u>
Total retained earnings	<u>1,850,503</u>	<u>69</u>	<u>1,759,646</u>	<u>65</u>
Other equity	<u>(159,572)</u>	<u>(6)</u>	<u>(160,753)</u>	<u>(6)</u>
Total equity	<u>2,268,971</u>	<u>85</u>	<u>2,176,933</u>	<u>81</u>
TOTAL	<u>\$ 2,661,937</u>	<u>100</u>	<u>\$ 2,691,598</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)				
Sales	\$ 715,966	97	\$ 960,853	98
Service revenue	<u>20,694</u>	<u>3</u>	<u>20,249</u>	<u>2</u>
Total operating revenue	<u>736,660</u>	<u>100</u>	<u>981,102</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 10, 22 and 28)	(623,626)	(85)	(826,353)	(84)
Service cost	<u>(2,679)</u>	<u>-</u>	<u>(2,692)</u>	<u>(1)</u>
Total operating costs	<u>(626,305)</u>	<u>(85)</u>	<u>(829,045)</u>	<u>(85)</u>
GROSS PROFIT	110,355	15	152,057	15
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(11,699)	(2)	(12,987)	(1)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	<u>12,987</u>	<u>2</u>	<u>11,433</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>111,643</u>	<u>15</u>	<u>150,503</u>	<u>15</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	(48,317)	(6)	(58,136)	(6)
General and administrative expenses	(47,367)	(6)	(73,328)	(7)
Research and development expenses	(7,116)	(1)	(8,081)	(1)
Expected credit (loss) gain (Notes 4 and 9)	<u>(6,164)</u>	<u>(1)</u>	<u>639</u>	<u>-</u>
Total operating expenses	<u>(108,964)</u>	<u>(14)</u>	<u>(138,906)</u>	<u>(14)</u>
PROFIT FROM OPERATIONS	<u>2,679</u>	<u>1</u>	<u>11,597</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 22 and 28)				
Interest income	170	-	253	-
Other income	301	-	455	-
Other gains and losses	(3,312)	(1)	5,020	-
Finance costs	(1,293)	-	(1,409)	-
Share of profit or loss of subsidiaries, associates and joint ventures	<u>367,701</u>	<u>50</u>	<u>527,468</u>	<u>54</u>
Total non-operating income and expenses	<u>363,567</u>	<u>49</u>	<u>531,787</u>	<u>54</u>

(Continued)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 366,246	50	\$ 543,384	55
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(25,306)</u>	<u>(4)</u>	<u>(40,023)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>340,940</u>	<u>46</u>	<u>503,361</u>	<u>51</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,335	-	(4,390)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(267)</u>	<u>-</u>	<u>878</u>	<u>-</u>
	<u>1,068</u>	<u>-</u>	<u>(3,512)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	1,476	1	(73,873)	(8)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(295)</u>	<u>-</u>	<u>14,775</u>	<u>2</u>
	<u>1,181</u>	<u>1</u>	<u>(59,098)</u>	<u>(6)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>2,249</u>	<u>1</u>	<u>(62,610)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 343,189</u>	<u>47</u>	<u>\$ 440,751</u>	<u>45</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 6.79</u>		<u>\$ 10.02</u>	
Diluted	<u>\$ 6.77</u>		<u>\$ 9.98</u>	

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

(Concluded)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

			Retained Earnings		Unappropriated Earnings	Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve			
BALANCE AT JANUARY 1, 2019	\$ 502,302	\$ 75,738	\$ 455,057	\$ 84,646	\$ 1,046,591	\$ (101,655)	\$ 2,062,679
Appropriation of 2018 earnings (Note 20)							
Legal reserve	-	-	47,361	-	(47,361)	-	-
Special reserve	-	-	-	17,009	(17,009)	-	-
Cash dividends distributed by the Company	-	-	-	-	(326,497)	-	(326,497)
Net profit for the year ended December 31, 2019	-	-	-	-	503,361	-	503,361
Other comprehensive loss for the year ended December 31, 2019, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,512)</u>	<u>(59,098)</u>	<u>(62,610)</u>
Total comprehensive income (loss) for the year ended December 31, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>499,849</u>	<u>(59,098)</u>	<u>440,751</u>
BALANCE AT DECEMBER 31, 2019	502,302	75,738	502,418	101,655	1,155,573	(160,753)	2,176,933
Appropriation of 2019 earnings (Note 20)							
Legal reserve	-	-	50,337	-	(50,337)	-	-
Special reserve	-	-	-	59,098	(59,098)	-	-
Cash dividends distributed by the Company	-	-	-	-	(251,151)	-	(251,151)
Net profit for the year ended December 31, 2020	-	-	-	-	340,940	-	340,940
Other comprehensive income for the year ended December 31, 2020, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,068</u>	<u>1,181</u>	<u>2,249</u>
Total comprehensive income for the year ended December 31, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342,008</u>	<u>1,181</u>	<u>343,189</u>
BALANCE AT DECEMBER 31, 2020	<u>\$ 502,302</u>	<u>\$ 75,738</u>	<u>\$ 552,755</u>	<u>\$ 160,753</u>	<u>\$ 1,136,995</u>	<u>\$ (159,572)</u>	<u>\$ 2,268,971</u>

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 366,246	\$ 543,384
Adjustments for:		
Expected credit loss recognized (reversed) on receivables	6,164	(639)
Depreciation expenses	3,780	3,766
Amortization expenses	188	248
Finance costs	1,293	1,409
Share of profit of subsidiaries, associates and joint ventures	(367,701)	(527,468)
Interest income	(170)	(253)
Write-downs of inventories	3,558	2,899
Gain on disposal of property, plant and equipment	-	(1,621)
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	11,699	12,987
Realized gain on the transactions with subsidiaries associates and joint ventures	(12,987)	(11,433)
Net loss (gain) on foreign currency exchange	1,534	(1,880)
Changes in operating assets and liabilities		
Notes receivable	2,208	32,405
Trade receivables	39,120	(528)
Trade receivables from related parties	2,391	(22,939)
Other receivables	288	967
Inventories	(1,377)	28,944
Prepayments	(420)	(3)
Notes payable	(6,099)	(6,688)
Notes payable from related parties	161	(634)
Trade payables	401	1,113
Trade payables from related parties	(150,751)	72,116
Other payables	(15,550)	(390)
Contract liabilities - current	(12)	(4,353)
Net defined benefit liabilities - non-current	(2,401)	(2,647)
Cash generated from (used in) from operations	(118,437)	118,762
Interest received	170	253
Income tax paid	(2,719)	(32,659)
Net cash generated from (used in) operating activities	(120,986)	86,356
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(51)	-
Acquisition of investments accounted for using the equity method	(93,904)	-

Payments for property, plant and equipment	(191)	(532)
Proceeds from disposal of property, plant and equipment	-	5,822
Payments for intangible assets	(84)	-
Dividends received from subsidiaries	395,786	275,245
Increase in other non-current assets	(28)	-

(Continued)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Decrease in other non-current assets	\$ -	\$ 210
Proceeds from the capital reduction on investments accounted for using the equity method	<u>36,727</u>	<u>-</u>
Net cash generated from investing activities	<u>338,255</u>	<u>280,745</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	695,000	583,391
Repayments of short-term borrowings	(663,391)	(620,000)
Repayment of the principal portion of lease liabilities	(378)	(219)
Dividends paid	(251,151)	(326,497)
Interest paid	<u>(1,339)</u>	<u>(1,401)</u>
Net cash used in financing activities	<u>(221,259)</u>	<u>(364,726)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(710)</u>	<u>(756)</u>
NET (DECREASE) INCREASE IN CASH	(4,700)	1,619
CASH AT THE BEGINNING OF THE YEAR	<u>57,803</u>	<u>56,184</u>
CASH AT THE END OF THE YEAR	<u>\$ 53,103</u>	<u>\$ 57,803</u>

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinmag Equipment Corporation

Opinion

We have audited the accompanying consolidated financial statements of Sinmag Equipment Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the report of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. 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.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

Occurrence of Sales Revenue

The Group has thousands of customers whose overall operating revenue accounted for 27% of the total consolidated operating revenue. Due to the impact of novel coronavirus pneumonia for the year ended December 31, 2020, the Group's overall consolidated operating revenue has declined compared with last year; however, operating revenue from some major customers has increased, which resulted in a significant impact on the financial performance of the Group. Therefore, we deemed the occurrence of sales revenue from major customers with negative correlation between the growth volatility and the Group's overall operating revenue as a key audit matter. The accounting policies related to revenue recognition are referred to in Note 4 to the consolidated financial statements.

The following audit procedures were performed in response to the abovementioned key audit matter:

1. We understood the design and implementation of the internal controls related to the recognition of sales revenue, and designed the appropriate audit procedures on internal controls related to the occurrence of sales revenue, in order to confirm and evaluate the effectiveness of the design and implementation of the Group's internal controls.
2. We selected samples of sales transactions, and reviewed sales orders, bills of lading or signed documents, invoices and receipts, in order to confirm the occurrence of sales revenue.
3. We compared the changes in sales revenue, gross profit margin, trade receivables turnover days and credit conditions of the abovementioned major customers between the current and previous year, and evaluated the reasonableness of the changes.

Other Matter

We did not audit the financial statements of LBC Bakery Equipment Inc., a subsidiary included in the consolidated financial statements of the Group, but such financial statements were prepared using a different financial reporting framework and audited by other auditors in accordance with auditing standards generally accepted in the United States of America. We have applied audit procedures on the conversion adjustments to the financial statements of LBC Bakery Equipment Inc., which conform to 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. Our opinion, insofar as it relates to the amounts included for LBC Bakery Equipment Inc. prior to these conversion adjustments, is based solely on the report of other auditors and additional audit procedures to meet the relevant requirements of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. The total assets of LBC Bakery Equipment Inc. constituted 11% (NT\$374,476 thousand) and 12% (NT\$400,460 thousand), of the consolidated total assets as of December 31, 2020 and 2019, respectively, and total revenue constituted 16% (NT\$530,416 thousand) and 12% (NT\$519,262 thousand), of the consolidated total revenue for the years then ended, respectively.

We have also audited the parent company only financial statements of Sinmag Equipment Corporation as of and for the years ended December 31, 2020 and 2019 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 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, 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 audit committee, 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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, 2020 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 Chiang-Hsun Chen and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

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.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 773,628	22	\$ 797,975	24
Financial assets at amortized cost - current (Notes 4, 7, 8 and 30)	1,329	-	47,679	1
Notes receivable (Notes 4, 9 and 22)	17,240	-	20,353	1
Trade receivables (Notes 4, 9 and 22)	477,393	14	484,490	15
Trade receivables from related parties (Notes 4, 22 and 29)	432	-	168	-
Other receivables (Notes 4 and 9)	19,320	1	12,507	-
Current tax assets (Notes 4 and 24)	1,988	-	2,460	-
Inventories (Notes 4 and 10)	624,587	18	631,628	19
Prepayments (Note 16)	<u>23,266</u>	<u>1</u>	<u>25,066</u>	<u>1</u>
Total current assets	<u>1,939,183</u>	<u>56</u>	<u>2,022,326</u>	<u>61</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7, 8 and 30)	218,197	7	64	-
Property, plant and equipment (Notes 4, 12 and 30)	1,020,344	30	1,065,760	32
Right-of-use assets (Notes 4, 13 and 30)	102,716	3	106,040	3
Goodwill (Notes 4 and 14)	3,254	-	3,254	-
Other intangible assets (Notes 4 and 15)	3,332	-	2,179	-
Deferred tax assets (Notes 4 and 24)	44,994	1	43,869	2
Other non-current assets (Notes 4 and 16)	<u>114,715</u>	<u>3</u>	<u>57,955</u>	<u>2</u>
Total non-current assets	<u>1,507,552</u>	<u>44</u>	<u>1,279,121</u>	<u>39</u>
TOTAL	<u>\$ 3,446,735</u>	<u>100</u>	<u>\$ 3,301,447</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17)	\$ 202,119	6	\$ 113,391	3
Contract liabilities - current (Notes 4 and 22)	82,558	2	85,545	3
Notes payable	14,879	-	20,878	1
Notes payable to related parties (Note 29)	500	-	339	-
Trade payables	265,898	8	243,259	7
Trade payables to related parties (Note 29)	6,053	-	6,976	-
Other payables (Notes 18 and 26)	242,497	7	288,970	9
Current tax liabilities (Notes 4 and 24)	169,814	5	78,527	2
Provisions - current (Notes 4 and 19)	24,332	1	24,875	1
Lease liabilities - current (Notes 4 and 13)	2,033	-	3,330	-
Current portion of long-term borrowings and bonds payable (Notes 17 and 30)	<u>4,155</u>	<u>-</u>	<u>5,906</u>	<u>-</u>
Total current liabilities	<u>1,014,838</u>	<u>29</u>	<u>871,996</u>	<u>26</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 30)	21,346	1	81,866	2
Deferred tax liabilities (Notes 4 and 24)	58,643	2	87,888	3
Lease liabilities - non-current (Notes 4 and 13)	18,967	-	19,667	1
Net defined benefit liabilities - non-current (Notes 4 and 20)	<u>916</u>	<u>-</u>	<u>4,652</u>	<u>-</u>
Total non-current liabilities	<u>99,872</u>	<u>3</u>	<u>194,073</u>	<u>6</u>
Total liabilities	<u>1,114,710</u>	<u>32</u>	<u>1,066,069</u>	<u>32</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital				
Ordinary shares	<u>502,302</u>	<u>15</u>	<u>502,302</u>	<u>15</u>
Capital surplus	<u>75,738</u>	<u>2</u>	<u>75,738</u>	<u>2</u>
Retained earnings				
Legal reserve	552,755	16	502,418	16
Special reserve	160,753	5	101,655	3
Unappropriated earnings	<u>1,136,995</u>	<u>33</u>	<u>1,155,573</u>	<u>35</u>
Total retained earnings	<u>1,850,503</u>	<u>54</u>	<u>1,759,646</u>	<u>54</u>
Other equity	<u>(159,572)</u>	<u>(5)</u>	<u>(160,753)</u>	<u>(5)</u>
Total equity attributable to owners of the Company	2,268,971	66	2,176,933	66
NON-CONTROLLING INTERESTS (Notes 4 and 21)	<u>63,054</u>	<u>2</u>	<u>58,445</u>	<u>2</u>
Total equity	<u>2,332,025</u>	<u>68</u>	<u>2,235,378</u>	<u>68</u>
TOTAL	<u>\$ 3,446,735</u>	<u>100</u>	<u>\$ 3,301,447</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	\$ 3,279,795	99	\$ 4,144,379	100
Service revenue	<u>20,694</u>	<u>1</u>	<u>20,249</u>	<u>-</u>
Total operating revenue	<u>3,300,489</u>	<u>100</u>	<u>4,164,628</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 29)	(1,958,071)	(59)	(2,456,411)	(59)
Service cost	<u>(2,679)</u>	<u>-</u>	<u>(2,692)</u>	<u>-</u>
Total operating costs	<u>(1,960,750)</u>	<u>(59)</u>	<u>(2,459,103)</u>	<u>(59)</u>
GROSS PROFIT	<u>1,339,739</u>	<u>41</u>	<u>1,705,525</u>	<u>41</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	(477,779)	(15)	(599,383)	(14)
General and administrative expenses	(233,280)	(7)	(282,668)	(7)
Research and development expenses	(136,663)	(4)	(161,088)	(4)
Expected credit loss (Notes 4 and 9)	<u>(3,176)</u>	<u>-</u>	<u>(306)</u>	<u>-</u>
Total operating expenses	<u>(850,898)</u>	<u>(26)</u>	<u>(1,043,445)</u>	<u>(25)</u>
PROFIT FROM OPERATIONS	<u>488,841</u>	<u>15</u>	<u>662,080</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)				
Interest income	16,086	-	16,674	-
Other income	6,052	-	10,624	-
Other gains and losses	(12,909)	-	5,394	-
Finance costs	<u>(5,280)</u>	<u>-</u>	<u>(7,221)</u>	<u>-</u>
Total non-operating income and expenses	<u>3,949</u>	<u>-</u>	<u>25,471</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	492,790	15	687,551	16
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(139,244)</u>	<u>(4)</u>	<u>(172,049)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>353,546</u>	<u>11</u>	<u>515,502</u>	<u>12</u>

(Continued)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 1,335	-	\$ (4,390)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(267)	-	878	-
	<u>1,068</u>	-	<u>(3,512)</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(966)	-	(75,529)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss	(295)	-	14,775	1
	<u>(1,261)</u>	-	<u>(60,754)</u>	(1)
Other comprehensive loss for the year, net of income tax	<u>(193)</u>	-	<u>(64,266)</u>	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 353,353</u>	<u>11</u>	<u>\$ 451,236</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 340,940	10	\$ 503,361	12
Non-controlling interests	<u>12,606</u>	<u>1</u>	<u>12,141</u>	-
	<u>\$ 353,546</u>	<u>11</u>	<u>\$ 515,502</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 343,189	11	\$ 440,751	11
Non-controlling interests	<u>10,164</u>	-	<u>10,485</u>	-
	<u>\$ 353,353</u>	<u>11</u>	<u>\$ 451,236</u>	<u>11</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 6.79</u>		<u>\$ 10.02</u>	
Diluted	<u>\$ 6.77</u>		<u>\$ 9.98</u>	

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

(Concluded)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Total			
			Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2019	\$ 502,302	\$ 75,738	\$ 455,057	\$ 84,646	\$ 1,046,591	\$ (101,655)	\$ 2,062,679	\$ 55,796	\$ 2,118,475
Appropriation of 2018 earnings (Note 21)									
Legal reserve	-	-	47,361	-	(47,361)	-	-	-	-
Special reserve	-	-	-	17,009	(17,009)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(326,497)	-	(326,497)	-	(326,497)
Net profit for the year ended December 31, 2019	-	-	-	-	503,361	-	503,361	12,141	515,502
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(3,512)	(59,098)	(62,610)	(1,656)	(64,266)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	499,849	(59,098)	440,751	10,485	451,236
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	(7,836)	(7,836)
BALANCE AT DECEMBER 31, 2019	502,302	75,738	502,418	101,655	1,155,573	(160,753)	2,176,933	58,445	2,235,378
Appropriation of 2019 earnings (Note 21)									
Legal reserve	-	-	50,337	-	(50,337)	-	-	-	-
Special reserve	-	-	-	59,098	(59,098)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(251,151)	-	(251,151)	-	(251,151)
Net profit for the year ended December 31, 2020	-	-	-	-	340,940	-	340,940	12,606	353,546
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	1,068	1,181	2,249	(2,442)	(193)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	342,008	1,181	343,189	10,164	353,353
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	(5,555)	(5,555)
BALANCE AT DECEMBER 31, 2020	\$ 502,302	\$ 75,738	\$ 552,755	\$ 160,753	\$ 1,136,995	\$ (159,572)	\$ 2,268,971	\$ 63,054	\$ 2,332,025

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 492,790	\$ 687,551
Adjustments for:		
Expected credit loss recognized on receivables	3,176	306
Depreciation expenses	81,434	69,125
Amortization expenses	1,139	1,257
Write-downs of inventories	11,364	6,326
Finance costs	5,280	7,221
Recognition of provisions	23,675	23,996
Interest income	(16,086)	(16,674)
Loss on disposal of property, plant and equipment	2,222	8,256
Net loss on foreign currency exchange	2,549	4,124
Changes in operating assets and liabilities		
Notes receivable	2,869	33,459
Trade receivables	(1,722)	111,627
Trade receivables from related parties	(257)	194
Other receivables	(4,422)	6,987
Inventories	(2,809)	10,762
Prepayments	1,786	447
Notes payable	(5,999)	(6,688)
Notes payable from related parties	161	(634)
Trade payables	19,059	(5,192)
Trade payables from related parties	(985)	(2,421)
Other payables	(31,580)	5,696
Contract liabilities - current	(3,700)	6,019
Provisions	(24,118)	(23,532)
Net defined benefit liabilities	(2,401)	(2,647)
Cash generated from operations	553,425	925,565
Interest received	7,511	16,634
Income tax paid	(80,243)	(200,172)
Net cash generated from operating activities	<u>480,693</u>	<u>742,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(514,735)	(49,440)
Proceeds from sale of financial assets at amortized cost	346,535	9,144
Purchase of financial assets at fair value through profit or loss	(85,100)	-
Proceeds from sale of financial assets at fair value through profit or loss	85,100	-
Payments for property, plant and equipment	(36,296)	(287,551)
Proceeds from disposal of property, plant and equipment	596	6,420
Payments for intangible assets	(2,233)	(564)
Increase in other non-current assets	(59,153)	(15,100)

(Continued)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Decrease in other non-current assets	\$ 13	\$ 456
Interest received	<u>6,269</u>	<u>-</u>
Net cash used in investing activities	<u>(259,004)</u>	<u>(336,635)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	751,336	583,391
Repayments of short-term borrowings	(663,391)	(620,000)
Repayments of long-term borrowings	(60,354)	(6,196)
Repayment of the principal portion of lease liabilities	(3,900)	(2,693)
Dividends paid to owners of the Company	(251,151)	(326,497)
Interests paid	(5,227)	(7,213)
Dividends paid to non-controlling interests	<u>(5,555)</u>	<u>(7,836)</u>
Net cash used in financing activities	<u>(238,242)</u>	<u>(387,044)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(7,794)</u>	<u>(27,571)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(24,347)	(9,223)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>797,975</u>	<u>807,198</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 773,628</u>	<u>\$ 797,975</u>

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

(Concluded)

【Attachment 4】

Sinmag Equipment Corporation

Comparison Table for the Rules of Procedure for Board of Directors' Meeting
Before and After Revision

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 7	<p>(Chairman and deputy of directors' meeting)</p> <p>The Board meetings shall be convened and chaired by the Chairman of the Board. However, the first Board meeting of each term shall be convened and chaired by the Director whose ballots represent the most voting rights at the shareholders' meeting. When there are two (2) or more persons with the right to convene, they shall choose one from among themselves.</p> <p>According to Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Act, the majority or more of the directors elect may convene the meeting on their own, and the directors shall select one director from among themselves to serve as Chairman of the meeting.</p> <p>When the Chairman is on leave or for some reasons unable to exercise the power, the Vice Chairman shall serve as a proxy. If there is no Vice Chairman or the Vice Chairman is on leave or for some reasons unable to exercise the power, the Chairman shall appoint a Managing Director to serve as a proxy. If there is no Managing</p>	<p>(Chairman and deputy of directors' meeting)</p> <p>Where the board meeting is convened by the Chairman, it shall be chaired by the Chairman. However, the first board meeting of each term shall be convened and chaired by the director whose ballots represent the most voting rights at the shareholders' meeting. When there are two (2) or more persons with the right to convene, they shall choose one from among themselves.</p> <p>According to Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Act, the majority or more of the directors elect may convene the meeting on their own, and the directors shall select one director from among themselves to serve as Chairman of the meeting.</p> <p>When the Chairman is on leave or for some reasons unable to exercise the power, the Vice Chairman shall serve as a proxy. If there is no Vice Chairman or the Vice Chairman is on leave or for some reasons unable to exercise the power, the Chairman shall appoint a Managing Director to serve as a proxy. If there is no Managing Directors, the Chairman shall appoint one</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.</p>

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	Directors, the Chairman shall appoint one Director to serve as a proxy. If the Chairman does not appoint a proxy, the Directors shall elect one from among themselves.	Director to serve as a proxy. If the Chairman does not appoint a proxy, the Directors shall elect one from among themselves.	
Article 11	(Discussion of proposals) Paragraphs 1 and 2: Omitted During a directors' meeting, if the directors sitting at the meeting do not constitute a majority of the attending directors, then by the request of the sitting directors, the Chairman shall declare a suspension of the meeting, under the provisions to which Paragraph 3, Article 8 shall apply mutatis mutandis.	(Discussion of proposals) Paragraphs 1 and 2: Omitted During a directors' meeting, if the directors sitting at the meeting do not constitute a majority of the attending directors, then by the request of the sitting directors, the Chairman shall declare a suspension of the meeting, under the provisions to which Paragraph 5, Article 8 shall apply mutatis mutandis.	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.
Article 12	(Matters requiring discussion at a Board meeting) The Company shall submit the following items for discussion by the Board: I. Operating plan of the Company. II. Annual and semi-annual financial reports. With the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by Certified Public Accountants (CPA). III. Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and	(Matters requiring discussion at a Board meeting) The Company shall submit the following items for discussion by the Board: I. Operating plan of the Company. II. Annual Financial Report and the Second Quarter Financial Report Subject to Audit and Certification by Accountants. III. The Internal Control System Formulated or Amended in Accordance with Article 14-1 of the Securities and Exchange Act (hereinafter referred	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>assessment of the effectiveness of the internal control system.</p> <p>IV. Adoption or amendment, in accordance with Article 36-1 of Taiwan SEA, of the handling procedures of important financial or operational actions, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</p> <p>V. Offering, issuance or private placement of any equity based securities.</p> <p>VI. Appointment or discharge of a finance manager, accounting manager or Chief Auditor.</p> <p>VII. Donations to related parties or major donations to non-related parties; however, public-interest donations of disaster relief for a major natural disaster may be submitted to the next Board Meeting for ratification.</p> <p>VIII. Any matter that, under Article 14-3 of the Act, any other law, or regulation must be approved by resolution at a shareholders meeting or Board</p>	<p>to as the "SEA") and the assessment of the effectiveness of the internal control system.</p> <p>IV. Adoption or amendment, in accordance with Article 36-1 of Taiwan SEA, of the handling procedures of important financial or operational actions, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</p> <p>V. Offering, issuance or private placement of any equity based securities.</p> <p>VI. Appointment or discharge of a finance manager, accounting manager or Chief Auditor.</p> <p>VII. Donations to related parties or major donations to non-related parties; however, public-interest donations of disaster relief for a major natural disaster may be submitted to the next Board Meeting for ratification.</p> <p>VIII. Any matter that, under Article 14-3 of the Act, any other law, or regulation must be approved by resolution at a shareholders meeting or</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>meeting, or any material matter as may be prescribed by the competent authority.</p> <p>Paragraphs 2, 3 and 4: Omitted</p>	<p>Board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>Paragraphs 2, 3 and 4: Omitted</p>	
Article 15	<p>(Recusal system for directors)</p> <p>Paragraph 1: Omitted</p> <p>Where the spouse, a relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, the director shall be deemed to have a personal interest in the matter.</p> <p>The provisions of Article 180, Paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, Paragraph 4 of that Act, apply to resolutions of Board meetings when a Board director is prohibited by the preceding two paragraphs from exercising voting rights.</p>	<p>(Recusal system for directors)</p> <p>Paragraph 1: Omitted</p> <p>Where the spouse, a relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, the director shall be deemed to have a personal interest in the matter.</p> <p>The resolution of this company's board of directors shall follow Article 206, Paragraph 4 of the Company Act and in accordance with Article 180, Paragraph 2 in regard to director with no voting rights.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.</p>

【Attachment 5】

Sinmag Equipment Corporation

Comparison Table for the Rules of Procedure for Shareholders' Meetings Before and After Revision

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 3	<p>Convention of Shareholders' Meeting and meeting notice Paragraphs 1, 2 and 3: Omitted</p> <p>The selection or removal of directors, change of Articles of Incorporation, reduction of capital, application for suspension of public issuance, permit for director's business competition, surplus to capital increase, public reserve to capital increase, dissolution, merger, division of the Company, or the matters referred to in Article 185, Paragraph 1 shall be listed in the reasons for convening the meeting and the main contents shall be stated, which shall not be put forward by temporary motion; the main contents may be placed in the securities authority or the Company's designated website, and its website address shall be specified in the notice.</p> <p>Paragraph 5: Omitted</p> <p>Shareholders holding 1% or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal</p>	<p>Convention of Shareholders' Meeting and meeting notice Paragraphs 1, 2 and 3: Omitted Election/dismissal of Directors, changes in the Articles of Incorporation, capital reduction, application of halting public offering, permission for the Directors to compete with the Company, capitalization of retained earnings, capitalization of capital reserves, dissolution/merging/splitting of the Company, or all items pertaining to Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or items pertaining to Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions.</p> <p>Paragraph 5: Omitted</p> <p>Shareholders holding 1% or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.</p>

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>shall not be included in the agenda. However, if the shareholders' proposal is a proposal to urge the Company to promote public interests or fulfill social responsibilities, the board of directors may still include the proposal. If the circumstances in Article 172-1, Paragraph 4 of the Company Act are proposed by a shareholder, the Board of Directors may not list it as a proposal.</p> <p>Paragraphs 7, 8 and 9: Omitted</p>	<p>the agenda. If the circumstances in Article 172-1, Paragraph 4 of the Company Act are proposed by a shareholder, the Board of Directors may not list it as a proposal. Shareholders shall submit proposals to urge the Company to promote public interests or fulfill its social responsibilities. From a procedural point of view, only one matter shall be allowed in each proposal pursuant to Article 172-1 of the Company Act. Where a proposal contains more than one matter, such proposal shall not be included in the agenda.</p> <p>Paragraphs 7, 8 and 9: Omitted</p>	
Article 9	<p>Calculation of number of shares present and meeting commencement Paragraph 1: Omitted When the noticed meeting time is up, the Chairman shall call the meeting to order immediately. Provided, however, that a majority of the total number of shares issued is not represented at the meeting, the Chairman may postpone the meeting. The postponement is limited to two times and the total delayed time shall not be more than one hour. If the quorum is not met after two postponements, the Chairman shall declare the meeting failed to be convened.</p>	<p>Calculation of number of shares present and meeting commencement Paragraph 1: Omitted At the time scheduled for the meeting, the Chairman shall immediately announce the meeting, and at the same time announce the relevant information such as the number of non-voting rights and the number of shares present. However, if no shareholders representing more than half of the total number of issued shares are present, the Chairman may announce a postponement of the meeting. However, there shall not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. If the quorum is not met after two postponements, the Chairman shall declare the meeting failed to be convened.</p>	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	Paragraphs 4 and 5: Omitted	Paragraphs 4 and 5: Omitted	
Article 14	<p>Elections</p> <p>When selecting a director in the meeting, the election of a director shall be conducted in accordance with the applicable election and appointment rules of the Company. The results of the election shall be announced on the spot immediately, including the names of the elected directors and the numbers of votes elected.</p> <p>Paragraph 2: Omitted</p>	<p>Elections</p> <p>When there is a director election in the shareholders' meeting, the election shall be conducted in accordance with the applicable election and appointment rules of the Company. The results of the election shall be announced immediately at the meeting on site, including the list of directors elected and the number of voting rights thereof, as well as the list of unelected directors and the number of voting rights thereof.</p> <p>Paragraph 2: Omitted</p>	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.
Article 20	<p>The shareholders' meeting agreed to implement these Rules on April 30, 2003.</p> <p>The first amendment was made on June 24, 2006.</p> <p>The second amendment was made on June 19, 2012.</p> <p>The third amendment was made on June 28, 2013.</p> <p>The fourth amendment was made on June 30, 2015.</p> <p>The fifth amendment was made on June 6, 2016.</p> <p>The sixth amendment was made on June 19, 2017.</p> <p>The seventh amendment was made on June 20, 2020.</p>	<p>The shareholders' meeting agreed to implement these Rules on April 30, 2003.</p> <p>The first amendment was made on June 24, 2006.</p> <p>The second amendment was made on June 19, 2012.</p> <p>The third amendment was made on June 28, 2013.</p> <p>The fourth amendment was made on June 30, 2015.</p> <p>The fifth amendment was made on June 6, 2016.</p> <p>The sixth amendment was made on June 19, 2017.</p> <p>The seventh amendment was made on June 20, 2020.</p> <p>The eighth amendment was made on August 13, 2021.</p>	Add amendment dates and number of times.

【Attachment 6】

Sinmag Equipment Corporation

Comparison Table for the Procedures for Election of Directors Before and After Revision

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 5	<p>The election of directors shall be conducted in accordance with the candidate nomination system set out in Article 192-1 of the Company Act. In order to review the qualifications of directors, their academic background and whether there are the circumstances listed in Article 30 of the Company Law, no other qualifications proof documents shall be arbitrarily added. The review results shall be submitted to shareholders for reference for the selection of suitable directors.</p> <p>If the dismissal of a director results in a board with less than five directors, the Company shall hold a by-election at the next shareholders meeting. However, when the number of directors fall short by one third of the total number prescribed in the Company's Articles of Incorporation, the Company shall call a temporary shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>If the number of independent directors is less than that stipulated in Article 14-2, Paragraph 1 of the Securities Exchange Act and the relevant provisions of the listing examination criteria of Taiwan Stock Exchange, or the specific criteria as prescribed in Article 10, Paragraph 1, Subparagraph 8 of the "Rules Governing the Review of Securities for Trading</p>	<p>The Company's election of Directors shall adopt the candidate nomination system in accordance with Article 192-1 of the Company Act.</p> <p>If the dismissal of a director results in a board with less than five directors, the Company shall hold a by-election at the next shareholders meeting. However, when the number of directors fall short by one third of the total number prescribed in the Company's Articles of Incorporation, the Company shall call a temporary shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>If the number of independent directors is less than that required by Article 14-2, Paragraph 1 of the Securities Exchange Act, new independent directors shall be elected at the most recent shareholders' meeting; When all the independent directors are dismissed, an interim meeting of shareholders shall be held to conduct a by-election within sixty (60) days from the actual date of occurrence.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.</p>

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	on the TPEX” of the Republic of China, they shall be re-elected at the most recent shareholder meeting; when all the independent directors are dismissed, they shall convene a shareholder’s provisional election by-election within 60 days from the date of the occurrence of fact.		
Article 10	If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder's account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the government or legal person shareholder is the votee, the name of the government or legal person should be included in the name column of the elected person in the electoral votes. The name of the government or legal person and the name of their representative shall also be included. When there are several representatives, the name of the representatives should be filled in separately.	Deleted	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.
Article 11	<p>Article 11</p> <p>An election vote is invalid in the following circumstances:</p> <p>(I) The ballot used is not prepared by the Board of Directors.</p> <p>(II) A blank ballot is put into the ballot box.</p> <p>(III) The writing is unclear and indecipherable or altered.</p> <p>(IV) Where the candidate is a shareholder, the candidate whose name and</p>	<p>Article 10</p> <p>An election vote is invalid in the following circumstances:</p> <p>I. The ballot was not prepared by parties entitled to convene the meeting.</p> <p>II. A blank ballot is put in the ballot box</p> <p>III. Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.</p> <p>IV. Where the name of candidate entered into the ballot is found not included in the candidate</p>	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.

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	<p>shareholder account number do not match with that in the shareholders' name book; where the candidate is a non-shareholder, the name and identity card number of the candidate is not consistent with each other.</p> <p>(V) There are other words, in addition to the candidate's account name (name) or shareholder account number (identity card number), and the number of voting rights allotted.</p> <p>(VI) The name of the candidate entered in the ballot is identical to that of another shareholder, with no shareholder account number or identity card number filled in the ballot.</p>	<p>list.</p> <p>V. A ballot with other words or marks are entered in addition to the number of voting rights allocated.</p>	
Article 12	<p>Article 12</p> <p>The ballots shall be counted on site immediately after the voting is completed. The results of the votes shall be announced by the Chairman on the spot immediately.</p> <p>The elected Directors shall be given a notice of the election by the Board of Directors of the Company.</p> <p>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the controller of ballot and kept properly and safely for at least one year. However, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be kept until the conclusion of the litigation.</p>	<p>Article 11</p> <p>Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors including the list of directors elected and number of votes shall be announced by the Chairman.</p> <p>Moved to Article 12</p> <p>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the controller of ballot and kept properly and safely for at least one year. However, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be kept until the conclusion of the litigation.</p> <p>Article 12</p> <p>The elected Directors shall be given a notice of the election by the Board</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.</p>

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
		of Directors of the Company.	
	Article 13 If there are any outstanding issues in the Regulations, the issue shall be handled in accordance with the provisions of the Company Act and the Company's Articles of Incorporation.	Deleted	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.
	Article 14 The Procedures shall be implemented after approval by the Shareholders' Meeting. The same procedure applies to amendments.	Article 13 The Procedures shall be implemented after approval by the Shareholders' Meeting. The same procedure applies to amendments.	Article amendment.
Article 15	Article 15 The shareholders' meeting agreed to implement these Rules on April 30, 2003. The first amendment was made on June 24, 2006. The second amendment was made on June 30, 2015. The third amendment was made on June 6, 2016. The fourth amendment was made on June 19, 2017.	Article 14 The shareholders' meeting agreed to implement these Rules on April 30, 2003. The first amendment was made on June 24, 2006. The second amendment was made on June 30, 2015. The third amendment was made on June 6, 2016. The fourth amendment was made on June 19, 2017. The fifth amendment was made on August 13, 2021.	Amendment to articles and addition of revision dates and times.