

Sinmag Equipment Corporation

2021 Annual Shareholders' Meeting

Meeting Handbook

Date: June 18, 2021

Address: Room A, 3F, No. 9, Wugong 6th Road, Wugu Dist., New Taipei City (New Taipei City Labor Activity Center)

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Sinmag Equipment Corporation
Meeting Procedure for the 2021 Annual General Shareholders' Meeting

- I. Call the Meeting to Order
- II. Chairman Remarks
- III. Report Items
- IV. Proposed Items
- V. Discussion Items
- VI. Extempore Motions
- VII. Adjournment

Sinmag Equipment Corporation
Agendas of 2021 Annual General Shareholders' Meeting

Time: 9:00 a.m., Friday, June 18, 2021

Address: Room A, 3F, No. 9, Wugong 6th Road, Wugu Dist., New Taipei City (New Taipei City Labor Activity Center)

- I. Call the Meeting to Order (Reporting number of shares attending)
- II. Chairman Remarks
- III. Report Items
 - 1. 2020 Business Report
 - 2. 2020 Audit Committee's Review Report
 - 3. 2020 Employees' and Director's Compensation Distribution Report
 - 4. Report on the amendments to the Rules of Procedure for Board of Directors' Meeting
- IV. Proposed Items
 - 1. To approve 2020 Business Report and Financial Statements
 - 2. To approve the proposal for 2020 Earnings Distribution
- V. Discussion Items
 - 1. Amendments to the Rules of Procedure for Shareholders' Meetings
 - 2. Amendment to the Procedures for Election of Directors
- VI. Extempore Motions
- VII. Adjournment

Report Items

I. To report 2020 Business Report

Explanation: For the Company's Business Report (2020), please refer to Attachment 1 on Page 10 to 17 of this meeting handbook.

II. To report 2020 Audit Committee's Review Report

Explanation: For the Audit Committee's Review Report (2020), please refer to Attachment 2 on Page 18 of this meeting handbook.

III. To report 2020 Employees' and Directors' Distribution Report

Explanation:

1. According to Article 29 of Articles of Incorporation, if the Company makes a profit in the year, 2% to 10% of the profits shall be allocated as Employees' compensation and no more than 5% of the profit as Directors' compensation. In the presence of the accumulated loss, the Company shall allocate an amount to recover such loss before allocating any employees' and Directors' compensation.
2. The Board of Directors resolved that the Company allocated NT\$11,245,194 as employees' compensation and NT\$4,947,757 as directors' compensation, and all were paid in cash.

IV. To report the amendments to the Rules of Procedure for the Board of Directors' Meeting

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, some provisions of the Rules of Procedure for the Board of Directors' Meeting were amended.

2. For the comparison table of the Rules of Procedure for the Board of Directors' Meeting before and after revision, please refer to Attachment 4 on Page 40 to 43 of this meeting handbook.

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. Business Report and financial statements for the year 2020, please refer to Attachment 1 on Page 10 to 17 and Attachment 3 on Page 19 to 39 of this meeting handbook.
3. Please proceed to the ratification of the proposed item.

Resolution:

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 is 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 confirms 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, 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:

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 on Page 44 to 46 of this meeting handbook.
3. It is hereby submitted for discussion.

Resolution:

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 on Page 47 to 50 of this meeting handbook.
3. It is hereby submitted for discussion.

Resolution:

Extempore Motions

Adjournment

【 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	97.32%	131.80%
		Pre-Tax income	98.10%	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>-</u>	<u>1,731</u>	<u>-</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>-</u>	<u>181</u>	<u>-</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>-</u>	<u>378</u>	<u>-</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>-</u>	<u>4,652</u>	<u>-</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			Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	Share Capital	Capital Surplus	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
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	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings							
			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 June 18, 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>

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	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.

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<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 June 18, 2021.	Amendment to articles and addition of revision dates and times.

【Appendix 1】

Sinmag Equipment Corporation

Articles of Incorporation

Chapter I	General Provisions
Article 1	The Company is organized in accordance with the provisions of the Company Act, and is named as Sinmag Equipment Corporation.
Article 2	<p>The Company's businesses are as follows:</p> <ol style="list-style-type: none">1. F113010: Wholesale of Machinery2. F213080: Retail Sale of Machinery and Equipment3. CB01010: Machinery and Equipment Manufacturing4. F401010: International Trade5. ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Article 3	The Company has its head office in New Taipei City. If necessary, it may set up branches in Taiwan and abroad after the resolution of the Board of Directors and the approval of the competent authority.
Article 4	The announcement method of the Company shall be made in accordance with the provisions of the Company Law and the competent authority.
Article 5	The Company may act as a guarantor for other party upon the Board of Directors' resolution if necessary for its operations.
Article 6	The total foreign investment of the Company is not subjected to the limit of 40% of the paid-in capital as stipulated in Article 13 of the Company Act, and the Board of Directors is authorized to execute.
Article 6-1	When a public issue of shares is proposed to be revoked, the Company shall propose to the shareholders' meeting for resolution and this article shall not be changed during listing period.
Chapter II	Shares
Article 7	The total capital of the Company is NT\$600 million, divided into 60,000,000 shares, at NT\$10 each. The Board of Directors is authorized to issue the Company's shares in installments according to the business of the Company. Within the aforementioned capital, NT\$21,000,000 divided into 2,100,000 shares at a par value NT\$10, is for employee stock options.
Article 7-1	According to Article 56-1 of Regulations Governing the Offering and

Issuance of Securities by Securities Issuers and Article 10-1 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company shall issue the employee's executive stock option at the price lower than the closing price of the Company's common stock in the issuing date and repurchase the treasury stock at an average price lower than average price of the actual share redemption price, and transfers it to the employee, with the consent of more than two-thirds of the voting rights of the shareholders present in the shareholders' meeting by shareholders representing more than half of total number of voting shares.

Article 8 The Company's shares are registered, and shall be signed or stamped by three or more directors, and shall be affixed with the logo and number of the Company, and shall be issued upon signing by competent authority or the issuing agency approved by the competent authority according to the Law.

When the Company issues new shares, it is exempted from printing stocks, but it should be registered with the securities centralized depository institutions. The same procedures shall be followed for other securities.

Article 9 Administration of shareholder service shall be in accordance with Regulations Governing the Administration of Shareholder Service of Public Companies and relevant laws and regulations issued by the competent authority.

Article 10 Registration for transfer of shares shall be suspended 60 days before the date of regular shareholders' meeting, within 30 days before the date of extraordinary shareholders' meeting or within five days before the record dates for distribution of dividends, bonuses or other benefits of the Company.

Chapter III Shareholders' Meeting

Article 11 The shareholders' meeting of the Company shall be of two types, namely extraordinary meeting and temporary meeting. The regular meeting is held once a year and within six months after the end of each fiscal year. The extraordinary meeting shall be convened in accordance with the relevant laws when necessary.

Article 12 The shareholders' meeting shall be convened by the Board of Directors and chaired by the Chairman. When the Chairman is absent, the Chairman shall designate one director as his representative. If no representative is designated, the directors shall elect one director to act as Chairman. When a meeting is convened by any other person having the convening right, the Chairman shall be the convener. If the conveners have one or more persons,

- the Chairman shall be elected among themselves.
- Article 13 The date, place and cause of the meeting shall be notified to the shareholders 30 days before the date of the shareholders' meeting, and 15 days before the date of the extraordinary shareholders' meeting.
- The notice of the convening of the shareholders' meeting may be delivered in electronic transmission after obtaining consent from the recipients.
- For the shareholders holding less than 1,000 shares of registered shares, the convening notice of the shareholders' meeting may be notice by announcing on Market Observation Post System.
- Article 14 A shareholder who is unable to attend a shareholders' meeting, he/she may appoint a proxy to attend the meeting by providing a power of attorney printed by the Company specifying the scope of authorization, or by electronic means. In addition to the provisions of the Company Act, the procedure for proxy for attendance of the shareholders shall be in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Company promulgated by the competent authority.
- Article 15 The shareholders' meeting of the Company shall be in accordance with the "Rules of Procedures for Shareholders' Meetings" unless otherwise stipulated by law.
- Article 16 Shareholders of the Company have one vote per share and may be exercised in writing or electronically. However, this restriction does not apply to any non-voting shares having a restricted right or those with non-voting right under Article 179, Paragraph 2 of the Company Act.
- Article 17 Resolution at a shareholder's meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of shareholders present, who represent more than half of the total voting shares.
- Article 18 The resolution of the shareholders' meeting shall be recorded in the minute. The minute shall be made in accordance with Article 183 of the Company Act.
- Chapter IV Directors and Audit Committee
- Article 19 The Company shall be seven to nine directors, who shall be elected by the shareholders' meeting from among the persons with disposing capacity, with a term of three years. They shall be eligible for re-election. The election of directors of the Company adopts a cumulative voting system. Each share has the same voting rights as the number of directors to be elected. One

person may be collectively elected, or several persons may be allocated for election. The person represented by more votes will be elected as directors.

Article 19-1 The Company shall appoint Independent Directors in the abovementioned Directors in accordance with Article 14-2 of the Securities and Exchange Act. Independent directors shall not be less than three in numbers, and not less than one-fifth of the number of directors.

The election and appointment of directors of the Company shall be subject to the system of nomination of candidates under Article 192-1 of the Company Law, and directors shall be elected by shareholders on the list of candidates for directors. The matters to be complied with in relation to the independent directors shall be handled in accordance with the provisions of the Company Act and the securities competent authority.

Article 19-2 The Company shall establish an audit committee, which shall consist of all independent directors in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee is responsible for the implementation of the functions and powers of the supervisor stipulated in the Company Act, the Securities and Exchange Act and other laws. The audit committee shall be composed of all independent directors and the relevant organizational rules are determined by the resolutions of the Board of Directors.

Article 20 When the vacancy of positions of directors reaches one third, the Board of Directors shall convene an extraordinary shareholders' meeting within 60 days for a by-election, and the term of office shall be limited to the period of replenishment of the original term.

Article 21 When a director's term expires and another director cannot be elected in time, he or she shall extend his or her duties until the re-elected director takes office.

Article 22 The Board of Directors' meeting is organized by the directors and shall be attended by more than two-thirds of the directors, among whom the Chairman of the board shall be elected with the consents of more than one-half of the directors. The Chairman of the Board of Directors represents the Company.

Article 23 Except for the first meeting of each term of the Board of Directors shall be convened in accordance with Article 203 of the Company Act, any meeting of the Board of Directors shall be convened by the Chairman who also serves as Chairman of the Board of Directors' meeting. Except as otherwise stipulated in the Company Act, the resolutions of the Board of Directors shall be attended by more than half of all the directors shall obtain the

consents of more than half of the directors present. If a director is unavailable to attend the Board of Directors' meeting in person for some reasons, he/she may issue a power of attorney to entrust another director to attend the meeting on his/her behalf in accordance with Article 205 of the Company Act. However, the proxy may only be entrusted by one person.

When the Board of Directors' meeting is in the form of a video conference, the directors attending the meeting by video are deemed to be present in person.

When convening of the Board of Directors' meeting of the Company, the reasons shall be stated and the directors shall be notified seven days before the meeting. However, in the event of an emergency, the meeting may be convened at any time. When convening of the Board of Directors' meeting of the Company, the directors shall be notified in writing, e-mail or fax.

Article 24 When the Chairman of the Board of Directors asks for leave or fails to perform his duties for any reason, the Chairman of the Board of Directors shall appoint one of the directors to be the proxy. If the Chairman does not appoint a proxy, the directors shall recommend a director as the Chairman.

Article 24-1 The remuneration of all directors shall be determined by the Board of Directors according to the degree of directors' participation in the operation of the Company and their contribution, and shall be determined by reference to the standard of the industry.

Article 24-2 The Company shall purchase directors and officers liability insurance for its directors during their term.

Article 25 The board of directors' functions and responsibilities are as follows:

- I. Examination and review of operational policy and medium-term and long-term development plans.
- II. Review and supervision of the annual business plan.
- III. Review of the budget and final accounts.
- IV Review of capital increase/decrease plans.
- V. Examinations of earnings distribution or deficit compensation.
- VI. Review and approval of important external contracts.
- VII .Review of the Company's Articles of Incorporation or its amendments.
- VIII.Review of the Company's organizational rules and important business rules.

	IX. Review and approve the branch's establishment, reorganization or cancellation.
	X. Approval of major capital expenditure plans.
	XI. Appointment and discharge of general manager.
	XII. Implementation of resolutions of the shareholders' meeting.
	XIII. Review of matters submitted by general manager.
	XIV. Convening of shareholders' meetings and preparing business reports.
	XV. Other business that shall be handled according to the law.
Article 26	Deleted.
Chapter 5	Executive Officers
Article 27	The Company has a general manager whose appointment, discharge and remuneration shall be in accordance with Article 29 of the Company Act.
Chapter VI	Accounting
Article 28	<p>The Company's fiscal year begins on January 1 and ends on December 31. After fiscal year, the Board of Directors shall prepare the following reports and submit to the regular meeting of shareholders for audit and approval in accordance with legal procedures.</p> <p>I. Business Report</p> <p>II. Financial Statements</p> <p>III. Proposal for Earnings Distribution and Deficit Compensation</p>
Article 29	<p>The Company shall appropriate 2% to 10% of the net income before tax of the fiscal year as employees' compensation and no more than 5% of the bonus to director from the current pre-tax profit before the appropriation of employee bonus and directors' bonus. The employees' compensation will be distributed in shares or cash by the resolution of the board of directors. The employees of the subordinate companies that meet certain conditions set by the Board of Directors may be granted such compensation. Directors compensation shall be paid in cash. The preceding two paragraphs shall be determined by the resolution of Board of Directors and reported to the shareholders' meeting. Where the Board of Directors has decided to reward employees in the form of shares, the same resolution may decide whether it will be made by issuing new shares or by buying off one's own shares.</p> <p>The Company shall reserve the amount of compensations in advance if there is cumulative deficiency before appropriating employees' and directors'</p>

compensation in accordance with the aforementioned percentage.

- Article 29-1 If there is a net profit after tax in the Company's annual final accounts, they shall be first appropriated to make up for the accumulated losses (including adjusting the retained surplus amount), and then appropriate 10% as legal capital reserve according to law, unless the legal capital reserve has reached the paid-up capital of the Company. Then, the Company shall set aside or reverse special reserve according to the regulations or the competent authority; the remaining surplus, together with the opening retained surplus (including adjustment of the retained surplus amount), shall be proposed by the Board of Directors with a surplus distribution proposal, and the shareholders' meeting shall propose the resolution of appropriation of the dividends of the shareholders.

The Company's dividend policy shall be determined pursuant to factors, based on the current and future development plans, the investment environment, capital needs and domestic and international competitive situation, and the interests of shareholders, etc., The Company shall appropriate no less than 20% of the retained earnings available for distribution. The dividends may be paid in cash or stock, and the cash dividends shall not be less than 20% of the total dividends.

Chapter VII Supplementary Provisions

- Article 30 The Company's organizational rules and regulations shall be stipulated separately by the Board of Directors.

- Article 31 Matters not specified in the Articles of Incorporation shall be handled in accordance with the provisions of the Company Act and the relevant laws and regulations.

- Article 32 The first amendment was made on September 15, 1983.
The second amendment was made on October 8, 1984.
The third amendment was made on September 12, 1985.
The fourth amendment was made on September 17, 1991.
The fifth amendment was made on July 9, 1995.
The sixth amendment was made on February 18, 1997.
The seventh amendment was made on May 14, 1997.
The eighth amendment was made on March 29, 2002.
The ninth amendment was made on November 20, 2003.
The tenth amendment was made on June 16, 2004.

The eleventh amendment was made on June 25, 2005.
The twelfth amendment was made on June 24, 2006.
The thirteenth amendment was made on May 30, 2007.
The fourteenth amendment was made on June 13, 2008.
The fifteenth amendment was made on June 16, 2009.
The sixteenth amendment was made on June 17, 2010.
The seventeenth amendment was made on June 19, 2012.
The eighteenth amendment was made on June 28, 2013.
The nineteenth amendment was made on June 23, 2014.
The twentieth amendment was made on June 30, 2015.
The twenty-first amendment was made on June 6, 2016.
The twenty-second amendment was made on June 19, 2017.
The twenty-third amendment was made on June 13, 2018.
The twenty-fourth amendment was made on June 14, 2019.

Sinmag Equipment Corporation

Chairman: Hsieh, Shun-Ho

【Appendix 2】

Sinmag Equipment Corporation

Rules of Procedure for the Board of Directors' Meetings

- Article 1 (Basis for the adoption of these Rules)
- To establish a strong governance system and sound supervisory capabilities for the Company's Board of Directors and to strengthen management capabilities, these Rules are adopted pursuant to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.
- Article 2 (Scope of these Rules)
- Meeting regulations, the main agenda, operational procedures, particulars to be specified in the meeting minutes, public announcements, and other compliance matters shall be handled in accordance with the Rules and Procedures of Directors' Meetings.
- Article 3 (Convening and notice of Board meetings)
- The Company's Board of Directors' meeting shall be convened quarterly.
- The reasons for calling a Board meeting shall be notified to each Director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.
- The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.
- All matters set out in the subparagraphs of Article 12, Paragraph 1, shall be specified in the notice of the reasons for calling a Board of Directors meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason.
- Article 4 (Meeting notification and meeting materials)
- The designated unit responsible for the Board meetings of the Company shall be the Chairman's Office.
- The agenda working group shall prepare agenda items for Board meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.
- If Directors consider the meeting materials to be insufficient, they may request the unit in charge to provide supplementary information. If Directors consider the materials concerning the proposals to be insufficient, the deliberation may be postponed upon a resolution of the

Board.

Article 5 (Preparation of attendance book and other documents; attendance by proxy)

When a Board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

All Board directors shall attend Board meetings in person; if attendance in person is not possible, they may, pursuant to the Company's Articles of Incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

A Director who appoints another Director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

A proxy under Paragraph 2 may accept a proxy from one person only.

Article 6 (Principles for determining the place and time of a Board meeting)

A Board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding Board meetings.

Article 7 (Chairman and deputy of directors' meeting)

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.

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.

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 Director to serve as a proxy. If the Chairman does not appoint a proxy, the Directors shall elect one from among themselves.

Article 8 (Reference materials, non-voting participants, and holding Board meetings)

When a Board meeting is held, the departments in charge of financial affairs shall furnish the attending directors with relevant materials for ready reference.

When convening a directors' meeting, the Company may, in view of the meeting agenda, notify personnel of the relevant departments or subsidiaries to attend the meeting as guests.

If necessary, the CPAs, lawyers or other professionals may also be invited to be present at the meeting and provide explanations. However, they shall excuse themselves during discussion and voting.

When a majority of the directors have arrived near the appointed meeting time, the Chairman may call the meeting to order.

If one-half of all the directors are not in attendance at the appointed meeting time, the Chairman may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, Paragraph 2.

The term the directors as referred to in the preceding paragraph and in Subparagraph 2, Paragraph 2, Article 16, refer to the directors actually in office.

Article 9 (Documentation of a Board meeting by audio or video)

Proceedings of a Board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of five years. The record may be retained in electronic form.

If litigation arises from the matters resolved in the Board meetings before the above retention period expires, the relevant audio or video recordings shall be retained until the litigation is concluded.

If the Board meeting is convened by video conference, its video and audio recordings shall be part of the meeting minutes and shall be retained throughout the life of the Company.

Article 10 (Agenda items)

Agenda items for regular Board meetings of the Company shall include at least the following:

I. Report items:

- (I) Meeting minutes of the last Board meeting and implementation status.

- (II) Reporting on important financial and business matters.
- (III) Reporting on internal audit activities.
- (IV) Other important items to be reported.

II. Discussion:

- (I) Items discussed and continued from the last meeting.
- (II) Items to be discussed at this meeting.

III. Extempore and Motions

Article 11

(Discussion of proposals)

The Board of Directors of the Company shall conduct a meeting according to the agenda as specified in the meeting notice. However, the agenda may be changed if approved by the majority of attending Directors.

The Chairman may not announce the adjournment of the meeting before the completion of agenda unless agreed by the majority of attending Directors.

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.

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 assessment of the effectiveness of the internal control system.
- 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.

- V. Offering, issuance or private placement of any equity based securities.
- VI. Appointment or discharge of a finance manager, accounting manager or Chief Auditor.
- 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.
- 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 meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in Subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term within one year in the preceding paragraph means one year calculated retrospectively from the date on which the current Board meeting is held. The part for which the Company has obtained approval from the Board shall not be included.

At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a Board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. When an Independent Director has a dissenting or qualified opinion, it shall be noted in the minutes of the Board Meeting. If the Independent Director cannot attend the Board Meeting in person to voice his/her dissenting or qualified opinion, unless there are justifiable reasons for failure to do so, he/she shall provide a written opinion in advance, and the opinion shall be noted in the minutes of the Board Meeting.

Article 13

(Voting-I)

The Chairman shall give the opportunity to fully explain and discuss the

proposals. When the Chairman is of the opinion that a proposal has been sufficiently discussed to a degree of putting to a vote, the Chairman may announce the discussion closed and bring the proposal to vote.

When a proposal comes to a vote at a Board meeting, if the Chairman puts the matter before all Directors present at the meeting and none voices an objection, the matter is deemed approved. If objection is voiced when enquired by the Chairman, the matter shall be put to a vote.

The Chairman shall decide to adopt which of the following voting methods. In case of a dissent by an attendee, the voting method shall be decided by a majority of the attending directors.

- I. Vote by raising hands.
- II. By voicing votes.
- III. By casting ballots.
- IV. Methods adopted by the Company.

All Directors present at the meeting mentioned in the preceding paragraph shall not be a Director who is not entitled to exercise voting rights pursuant to Paragraph 1, Article 15.

Article 14 (Voting-II and methods for vote monitoring and counting)

Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a Board meeting shall require the approval of a majority of the directors in attendance at a Board of Directors meeting attended by a majority of all directors.

When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide which shall be put to a vote first. If one of the above proposals is approved by vote, the rest is deemed rejected, and no further vote is required.

If the voting requires ballot supervisors and ballot counters, the Chairman shall appoint those personnel. The ballot supervisors shall be Directors.

The voting results shall be announced immediately at the meeting and recorded in the minutes.

Article 15 (Recusal system for directors)

Where any item on the agenda results in conflicts of interest with any Director or the corporation represented by the Director, the Director shall state the important aspects of the interested party relationship at the Board meeting; if the said interest is harmful to the interests of the Company, the Director shall not participate in and shall avoid discussion and voting and

shall not represent other Directors as a proxy to exercise their voting rights.

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.

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.

Article 16 (Meeting minutes and sign-in matters)

Minutes shall be prepared of the discussions at Board meetings. The meeting minutes shall record the following:

- I. The meeting session (or year) and the time and place of the meeting.
- II. Name of the Chairman.
- III. Directors' attendance status, including names and numbers of Directors who are present, on leave, and absent.
- IV. Names and titles of non-voting attendees.
- V. Name of the minute taker.
- VI. Report Items.
- VII. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, Paragraph 4.
- VIII. Extempore and motions: Name of proposer, the voting method, and result of each proposed resolution; speech summary of Directors, professionals and other persons; name of Director having a personal interest pursuant to the Paragraph 1 of the preceding article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstances of recusal and objections or reservations which are on the record or in writing.

VIII Other matters that shall be recorded.

Any of the following matters in relation to a resolution passed at a meeting of the Board of Directors shall be stated in the meeting minutes and be published on an information reporting website designated by the competent authority within two days of the meeting:

- (I) Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
- (II) A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the Audit Committee of the Company.

The attendance book of the Board meeting is a part of the meeting minutes and shall be retained throughout the life of the Company.

The minutes of a Board meeting shall bear the signature or seal of both the meeting Chairman and the minute taker; a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company.

The production and distribution of the meeting minutes referred to in Paragraph 1 may be done in electronic form.

Article 17

(Principles with respect to the delegation of powers by the Board)

Except for matters that shall be submitted to the Board of Directors for deliberation as mentioned in Article 12, Paragraph 1, when the Board of Directors is in recess, it may authorize others to exercise its powers in accordance with the relevant laws and regulations or the Articles of Incorporation. However, the level of authorization or the content or matters to be authorized shall be clearly specified, and general authorization is not permitted.

Article 18

(Supplementary provisions)

These Rules of Procedure shall be adopted by the approval of meeting of the Board of Directors and shall be reported to the Shareholders Meeting. The Board of Directors may be authorized to adopt, by resolution, any future amendments to these Rules.

【Appendix 3】

Sinmag Equipment Corporation

Rules of Procedure for Shareholders' Meetings

Article 1: Basis of the Rules

To establish a sound governance system and strengthen the supervisory and management functions for the Company's shareholders' meeting, the Rules are formulated in accordance with the Code of Practice of the Corporate Governance for TWSE/TPEX Listed Companies.

Article 2:

The rules of procedure for the Company shareholders' meetings, except as otherwise provided by law or the Articles of Incorporation, shall be in accordance with the provisions of these Rules.

Article 3: Notices of Shareholders' Meeting

Unless otherwise provided by law, the shareholders' meeting of the Company shall be convened by the Board of Directors.

The Company shall, 30 days prior to the regular shareholders' meeting, or 15 days prior to the extraordinary meeting of shareholders, make electronic files of the notice of meeting, the power of attorney, the cause of action and explanatory materials on various motions concerning admission, discussion, appointment or removal of directors, and other relevant information and send it to the Market Observation Post System (MOPS). And 21 days before the regular shareholders' meeting or 15 days before the extraordinary shareholders' meeting, and an electronic file of the agenda handbook and supplementary information shall be sent to the Market Observation Post System (MOPS). 15 days before the shareholders' meeting, the shareholders' meeting agenda handbook and supplementary information shall be prepared for shareholders to obtain a timely request and displayed in the Company and the Company's professional shareholder services agency, and they shall be distributed at the meeting.

The reasons for convening meeting and public announcements shall be stated in the meeting notice. With the consent of addressees, the meeting notice may be given in electronic form.

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.

The reasons for the convening of the shareholders' meeting have indicated the full re-election of directors and the date of taking office. After the re-election of the shareholders' meeting is completed, the date of taking office shall not be changed by temporary motion or other means at the same meeting.

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 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.

Prior to the book closure date before a General Shareholders' Meeting is held, the Company shall publicly announce that it will receive shareholder proposals, written or electronic acceptance and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

A proposal submitted by a shareholder shall be limited to 300 words and proposals exceeding 300 words shall not be included in the agenda. A shareholder who submitted a proposal shall attend the general shareholders' meeting in person or by proxy, and shall participate in the discussion of the proposal.

The Company shall notify the shareholders of the results before the date of the notice of the meeting, and shall include the resolutions stipulated in this Article in the notice of the meeting. For proposals by shareholders that are not included in the agenda, the board shall explain the reasons in the shareholders' meeting.

Article 4: Proxy Attendance and Delegation of Authority

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing a power of attorney issued by the Company, stating the scope of the proxy's authorization.

A shareholder shall issue a power of attorney, limited to one person, which shall be delivered to the Company five days prior to the date of the shareholders' meeting. When a written proxy is delivered, whichever one received first shall prevail. However, this restriction does not apply to the withdrawal of prior proxy declaration.

After the power of attorney is delivered to the Company, if a shareholder wishes to attend a shareholders' meeting in person or exercise his/her voting rights in writing or electronically, he shall, two days prior to the shareholders' meeting, issue the Company a written notice regarding the withdrawal of the proxy. In case of late cancellation, the voting right exercised by the proxy shall be adopted.

Article 5: Principle of Convening Shareholders' Meeting

The place of a shareholders' meeting shall be the Company location or a place where all shareholders are easy to attend. The meeting shall be held at a venue after 9 AM or not later than 3 PM. The meeting shall be held in a place agreed by all shareholders.

Article 6: Preparation of Sign-in Book and Other Documents

The notice of meeting of the Company shall state the time and place of registration to shareholders, and other matters needing attention.

The registration time of shareholders mentioned in the preceding paragraph shall be at least 30 minutes before the meeting begins. There shall be clear signs at the registration area and adequate personnel shall be designated for handling the registration procedure.

Shareholders or proxies (hereinafter referred to as the shareholders) shall attend the shareholders' meeting. The Company shall not offer a written record of the shareholders' meeting. The Company shall not request the shareholders to attend the meeting for the purpose of providing for the request of the proxy documents; the solicitors who are soliciting by the solicitors shall bring their identification documents for verification.

The Company shall prepare an attendance book for attending shareholders, or attending shareholders submit the attendance cards in lieu of signing.

The Company shall furnish attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips and other meeting materials. Where there is an election of directors (including independent directors), pre-printed ballots shall also be furnished.

When a government unit or a judicial person is a shareholder, a representative of a shareholder attending a meeting is not limited to one. When a juristic person is appointed to attend a shareholders' meeting, it may designate one person to attend the meeting.

Article 7: Chairman and Chief Executive Officer

If a shareholder is convened by the Board of Directors, the Chairman shall be the Chairman of the board. If the Chairman asks for leave or cannot exercise his/her power for some reason, the vice chairman shall act as his/her proxy. If there is no

vice chairman or if the vice chairman asks for leave or cannot exercise his/her power for some reason, the Chairman shall appoint a managing director to act as his/her proxy. If there are no managing directors, the Chairman shall appoint a director to act as his/her proxy. Where the Chairman of the board has not appointed a proxy, the managing director or the directors shall appoint one person as Chairman among themselves.

The Chairman referred to in the preceding paragraph shall be the managing director or director who serves for six months or more, and understand the Company's financial operations. The same rules will prevail to the Chairman who is the proxy of the judicial person.

Shareholders' meetings convened by the Board of Directors shall be held by Chairman of the board. The Chairman shall be held by a majority of the Directors, and a majority of the functional committee members shall be present at least one-half of the Board and the attendance record shall be recorded in the minute book.

If a shareholders' meeting is convened by a convener other than the Board of Directors, the convener shall be the Chairman. If there are two or more conveners, they shall elect one chairman from among themselves.

The Company may designate its attorneys, certified public accountants, or related persons to attend the shareholders' meeting.

Article 8: Recording of the Shareholder's Meeting

The Company shall, upon receiving the shareholders' report, keep recording the entire shareholders' meeting, the proceedings and the counting of voting.

The aforementioned video information shall be kept 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.

Article 9: Calculation of the Number of Shares

Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of attended shares shall be calculated according to the number of shares issued by the Company and sign-in cards, plus the number of shares that may be exercised in writing or electronically.

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.

If the aforementioned two postponements still fail according to the preceding paragraph, if the number of shares that represent more than one-third of the total number of issued shares is still less than one-third of the total number of issued shares, the tentative resolution may be determined as a tentative resolution in accordance with Article 175-1 of the Company Act, and the shareholders will be notified of the tentative resolution for each one month to convene a new meeting within one month.

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

Article 10: Proposal Discussion

If the shareholders' meeting is convened by the Board of Directors, its agenda shall be determined by the Board of Directors. Relevant motions, including temporary motions and amendments to the original motion, shall be decided by vote. The meeting shall be held according to the determined agenda and shall not be changed without the resolution of the Board of Shareholders.

The provisions of the preceding paragraph apply to a shareholders' meeting convened by a convener other than the Board of Directors.

Before the end of the proceedings (including provisional motions), the Chairman shall not announce the adjournment of the meeting without a resolution. If the Chairman violates the rules of procedure and announces the adjournment, the other members of the Board of Directors shall promptly assist the attending shareholders to elect another Chairman and continue the meeting with the consent of more than half of the voting rights of the shareholders present.

The Chairman shall give the opportunity to fully explain and discuss the proposals, as well as the amendments or motions proposed by the shareholders. When the Chairman is of the opinion that a proposal has been sufficiently discussed to a degree of putting to a vote, the Chairman may announce the discussion closed and bring the proposal to vote. The Chairman shall also allocate sufficient time for voting.

Article 11: Shareholder's Speech

Before speaking, an attending shareholder must fill in a speaker's slip specifying the subject of the speech, the shareholder account number (or attendance card number) and account name, and the sequence of the speech shall be determined by the Chairman.

A shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Each shareholder shall not speak more than twice on the same proposal without the consent of the Chairman, and shall not speak for more than five minutes at a time. The chairman shall stop the shareholder from speaking if the shareholder violates the regulations or exceeds the scope of the topic.

When a shareholder attends the meeting, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chairman. The Chairman has the right to stop any violation.

When a judicial person shareholder appoints two or more representatives to attend the shareholders' meeting, only one of the representatives for the same proposal may speak.

After the shareholders' speech, the Chairman may respond in person or designate relevant personnel to respond.

Article 12: System of Calculation and Withdrawal of the Number of Voting Shares

Voting at a shareholders' meeting shall be calculated based on the number of shares.

Resolutions of the board of shareholders regarding the number of shares of non-voting shareholders shall not be counted as the total number of shares issued.

When a shareholder's interest in the meeting may lead to damage to the interests of the Company, the shareholder shall not vote and shall not exercise his voting rights on behalf of other shareholders.

The number of shares unexecuted voting rights under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

When a person accepts the entrustment of more than two shareholders at the same time, the voting rights of the person acting shall not exceed 3% of the total number of shares issued, except for trust undertakings or the stock agency approved by the regulator. If the voting rights exceed 3%, the voting rights representing the exceeding part shall not be counted.

Article 13: Voting, Monitoring and Counting Methods

A shareholder shall be entitled to one vote per share, except the non-voting shares under Article 179, Paragraph 2 of the Company Act.

When the Company convenes a shareholders' meeting, shareholders shall exercise their voting rights by electronic means and may exercise their voting rights in writing. The method for exercising voting rights in writing or by electronic means shall be indicated in the notice of shareholders' meeting. A shareholder exercising voting rights in writing or electronically shall be deemed to have attended the meeting in person. However, in respect of the extempore and motions and amendments to the original proposals of that meeting, the shareholder shall be deemed to have waived

his/her rights and it is therefore advisable that the Company avoid the submission of provisional motions and amendments to the original proposals.

A shareholder intending to exercise voting rights in writing or electronically as stated in the preceding paragraph, its intention shall be delivered to the Company two days before the shareholders' meeting. When a duplicate declaration is delivered, whichever one is received earlier shall prevail. However, those who express their intention before revoking the declaration shall not be subject to this restriction.

If a shareholder wishes to attend a shareholders' meeting in person after the exercise of his voting rights in writing or electronically, the shareholder shall, two days prior to the meeting of shareholders' meeting, cancel his intention to exercise the voting rights referred to in the preceding paragraph in the same manner as he exercised his voting rights; in case of late cancellation, the voting right shall be exercised in writing or electronically. Where a shareholder is entitled to exercise voting rights in writing or electronically and a proxy is appointed to attend a shareholder's meeting, the voting right exercised by the proxy shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, a proposal shall be adopted by a majority of the attending shareholders who attend a meeting. At the time of a vote, the Chairman or designated personnel shall announce the total number of voting rights represented by the attending shareholders, and the shareholders shall then conduct the vote for each proposal case by case. On the same day, the meeting is held, the results of consent, objection or abstentions for each proposal shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide which shall be put to a vote first. If one of the proposals has been passed, the other proposals shall be deemed rejected, and no further voting shall be required.

The Chairman shall appoint the controller of ballot and counting personnel for the votes. However, the controller of ballot shall be one of the shareholders.

Vote counting or election of the meeting shall be conducted at an open public at the venue of the shareholders' meeting. After counting, the results of voting shall be announced on the spot immediately after counting and recording.

Article 14 Election

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.

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.

Article 15: Minutes and Signatures of Meetings

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chairman of the meeting and a copy distributed to each shareholder within 20 days after the termination of the meeting. The production and distribution of the meeting minutes may be effected by electronic means.

The distribution of the meeting minutes as described in the preceding paragraph can be done through a public announcement on the Market Observation Post System.

The minutes of the meeting shall be recorded in accordance with the year, month, day, place, name of the Chairman, method of resolution, essentials of the meeting process and voting results (including the statistical votes). When there is an election of directors, the number of votes obtained by each candidate shall be disclosed. It shall be kept permanently for the duration of the Company.

Article 16: Announcements

The Company shall compile a statistical statement of the number of shares obtained by solicitors and the number of shares on behalf of the proxies at the date of a shareholders' meeting, and shall disclose the details in the meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: Rank and Security

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The Chairman may direct the inspectors or security personnel to help maintain order at the meeting place. The pickets or security personnel shall wear armbands with the word "Picket" when maintaining order.

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the Chairman may stop the shareholder from so doing.

If the shareholder violates the rules of procedures and defies the Chairman's instruction, and obstructs the proceedings and refuses to stop, the Chairman may direct the pickets or security personnel to escort the shareholder out of the venue.

Article 18: Break and Resume of Meeting

When the meeting is held, the Chairman may announce a break. When an unpreventable event occurs, the Chairman may decide to temporarily suspended the meeting and announce the time for the meeting to be resumed depending on the conditions.

The board of shareholders may decide to find another venue to continue the meeting if the venue cannot be used at that time before the end of the agenda (including provisional motions) scheduled by the board of shareholders.

The shareholders' meeting shall be postponed or renewed within five days in accordance with Article 182 of the Company Law.

Article 19:

These Rules shall be implemented after approval by the shareholders' meeting. The same procedure applies for amendments.

Article 20:

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 19, 2012.

The third amendment was made on June 28, 2013.

The fourth amendment was made on June 30, 2015.

The fifth amendment was made on June 6, 2016.

The sixth amendment was made on June 19, 2017.

The seventh amendment was made on June 20, 2020.

【Appendix 4】

Sinmag Equipment Corporation
Procedures for Election of Directors

Article 1:

To select directors fairly, justly and publicly, this procedure shall be formulated in accordance with the Code of Practice for Listed Over-the-counter Corporate Governance.

Article 2:

Except as otherwise stimulated by law or the Articles of Incorporation, elections of the directors of the Company shall be conducted in accordance with this Procedure.

Article 3:

The selection of directors of the Company shall take into account the overall configuration of the Board of Directors. The composition of the Board of Directors shall be in a diversified manner and appropriate diversification guidelines should be developed for its own operations, operational style and development needs, including but not limited to the following two standards:

- I. Basic conditions and values, including gender, age, nationality and culture etc.
- II. Professional knowledge skills, including professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills and industry experience etc.

All members of the Board of Directors shall possess the knowledge, skills and literacy required to perform their duties. The overall abilities of the board shall be as follows:

- I. Business judgment ability
- II. Accounting and financial analysis ability.
- III. Business management ability.
- IV. Crisis management ability.
- V. Knowledge of the industry.
- VI. International market perspective.
- VII. Leadership.
- VIII. Decision-making ability.

The directors shall have more than half of the seats and shall not be a spouse or a relative within the second degree of kinship.

The Board of Directors of the Company shall adjust the composition of the Board of Directors according to the results of performance evaluation.

Article 4:

The qualifications of the independent directors of the Company shall be in accordance with the provisions of the “Measures for the Establishment of Independent Directors of Public Offering Companies and Measures to Be Followed.”

The election of independent directors of the Company shall be in compliance with the provisions of the “Measures for the Establishment of Independent Directors of Public Offering Companies and Measures to Be Followed,” and shall be implemented in accordance with the “Code of Practice for Listed Over-the-counter Corporate Governance.”

Article 5:

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.

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.

If the number of independent directors is less than that stimulated 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 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 6:

The cumulative voting system shall be adopted for the election of directors. Each share shall have the same voting rights as the number of directors to be elected. One person may be collectively elected, or several persons may be allocated for election.

Article 7:

The board of directors shall prepare electoral votes equal to the number of directors to be elected, fill in their weights, and distribute to the shareholders presenting at the shareholders' meeting. The name of the voters shall be replaced by attendance card number printed on electoral votes.

Article 8:

The directors of the Company shall, in accordance with the quotas set out in the Articles of Incorporation, calculate the voting rights of the independent directors and the non-independent directors respectively. The winners of the election votes shall be elected in turn, and if more than two persons have the same number of votes and exceed the prescribed quota, they shall be determined by drawing lots for those who have the same votes, and the Chairman shall draw lots for those who is not present.

Article 9:

Before the beginning of the election, the Chairman shall appoint a number of controller of ballot and tally clerks with shareholder status to perform various related functions. The ballot boxes shall be prepared by the board of directors and publicly checked by the controller of ballot before voting.

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.

Article 11:

An election vote is invalid in the following circumstances:

- (I) The ballot used is not prepared by the Board of Directors.
- (II) A blank ballot is put into the ballot box.
- (III) The writing is unclear and indecipherable or altered.
- (IV) Where the candidate is a shareholder, the candidate whose name and 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.
- (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.

(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.

Article 12:

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. The elected Directors shall be given a notice of the election by the Board of Directors of the Company.

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.

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.

Article 14:

The Procedures shall be implemented after approval by the Shareholders' Meeting. The same procedure applies to amendments.

Article 15:

The Rules were approved by the Shareholders' Meeting for implementation 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.

【Appendix 5】

Sinmag Equipment Corporation
Shareholding of Directors

- I. The Company's paid-in capital is NT\$502,302,420 and the total number of issued shares is 50,230,242 shares.
- II. According to Article 26 of the Securities and Exchange Act, the minimum number of shares required to be held by all Directors shall be 4,018,419 shares. As the Company has established an Audit Committee, there is no provision for the number of shares required by the Supervisors to be held. (Note)
- III. As of 2021 Annual Shareholders' Meeting (April 20, 2021), the number of shares held by individual and all directors recorded in the Shareholder Register is as follows, which meets the percentage standard specified in Article 26 of the Securities and Exchange Act.

Title	Name	Date elected	Shares held when elected		Number of shares held recorded in the shareholder's roster book on the book closure date	
			Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Chairman	Hsieh, Shun-Ho	2019.6.14	2,211,267	4.40%	2,211,267	4.40%
Director	Wu, Yao-Tsung	2019.6.14	1,788,616	3.56%	1,788,616	3.56%
Director	Chang, Jui-Jung	2019.6.14	380,981	0.76%	380,981	0.76%
Director	Hsieh, Ming-Ching	2019.6.14	1,398,980	2.79%	2,012,980	4.01%
Director	Chen, Yung-Chen	2019.6.14	0	0.00%	0	0.00%
Director	Chang, Yu-Chuan	2019.6.14	6,517	0.01%	11,517	0.02%
Independent Director	Chan, Shih-Hung	2019.6.14	0	0.00%	0	0.00%
Independent Director	Tu, San-Chien	2019.6.14	0	0.00%	0	0.00%
Independent Director	Huang, Huei-Wang	2019.6.14	0	0.00%	0	0.00%
Number of Shares Held by all Directors and Shareholding ratio			5,786,361	11.52%	6,405,361	12.75%

Note: According to Article 2 of the “Rules Governing the Equity Percentage of the Company’s Director and Supervisors and the Audit Implementation Rules,” if more than two independent directors are elected, the number of shares held by all directors and supervisors other than the independent directors will be reduced to 80%.

【Appendix 6】

The effect of proposed stock dividends in this Shareholders' Meeting on the Company's operating performance, earnings per share, and return on equity:

The Company did not have any proposed distribution of stock dividends in 2021, and the Company does not need to make any financial forecast according to regulations, therefore it is not applicable.

Thank you for attending the General Shareholders'
Meeting!

Any comments or suggestions will be appreciated.