Security Code: 1580

SINMAG

Sinmag Equipment Corporation

2021
Annual Report

April 30, 2022

This Annual Report is available at: http://mops.twse.com.tw

Company Website: http://www.sinmag.com.tw/

I. Contact Information of Spokesperson and Deputy Spokesperson

Spokesperson	Deputy Spokesperson
Name: Yu-Tung Huang	Name: Li-Mien Weng
Title: Chief Financial Officer	Title: Chief Accounting Officer
Tel: (02) 2298-1148	Tel: (02) 2298-1148
Email: sinmag.tw@sinmag.com.tw	

II. Contact Information of Headquarters, Branches, and Plants

1. Headquarters
   Address: No. 23, Wuquan 6th Rd., Wugu Dist. New Taipei City, Taiwan (R.O.C.)
   Tel: (02) 2298-1148
2. Branch: None.
3. Plant
   Address: No. 23, Wuquan 6th Rd., Wugu Dist. New Taipei City, Taiwan (R.O.C.)
   Tel: (02) 2298-1148

III. Contact Information of Stock Transfer Agency

Name: Taishin Securities Co., Ltd. Stock Transfer Agency Department

Website: https://www.tssco.com.tw/

Address: B1F., No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City

Tel: (02) 2504-8125

IV. Contact Information of the CPAs for the Latest Financial Statements

CPA Name: Chiang-Hsun Chen and Chao-Mei Chen

Website: https://www2.deloitte.com/tw/tc.html

CPA Firm: Deloitte & Touche Tel: (02) 2725-9988

Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None.

VI. Company Website:
http://www.sinmag.com.tw/

Contents

Chapter 1 Letter to Shareholders

I. 2021 Business Report

(I) Implementation Results of Business Plan

2021 is a rare and challenging year. Although the COVID-19 vaccine is available, the emergence of mutant viruses continues to challenge global response capacity. Many countries still implement strict border control measures. Enterprises face dilemma of soaring prices of raw materials and freight, as well as the difficulty of increasing terminal consumption. Both the regional economy or the people's livelihood industry are greatly impacted, and it is a severe test for governments, enterprises and even individuals.

With years of experience and strength, agile ability to adapt and flexible operating policies, Sinmag has successively survived the severe tests such as China-US trade confrontation, COVID-19 outbreak, financial turbulence, downturn in the industry, and inflation. In response to the many new changes and new normals that have emerged in the post-epidemic period, it closely follows trends, adapts to innovations, quickly adjusts its layout, and demonstrates its operational strength.

In such a severe year, with the joint efforts of all colleagues, both revenue and profit have grown throughout the year. The consolidated operating income of the Group in 2020 was NT$4,294,503 thousand in 2020, up about 30.12% compared with NT$3,300,489 thousand in 2020. The consolidated net income after tax amounted to NT$510,167 thousand, up about 49.64% compared with NT$340,940 thousand in 2020. The net earnings per share after tax was NT$10.16.

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

Unit: NT$ thousand

	2021	2020	Increase (decrease) ratio (%)
Operating revenue	4,294,503	3,300,489	30.12%
Operating costs	2,711,232	1,960,750	38.28%
Gross profit	1,583,271	1,339,739	18.18%
Operating expenses	890,857	850,898	4.70%
Operating profit	692,414	488,841	41.64%
Non-operating income and expenses	9,852	3,949	149.48%
Net income before tax	702,266	492,790	42.51%
Net profit after tax attributable to the company	510,167	340,940	49.64%

(II) Revenue Forecast and Realization

The Company did not have a public financial forecasting for 2021.

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

<table>
<tr><th colspan="3">Item</th><th>2021</th><th>2020</th></tr>
<tr><td rowspan="2">Financial structure analysis</td><td colspan="2">Liability to asset ratio</td><td>34.77%</td><td>32.34%</td></tr>
<tr><td colspan="2">Ratio of long-term capital to fixed assets</td><td>228.74%</td><td>231.05%</td></tr>
<tr><td rowspan="2">Liquidity analysis</td><td colspan="2">Current ratio</td><td>175.11%</td><td>191.08%</td></tr>
<tr><td colspan="2">Quick ratio</td><td>104.73%</td><td>127.24%</td></tr>
<tr><td rowspan="6">Profitability analysis</td><td colspan="2">Return on assets</td><td>14.58%</td><td>10.60%</td></tr>
<tr><td colspan="2">Return on shareholders' equity</td><td>21.84%</td><td>15.48%</td></tr>
<tr><td rowspan="2">Percentage of paid-in capital</td><td>Operating profit</td><td>137.84%</td><td>97.32%</td></tr>
<tr><td>Net income before tax</td><td>139.80%</td><td>98.10%</td></tr>
<tr><td colspan="2">Profit ratio</td><td>12.09%</td><td>10.71%</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td><td>10.16</td><td>6.79</td></tr>
</table>

(IV) Research and Development

In the leading position in the industry, Sinmag is deeply aware that in product development, it must be able to meet the comprehensive needs of customers and provide high-value-added and high-quality products in an instant and continuous manner. Otherwise, it may gradually be replaced or even eliminated in the face of imitation and competition by many other industries. Therefore, we continue to invest in product development and innovation, refine production technology, and strengthen management quality to cope with the changing and competitive environment. The Group invested a total of NT$135,817 thousand in research and development in 2021 to carry out various process and technology development and develop more diversified, innovative and higher quality products. In addition to continuing to expand the market share in China, it expects to continue to develop new markets and business opportunities.

II. Summary of the Company's Business Plan for 2022

(I) Operating Strategies

The repeated changes of the COVID-19 epidemic in 2021 affected the recovery of Sinmag Group in the global baking equipment market. At the same time, due to the significant increase in raw materials, China's energy consumption dual control and environmental protection upgrade and other policy factors, the cost control and production schedule of the products have been affected, and the sales layout of Sinmag is also variable.

Facing the current changes in the global situation, in addition to actively grasping the source of raw materials and implementing cost control, Sinmag's market development goals in 2022 were set to expand the market layout of each segments, strengthen the efficiency of sales management and after-sales service, and enhance the overall market competitiveness of Sinmag products. In addition to consolidating the existing markets, Sinmag continues to expand new customers, expecting to continue to expand the sales share in the global baking equipment market in the post-epidemic period and widen the gap with competitors.

1. Sales in China Market

(1) In response to the sharp rise in the price of raw materials, Sinmag took the lead in adjusting the selling price appropriately in the baking equipment market in China. At the same time, in response to the changes and development of major customers in each market and the competition strategy of the industry in terms of prices, Sinmag will further strengthen the marketing of the nationwide sales network and provide faster and more immediate after-sales services, continue to improve the value-added of Sinmag products among customers, and occupy the layout and sales share of each market.

(2) In response to the changes and developments in various market segments in China during the post-epidemic period, and in line with the innovation and transformation of customers, Sinmag provides appropriate supporting equipment, expands its influence using the results of the successful transformation of large customers in the market, and continue to attack new customers who newly join the market, including:

a. New bakery concept product stores, including Chinese pastry chain stores, tea and beverage complex stores, new-style portable breakfast stores, new-style cake souvenir stores, and other new-style stores, continue to rise in the market, creating many new market potential customers.

b. Cooperating with the upgrading and transformation of old customer stores, Sinmag proactively provide appropriate supporting equipment and solutions to pursue the coexistence and mutual prosperity between Sinmag and customers.

c. The warehousing high-end member store model in the domestic retail supermarket has developed rapidly, and major supermarkets across the country are planning to implement transformations to meet the challenges.

d. New-type convenience supermarkets have been developing rapidly, and the demand for new production lines or increased production automation in domestic small and medium-sized wholesale markets has greatly increased.

(3) Continue to work with online kitchen vendors to increase the development of online, personal, and internet-famous baking markets.

(4) Expand cooperation with kitchen dealers and raw material distributors across the country, adjust the conditions of flexible cooperation, and stimulate and expand more sales cooperation projects.

2. Overseas Market

In 2022, the sales layout faces enormous challenges due to recurring epidemics, rising costs, price adjustments, high freight costs, delays in delivery, changes in exchange rates, and other factors in the overseas market. Overseas market sales development strategies include:

(1) Optimize the product sales mix, appropriately adjust the selling price, eliminate products with low gross profit, and promote the sale of new products.

(2) Adjust the production planning of customer orders, carry out planned production, and shorten the delivery period of overseas orders.

(3) Review and adjust the agents whose sales results are not as expected, and adopt corresponding strategies (including increasing agents, directly contacting major customers, and sending more business representatives to assist, etc.).

(4) Strengthen the professional training of branches and agents on sales and after-sales services, improve the workflow efficiency, and improve the pre-sales and after-sales service level for customers in various markets.

(5) Help countries resume sales activities and flexibly adjust sales prices and conditions to help agents secure orders in response to changing epidemics and business expansion in each country.

(6) Continue to carry out sales planning for products that have not yet entered the market, assist in promoting necessary equipment corrections and certification, and assist the agents in promoting sales to local markets based on feedback from the agents and the market end.

(II) Expected Sales Volume and Its Basis

The Company's main products are food machinery and equipment. Based on the expected growth rate of the food market and the estimated production capacity of orders, the Company will continue to expand new customers and develop new products in 2022. In addition to adhering to the original market share and sales volume in China and other markets, the Company will continue to expand the markets in India and Southeast Asia, and the Company's sales volume is expected to continue to show a growth trend.

(III) Production and Sales Strategies

1. Adjust the product structure and sales combination, and integrate equipment specifications and models for accurate production, so as to reduce costs, improve production efficiency, and replace products with low gross profit and sales, and promote high-margin mass production equipment.
2. Update and improve equipment performance and quality based on customer feedback. Reinforce the marketing of upgraded equipment to capture lost customers and markets.
3. Strengthen the management and training of the sales team, improve the management and efficiency of business work and processes, expand the coverage and visiting efficiency of new and existing customers and markets, enhance customer return visits, and improve the sales service level.
4. Strengthen the management and training of the after-sales service engineering team, improve the management efficiency of engineering work, improve the timeliness, maintenance capacity and service attitude of engineering services, and improve the after-sales service level for market customers.
5. Set up the headquarter project business department, prepare and organize manpower, and cooperate with the overall service function of the headquarter engineering department. For the key customers of large national supermarkets and chain stores, the headquarters will directly provide services. For the sales, installation, use, maintenance patrol, engineering maintenance, training, and after-sales maintenance services of customer equipment from the business side, the headquarters will

provide one-stop connection, creating dedicated services for major customers, and enhancing the added value of Sinmag equipment.

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

Bakery products include bread, cakes, wedding cakes, refreshments, snacks, cookies, etc. They are customized products to cater to all kinds of needs such as dinner, afternoon tea, midnight snacks, and even festivals, accompaniment gifts, and meal boxes. They are diverse and highly demanding products that can satisfy all opportunities and occasions, from personal meals to restaurants, banquets, gifts, etc. Bakery products are already a necessities of life in European and American countries, and bread and pastries play an important role in the three meals of Western families. While in the Asian market led by China, with the economic development, the living standards of residents have improved, and their consumption habits have also been deeply influenced by Western food culture. Due to the advantages of convenience, health and diversity, bread has gradually penetrated into the general meal market and occupied a place. In recent years, it has shifted from "turning bakery products into food" to "turning food into bakery products". In addition, cafes and new-style tea restaurants have gradually become important leisure consumption places, and the combination of "drinks + bakery products" has become the mainstream of afternoon tea, coupled with the growing market for festive gifts. Therefore, the penetration rate of bakery products such as bread and pastries is expected to continue to increase, and the market outlook remains relatively positive.

The continued spread of the COVID-19 pandemic in 2021 has impacted the operations of many industries, but it has also brought new business opportunities. Affected by the pandemic, the domestic market of the catering-related industry has been hit hard, and replaced by the booming development of takeaway, delivery and online markets. The business layout includes third-party platforms such as WeChat ecology, video ID, and Weibo to achieve multi-platform operations, capture more consumers and tap their potential. With the advent of the pandemic era, the digital age of catering, including the baking industry, has been fully launched.

The COVID-19 pandemic has also had multiple effects on the global economy. Supply chain shortages, rising price of raw materials, sharp increases in freight costs, production capacity allocation problems, exchange rate fluctuations and many other complex factors have made business operations facing unprecedented severe challenge. In 2022, central banks still need to face rate hike and subsequent derivative issues, and the global economic environment is still severe. Although we have successfully passed 2021 admist the challenges, the pandemic has not yet eased, and the global economy is expected to have more unknown challenges. Only by paying attention to external changes and maintaining flexibility at all times, we can stand still in the changing and uncertain business environment.

Moving forward with the new normals after the epidemic, Sinmag will continue to face challenges with an innovative spirit, not fear the ever-changing economy and unpredictable environment, adhere to the founding spirit of "integrity, innovation, and service", and abide by the Company's core value of sustainable development, conduct flexible adjustment according to market trends, reduce the risk of economic fluctuations, enhance international competitiveness, and build a macroeconomic stability pattern.

Chairman	Shun-Ho Hsieh
General Manager	Shun-Ho Hsieh
Accounting Supervisor	Yu-Tung Huang

Chapter 2 Company Profile

I. Date of Incorporation:

September 27, 1983

II. Company History:

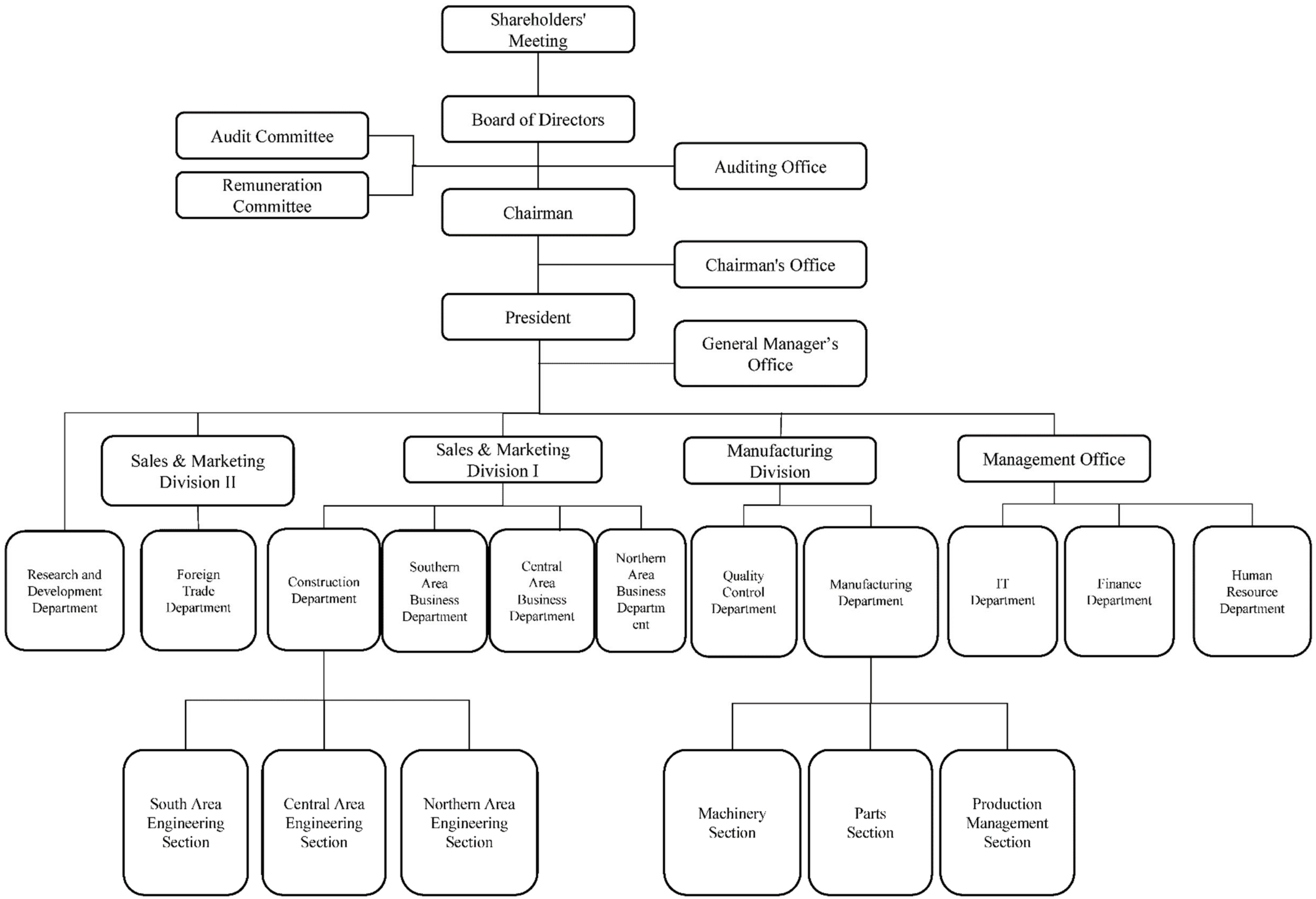
Year	Important Chronicles
September 1983	The Company was incorporated with international trade and importing baking equipment and raw materials as principal activities. The paid-in capital was NT$4 million.
December 2003	Reinvested in Sinmag Equipment (Wuxi) Co., Ltd. and Wuxi Themag Bakery Equipment Co., Ltd. in mainland China, and Sinmag Bakery Equipment SDN.BHD. in Malaysia.
February 2004	Purchased the Wugu plant.
September 2004	Supplemental public issuance approved by the Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan.
October 2005	Reinvested in Macadams Baking Equipment (Wuxi) Co., Ltd. and Wuxi New Order Control Co., Ltd. in mainland China.
September 2006	The Group was reorganized. The third-tier subsidiaries including Sinmag Equipment (Wuxi) Co., Ltd., Wuxi Themag Bakery Equipment Co., Ltd., and Wuxi Schumacher Baking Equipment Co., Ltd. in mainland China merged and Sinmag Equipment (Wuxi) Co., Ltd. was the surviving company.
July 2007	Applied to the Taipei Exchange (TPEx) for stock listing and was approved by the Securities and Futures Bureau, Financial Supervisory Commission of the Ministry of Finance for listing in November 2007.
August 2007	Reinvested in Wuxi Nichmag Seiki Co., Ltd. and Lipang Mixing Equipment (Wuxi) Co., Ltd. in mainland China.
December 2007	The Company's stock was officially listed at the Taipei Exchange (TPEx) on December 10.
February 2008	Reinvested in Sinmag Holding Limited in Hong Kong.
July 2008	Reinvested in LBC Bakery Equipment Inc. in the US.
December 2008	Reinvested in Wuxi Sinco Refrigeration Equipment Co., Ltd. in mainland China.
March 2009	Reinvested in Sinmag Bakery Machine India Private Limited in India.
May 2009	The Group was reorganized. The third-tier subsidiaries including Sinmag Equipment (Wuxi) Co., Ltd., Wuxi Sinco Refrigeration Equipment Co., Ltd., and Wuxi Nichmag Seiki Co., Ltd. in mainland China merged and Sinmag Equipment (Wuxi) Co., Ltd. was the surviving company.

November 2009	Reinvested in Sinmag Equipment (Thailand) Co., Ltd. in Thailand
September 2013	Withdrew the registration of Sinmag Holding Limited in Hong Kong.
March 2014	Reinvested in Societe Agro-Industrielle De Kinshasa, a bread factory in Congo.
October 2014	Won the second OTC "Golden Laurel Award" of Taipei Exchange (TPEx).
April 2016	Purchased 50% of the equity of Wuxi Lipang Mixing Equipment Co., Ltd. from Lipang Company Limited, which became a wholly-owned subsidiary of the Company.
December 2017	Withdrew the registration of third-tier subsidiary, Wuxi Lipang Mixing Equipment Co., Ltd. in mainland China. Disposed of all equity holding in Societe Agro-Industrielle De Kinshasa, a bread factory in Congo.
January 2018	The third-tier subsidiary in mainland China, Sinmag Equipment (Wuxi) Co., Ltd., was renamed Sinmag Equipment (China) Co., Ltd.
December 2018	Purchased 2.82% of the shares from the employees of LBC Bakery Equipment Inc. in the US, increasing the shareholding ratio to 82.82%.
June 2020	After the adjustment of the Group's investment structure, the Company directly invested in Sinmag Equipment (Thailand) Co., Ltd. in Thailand.
June 2020	Reinvested in Benchmark Service Co., Ltd. in Thailand.
August 2021	Benchmark Service Co., Ltd. in Thailand completed the liquidation and deregistration.
February 2022	Reinvested in Ximai Enterprises Management (Wuxi) Co., Ltd. in China.

Chapter 3 Corporate Governance Report

I. Organization

(I) Organization Chart



(II) Department Functions:

Department	Functions
Chairman's Office	1. The convening of the Board of Directors and the preparation of related deliberations. 2. Coordinating work related to corporate social responsibility and corporate governance.
Audit Office	1. Establishing and managing the Company's internal audit system 2. Inspecting the deficiencies of the internal control system and measuring operational effectiveness. 3. Providing timely improvement suggestions to ensure the continuous and effective implementation of the internal control system. 4. Assisting the Board of Directors and the management to fulfill their responsibilities.
Finance Department	1. Fund transfer, share affairs processing, and cashier business. 2. Various accounting affairs, tax treatment, financial statements preparation and analysis, budget preparation and control and difference analysis, etc. 3. The shaping of the Company's corporate image and the execution of public relations-related work. 4. Investor relations
Human Resource Department	1. Planning and implementation of related tasks regarding human resources and training development 2. General administration and general affairs management. 3. Environmental management and industrial safety and environmental protection. 4. Coordinating the control of internal and external documents and information of the Company.
MIS Department	1. Management and maintenance of information systems and software and hardware equipment. 2. Computer data management and information security maintenance.
Research & Development Department	1. Establishing self-owned technologies and continuing to develop quality planning for new products. 2. Drafting new product R&D, trial production, testing, packaging, and other plans and procedures. 3. Providing technical consultation for various units. 4. Research and improvement plans for existing products.

Department	Functions
Foreign Trade Department	1. The formulation and implementation of foreign market development and sales plans. 2. Collection and analysis of business information.
Business Department	1. Maintaining customer relations to strengthen business control. 2. Collecting market intelligence for business planning. 3. Mastering account receivables data and truly control the customers' credit limits. 4. Development of new markets and new customers.
Engineering Department	1. The installation, commissioning, and customer acceptance of the equipment sold domestically. 2. After-sales service, repair, and maintenance of equipment sold domestically. 3. Organizing professional knowledge regarding equipment operation, maintenance, and repair, and be responsible for the education training of customers and engineering personnel. 4. Giving feedback on the repeated maintenance of machinery and equipment and the problems occurring in the new delivery machine as a reference for quality improvement. 5. Providing market information to assist the business department in creating performance.
Manufacturing Department	1. Procurement planning and management. 2. Production control and production planning. 3. Supervision and management of raw material warehouse operations. 4. Control and planning of various production processes. 5. Evaluating third-party manufacturers to meet the Company's quality objectives and requirements. 6. Repair and maintenance of production equipment to increase equipment utilization.
Quality Control Department	1. Establishment and implementation of inspection standards for parts and finished products. 2. Verification of various safety standards. 3. The acceptance of raw materials, process inspection, and quality inspection of the Company's products. 4. The establishment and maintenance of the quality system.

II. Information on Directors, President, Vice Presidents and Associate Managers of all Divisions and Branch Units

(I) Information on Directors

Information on Directors (I)

April 30, 2022

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected	Term (Years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remark
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Shun-Ho Hsieh	Male 71~80	June 14, 2019	3 years	January 23, 1989	2,211,267	4.40%	2,211,267	4.40%	1,000,564	1.99%	0	0%	High School President, Sheng Chia Industrial Co., Ltd. CEO, Sinmag Equipment Corporation President, Sinmag Equipment (China) Co., Ltd.	Chairman and President, Sinmag Equipment Corporation Chairman, Sinmag Equipment (China) Co., Ltd. Chairman, Sinmag Fitting Corporation Chairman, Sinmag Bakery Machine India Private Limited Sinmag Bakery Equipment Sdn. Bhd. Director, San Neng Group Holdings Co., Ltd. Director, San Neng Bakeware Corporation Director, PT. San Neng Bakeware Indonesia Chairman, Greater Win Holdings Limited Chairman, Ximai Enterprises Management (Wuxi) Co., Ltd.	Director	Ming-Ching Hsieh	Father and son	(Note)

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected	Term (Years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remark
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Yao-Tsung Wu	Male 71~80	June 14, 2019	3 years	January 23, 1989	1,788,616	3.56%	1,788,616	3.56%	1,459,555	2.91%	0	0	National Yilan Senior High School Vice Chairman, Tehmag Foods Corporation Director, Tehmag Foods (Thailand) Co., Ltd. Supervisor, Sinmag Equipment (China) Co., Ltd.	Supervisor, Sinmag Fitting Corporation Director, Tehmag Foods Corporation Director, Wuxi New Order Control Co., Ltd. Director, Zeelandia Bakery Ingredients (Wuxi) Co., Ltd. Director, Yangyu Foods Corporation Supervisor, Kingcraft Industrial Corp., Ltd. Chairman, Taiwan Lunchun Association Director, Bliss & Wisdom Senior High School Chairman, Purity New Materials Co., Ltd. Director, Taipei City Bliss & Wisdom Buddhism Foundation Chairman, AMRITA Translation Foundation Director, Zoom Foods (HK) Co., Ltd. Director, Tehmag Foods USA Corporation Director, PT. Tehmag Foods Corporation Indonesia	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected	Term (Years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remark
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Jui-Jung Chang	Male 61~70	June 14, 2019	3 years	June 6, 2016	380,981	0.76%	380,981	0.76%	3,105	0.01%	0	0%	Master of Business Administration, Asia University President, San Neng Bakeware Corporation President, San Neng Bake Ware (Wuxi) Co., Ltd. Supervisor, Sinmag Equipment Corporation	Chairman, San Neng Bake Ware (Wuxi) Co., Ltd. Chairman, San Neng Bakeware Corporation Chairman and President, San Neng Group Holdings Co., Ltd. Chairman, PT. San Neng Bakeware Indonesia Chairman, East Gain Investment Limited Chairman, San Neng Limited Chairman, Jui Jung International Limited	None	None	None	None
Director	Republic of China	Ming-Ching Hsieh	Male 41~50	June 14, 2019	3 years	June 6, 2016	1,398,980	2.79%	2,112,980	4.21%	132,508	0.26%	0	0%	Bachelor of Economics, Fu Jen Catholic University Master of Financial Management, Azusa Pacific University Master of Senior Management, Peking University Chairman's Special Assistant, Sinmag Equipment Corporation Chairman, Wuxi New Order Control Co., Ltd. Vice President, Management Office of	Director, Kingcraft Industrial Corp., Ltd. Chairman and Vice President, LBC Bakery Equipment Inc. Director, Sheng Chia Investment Co., Ltd. Director, Sinmag Equipment (Thailand) Co., Ltd. Director, Sinmag Equipment (China) Co., Ltd. Vice President of the Management Division, Sinmag Equipment (China) Co., Ltd. Director, Wuxi New Order Control Co., Ltd.	Chairman and President	Shun-Ho Hsieh	Father and son	None

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected	Term (Years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remark
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
															Sinmag Equipment Corporation					
Director	Republic of China	Yung-Chen Chen	Male 51~60	June 14, 2019	3 years	June 14, 2019	0	0%	0	0%	0	0%	0	0%	Ph.D. in Mechanical Engineering, Chung Yuan Christian University Vice President of Business and R&D Department, Amulaire Thermal Technology, Inc. Vice President, Kaori Heat Treatment Co., Ltd. President, Resource Technology Corporation Associate Manager of Manufacturing Division, Loyalty Founder Enterprise Co., Ltd.	Vice President of Business Department, Sinmag Equipment (China) Co., Ltd. Director, Sinmag Bakery Equipment Sdn. Bhd. Director, Sinmag Bakery Machine India Private Limited Director, Sinmag Equipment (China) Co., Ltd. Supervisor, Ximai Enterprises Management (Wu-xi) Co., Ltd.	None	None	None	None
Director	Republic of China	Yu-Chuan Chang	Male 61~70	June 14, 2019	3 years	June 14, 2019	6,517	0.01%	11,517	0.02%	0	0%	0	0%	Mechanical Engineering of China Junior College of Technology Plant Manager, Chongjia Enterprise	President, Sinmag Fitting Corporation Chairman, Kingcraft Industrial Corp., Ltd.	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected	Term (Years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remark
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
															Co., Ltd.					
Independent Director	Republic of China	Shih-Hung Chan	Male 71~80	June 14, 2019	3 years	June 25, 2005	0	0%	0	0%	0	0%	0	0%	Ph.D. in Mechanical Engineering, University of California, Berkeley Dean, University of Wisconsin Milwaukee Research Engineer, Argonne National Laboratory Chairman, New Energy Association of Taiwan President, Yuan Ze University Chair Professor of Far East Energy, Yuan Ze University University Professor, Yuan Ze University Science and Technology Advisory Committee, Office of the President Republic of China (Taiwan)	Emeritus Professor, Yuan Ze University Honorary President, New Energy Association of Taiwan Member of the Advisory Committee, College of Chemistry, University of California, Berkeley, USA Supervisor, Pu Lou Culture and Arts Foundation	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected	Term (Years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remark
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Huei-Wang Huang	Male 61~70	June 14, 2019	3 years	June 14, 2019	0	0%	0	0%	0	0%	0	0%	Bachelor of Business Administration at College of Law and Commerce, National Chung Hsing University Fintech Seminar, University of California, Berkeley, USA Principal Consultant/Corporate Appraiser, Professional Actuary Management Consulting Co., Ltd. Chief Representative, Shanghai Representative Office of Grand Cathay Securities Co., Ltd. Deputy Manager, Securities & Finance Department of China Development Industrial Bank	Representative, Broad Think Tank Co., Ltd. Representative/Corporate Appraiser/FRM®, Broad Think Tank Corporate Appraiser Co., Ltd. Member of Remuneration Committee, Rotam Global Agrosciences Limited	None	None	None	None
Independent Director	Republic of China	San-Chien Tu	Male 71~80	June 14, 2019	3 years	June 6, 2016	0	0%	0	0%	0	0%	0	0%	Master of Accounting, Louisiana State University, USA Bachelor of Accounting, National Chengchi University	Director, Pang Kuei & Co., CPA Independent Director, Dah Chung Bills Finance Corp. Supervisor, Jorjin Technologies Inc.	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected	Term (Years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remark
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
															Chairman, Deloitte & Touche Partner, Deloitte & Touche Lecture, College of Commerce, National Chengchi University	Independent Director, Lin Bioscience, Inc. Independent Director, Tehmag Foods Corporation				

Note: Where the chairperson of the Board of Directors and the president or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

1. As one of the founders of Sinmag Group, Mr. Shun-Ho Hsieh has been deeply involved in the baking equipment field, leading Sinmag Group's marketing in more than 60 countries in the world for many years, and has repeatedly established new achievements. He has made Sinmag the largest baking equipment manufacturer in Asia. His professional ability, operating talents, and international vision are among the best in the industry.
2. The competition in the baking industry has always been fierce, but Sinmag continues to take the leading position in the Asian market led by mainland China, mainly relying on the accumulated years of professional R&D and manufacturing capabilities, maintenance and service resources, and market acumen. Facing the bottleneck of business development encountered by major markets in recent years, Mr. Shun-Ho Hsieh is well aware of the problems in the Group's operation and has insight into the future development prospects and niches of the industry. Therefore, at this stage, he serves as the Chairman and concurrently as the President. By his rich experience and professionalism, he not only has a stable effect on the operation of the Group at this stage but also remains the best choice for the helmsman for the future operation layout.
3. Although Sinmag Group has actively promoted the succession plan, the current operation planning still must rely on the leadership of Mr. Shun-Ho Hsieh. However, to establish a good corporate governance structure, more than half of the directors have not concurrently served as employees or managers, and the Company has planned to increase the number of independent directors in the next election of directors to strengthen the effectiveness of the Board of Directors and play the role of the highest decision-making body and substantive supervision function. To sum up, it should be reasonable and necessary for Chairman Shun-Ho Hsieh to concurrently serve as the President at this stage.

1. Name of the major shareholders of the corporate director (their shareholding ratio accounts for the top ten) and the shareholding ratio: None.

(I) Information on Directors (II)

1. Disclosure of the professional qualifications of directors and supervisors and the information on independence of independent directors:

April 30, 2022

Criteria / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in Which the Individual Is Concurrently Serving as An Independent Director
Shun-Ho Hsieh	As one of the founders of Sinmag Group, Mr. Shun-Ho Hsieh, the Chairman and President of the Company, has been deeply involved in the baking equipment field, leading Sinmag Group's marketing in more than 60 countries in the world for many years, and has repeatedly established new achievements. He has made Sinmag the largest baking equipment manufacturer in Asia. His professional ability, operating talents, and international vision are among the best in the industry. By his rich experience and professionalism, he has insight into the future development prospects and niches of the industry, and he not only has a stable effect on the operation of the Group at this stage but also remains the best choice for the helmsman for the future operation layout. Accordingly, he has operational planning and operational/managerial practices relating to financial accounting, business and marketing.	1. The President of the Company and is a director with the status of manager. 2. A director of the Company's affiliate (a 100% owned subsidiary). 3. One of the top ten natural-person shareholders of the Company. 4. A corporate shareholder holding a 5% of total issued shares of the Company or holding the top five shares - Sheng Chia Investment Co., Ltd. 5. A director of other company controlled by the same person holding a majority of the Company's Director seats or voting shares of the Company. 6. A director that holds more than 5% of shares at a company that has financial or business exchanges with the Company. 7. A relative within the second degree of kinship of the Company's top 10 natural-person shareholders.	0
Yao-Tsung Wu	He once served as Vice Chairman of Tehmag Foods Corporation, provided services for more than 40 years in the food-related industry, specialised in the operation and strategic management of the food industry, and was able to give opinions on the	1. A director of the Company's affiliate (a 100% owned subsidiary). 2. One of the top ten natural-person shareholders of the Company. 3. Holding a 5% of total issued shares of the Company.	0

Criteria / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in Which the Individual Is Concurrently Serving as An Independent Director
	management of the operation strategy to the Board of Directors in a timely manner and share the trends and views of the food industry. He has the ability to conduct marketing and the industry knowledge.	4. A director of other company controlled by the same person holding a majority of the Company's Director seats or voting shares of the Company. 5. A director that holds more than 5% of shares at a company that has financial or business exchanges with the Company.	
Jui-Jung Chang	He holds a Master's degree in Business Administration from the University of Asia and is currently Chairman of the San Neng Group Holdings Co., Ltd. He has over 40 years of service in the food-related industry, with extensive industry experience and ability in corporate governance, operational judgment, marketing and industry knowledge, and the ability to timely put forward relevant corporate governance and operational management opinions and policies to require the operating team to formulate strategies for implementation.	A director that holds more than 5% of shares at a company that has financial or business exchanges with the Company.	0
Ming-Ching Hsieh	He holds a dual master's degrees - Department of Financial Management of Azusa Pacific University, and Department of Senior Management of Peking University. He served as the Chairman's Special Assistant of the Company in 2003 and became the Vice President of the Group's Management Office in 2016. On April 11, 2022, he was reassigned to the position of President of the subsidiary Sinmag Equipment (China) Co., Ltd., and was responsible for executing the Group's strategies formulated by the Board of Directors, the Financial Management and Chairman's Office, and supervising the operation of the Management Group.	1. The Vice President of the Management Division of the Company's affiliate. 2. A director of the Company's affiliate (a 100% owned subsidiary). 3. One of the top ten natural-person shareholders of the Company. 4. A director holding a 5% of total issued shares of the Company or holding the top five shares - Sheng Chia Investment Co., Ltd. 5. A director of other company controlled by the same person holding a majority of the Company's Director seats or voting shares of the Company. 6. A director of the other company. 7. A director that holds more than	0

Criteria / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in Which the Individual Is Concurrently Serving as An Independent Director
	Mr. Ming-Ching Hsieh has served in the Company for more than 18 years, specializing in strategic management and financial planning of the food industry. He, as the manager, conducts strategic communications and interactions with all directors in relation to business management in the Board of Directors, and puts forward relevant business management opinions. He has the business and industry knowledge capabilities, corporate governance, accounting information and financial analysis capabilities.	5% of shares at a company that has financial or business exchanges with the Company. 8. A relative within the second degree of kinship of the Company's top 10 natural-person shareholders.	
Yung-Chen Chen	He holds a Ph.D. in Mechanical Engineering, Chung Yuan Christian University. He has served as the Vice President of Business and R&D Department, Amulaire Thermal Technology, Inc. and the Vice President, Kaori Heat Treatment Co., Ltd. In 2012, he was employed by the Company and served as the Vice President of Business Department of the Company. He was responsible for the Group's global business expansion, having a doctorate in mechanical engineering, and specializing in of the food industry, and technical research and development of food equipment. He has the business, marketing and industry knowledge capabilities.	1. He is also the Vice President of Business Department the Vice President of Business Department of the Company. 2. A director of the Company's affiliate (a 100% owned subsidiary). 3. A director of other company controlled by the same person holding a majority of the Company's Director seats or voting shares of the Company. 4. A director of the other company. 5. A director that holds more than 5% of shares at a company that has financial or business exchanges with the Company.	0
Yu-Chuan Chang	As the President of Sinmag Fitting Corporation and the Chairman of Kingcraft Industrial Corp., Ltd., he is committed to the successful operation of pipe manufacturing in the food-related industry and has operational management experience. In terms of operational management, he is able to provide industry analysis and	Chairman of the Company's affiliate.	0

<table>
<tr><th>Criteria / Name</th><th>Professional qualifications and experience</th><th>Independence criteria</th><th>Number of Other Public Companies in Which the Individual Is Concurrently Serving as An Independent Director</th></tr>
<tr><td></td><td>integration, risk management, and management decision-making opinions. Therefore, the Company can rely on his industry management service experience and vision of different industries to provide diversified opinions on business management in a timely manner, so that the Company can be more diversified in the thinking of business management strategies to enhance the supervision and management quality of the Board of Directors.</td><td></td><td></td></tr>
<tr><td>Shih-Hung Chan (Independent Director)</td><td>As the Convenor of the Audit Committee of the Company, he holds a PhD in Mechanical Engineering from the University of California Berkeley. He holds the Emeritus Professor of Yuan Ze University, Honorary President of New Energy Association of Taiwan, and Member of the Advisory Committee, College of Chemistry, University of California, Berkeley, USA. He has professional knowledge and practical experience in electronics and machinery. He has the professional qualifications, ambitious international outlook and operational management experience necessary for the development of the Company's industry. During his tenure, he has made many suggestions on corporate governance and operational development. Not been a person of any conditions defined in Article 30 of the Company Act.</td><td rowspan="2">In accordance with the Company's Articles of Association and the "Code of Practice on Corporate Governance", the election of the Company's directors will adopt a candidate nomination system. At the time of the nomination and selection of the members of the Board of Directors, the Company has obtained written statements, work experience, current work certificates from each director, and verified the kinship forms provided, so as to confirm the independence of the spouse and his/her relatives within the third degree of kinship from the Company; it also verified that, in the two years prior to his/her election and during his/her term of office, the independent directors complied with the qualification requirements set forth in the "Instructions for the Establishment of Independent Directors of Public Offering Companies and the Requirements to be Followed" approved by the Financial Supervisory Commission and Paragraph 1, Article 14-2 of the Securities and Exchange Act, and that the independent directors have</td><td>0</td></tr>
<tr><td>Huei-Wang Huang (Independent Director)</td><td>As a Member of the Company's Audit Committee, he holds a Bachelor's Degree in Business Administration at College of Law and Commerce of the National Chung Hsing University and a Member of Fintech Seminar at the University of California, Berkeley,</td><td>0</td></tr>
</table>

Criteria / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in Which the Individual Is Concurrently Serving as An Independent Director
	USA. Principal Consultant/Corporate Appraiser, Professional Actuary Management Consulting Co., Ltd., the Chief Representative, Shanghai Representative Office of Grand Cathay Securities Co., Ltd., and currently the Representative, Broad Think Tank Co., Ltd. He specializes in investment management with analytical capabilities in corporate governance, accounting information and finance. Therefore, he can improve the quality of corporate governance and the audit supervision function of the Board of Directors, and there is no circumstances in the subparagraphs of Article 30 of the Company Act.	fully participated in the power to make decisions and express opinions in accordance Article 14-3 of the Securities and Exchange Act, so as to independently to exercise the relevant powers.	
San-Chien Tu (Independent Director)	He is a member of the Company's Audit Committee, a Bachelor of Accounting from National Chengchi University, and a Master of Accounting from Louisiana State University, USA. Previously, he served as Chairman of the Board and Partner of Deloitte & Touche. He is currently the Director, Pang Kuei & Co., CPA. He also serves as an independent director of Lin Bioscience, Inc., an independent director of Dah Chung Bills Finance Corp., and an independent director of Tehmag Foods Corporation. He is familiar with accounting and tax-related laws and has corporate governance expertise. He can put forward accounting tax planning and corporate governance advice to the Board of Directors of the Company in a timely manner, and also can improve the quality of corporate governance of the Board of Directors of the Company and the supervision		3

Criteria / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in Which the Individual Is Concurrently Serving as An Independent Director
	function of the Audit Committee. And there is no circumstances in the subparagraphs of Article 30 of the Company Act.		

2. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors

The Company stipulates in Article 20 of the "Code of Practice on Corporate Governance" that the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company's managers not exceed one-third of the total number of the Board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic conditions and values: gender, age, nationality, culture, and so on, and the ratio of women directors should be one-third of the number of directors.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the goals of corporate governance, the Board of Directors on the whole shall possess the following abilities:

(1) Operational judgment; (2) accounting and financial analysis; (3) operational management; (4) crisis management; (5) industry knowledge; (6) international market outlook; (7) leadership; and (8) decision-making abilities.

The current nine directors of the Company are all nationals and have the necessary knowledge, skills and education to perform their duties (see the aforementioned directors' education experience). They also have a wealth of specialties in accounting, finance, commerce, law, marketing or industrial science and technology, respectively. The age ranges of directors are as follows: 4 directors of

71 ~ 80 years (44.5%, Shun-Ho Hsieh, Yao-Tsung Wu, Shih-Hung Chan, San-Chien Tu), 3 directors of 61 ~ 70 years (33.3%, Yu-Chuan Chang, Jui-Jung Chang, Huei-Wang Huang), 1 director of 51 ~ 60 years (11.1%, Yung-Chen Chen), and 1 director of 41 ~ 50 years (11.1%, Ming-Ching Hsieh).

There are currently no female directors and there are plans to nominate a female director to serve on the 14th Board of Directors.

Further information concerning diversity policy of Board of Directors can be found on the Company's website and Market Observation Post System.

The diversity of Board of Directors is shown in the following table:

Diversified Core Competences / Name	Basic Composition										Expertise							
	Nationality	Gender	An employee of the Company	Age				Length of service of independent directors			Operational judgment capability	Business management capability	Accounting and financial analysis capabilities	Crisis management capability	Industry knowledge capability	International market outlook	Leadership	Decision-making capability
				41~50	51~60	61~70	71~80	Less than 3 years	3~9 Years	Over 9 years								
Director Shun-Ho Hsieh	Republic of China	Male	V				V				V	V	V	V	V	V	V	V
Director Yao-Tsung Wu	Republic of China	Male					V				V	V		V	V	V	V	V
Director Ming-Ching Hsieh	Republic of China	Male	V	V							V	V	V	V	V	V	V	V
Director Yu-Chuan Chang	Republic of China	Male				V					V	V		V		V	V	V
Director Yung-Chen Chen	Republic of China	Male	V		V						V	V		V	V	V	V	V
Director Jui-Jung Chang	Republic of China	Male				V					V	V		V	V	V	V	V
Independent Director Huei-Wang Huang	Republic of China	Male				V		V			V	V	V	V		V	V	V
Independent Director Shih-Hung Chan	Republic of China	Male					V			V	V	V		V	V	V	V	V
Independent Director San-Chien Tu	Republic of China	Male					V		V		V	V	V	V		V	V	V

(2) Independence of the Board of Directors:

There are currently 9 members of the Board of Directors of the Company, of which 3 independent directors of the Company are Mr. Shih-Hung Chan, Mr. San-Chien Tu and Mr. Huei-Wang Huang. The independent directors of the Company account for 33%, and the directors with employee status account for 33%.

The board of directors of the Company guides the company's strategy, supervisory management and accountability to the Company and its shareholders. In all operations and arrangements of the corporate governance system, the board of directors exercises its functions and powers in accordance with laws and regulations, the articles of association or the resolutions of the shareholders' meeting, etc. The Board of Directors of the Company emphasizes the function of independent operation and transparency, and the directors and independent directors are independent individuals and exercise their powers independently. The three independent directors have also complied with the relevant statutory provisions, combined with the powers of the Audit Committee to review the management and control of the Company's existence or potential risks, etc., to ensure the supervision of the effective implementation of the Company's internal controls, the selection (dismissal) of visa accountants, and the preparation of independence and financial statements. In addition, in accordance with the "Directors' Election Method" of the Company, the cumulative voting system and the candidate nomination system for the election of directors and independent directors shall be adopted to encourage the participation of shareholders. Shareholders holding a certain number of shares or more shall submit a list of candidates. The qualification conditions for such candidates and the confirmation of whether or not there is any violation of the provisions of Article 30 of the Company Law shall be reviewed and announced in accordance with the law to protect the rights and interests of shareholders, so as to avoid the nomination rights being cut off or too flooded and to maintain independence.

The Company has established a performance assessment system for the Board of Directors, which performs an internal self-assessment of the Board of Directors and a self-assessment of the members of the Board of Directors once a year. The performance assessment of the Board of Directors includes five major aspects: (1) participation in the operation of the Company, (2) quality of decisions made by the Board of Directors, (3) composition and structure of the Board of Directors, (4) selection and continuing training of directors, and (5) internal control. The self-assessment of the members of the Board of Directors includes six major aspects: (1) mastery of the objectives and tasks of the Company, (2) recognition of directors' duties, (3) participation in the operation of the Company, (4) operation and communication of internal relations, (5) professionalism and continuous training of directors, and (6) internal control. The results of the above relevant self-assessment shall be reported to the Board of Directors.

There are no more than half of the seats among the directors, and there are cases of spouses and relatives within the second degree of kinship.

(II) Profile of Directors, Supervisors, and Management Team

April 30, 2022

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse's/Minor's Shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Shun-Ho Hsieh	Male	June 2019	2,211,267	4.40%	1,000,564	1.99%	0	0%	High School President, Sheng Chia Industrial Co., Ltd. CEO, Sinmag Equipment Corporation President, Sinmag Equipment (China) Co., Ltd.	Chairman and President, Sinmag Equipment Corporation Chairman, Sinmag Equipment (China) Co., Ltd. Chairman, Sinmag Fitting Corporation Chairman, Sinmag Bakery Machine India Private Limited Sinmag Bakery Equipment Sdn. Bhd. Director, San Neng Group Holdings Co., Ltd. Director, San Neng Bakeware Corporation Director, PT. San Neng Bakeware Indonesia Chairman, Greater Win Holdings Limited Chairman, Ximai Enterprises Management (Wu-xi) Co., Ltd.	Director	Ming-Ching Hsieh	Father and son	(Note 5)
Vice President	Republic of China	Shu-Chuan Hsiao (Note 1)	Female	March 2022	123,813	0.25%	3,876	0.01%	0	0%	Department of Industrial Engineering and Management of Lunghwa University of Science and Technology Associate, Sinmag Equipment Corporation Special Assistant to the Chairman, Sinmag Equipment Corporation	None	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse's/Minor's Shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director of Sales & Marketing Division I	Republic of China	Chih-Hsien Chen (Note 2)	Male	November 2015	0	0%	0	0%	0	0%	Faculty of Business, Taiwan University Vice President of Sales & Marketing Division, Sinmag Equipment Corporation	None	None	None	None	None
Vice President, Management Office	Republic of China	Ming-Ching Hsieh (Note 3)	Male	June 2016	2,112,980	4.21%	132,508	0.26%	0	0%	Bachelor of Economics, Fu Jen Catholic University Master of Financial Management, Azusa Pacific University Master of Senior Management, Peking University Chairman's Special Assistant, Sinmag Equipment Corporation Chairman, Wuxi New Order Control Co., Ltd. Vice President, Management Office of Sinmag Equipment Corporation	Director, Kingcraft Industrial Corp., Ltd. Chairman and Vice President, LBC Bakery Equipment Inc. Director, Sheng Chia Investment Co., Ltd. Director, Sinmag Equipment (Thailand) Co., Ltd. Director, Sinmag Equipment (China) Co., Ltd. Vice President of the Management Division, Sinmag Equipment (China) Co., Ltd. Director, Wuxi New Order Control Co., Ltd.	Chairman and President	Shun-Ho Hsieh	Father and son	None
Vice President, Overseas Business Department	Republic of China	Yung-Chen Chen (Note 3)	Male	November 2015	0	0%	0	0%	0	0%	Ph.D. in Mechanical Engineering, Chung Yuan Christian University Vice President of Business and R&D Department, Amulaire Thermal Technology, Inc. Vice President, Kaori Heat	Vice President of Business Department, Sinmag Equipment (China) Co., Ltd. Director, Sinmag Bakery Equipment Sdn. BHD. Director, Sinmag Bakery Machine India Private Limited Director, Sinmag Equipment (China)	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse's/Minor's Shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
											Treatment Co., Ltd. President, Resource Technology Corporation Associate Manager of Manufacturing Division, Loyalty Founder Enterprise Co., Ltd.	Co., Ltd. Supervisor, Ximai Enterprises Management (Wuxi) Co., Ltd.				
Chief Financial Officer	Republic of China	Yu-Tung Huang	Female	May 2005	11,361	0.02%	0	0%	0	0%	Bachelor of Accounting, Fu Jen Catholic University Master of Finance, National Taiwan University	Independent Director/Member of Remuneration Committee, Jiin Ming Industry Co., Ltd.	None	None	None	None
Director, Research & Development Department	Republic of China	Shiu-Tu Chen	Male	May 2009	0	0%	0	0%	0	0%	Long Yan Elementary School Plant Manager, Sheng Chia Industry Co., Ltd.	None	None	None	None	None
Manager, Manufacturing Department	Republic of China	Tsai-Wang Huang	Male	May 2009	0	0%	0	0%	0	0%	National Tung-Shih Senior High School	None	None	None	None	None
Manager, Engineering Department	Republic of China	Tai-Sheng Wang	Male	May 2009	0	0%	0	0%	0	0%	National Tung-Shih Senior High School	None	None	None	None	None
Audit Manager	Republic of China	Shu-Yuan Li	Female	June 2019	0	0 %	0	0%	0	0%	Bachelor of Accounting, Hsing Wu University Audit Specialist, Everspring Industry Co., Ltd. Audit Specialist, Quanxun Technology Co., Ltd.	None	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse's/Minor's Shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Manager, Human Resource Department	Republic of China	Zhi-Wei Hong (Note 4)	Male	May 2020	4,000	0.01%	Not applicable	0%	Not applicable	0%	Bachelor of Technology Application and Human Resource Development, National Taiwan Normal University Ying Guan Da Co., Ltd. Director, Management Division Inventec Corporation Manager, Talent Management Department	Manager, Human Resources Department of Sinmag Equipment (China) Co., Ltd.	None	None	None	None
Manager, Overseas Business Department	Republic of China	Tzu-Chien Chang (Note 3)	Male	November 2009	0	0%	0	0%	0	0%	Bachelor of Accounting, National Taiwan University Manager, KPMG Director, Sinmag Equipment Corporation Director, Sinmag Equipment (China) Co., Ltd.	Director, LBC Bakery Equipment Inc. Director, Sinmag Equipment (Thailand) Co., Ltd.	None	None	None	None

Note 1 Shu-Chuan Hsiao, the Vice President of the President's Office, took office on March 15, 2022.

Note 2 Chih-Hsien Chen, Vice President of the Sales & Marketing Division, retired on March 31, 2021 and returned to the position of Director of Sales & Marketing Division I on April 1, 2021.

Note 3 Transferred to the subsidiary Sinmag Equipment (China) Co., Ltd. on January 1, 2022

Note 4 Transferred to the subsidiary Sinmag Equipment (China) Co., Ltd. on February 1, 2022

Note 5 Where the chairperson of the board of directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

1. As one of the founders of Sinmag Group, Mr. Shun-Ho Hsieh has been deeply involved in the baking equipment field, leading Sinmag Group's marketing in more than 60 countries in the world for many years, and has repeatedly established new achievements. He has made Sinmag the largest baking equipment manufacturer

in Asia. His professional ability, operating talents, and international vision are among the best in the industry.

2. The competition in the baking industry has always been fierce, but Sinmag continues to take the leading position in the Asian market led by mainland China, mainly relying on the accumulated years of professional R&D and manufacturing capabilities, maintenance and service resources, and market acumen. Facing the bottleneck of business development encountered by major markets in recent years, Mr. Shun-Ho Hsieh is well aware of the problems in the Group's operation and has insight into the future development prospects and niches of the industry. Therefore, at this stage, he serves as the Chairman and concurrently as the President. By his rich experience and professionalism, he not only has a stable effect on the operation of the Group at this stage but also remains the best choice for the helmsman for the future operation layout.
3. Although Sinmag Group has actively promoted the succession plan, the current operation planning still must rely on the leadership of Mr. Shun-Ho Hsieh. However, to establish a good corporate governance structure, more than half of the directors have not concurrently served as employees or managers, and the Company has planned to increase the number of independent directors in the next election of directors to strengthen the effectiveness of the Board of Directors and play the role of the highest decision-making body and substantive supervision function. To sum up, it should be reasonable and necessary for Chairman Shun-Ho Hsieh to concurrently serve as the President at this stage.

(III) Remuneration Paid during the Most Recent Fiscal Year (2021) to Directors, Independent Directors, President, and Vice Presidents:

1. Remuneration to Directors and Independent Directors

Unit: NT$ thousand

Title	Name	Remuneration Paid to Directors								Total amount of A, B, C and D and percentage of net income after tax		Relevant Remuneration Received by Directors Who are Also Employees								Total amount of seven items A, B, C, D, E, F and G and the proportion to net income after tax		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay and Pension (B)		Directors (C)		Business Execution Expenses (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pension (F)		Employee Compensation (G)						
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Shun-Ho Hsieh	360	360	0	0	5,137	5,137	180	180	5,677 1.11%	5,677 1.11%	11,852	15,082	92	92	5,899	0	5,899	0	23,520 4.61%	26,750 5.24%	None
Director	Yao-Tsung Wu																					
Director	Ming-Ching Hsieh																					
Director	Yung-Chen Chen																					
Director	Yu-Chuan Chang																					
Director	Jui-Jung Chang																					
Independent Director	Shih-Hung Chan	180	180	0	0	2,720	2,720	105	105	3,005 0.59%	3,005 0.59%	0	0	0	0	0	0	0	0	3,005 0.59%	3,005 0.59%	None
Independent Director	Huei-Wang Huang																					
Independent Director	San-Chien Tu																					

(1) Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:

The remuneration of the directors of the Company shall be issued by the Board of Directors in accordance with the authorization of the Articles of Association of the Company, the degree of the directors' participation in the operations of the Company, the value of their contributions, and the provisions of the "Remuneration Measures for Directors and Functional Committee Members". If the Company has any surplus, the amount of remuneration of the directors shall be determined by the Board of Directors in accordance with the provisions of the Company's articles of association. Independent directors are ex officio members of the Audit Committee and, in addition to paying remunerations for general directors, take into account their responsibilities, risks and working time. Different reasonable remunerations may be awarded.

(2) In addition to the disclosures in the above table, honorariums received for services rendered by directors of the Company in the most recent year (e.g., acting as advisers to non-affiliated employees of the parent company/all companies/reinvestment undertakings in the financial statements, etc.): None.

Director remuneration range table

<table>
<tr><th rowspan="3">Range of Remuneration</th><th colspan="4">Name of Directors</th></tr>
<tr><th colspan="2">Total Amount of Remuneration (A+B+C+D)</th><th colspan="2">Total Amount of Remuneration (A+B+C+D+E+F+G)</th></tr>
<tr><th>The Company</th><th>Companies in the consolidated financial statements H</th><th>The Company</th><th>Companies in the consolidated financial statements I</th></tr>
<tr><td>Less than NT$1,000,000</td><td>Yao-Tsung Wu
Ming-Ching Hsieh
Yung-Chen Chen
Yu-Chuan Chang
Jui-Jung Chang
Shih-Hung Chan
Huei-Wang Huang
San-Chien Tu</td><td>Yao-Tsung Wu
Ming-Ching Hsieh
Yung-Chen Chen
Yu-Chuan Chang
Jui-Jung Chang
Shih-Hung Chan
Huei-Wang Huang
San-Chien Tu</td><td>Yao-Tsung Wu
Yu-Chuan Chang
Jui-Jung Chang
Shih-Hung Chan
Huei-Wang Huang
San-Chien Tu</td><td>Yao-Tsung Wu
Yu-Chuan Chang
Jui-Jung Chang
Shih-Hung Chan
Huei-Wang Huang
San-Chien Tu</td></tr>
<tr><td>NT$1,000,000 (inclusive) to 2,000,000 (not inclusive)</td><td>Shun-Ho Hsieh</td><td>Shun-Ho Hsieh</td><td>0</td><td>0</td></tr>
<tr><td>NT$2,000,000 (inclusive) to 3,500,000 (not inclusive)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$3,500,000 (inclusive) to 5,000,000 (not inclusive)</td><td>0</td><td>0</td><td>Ming-Ching Hsieh</td><td>0</td></tr>
<tr><td>NT$500,000,000 (inclusive) to 10,000,000 (not inclusive)</td><td>0</td><td>0</td><td>Shun-Ho Hsieh
Yung-Chen Chen</td><td>Ming-Ching Hsieh
Yung-Chen Chen</td></tr>
<tr><td>NT$10,000,000 (inclusive) to 15,000,000 (not inclusive)</td><td>0</td><td>0</td><td>0</td><td>Shun-Ho Hsieh</td></tr>
<tr><td>NT$15,000,000 (inclusive) to 30,000,000 (not inclusive)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$30,000,000 (inclusive) to 50,000,000 (not inclusive)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$500,000,000 (inclusive) to 10,000,000 (not inclusive)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Over NT$100,000,000</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Total</td><td>9</td><td>9</td><td>9</td><td>9</td></tr>
</table>

2. Remuneration of the President and Vice Presidents

Unit: NT$ thousand

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance Pay and Pension (B)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Employee Compensation (D) (Note)</th><th colspan="2">Total amount of A, B, C and D and percentage of net income after tax (%)</th><th rowspan="3">Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The Company</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th>Cash Amount</th><th>Stock Amount</th><th>Cash Amount</th><th>Stock Amount</th></tr>
<tr><td>President</td><td>Shun-Ho Hsieh</td><td rowspan="4">11,491</td><td rowspan="4">14,721</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">1,369</td><td rowspan="4">1,369</td><td rowspan="4">6,300</td><td rowspan="4">0</td><td rowspan="4">6,300</td><td rowspan="4">0</td><td rowspan="4">19,160
3.76%</td><td rowspan="4">22,390
4.39%</td><td rowspan="4">None</td></tr>
<tr><td>Vice President</td><td>Shu-Chuan Hsiao (Note 1)</td></tr>
<tr><td>Vice President, Management Office</td><td>Ming-Ching Hsieh (Note 2)</td></tr>
<tr><td>Vice President, Overseas Business Department</td><td>Yung-Chen Chen (Note 2)</td></tr>
</table>

Note 1 Shu-Chuan Hsiao, the Vice President of the President's Office, took office on March 15, 2022.

Note 2 Transferred to the subsidiary Sinmag Equipment (China) Co., Ltd. on January 1, 2022

President and Vice President Remuneration Range Table

Range of remuneration paid to the President and Vice Presidents of the Company	Name of President and Vice Presidents	
	The Company	Companies in the consolidated financial statements (E)
Less than NT$1,000,000	0	0
NT$1,000,000 (inclusive) to 2,000,000 (not inclusive)	Shu-Chuan Hsiao	Shu-Chuan Hsiao
NT$2,000,000 (inclusive) to 3,500,000 (not inclusive)	0	0
NT$3,500,000 (inclusive) to 5,000,000 (not inclusive)	Ming-Ching Hsieh	Ming-Ching Hsieh
NT$500,000,000 (inclusive) to 10,000,000 (not inclusive)	Shun-Ho Hsieh Yung-Chen Chen	Shun-Ho Hsieh Yung-Chen Chen
NT$10,000,000 (inclusive) to 15,000,000 (not inclusive)	0	0
NT$15,000,000 (inclusive) to 30,000,000 (not inclusive)	0	0
NT$30,000,000 (inclusive) to 50,000,000 (not inclusive)	0	0
NT$500,000,000 (inclusive) to 10,000,000 (not inclusive)	0	0
Over NT$100,000,000	0	0
Total	4	4

3. Remuneration of Management Team

April 30, 2022/Unit: NT$ thousand

	Title	Name	Stock Amount	Cash Amount	Total	Percentage of total compensations to NIAT (%)
Managerial Personnel	President	Shun-Ho Hsieh	0	10,349	10,349	2.03%
	Vice President	Shu-Chuan Hsiao (Note 1)				
	Vice President, Management Office	Ming-Ching Hsieh (Note 2)				
	Director of Sales & Marketing Division I	Chih-Hsien Chen (Note 3)				
	Chief Financial Officer	Yu-Tung Huang				
	Director, Research & Development Department	Shiu-Tu Chen				
	Manager, Manufacturing Department	Tsai-Wang Huang				
	Manager, Engineering Department	Tai-Sheng Wang				
	Vice President, Overseas Business Department	Yung-Chen Chen (Note 2)				
	Manager, Overseas Business Department	Tzu-Chien Chang (Note 2)				
	Audit Office Manager	Shu-Yuan Li				
	Manager, Human Resource Department	Zhi-Wei Hong (Note 4)				

Note 1 Shu-Chuan Hsiao, the Vice President of the President's Office, took office on March 15, 2022.

Note 2 Transferred to the subsidiary Sinmag Equipment (China) Co., Ltd. on January 1, 2022

Note 3 Chih-Hsien Chen, Vice President of the Sales & Marketing Division, retired on March 31, 2021 and returned to the position of Director of Sales & Marketing Division I on April 1, 2021.

Note 4 Transferred to the subsidiary Sinmag Equipment (China) Co., Ltd. on February 1, 2022

(IV) Ratio of total remuneration for directors, supervisors, president and vice presidents of the Company and all the companies in the consolidated Financial Statements in the recent two fiscal years in net profits of individual financial report after tax shall be illustrated, and remuneration payment policy, standard and combination, establishment procedure of remuneration, relevance between performance and the future risk shall be stated.

(II)

Title	2021		2020	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	5.20%	5.83%	5.15%	6.29%
President and Vice President	3.76%	4.39%	4.15%	5.30%

1. The remuneration to directors of the Company mainly comprises of base compensation, directors' compensation, and business execution expenses:

   Directors' base compensation: According to Article 24-1 of the Company's Articles of Association, "directors' base compensation is subject to the directors' level of involvement and the value of their contribution to the Company's operations. Industry standards are also used as references".

   Directors' remuneration: In accordance with Article 29 of the Company's Articles of Association, "For pre-tax profit before deducting the Company's annual employee remuneration and the directors' remuneration of the current period, the Company shall allocate 2% to 10% for the remuneration of employees and not more than 5% for the remuneration of directors."

   According to the Company's Articles of Incorporation, the director's compensation is distributed according to a certain percentage of the profit in the current year. The 2022 directors' compensation was proposed by the Remuneration Committee held on March 15, 2022, and resolved by the Board of Directors. Directors' compensation is mainly associated with the Company's profit and operating performance (the target items include the revenue, the net interest rate achievement rate, etc.) combined with considerations for the future prosperity of the industry and the long-term operating strategy to mitigate future operating risks.

   Business execution expenses: Mainly travel expenses and attendance fees, which are paid under the "Remuneration Payment

Measures for Directors and Functional Committee Members" stipulated by the Company.

2. The manager's salary consists of fixed salary and variable salary. The fixed salary is the monthly salary. The variable salary includes the employee remuneration and year-end bonus. It is mainly paid based on the performance of the individual's annual assessment. The annual assessment includes qualitative indicators (such as key core competencies of the job, future development potential, etc.) and quantitative indicators (such as the achievement of personal goals, achievement rate or execution ability, etc.). For the employee remuneration, in accordance with Article 29 of the Company's Articles of Association, "For pre-tax profit before deducting the Company's annual employee remuneration and the directors' remuneration of the current period, the Company shall allocate 2% to 10% for the remuneration of employees".

   The distribution of employee's remuneration and directors' remuneration shall be reported to the shareholders' meeting; the year-end bonus shall be determined based on the annual operating results of the Company, and the amount shall be determined by the Board of Directors after being approved by the Company's Remuneration and Compensation Committee.

3. The relationship between the procedures for determining remuneration and the operating performance and future risks: The procedures for determining remuneration refer to the usual level of payment in the industry and consider the company's operating performance (indicators include revenue, net interest rate achievement rate, etc.), participation level (including the attendance rate of directors, communication frequency, advice provided, etc.), and contribution to the Company (including financial indicators such as revenue and net profit margin, and non-financial indicators such as the practice and operation management competencies of the Company's core values, internal control compliance, continuous learning and measurement of other special merits and negative events), and reasonable remuneration is hereby paid. The Remuneration and Compensation Committee and the Board of Directors shall periodically review the reasonableness of the remuneration and shall review the remuneration system from time to time in the light of actual operating conditions and relevant legislation, and shall not induce the directors and the president to engage in any act of overstepping the risk appetite of the Company in pursuit of remuneration in order to avoid improper circumstances such as losses sustained by the Company after payment of remuneration.

III. Implementation of Corporate Governance

(I) Implementation of the Board of Directors

From January 1 to April 30, 2022, the Company held one meeting of the Board of Directors. The Board of Directors of the Company held six meetings in 2021, and all independent directors attended the meetings.

The attendance of directors is was as follows:

Title	Name	Actual Attendance	Attendance by proxy	Percentage of Actual Attendance	Remark
Chairman	Shun-Ho Hsieh	6	0	100%	Re-elected on June 14, 2019
Director	Yao-Tsung Wu	6	0	100%	Re-elected on June 14, 2019
Director	Jui-Jung Chang	6	0	100%	Re-elected on June 14, 2019
Director	Ming-Ching Hsieh	6	0	100%	Re-elected on June 14, 2019
Director	Yung-Chen Chen	6	0	100%	Newly elected on June 14, 2019
Director	Yu-Chuan Chang	6	0	100%	Newly elected on June 14, 2019
Independent Director	Shih-Hung Chan	6	0	100%	Re-elected on June 14, 2019
Independent Director	Huei-Wang Huang	6	0	100%	Newly elected on June 14, 2019
Independent Director	San-Chien Tu	6	0	100%	Re-elected on June 14, 2019

Other mentionable items:

I. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all Independent Directors' opinions and the Company's response should be specified:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

(II) Other than the matters mentioned above, other resolutions that are objected and reserved by the Independent Directors and are documented or stated.

1. Matters referred to in Article 14-3 of the Securities and Exchange Act

Board of Directors	Content of motion
March 18, 2021 13th Meeting of the Thirteenth Term (1st meeting of 2021)	1. The Company's 2020 business report, financial statements, and consolidated financial statements.
	2. 2020 Earnings Distribution Plan of the Company
	3. The Company made adjustments to the investment structure of Sinmag Group.
	4. The assessment of independence and competence of CPAs and the appointment and compensation of the CPAs for 2021.
	Result: Approved by all attending directors.
May 7, 2021 14th Meeting of the Thirteenth Term (2nd meeting of 2021)	The Company's consolidated financial statements for 1Q21.
	Result: Approved by all attending directors.
July 23, 2021 15th Meeting of the Thirteenth Term (3rd meeting of 2021)	1. On March 18, 2021, the Board of Directors of the Company revoked the shareholders' agreement with Organizational Structure Adjustment Plan of the third-tier subsidiary Sinmag Bakery Malaysia Equipment Sdn.Bhd.
	2. Amend the Company's [Operational Procedures for Transactions with Related Parties, Specific Companies, and Group Companies] case.
	Result: Approved by all attending directors.
Aaugust 13, 2021 16th Meeting of the Thirteenth Term (4th meeting of 2021)	The Company's consolidated financial statements for 2Q21.
	Result: Approved by all attending directors.
November 11, 2021 17th Meeting of the Thirteenth Term (5th meeting of 2021)	The Company's consolidated financial statements for 3Q21.
	Result: Approved by all attending directors.
December 10, 2021 18th Meeting of the Thirteenth Term (6th meeting of 2021)	1. The operating plan and budget of the Company for 2022.
	2. The audit plan of the Company for 2022.
	Result: Approved by all attending directors.

All of the above resolutions were passed by all attending Directors of the Board of Directors, and the Independent Directors did not express any objection or reservation.

II. When Directors abstain themselves for being a stakeholder in certain proposals, the name of the Directors, the content of the proposal, reasons for abstentions and the results of voting counts should be stated.

1. Board of Directors on May 7, 2021:
   For the 2020 distribution proposal of individual director's compensation and managerial officers' employee compensation, when discussing this case on the individual compensation of managerial officers, president Shun-Ho Hsieh, vice president Ming-Ching Hsieh, vice president Yung-Chen Chen, chief financial officer Yu-Tung Huang, and the audit manager Shu-Yuan Li, had abstained from discussing or voting in accordance with the law due to conflicts of interests. Upon the chairman's inquiry, all the directors passes it without objection.
2. Board of Directors on July 23, 2021:
   For the 2021 manager salary adjustment, when discussing this case on the compensation of managerial officers, president Shun-Ho Hsieh, vice president Ming-Ching Hsieh, vice president Yung-Chen Chen, chief financial officer Yu-Tung Huang, and the audit manager Shu-Yuan Li, had abstained from discussing or voting in accordance with the law due to conflicts of interests. Upon the chairman's inquiry, all the directors passes it without objection.
3. Board of Directors on December 10, 2021:
   For the 2021 year-end bonus payment plan, president Shun-Ho Hsieh, vice president Ming-Ching Hsieh, vice president Yung-Chen Chen, chief financial officer Yu-Tung Huang, and the audit manager Shu-Yuan Li, had abstained from discussing or voting in accordance with the law due to conflicts of interests. Upon the chairman's inquiry, all the directors passes it without objection.

III. TWSE/TPEx Listed Companies shall disclose information including the evaluation period and duration, evaluation scope, method and evaluation content of self (or peer) evaluation of the Board of Directors, and fill in the execution of the assessment by the board of directors.

The execution of the Board's evaluation

Frequency	Period	Scope	Method	Content
Conduct regular internal board performance assessment on an annual basis	Conduct the performance assessment of the Board of Directors from January 1, 2021 to December 31, 2021.	The scope of the assessment includes 1. Board of Directors as a whole 2. Individual directors 3. Functional committees (Including Audit Committee and Remuneration Committee)	Includes internal board self-assessments, directors' self-assessments, peer reviews or other appropriate methods of performance assessment.	**The measurement items of the performance assessment of the Board of Directors include the following five major orientations** 1. Participation of the Company's operation 2. Improve the decision-making quality of the Board of Directors 3. Composition and Structure of the Board of Directors 4. Election of Directors and Continuous Improvement 5. Internal control. **The measurement items of the performance assessment of board members include the following six major orientations** 1. Execution of the Company's goals and tasks 2. Understanding of the director's roles and responsibilities 3. Participation of the Company's operation 4. Management and communication of the internal relations 5. Professional and Continuous Improvement of Directors 6. Internal Control **The measurement items of the performance assessment of the Board of Auditors include the following five aspects** 1. Participation of the Company's operation 2. Recognition of the Audit Committee's duties 3. Enhancement to the Audit Committee's decision quality 4. Composition of the Audit Committee and appointment of Committee members 5. Internal Control **Performance evaluation content of Remuneration Committee include the following five aspects:** 1. Participation of the Company's operation 2. Recognition of the Remuneration Committee's duties 3. Enhancement to the Remuneration Committee's decision quality 4. Makeup of the Remuneration Committee and election of its members. 5. Other items

IV. Goals of the current and the recent years to improve the functions of Board of Directors (such as establishing audit committee, improving the information disclosure) and evaluation of the implementation.

(1) Enhance corporate governance and strengthen related functions of the Board

A. The Company established a Remuneration Committee on Dec. 26, 2021 to assist the Board in implementing the remuneration management functions. On March 9, 2012, the Company formulated the "Performance Evaluation Method of the Board of Directors" and implemented the Board performance evaluation to further strengthen the Board's performance. Please refer to "Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof" for its implementation.

B. Moreover, the Audit Committee was set up on Jun. 6, 2016 to reinforce the corporate governance mechanism.

C. For the relevant proposals passed by the Audit Committee and the Remuneration Committee of the Company in 2021, please refer to (II) Implementation of the Audit Committee and (IV) Implementation of the Remuneration Committee.

(2) Strengthen the operation of Board and the transparency of public information

A. The Company’s Board of directors meets at least once a quarter to discuss important business strategy issues and review operational performance. In 2021, the Company held six Board meetings, with 100% of the directors attending. Immediately after the Board meeting, the directors’ attendance at the Board will be disclosed to the Market Observation Post System (MOPS), and the important Board resolutions are posted on the Company website, so as to protect the interests of shareholders, and regular corporate briefings were held to enhance investors' recognition of the Company.

B. We continue to pursue corporate governance and transparency of financial information and are listed in the "Top 21% - 35% of TPEx Listed Companies" of the eighth "Corporate Governance Evaluation" held by the Securities and Futures Institute.

(3) To implement corporate governance, enhance the functions of the Board, and establish performance objectives to intensify the operational efficiency of the Board, where the performance evaluation of the Board of Directors and its members shall be carried out at least once a year. The results of the Board of Directors' performance evaluation in 2021 were submitted to the Board of Directors on Mar. 15, 2022, and disclosed on the Company website for investors' reference.

(II) Implementation of the Audit Committee

The Company held one Audit Committees meeting from January 1 to April 30, 2022.

A total of five Audit Committee meetings were held in 2021. The attendance of independent directors is as follows:

Title	Name	Actual attendance	Attendance by proxy	Attendance rate	Remark
Independent Director	Shih-Hung Chan	5	0	100%	Re-elected on June 14, 2019
Independent Director	Huei-Wang Huang	5	0	100%	Newly elected on June 14, 2019
Independent Director	San-Chien Tu	5	0	100%	Re-elected on June 14, 2019

Other mentionable items:

The focus and implementation of the Audit Committee in 2021

Audit Committee

The Company's Audit Committee is composed of three independent directors and it aims to assist the Board of Directors in supervising the quality and integrity of the Company's implementation of relevant accounting, auditing, financial reporting procedures, and financial control. The Audit Committee held five meetings in 2021, and the major matters reviewed include:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The hiring or dismissal of a certified public accountant, or their compensation.
8. Annual financial reports and quarterly financial reports.
9. Other significant matters as stipulated by the Company or the competent authority.
10. Evaluation of the qualifications, independence, and performance of the CPAs.
11. Performance of Audit Committee's Duties.
12. Self-evaluation questionnaire for the Audit Committee performance evaluation.
13. Legal compliance.

Annual Financial Report of the Board of Referees

Review of Annual Financial Report The Board of Directors has prepared the Company's 2021 business report, financial statements, and earnings distribution proposal. Of which, the financial statements have been audited by Deloitte & Touche, by whom an audit report has been issued accordingly. The aforesaid business report, financial statements, and earnings distribution proposals have been reviewed and approved by the Audit Committee and found that there is no discrepancy.

Assess the Effectiveness of Internal Control

The Audit Committee evaluates the effectiveness of the Company's internal control system policies and procedures (including control measures such as finance, operation, risk management, information security, legal compliance, etc.) and reviews the regular reports of the Company's audit department, CPAs, and management. The Audit Committee believes that the Company's internal control systems are effective and that the Company has adopted the necessary control mechanisms to supervise and correct violations.

Appointment of CPA

In order to ensure the independence of the attesting CPA firm, the Audit Committee evaluates the independence, professionalism, and competency of the CPA by referring to Article 47 of the Certified Public Accountant Act and the content system independence evaluation form of "Integrity, Objectivity, and Independence" in the Bulletin No. 10 of the Code of Professional Ethics for Certified Public Accountant.

Before the meeting of the Audit Committee on March 15, 2022, the certified public accountants have conducted the financial report inspection results and other matters to the members of the Audit Committee, and have fully communicated the implementation situation, results and suggestions.

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company’s handling of such resolutions shall be specified.
   (I) Matters referred to in Article 14-5 of the Securities and Exchange Act.
   (II) Other matters were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

<table>
<tr><th>Audit Committee</th><th>Content of motion and follow-up actions</th><th>Matters referred to in Article 14-5 of the Securities and Exchange Act</th><th>Other matters were not approved by the Audit Committee but were approved by two-thirds or more of all directors.</th></tr>
<tr><td rowspan="8">March 18, 2021
10th Meeting of the Second Term (1st meeting of 2021)</td><td>1. The Company's 2020 business report, financial statements, and consolidated financial statements.</td><td>V</td><td>NIL</td></tr>
<tr><td>2. 2020 Earnings Distribution Plan of the Company</td><td>V</td><td>NIL</td></tr>
<tr><td>3. The Company made adjustments to the investment structure of Sinmag Group.</td><td>V</td><td>NIL</td></tr>
<tr><td>4. The amendment to the Company's "Audit Committee Organization Rules."</td><td>V</td><td>NIL</td></tr>
<tr><td>5. The assessment of independence and competence of CPAs and the appointment and compensation of the CPAs for 2020.</td><td>V</td><td>NIL</td></tr>
<tr><td>6. Proposal for the assessment of the effectiveness of the design and implementation of the internal control system of the Company in 2020.</td><td>V</td><td>NIL</td></tr>
<tr><td colspan="3">Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.</td></tr>
<tr><td colspan="3">The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.</td></tr>
<tr><td rowspan="3">May 7, 2021
11th Meeting of the Second Term (2nd meeting of 2021)</td><td>The Company's consolidated financial statements for 1Q21.</td><td>V</td><td>NIL</td></tr>
<tr><td colspan="3">Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.</td></tr>
<tr><td colspan="3">The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.</td></tr>
<tr><td rowspan="3">July 23, 2021
12th Meeting of the Second Term (3rd meeting of 2021)</td><td>On March 18, 2021, the Board of Directors of the Company revoked the shareholders' agreement with Organizational Structure Adjustment Plan of the third-tier subsidiary Sinmag Bakery Malaysia Equipment Sdn.Bhd.</td><td>V</td><td>NIL</td></tr>
<tr><td colspan="3">Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.</td></tr>
<tr><td colspan="3">The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.</td></tr>
<tr><td rowspan="3">Aaugust 13, 2021
13th Meeting of the Second Term (4th meeting of 2021)</td><td>The Company's consolidated financial statements for 2Q21.</td><td>V</td><td>NIL</td></tr>
<tr><td colspan="3">Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.</td></tr>
<tr><td colspan="3">The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.</td></tr>
</table>

Audit Committee	Content of motion and follow-up actions	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
November 11, 2021 14th Meeting of the Second Term (5th meeting of 2021)	The Company's consolidated financial statements for 3Q21.	V	NIL
	Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.		
	The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.		

II. Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of the voting shall be specified.
There is no proposal of independent directors to interested parties in the 2021 Audit Committee meeting of the Company, so there are no recusals due to conflicts of interests.

III. Communications between the independent directors, the chief internal auditor, and CPAs (shall include the material items, methods, and results of audits of corporate finance or operations, etc.)

(I) Communication methods between the independent directors, the chief internal auditor, and CPAs

1. The chief internal auditor regularly conducts audit reports and discussions with the Audit Committee members quarterly and immediately discusses and communicates on issues raised by the Committee members after the monthly audit report is issued.
The chief internal auditor of the Company reports the audit plan of the next year to the Audit Committee composed of all independent directors every year and attends each Board meeting and Audit Committee meeting to report on the implementation of the auditing internal control system. In case of special circumstances, the chief internal auditor will report to the Audit Committee immediately; the Audit Committee may also make inquiries directly to the chief internal auditor or CPA.
2. In the quarterly Audit Committee meetings, the CPA communicates with the Committee members regarding the results of the audit or review of the quarterly financial statements and other matters required by relevant laws and regulations. In addition, the findings and suggestions of the quarterly or annual audit are well communicated and interacted with.

(II) Summary of previous communications between independent directors and chief internal auditor

1. The Company's chief internal auditor regularly presents audit reports to independent directors at the Audit Committee meeting at least four times a year and communicates with the Committee members the results of the audit report and the implementation of the follow-up report.
2. The Company's independent directors have good communications regarding the implementation and effectiveness of the audits. The summary of the major communications in 2021 is as follows:

Date	Communication	Implementation
March 18, 2021	1. Evaluation report on the design and effectiveness of the internal control system for 2020.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members.
	2. 2020 "Statement of Internal Control System" report.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members.
	3. Implementation report of internal audit from Nov. 8, 2020 to Feb. 28, 2021.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members.
May 7, 2021	1. Implementation report of internal audit from Mar. 18, 2021 to Apr. 30, 2021.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members.
Aaugust 13, 2021	1. Implementation report of internal audit from May 7, 2021 to Jul. 31, 2021.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members.

Date	Communication	Implementation
November 11, 2021	1. Implementation report of internal audit from Aug. 13, 2021 to Oct. 31, 2021.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members.

(III) Summary of previous communications between independent directors and the CPAs

1. The Company's CPAs presents review or audit results of the financial statements of the Company and its subsidiaries at home and abroad to independent directors during the quarterly Audit Committee meetings, as well as communicating whether financial adjustment entries or legal amendments affect the accounting method.
2. The Company's independent directors have good communications with the CPAs. The summary of the major communications in 2021 is as follows:

Date	Communication	Implementation
March 18, 2021	Report on the audit results of consolidated and individual financial reports for 2020.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members
May 7, 2021	The review process and situation report of the consolidated financial statements for 1Q21.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members
Aaugust 13, 2021	The review process and situation report of the consolidated financial report for 2Q21.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members
November 11, 2021	1. The review process and situation report of the consolidated financial report of the Company for 3Q21. 2. The CPA communicates with the corporate governance unit for the planning matters of the 2021 audit operations and the key audit matters in the new audit report.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
I. Does the Company establish and disclose its Corporate Governance Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established and disclosed its Corporate Governance Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" in the Market Observation Post System (MOPS) and the investor area of the Company website (http://www.sinmag.com.tw/)	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
II. Shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations, and does the Company implement them in accordance with the procedures?	✓		(I) The Company has appointed designated personnel and set up an email box to deal with shareholders' suggestions, doubts, disputes, and litigations according to the procedures.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(II) In accordance with Article 25 of the Securities and Exchange Act, the Company has reported monthly to the website "Market Observation Post System" designated by the Securities and Futures Bureau for changes in the equity held by insiders (directors, managerial officers, and shareholders holding more than 10% of the total shares).	
(III) Does the Company establish and execute a risk management and firewall system within its affiliated companies?	✓		(III) The Company and its affiliated companies' operations and finance are conducted independently and have formulated "Measures for the Supervision and Management of Subsidiaries," "Operational Procedures for Transactions with Related Parties, Specific Companies, and Group Companies," and "Financial-related Operation Standards among Affiliated Companies" to regulate financial operations among the Company and the affiliated companies and matters that should be supervised so that there is a good risk management and control mechanism between the affiliates.	
(IV) Does the Company establish internal rules against insiders using undisclosed information to trade with?	✓		(IV) The Company has established the "Operational Procedures for Handling Material Internal Information" and "Code of Ethical Conduct for Employees," which regulates prohibiting Company insiders from using undisclosed information on the market to trade securities and regularly conduct insider education and publicity to all staff members.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
III. Composition and Responsibilities of the Board of Directors (I) Does the Board of Directors have a diversification policy, and what are the specific management objectives and implementation plan?	✓		(I) The Company stipulates in Article 20 of the "Code of Practice on Corporate Governance": The composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company's managers not exceed one-third of the total number of the Board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards: 1. Basic conditions and values: gender, age, nationality, culture, and so on, and the ratio of women directors should be one-third of the number of directors. 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. Each board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the goals of	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			corporate governance, the Board of Directors on the whole shall possess the following abilities: (1) Operational judgment; (2) accounting and financial analysis; (3) operational management; (4) crisis management; (5) industry knowledge; (6) international market outlook; (7) leadership; and (8) decision-making abilities. (1) The Board of Directors of the Company consists of 9 directors, including 6 directors and 3 independent directors, of whom 33% are independent directors, and 1 of whom has been an independent director for 9 years; the proportion of directors with employee status is 33%. The age ranges of directors are as follows: 4 directors of 71 ~ 80 years (44.5%, Shun-Ho Hsieh, Yao-Tsung Wu, Shih-Hung Chan, San-Chien Tu), 3 directors of 61 ~ 70 years (33.3%, Yu-Chuan Chang, Jui-Jung Chang, Huei-Wang Huang), 1 director of 51 ~ 60 years (11.1%, Yung-Chen Chen), and 1 director of 41 ~ 50 years (11.1%, Ming-Ching Hsieh). (2) In terms of professional competence, nine of the directors have the operational judgment, operational management, crisis management, international market outlook, leadership and decision-making abilities (100%), four have the accounting	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			and financial analysis abilities (44.44%) and six have the industry knowledge (66.67%). (3) Specific management objectives for board members diversity: The board of directors of the Company guides the company's strategy, supervisory management and accountability to the Company and its shareholders. In all operations and arrangements of the corporate governance system, the board of directors exercises its functions and powers in accordance with laws and regulations, the articles of association or the resolutions of the shareholders' meeting, etc. Specific management objectives are as follows: A. The Board of Directors of the Company shall also pay attention to the gender equality of its members, and the directors shall include at least one female director. B. Independent Directors may not serve more than 3 consecutive terms to maintain their independence. (4) Achieving of objectives for board members diversity: The directors and members of the Company have the necessary knowledge, skills, literacy, industry decision-making and management skills to carry out their business. The	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			Company also continuously arranges diversified refresher courses for the directors and members in order to enhance their decision-making quality and supervisory responsibilities, thereby strengthening the functions of the Board of Directors. The 13th Board of Directors of the Company consists of 9 members, including 3 independent directors, so as to ensure the independence of the Board. The above-mentioned independent directors are professionals who have significant influence on the Company's operations, financial accounting, international market outlook, etc., and can provide expert advice and supervise the operation of the management team. It is expected that in the future there will be one additional female director to achieve the goal of gender equality. (5) Further information concerning diversity policy of Board of Directors can be found on the Company's website and Market Observation Post System.	
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and	✓		(II) In addition to setting up the Remuneration Committee and Audit Committee, the Company's corporate governance is implemented under the responsibility of each department. Other functional committees will be set up as required after discussion by the Board of Directors.	In compliance with the Corporate Governance Best

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
the Audit Committee?				Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company establish evaluation measures and methods, conduct performance evaluation regularly every year, and submit the result of performance evaluation to the Board, and use it in individual director remuneration and nominating successors for reference?	✓		(III) The Company has formulated the "Performance Evaluation Method of the Board of Directors" on Mar. 9, 2012, which was implemented after discussion and approval by the Board of Directors. It is stipulated that the Board of Directors shall perform performance evaluations of the Board of Directors and the Board members at least once a year. The scope of the Company's Board evaluation includes the performance evaluation of the overall Board of Directors, individual Board members, Audit Committee, and Remuneration Committee. According to the method, the performance evaluation of the Board of Directors will be conducted at the end of each year, and the performance self-evaluation questionnaire will be issued to all board members at the end of December of that year. Through regular Board performance evaluation every year, after each director completes the evaluation on the operation, culture, internal and external relationship management, self-evaluation, and other aspects of the Board of Directors for the current year, the	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			deliberating units of the Board of Directors will compile the statistics and make a report at the first Board meeting of the following year. 1. The performance evaluation of the Company's "Board of Directors" covers five aspects: (1) Participation of the Company's operation (2) Improve the decision-making quality of the Board of Directors (3) Composition and Structure of the Board of Directors (4) Elections and continuous training of the directors (5) Internal Control There are a total of 45 measurement indicators 2. The performance evaluation of the "Board members" covers six aspects: (1) Execution of the Company's goals and tasks (2) Understanding of the director's roles and responsibilities (3) Participation of the Company's operation (4) Management and communication of the internal relations (5) Professional and Continuous Improvement of Directors (6) Internal Control There are a total of 23 measurement indicators 3. The performance evaluation of the "Audit Committee" covers five	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			aspects: (1) Participation of the Company's operation (2) Recognition of the Audit Committee's duties (3) Enhancement to the Audit Committee's decision quality (4) Composition of the Audit Committee and appointment of Committee members (5) Internal Control There are a total of 22 measurement indicators 4. The performance evaluation of the "Remuneration Committee" covers five aspects: (1) Participation of the Company's operation (2) Recognition of the Remuneration Committee's duties (3) Enhancement to the Remuneration Committee's decision quality (4) Makeup of the Remuneration Committee and election of its members. (5) Other items There are a total of 19 measurement indicators 5. The Company's 2021 Board performance self-evaluation began at the end of December 2021. The deliberative unit of the Chairman's	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			Office provided the questionnaires according to the method. The questionnaire was distributed at the end of December 2021 and analyzed by the above methods. The 2021 Board performance evaluation results are as follows: (1) The average self-evaluation score of the Board of Directors' performance evaluation is 95 points (2) The average self-evaluation score of the Board members' performance evaluation is 93.13 points (3) The average self-evaluation score of the Audit Committee's performance evaluation is 85.60 points (4) The average self-evaluation score of the Remuneration Committee's performance evaluation is 85.85 points 6. There are no significant improvement items in the performance evaluation of the Company's "Board of Directors," "Audit Committee" and "Remuneration Committee" in 2021. Future optimization direction: (1) Taking into account the future increase in the number of female directors. (2) Plan directors' professional development courses according to the overall needs of the Company to assist directors in	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			fulfilling their functions. 7. The results of the performance evaluation were reported to the Board of Directors and the functional committees on March 15, 2022. After the report by the Board of Directors, the method and the results of the evaluation were disclosed to the Investor Area of the Company's website (http://www.sinmag.com.tw/) The results of the performance evaluation of the Company's Board of Directors will be used as a reference for the remuneration of individual Directors and for the nomination for the continuation of their term of office.	
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		(IV) The Financial Department of the Company regularly assesses the independence and competence of the CPA hired annually in accordance with the "Measures for the Examination of the Appointment of Certified Public Accountants" and the "Corporate Governance Practice Principles." It is evaluated that the personal qualifications of the two CPAs of Deloitte & Touche, Chiang-Hsun Chen and Chao-Mei Chen, are in line with the practice of CPAs, and there is no direct or indirect financial interest relationship with the Company or the directors. In terms of audit, tax service quality, and timeliness of the CPAs, all the evaluation items meet the standards and they are qualified to serve as	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			the Company's CPAs.	
IV. Does the TWSE/TPEx Listed Companies assign appropriate number of administrators and designate corporate governance director to take charge of corporate governance affairs (including but not limited to providing data required by directors, supervisors implementing business, assistance of directors, supervisors in complying with laws, handling relevant matters of the board meeting and	✓		By the resolution of the Board of Directors adopted on March 15, 2022, the Company established the position of Corporate Governance Officer, which was concurrently served by the Chief Financial Officer of the Company, so as to safeguard the rights and interests of shareholders and strengthen the functions of the Board of Directors. The Corporate Governance Officer of the Company has more than three years' experience in the financial or share management executive position of Public Offering Company. The principal duties of the Corporate Governance Officer are to handle matters relating to the meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law, to prepare the minutes of the meetings of the Board of Directors and the Shareholders' Meeting, to assist the Directors in taking office and continuing training, to provide information necessary for the Directors to carry out their	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
shareholders' meeting, and preparing minutes of Board of Directors and shareholders' meeting)?			business, and to assist the Directors in complying with the Ordinances.	
V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company values the balance of rights and obligations between stakeholders (including investors, employees, customers, suppliers, banks, creditors, etc.). Aside from maintaining good communications with all stakeholders, contact windows are set up for all stakeholders on the Company website to understand the important issues of their concerns and respond accordingly.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

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<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Stakeholders</th><th>Important issues of concern</th><th>Communication channels and response methods</th></tr>
<tr><td>Shareholders</td><td>Corporate image/business performance /industry overview/product and services/investment</td><td>Contact person: Spokesperson, Yu-Tung Huang
TEL: (02)2298-1148
1. Annual Shareholders' Meeting.
2. Conduct regular investor conferences.
3. Simultaneously publish real-time material information on the Market Observation Post System and the corporate website.
4. Disclose important events on the Market Observation Post System and the corporate website.
5. Set up an e-mail box and contact number on the corporate website to establish smooth communication channels between investors and the Company.
6. Set up a dedicated window for</td></tr>
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Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	

		institutional investors. 7. Hold regular face-to-face communication meetings and teleconferences with domestic and foreign institutional investors.
Employee	Labor relations/occupational health and safety/non-discrimination/equality	Contact person: Management Department, Ms. Wang TEL: (02)2298-1147 1. Hold regular labor-management meetings and Employee Welfare Committee meetings. 2. Formulate gender work equality regulations to safeguard female employees' rights and interests. 3. Set up a hotline and e-mail box for complaints of sexual harassment in the workplace. 4. The Company website has a contact number and e-mail box for employees' inquiries and assistance.

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<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>5. Regularly assign employees to attend the safety and health seminars, conduct staff pre-employment education and training, and regularly arrange health checkups for all staff in order to provide employees with a comfortable and safe working environment.
6. Company information is communicated and published through bulletin boards, emails, and the Company's internal website.</td></tr>
<tr><td>Clients</td><td>Corporate image/products and services</td><td>Contact person: Business Department, Ms. Yeh
TEL: (02)2298-1147
1. R&D innovation and improve product quality.
2. In response to customer complaints, communicate with customers immediately, understand customer needs to facilitate the interaction</td></tr>
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Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			between the Company and customers, and review and improve in production and sales meetings from time to time. 3. The sales personnel frequently conduct customer interviews to understand customer product line requirements and provide customers with comprehensive business services. 4. Regularly participate in food exhibitions and baking and equipment exhibitions at home and abroad every year to let customers know more about the Company's products. 5. Conduct customer satisfaction surveys every year. 6. Strengthen employees' awareness of confidentiality in regard to customer information to keep trade secrets. 7. There is a customer service contact person, phone number, and e-mail box	

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<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>on the Company webpage as the contact channel for customer communication, complaints, and suggestions.</td></tr>
<tr><td>Suppliers</td><td>Corporate image/business performance/product needs</td><td>Contact person: Production Management Section, Ms. Hsieh
TEL: (02)2298-1147
1. From time to time, evaluate the manufacturer's service quality, delivery, and price, give praise to good manufacturers, and grant priority to quoting and contracting; manufacturers with poor quality and delivery time will give advice and assistance to enhance the quality of their products.
2. Strengthen employees' awareness of confidentiality in regard to manufacturer information to keep trade secrets.
3. There is a supplier service contact person, phone number, and e-mail box on the Company webpage as the contact</td></tr>
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<tr><td></td><td></td><td></td><td><table><tr><td></td><td></td><td>channel for supplier communication, complaints, and suggestions.</td></tr></table></td><td></td></tr>
<tr><td>VI. Does the Company appoint a professional stock affairs agency to deal with the affairs of the Shareholders Meeting?</td><td>✓</td><td></td><td>The Company has appointed the Taishin Securities Co., Ltd. Stock Transfer Agency Department as the Company's stock affairs agency to assist the Company in carrying out tasks relevant to Shareholders' Meetings.</td><td>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td>VII. Information Disclosure
(I) Does the Company have a corporate website to disclose both the Company’s financial standing and corporate governance status?</td><td>✓</td><td></td><td>(I) The Company discloses relevant financial, business, and stock affairs information in the investor area of the Company website and has a corporate governance area to explain the relevant regulations and implementation. Website: http://www.sinmag.com.tw/</td><td>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed</td></tr>
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Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesperson system, and webcasting investor conferences)?	✓		(II) In addition to appointing a dedicated person to collect and disclose the Company's information, the Company also assigns a spokesperson and a deputy spokesperson who comprehensively understand the Company's finance and business as well as being able to coordinate various departments to provide relevant information and speak on behalf of the Company in a unified manner to ensure that information that may affect the decision-making of shareholders and stakeholders can be disclosed in a timely and appropriate manner. When an investor conference is held, the relevant information is also uploaded to the investor area of the Company website and Market Observation Post System (MOPS) for investors' inquiries.	Companies. In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company publicize and declare the annual financial report within two months upon the end of the fiscal year, and Q1, Q2 and Q3 Financial Report and operation status of each month prior to the scheduled period?		✓	(III) The Company has announced the first, second, and third quarter and annual financial reports and the operating conditions of each month within the specified period.	After evaluating the cooperation between the internal operation time and the CPAs, it is not possible to make an

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
				announcement and file the annual financial report within two months after the end of the fiscal year and to make an announcement and file the financial report of the first, second and third quarter and the operation of each month prior to the specified period.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices	✓		(I) Employees' rights and care 1. Adhering to the business philosophy of integrity, harmony, innovation and excellence, continuous growth, and sustainable development, the Company attaches great importance to employee	In compliance with the Corporate Governance Best

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
(including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors’ and supervisors’ training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance for directors and supervisors)?			welfare by setting up the Employee Welfare Committee and allocate monthly welfare funds for the Committee to organize activities, such as various tourism activities, club activities, and other welfare matters. 2. Provide various welfare subsidies for weddings and funerals, grants and emergency relief, annual health checks, group life insurance, and accident insurance. 3. The labor retirement method is formulated according to the provisions of the Labor Standards Act, where a certain percentage of the total monthly salary is appropriated into the labor pension reserve fund and deposited at the special account of the Central Trust of China to be used as the future payment of the labor pension reserve fund. 4. According to the Labor Pension Act, there is a definite contribution retirement method, and for employees who choose the applicable Labor Pension Act, no less than 6% of the salary is appropriated to the employees' individual account every month at the Bureau of Labor Insurance. The employee's pension is paid based on the employee's individual pension account and the accumulated amount, and it can be claimed in the form of a monthly pension or	Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			lump-sum pension. 5. The Labor Committee has been set up in accordance with regulations on labor relations. Labor meetings are held regularly with good results. Any new or revised measures related to labor relations will be finalized after full agreement and communication between labor and management. 6. Regularly assign employees to attend the safety and health seminars, conduct staff pre-employment education and training, and regularly arrange health checkups for all staff in order to provide employees with a comfortable and safe working environment. (II) Investor relations The Company upholds the principle of fairness and openness to all shareholders. In terms of Shareholders' Meetings, which is convened annually in accordance with the Company Act and relevant laws and regulations. All shareholders are notified to attend the Shareholders' Meeting under relevant regulations and encouraged to actively participate in the election of directors or the amendment to the Company's Articles of Incorporation and other proposals. Material financial business activities such as the disposal of assets, endorsements,	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			and guarantees are also submitted to the Shareholders' Meeting. Moreover, the Company provides shareholders with sufficient opportunities to raise questions or make proposals to achieve the effect of checks and balances. Rules of procedure for Shareholders' Meetings are formulated by the law, and minutes of the Shareholders' Meetings are properly maintained and fully disclosed with relevant information on the MOPS. In addition, in order to ensure that shareholders have full knowledge, participation, and decision-making rights on material matters of the Company, other than announcing the annual report of the Shareholders' Meeting and the handbook of Shareholders Meeting to shareholders on the MOPS before the annual Shareholders' Meeting, the Company also has a spokesperson and a deputy spokesperson to properly handle shareholder suggestions, doubts, and disputes. Based on the principle of information disclosure, the Company handles information disclosure matters in accordance with the list of matters to be announced or declared by the public offering company and the Taipei Exchange Rules Governing Review of Emerging Stocks for Trading on the TPEx and establishes online reporting of public information. A designated person from the financial department is responsible for the collection and disclosure of company information. After review and	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			confirmation by the responsibility supervisor, the relevant information announcement and declaration matters shall be processed, and various information that may affect investors' decision-making will be provided in a timely manner. (III) Supplier relations The procurement personnel of the Company will evaluate the service quality, delivery, and price of the supplier with the requisitioning unit. A database of qualified manufacturers is established based on the evaluation results. Preferential quoting and contracting are given to excellent suppliers to ensure quality and reduce procurement costs. (IV) Respect stakeholders' rights and interests The Company attaches great importance to stakeholders (including shareholders, employees, customers, upstream and downstream manufacturers, banks, national society, and the natural environment), taking into account and balancing the interests of stakeholders has always been the Company's goal. When discussing major issues of the internal proposal, the impact on the stakeholders must be considered to ensuring the balance of stakeholders' rights and interests. The Company has established a suggestion mailbox on the Company's website to provide stakeholders with channels for feedback to safeguard	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			their rights and interests. (V) Directors' continuing education	

Title Name	Date of Training	Sponsoring Organization	Course	Hours	Whether the course meets the requirements (Note)
Director Shun-Ho Hsieh	December 10, 2021	Taiwan Corporate Governance Association	Corporate heritage matters	3	Yes
	December 10, 2021	Taiwan Corporate Governance Association	Risk-based perspectives on sustainable corporate governance - from corporate governance to ESG	3	Yes

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<tr><td rowspan="2">Director Yao-Tsung Wu</td><td>December 10, 2021</td><td>Taiwan Corporate Governance Association</td><td>Corporate heritage matters</td><td>3</td><td>Yes</td></tr>
<tr><td>December 10, 2021</td><td>Taiwan Corporate Governance Association</td><td>Risk-based perspectives on sustainable corporate governance - from corporate governance to ESG</td><td>3</td><td>Yes</td></tr>
<tr><td>Director Ming-Ching Hsieh</td><td>December 10, 2021</td><td>Taiwan Corporate Governance Association</td><td>Corporate heritage matters</td><td>3</td><td>Yes</td></tr>
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Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	

	December 10, 2021	Taiwan Corporate Governance Association	Risk-based perspectives on sustainable corporate governance - from corporate governance to ESG	3	Yes
Director Yu-Chuan Chang	December 10, 2021	Taiwan Corporate Governance Association	Corporate heritage matters	3	Yes
	December 10, 2021	Taiwan Corporate Governance Association	Risk-based perspectives on sustainable corporate governance - from corporate governance to ESG	3	Yes

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<tr><td rowspan="2">Director Yung-Chen Chen</td><td>December 10, 2021</td><td>Taiwan Corporate Governance Association</td><td>Corporate heritage matters</td><td>3</td><td>Yes</td></tr>
<tr><td>December 10, 2021</td><td>Taiwan Corporate Governance Association</td><td>Risk-based perspectives on sustainable corporate governance - from corporate governance to ESG</td><td>3</td><td>Yes</td></tr>
<tr><td>Director Jui-Jung Chang</td><td>December 10, 2021</td><td>Taiwan Corporate Governance Association</td><td>Corporate heritage matters</td><td>3</td><td>Yes</td></tr>
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Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			(see table below)	

	December 10, 2021	Taiwan Corporate Governance Association	Risk-based perspectives on sustainable corporate governance - from corporate governance to ESG	3	Yes
Independent Director Huei-Wang Huang	December 10, 2021	Taiwan Corporate Governance Association	Corporate heritage matters	3	Yes
	December 10, 2021	Taiwan Corporate Governance Association	Risk-based perspectives on sustainable corporate governance - from corporate governance to ESG	3	Yes

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<tr><td rowspan="2">Independent Director Shih-Hung Chan</td><td>December 10, 2021</td><td>Taiwan Corporate Governance Association</td><td>Corporate heritage matters</td><td>3</td><td>Yes</td></tr>
<tr><td>December 10, 2021</td><td>Taiwan Corporate Governance Association</td><td>Risk-based perspectives on sustainable corporate governance - from corporate governance to ESG</td><td>3</td><td>Yes</td></tr>
<tr><td>Independent Director San-Chien Tu</td><td>December 10, 2021</td><td>Taiwan Corporate Governance Association</td><td>Corporate heritage matters</td><td>3</td><td>Yes</td></tr>
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</table>
Note: Refers to whether it complies with the hours, scope, system, arrangement, and information disclosure of continuing education specified in the "Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies."
(VI) Status of risk management policies and risk evaluation
The Company has established various internal regulations in accordance with the law and conducted various risk management and assessments. In addition, the directors of the Company adhere to a high level of self-discipline. If the Board of Directors' proposals involves the director's own interests that may damage the Company's interests, the director is recused from the discussion and voting.
(VII) Formulation of internal material information processing procedures
</td><td></td></tr>
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Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			To establish sound internal material information processing and disclosure mechanism of the Company, to prevent improper information leakage, and to ensure the consistency and accuracy of information released by the Company to the public, the Company has formulated "Internal Material Information Processing Procedures" following the template issued by the competent authority. The procedures are promoted to directors, employees, and managers promptly to avoid violations of regulations or inside trading. (VIII) Implementation of consumer and customer protection policies To provide customers with comprehensive services and assurance, the Company communicates with customers in a timely manner in response to customer complaints, understands customer needs to facilitate the interaction between the Company and its customers, and reviews and improves in production and sales meetings from time to time. (IX) Purchase of liability insurance for directors and supervisors The Company has taken out liability insurance for all directors with an insured amount of US$7 million. The insurance coverage period is from Feb. 1, 2021 to Feb. 1, 2022, and it has been submitted to the Board meeting on Mar. 15, 2022 for an explanation.	

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<tr><td colspan="5">IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. (Leave blank if the Company is not included in the evaluation)</td></tr>
</table>

Topic	Improvement	Explanation if not yet improved
Does the Company have more than half of the directors (including at least one independent director) and the convener of the Audit Committee (or at least one supervisor) attend the Annual Shareholders' Meeting in person, and disclose the attendance list in the minutes?	Yes	The Company will arrange for more than half of the directors and the conveners of the Audit Committee to attend the 2022 Annual Shareholders' Meeting and disclose the attendance list in the minutes.
Has the Company held the regular shareholders' meeting by the end of May?	Yes	The Company will hold an Annual Shareholders' Meeting on May 31, 2022.
Has the Company established and disclosed on the Company's website internal rules and practices that prohibit insiders, such as directors or employees, from using information that is not available in the marketplace to make a profit?	Yes	This project has been set up on the Company website, and education and publicity courses will be arranged in 2022.
Are the chairman of the board of directors of the company and the President or other person of comparable rank (top manager) not the same person or are they related to each other by spouse or relative?	No	The current Chairman of the Board of Directors and the President of the Company are the same person. In order to establish a good corporate governance

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
			structure, more than half of the directors are not employees or managers at present. In addition, the Company has planned to increase the number of independent directors in the next election of directors to strengthen the effectiveness of the Board of Directors.	
Do the Company's Board members include at least one female director? [If each gender of the Company directors reaches more than one-third of the Board seats, an additional point will be added to the total score.]		No	Currently, there are no female members of the Board of Directors. Candidates will be evaluated for future re-elections.	
Is the number of independent director seats in the Company more than half of the number of director seats?		No	The Company has planned to increase the number of independent director seats in the next director election to strengthen the effectiveness of the Board of Directors.	
Does the Company develop succession plans for Board members and key management levels and disclose the operation status on the Company website or its annual report?		No	It is currently under evaluation.	
Does the Company have a corporate governance director to be responsible for corporate governance-related matters, and explain the scope of authority and continuing education in the current year	Yes		On March 15, 2022, the Board of Directors resolved to establish the corporate governance supervisor to be responsible for the business related to corporate governance.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
on the Company website and the annual report? [If the corporate governance supervisor is not concurrently held by other staff in the Company, an additional point will be added to the total score.]				
Has the Company defined risk management policies and procedures adopted by the Board of Directors to disclose the scope of risk management, organizational structure and operation of risk management, and report to the Board of Directors at least once a year?		No	It is currently under evaluation.	
Has the Company's Rules Governing the Performance Evaluation of the Board of Directors been approved by the Board of Directors? Has the Company stated that an external evaluation shall be conducted at least every three years and executed the evaluation accordingly within the prescribed period? Has the Company disclosed the execution process and evaluation results on the Company's website or in the annual report?		No	Arrange for an external evaluation of the performance of the Board of Directors, which is currently under evaluation.	
Does the Company establish an information security risk management framework, formulate information security policies and specific management plans, and disclose them on the Company website or annual report?		No	Currently, there is no proper manpower and resources to perform this task within a specific time.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
Does the Company formulate an intellectual property management plan linked to its operational goals, and disclose its implementation on the Company website or annual report, and report to the Board of Directors at least once a year? [If the Taiwan Intellectual Property Management System (TIPS) or similar intellectual property management system certification is attained, an additional point will be added to the total score.]		No	Currently, there is no proper manpower and resources to perform this task.	
Does the Company publish its annual financial report within two months after the end of the fiscal year?		No	After evaluating the cooperation between the internal operation time and the CPAs, it is not possible to cope with the requirement of this indicator.	
Does the Company disclose the interim financial report in English within two months after the reporting period of the Chinese version of the interim financial report?		No	Currently, there is no proper manpower and resources to perform this task within a specific time.	
Does the Company voluntarily publish its quarterly financial forecast, and the relevant operations have not been corrected by the competent authority or imposed any demerits by the TWSE or TPEx?		No	The Company has not announced its financial forecast report.	
Has the financial report been approved or submitted to the Board of Directors 7 days before the date of announcement and published within 1 day after the date of approval or submission?		No	Currently, there is no proper manpower and resources to perform this task.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
Does the Company's annual report voluntarily disclose the individual remuneration to directors and supervisors?		No	The Company currently does not disclose the remuneration to individual directors.	
Does the company's annual report disclose a link between directors' and managers' performance evaluation and remuneration?	Yes		The Company disclosed a link between the directors' and managers' performance evaluation and remuneration.	
Does the Company establish an English corporate website that contains information related to finance, business, and corporate governance?		No	Currently, there is no proper manpower and resources to perform this task.	
Does the Company's annual report voluntarily disclose the individual remuneration to the president and vice president?		No	The Company has not disclosed the individual remuneration to the president and vice president.	
Does the Company establish an exclusively (or concurrently) dedicated unit to promote CSR, conduct a risk assessment of environmental, social, or corporate governance issues associated with its operations based on the principle of materiality, formulate relevant risk management policies or strategies, and disclose them on the Company website and annual report?		No	Currently, there is no proper manpower and resources to perform this task.	
Does the Company establish an exclusively (or concurrently) dedicated unit to promote ethical corporate management, responsible for the formulation, supervision, and implementation of the ethical corporate management policy and prevention plan, and explain the operation and implementation of the unit on the		No	The Company has promoted corporate social responsibility (CSR) and ethical corporate management through multiple channels. The implementation is handled in a cross-departmental manner. In the future, after integration and	

Evaluation Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Abstract Illustration	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
Company website and annual report, and report to the Board of Directors at least once a year?			coordination, the composition and operation status will be gradually announced in the annual report and website.	
Does the Company regularly disclose the results of specific promotion plans and implementation of corporate social responsibility on its website or annual report?		No	At present, the Company has not prepared a corporate social responsibility report.	
Does the Company compile and upload the CSR report to the Market Observation Post System (MOPS) and the Company website before the end of September under the internationally accepted guidelines for the preparation of reports?		No	At present, the Company has not prepared a corporate social responsibility report.	
Has the company's corporate social responsibility report been verified by a third party?		No	At present, the Company has not prepared a corporate social responsibility report.	
Does the Company adopt protect human rights policies and relevant management procedures referring to International Bill of Human Rights and disclose the information on its website or annual report?		No	Currently, it is still under coordinated evaluation.	
Does the Company disclose its annual greenhouse gas emissions, water consumption, and total waste weight in the past two years? [(If the annual greenhouse gas emissions, water consumption, or total waste weight in the past two years have obtained external verification, an additional point will be added to the total score.]		No	Due to the industry characteristics and the internal manpower status, the Company has not disclosed relevant information. In the future, it will be handled according to the business and manpower expansion.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Abstract Illustration	
Does the Company set management policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction, or other wastes? [If evaluate the current and future potential risks and opportunities of climate change to the Company, and take countermeasures to respond to climate-related issues, an additional point will be added to the total score.]		No	The Company will gradually review and formulate relevant policies and promulgate and implement them based on the industry characteristics and the Company's status.	
Has the Company's website or annual report disclosed the good faith operating policy adopted by the Board of Directors, specifying specific practices and anti-bad faith schemes, and describing their implementation?		No	In the future, the Company will gradually review and finalize the relevant policies and implement them.	
Has the Company established and disclosed a reporting system for the internal and external employees of the Company to report illegal (including corruption) and unethical acts?		No	In the future, the Company will gradually review and finalize the relevant policies and implement them.	
Does the Company website or CSR report disclose the supplier management policies formulated that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and explain the implementation status?		No	The Company has not yet prepared the CSR report but plans to do so in compliance with regulations of the competent authority in the future.	

Note: Evaluation criteria of CPAs' independence and competence

	No.	Content	Results	Compliance with independence
Independence requirements	1	The CPA, or the spouse or a minor child thereof, has not invested in the Company, or shares in financial gains therewith.	Yes	Yes
	2	The CPA, or the spouse or a minor child thereof, has not lent or borrowed funds to or from the Company. However, the principal is a financial institution and a normal business entity shall not apply.	Yes	Yes
	3	The CPA has not submitted an assurance service report that is designed or assisted in the execution of the financial information system.	Yes	Yes
	4	The CPA or member of the audit service team has not served as a director, manager, or another position that has a significant impact on the audit case of the Company in the most recent two years.	Yes	Yes
	5	Non-audit services provided to the Company did not have a direct impact on the audit cases.	Yes	Yes
	6	The CPA or member of the audit service team does not promote or act as an intermediary for shares or other securities issued by the Company.	Yes	Yes
	7	The CPA or member of the audit service team has not represented the Company in third-party legal cases or other disputes except permitted by law.	Yes	Yes
	8	The CPA or member of the audit service team is not a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company.	Yes	Yes
	9	The co-practicing CPA who has been rescinded within one year does not hold any position as a director or manager of the Company or has a significant influence on the audit case.	Yes	Yes
	10	The CPA or member of the audit service team has not received gifts or special offers of value from the Company, directors, managers, or major shareholders.	Yes	Yes
	11	The CPA has not been engaged in regular work for the client or audited entity with a fixed salary or holds the position of director or supervisor	Yes	Yes
	12	After the Company's public offering:	Yes	Yes
		No CPA has provided audit service to the Company for seven consecutive years.		
		Before the Company's public offering:		
		No CPA has provided audit service to the Company for ten consecutive years.		
Independent operation	1	Has the CPA recused and refused to undertake matters if he/she has a direct or significant indirect interest that could impair his/her impartiality and independence?	Yes	Yes

	No.	Content	Results	Compliance with independence
	2	When the CPA provides audit, review, cross-review, or project review of a financial statement and submits an opinion, does he/she maintain independence in appearance in addition to independence in fact?	Yes	Yes
	3	Do members of the audit service team, other co-practicing CPAs or shareholders of legal-person accounting firms, accounting firms, firm-affiliated companies, and alliance firms also maintain their independence vis-a-vis the Company?	Yes	Yes
	4	Does CPA offer professional services with integrity in a rigorous manner?	Yes	Yes
	5	Does the CPA maintain a fair and objective position in the course of performing professional services to avoid prejudice, conflict of interest, or interest in affecting professional judgment?	Yes	Yes
	6	The CPA's integrity, fairness, and objectivity have not been impaired by the lack or loss of independence.	Yes	Yes
Competency	1	The CPA does not have disciplinary records from the disciplinary committee for the past two years.	Yes	Yes
	2	Does the CPA firm in charge of the Company's audit services have sufficient scale, resources, and regional coverage?	Yes	Yes
	3	Does the CPA firm have clear quality control procedures? Does the coverage include the level and key points of the audit procedure, how audit issues and judgments are handled, independent quality control review, and risk management?	Yes	Yes
	4	Does the CPA firm timely notify the Board of Directors (Audit Committee) of any significant problems and developments in risk management, corporate governance, financial accounting, and relevant risk control?	Yes	Yes

(IV) Composition, Responsibilities, and Operations of the Remuneration Committee:

To strengthen the Company's corporate governance and remuneration management of the Board of Directors, assist in the implementation and evaluation of the Company's overall remuneration and benefits policy as well as the base compensation of directors and senior managers, the Company’s Board passed a resolution to set up the Remuneration Committee on Dec. 26, 2011, and formulated the “Organizational Regulations of the Remuneration Committee” with the following tasks as its main duties:

1. Establish and regularly review the policies, systems, standards, and structures of directors and managers' performance evaluation and remuneration.
2. Regularly evaluate and determine the remuneration of directors and managers.
3. Other matters that are assigned by the Board of Directors for discussion. The Remuneration Committee reappointed independent director Shih-Hung Chan. independent director Huei-Wang Huang and independent director San-Chien Tu as members after the re-election of the Board of Directors on Jun. 14, 2019. A total of five Remuneration Committee meetings were held in 2021, and the operation was in good condition.

(1) Information on Members of the Remuneration Committee

April 30, 2022

Title Name \ Criteria		Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as a remuneration committee member
Independent Director (Convenor)	Shih-Hung Chan	Please refer to page 20 of the Directors' Information (II).		0
Independent Director	Huei-Wang Huang			1
Independent Director	San-Chien Tu			0

(2) Attendance of Members at Remuneration Committee Meetings

A. The Company's Remuneration Committee comprises three members.

B. The term of the current Committee members is from Jun. 14, 2019 to Jun. 13, 2022.

In the most recent year (2021), the Remuneration Committee held five meetings (A). The attendance record of members is as follows:

Title	Name	Actual Attendance (B)	Attendance by proxy	Attendance rate (%) (B/A)	Remark
Convener	Shih-Hung Chan	5	0	100%	Re-elected on June 14, 2019
Committee Member	Huei-Wang Huang	5	0	100%	Newly elected on June 14, 2019
Committee Member	San-Chien Tu	5	0	100%	Re-elected on June 14, 2019
(A): The Remuneration Committee held five meetings in 2021. (B): Attendance in person.					

Other mentionable items:

(a) If the board meeting does not adopt or revise the Remuneration Committee's proposals, the board meeting's date, period, motion contents, and resolution decisions as well as the method in which the Company handles the Remuneration Committee's opinions shall be disclosed in detail (e.g. if the salary rate adopted by the board committee is superior to that proposed by the Remuneration Committee, the differences and reasons shall be explained):

None.

(b) Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified:

None.

(c) Implementation of the Remuneration Committee in the latest year:

Remuneration Committee	Content of motion and follow-up actions	Resolution	The Company's treatment of the Remuneration Committee's opinion
March 18, 2021 9th Meeting of the Fourth Term (1st meeting of 2021)	1. The distribution proposal of the Company's 2020 employee compensation and director compensation. 2. The amendment to the Company's "Personnel Assessment Measures."	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.
May 7, 2021 10th Meeting of the Fourth Term (2nd meeting of 2021)	The distribution proposal of the Company's individual director's compensation and managerial officers' employee compensation for 2020.	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.

Remuneration Committee	Content of motion and follow-up actions	Resolution	The Company's treatment of the Remuneration Committee's opinion
June 24, 2021 11th Meeting of the Fourth Term (3rd meeting of 2021)	The Director of the Research and Development Department applies for retirement and re-employment after the retirement.	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.
July 23, 2021 12th Meeting of the Fourth Term (4th meeting of 2021)	The Company's annual salary adjustment proposal for managers in 2021	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.
December 10, 2021 13th Meeting of the Fourth Term (5th meeting of 2021)	The Company's 2021 year-end bonus distribution plan for managers.	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.
March 15, 2022 14th Meeting of the Fourth Term (1st meeting of 2022)	1. The Company's employee remuneration and directors' remuneration distribution plan for 2021. 2. Adjust the company's organization and personnel promotion plan.	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.

(3) Nominating Committee Member Information and Operation: The Company does not have a Nominating Committee.

(V) Implementation of the Promotion of Sustainable Development and the Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Promoted Items	Implementation status			Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Illustration	
I. Does the company have a governance structure that promotes sustainable development, and has a dedicated (part-time) job unit that promotes sustainable development, which is authorized by the Board of Directors to the senior management and supervised by the Board of Directors?	✓		I. Adopted by the Board of Directors of the Company on May 4, 2012, the Human Resource Department was designated to promote the corporate social responsibility unit and report to the Board of Directors.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
II. Has the Company evaluated the environmental, social, and corporate governance risks related to its operations	✓		II. In accordance with the "Code of Practice for Sustainable Development" established internally, the Company pays attention to environmental, social and corporate governance factors while pursuing sustainable operations and profits, and	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed

Promoted Items	Implementation status			Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Illustration	
based on the principle of materiality and established related risk management policies or strategies?			incorporates them into the Company's management policies and operational activities.	Companies.
III. Environmental Issues (I) Does the company establish proper environmental management systems based on the characteristics of their industries? (II) Is the company committed to increasing energy efficiency and using low-impact recycled materials?	✓ ✓		(I) The Company regularly promotes knowledge about green energy to its colleagues in order to strengthen the importance and realization of green environment protection in their work and life. On December 31, 2014, the Company obtained the ISO9001 Quality Management System and ISO14001 Environmental Management System Certificate, which are valid from December 31, 2020 to December 30, 2023. (II) The Company promoted the gradual adoption of environmentally friendly materials and energy-saving and energy-efficient lighting and variable frequency air conditioning in green procurement, and continued to promote measures such as water resource conservation plans. In addition, the Company actively promoted the research and	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies. In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promoted Items	Implementation status			Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Illustration	
			development of comprehensive E-classification and green innovation services, effectively saving paper printing and greatly improving service efficiency.	
(III) Does the company assess the potential risks and opportunities of climate change for the enterprise now and in the future, and take relevant response measures?	✓		(III) In carrying out its day-to-day operational activities, the Company is mindful of the risks that may arise from climate change and, where necessary, responds to them.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the organisation count total greenhouse gas emissions, water use and waste weight over the past two years and have policies in place to reduce greenhouse gas emissions, water use or other waste management?	✓		(IV) The Company implements energy conservation, carbon reduction, greenhouse gas reduction, water reduction or other waste management measures in accordance with the "Corporate Social Responsibility Code".	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promoted Items	Implementation status			Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Illustration	
IV. Social Issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) The Company strictly complies with the relevant laws and regulations of the government, implements the labor laws and regulations, and protects the rights and interests of its colleagues. In addition to establishing the labor and capital committee in accordance with the law and convening the labor and capital meeting, the colleagues can put forward suggestions and ideas through the communication platform to achieve the purpose of full communication and effective resolution of problems.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the Company established and executed proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation	✓		(II) In accordance with the Company's Articles of Association, the Company shall allocate 2% to 10% of the remuneration of employees and not more than 5% of the remuneration of directors if there is a profit for the year. Relevant resolutions shall be adopted by the Board of Directors and reported to the Board of Shareholders. Other matters relating to leave and other benefits shall be handled in accordance with the relevant laws and regulations.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promoted Items	Implementation status			Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Illustration	
appropriately?				
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(III) In addition to the statutory labor health insurance, the Company also insures its employees with group insurance. In addition, regular free health inspections are provided, and personal and accident safety workshops are held on a regular basis to build a safe working environment.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company provide its employees with career development and training sessions?	✓		(IV) The Company provides effective professional development training programs for its employees.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(V) Does the company comply with relevant laws, regulations and international standards and establish relevant consumer or customer rights protection	✓		(V) In accordance with the internal Code of Business Conduct on Integrity, the Company complies with the relevant laws, regulations and international standards on customer health and safety, customer privacy, marketing and labeling of products and services, and develops relevant consumer rights protection policies and complaint procedures.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promoted Items	Implementation status			Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Illustration	
policies and complaint procedures for issues such as customer health and safety, customer privacy, marketing and labelling of products and services?				
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	✓		(VI) The Company has established a supplier management policy and requires suppliers to comply with relevant regulations on environmental, occupational health and safety or labour rights issues.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

<table>
<tr><td rowspan="2">Promoted Items</td><td colspan="3">Implementation status</td><td rowspan="2">Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>Yes</td><td>No</td><td>Abstract Illustration</td></tr>
<tr><td>V. Does the company refer to the internationally accepted reporting standards or guidelines for the preparation of reports that disclose the company's non-financial information, such as continuous reports? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution?</td><td></td><td>✓</td><td>V. The Company abides by the relevant corporate social responsibility standards and requirements but has not yet prepared the CSR report.</td><td>Not eligible</td></tr>
<tr><td colspan="5">VI. If a company has its own rules for sustainable development in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please clarify the difference between its operation and the rules:
In order to realize corporate social responsibility and promote the balanced and sustainable development of the economy, society and environment, the Company has established the "Code of Practice for Sustainable Development" to strengthen the realization of corporate social responsibility and incorporate it into the management and operation of the Company. The Company has regularly reviewed the implementation status by the principles and made improvements accordingly. There has been no difference in implementation so far.</td></tr>
</table>

Promoted Items	Implementation status			Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Illustration	

VII. Other important information to help you understand what drives sustainable development execution:

1. Environmental protection

   In order to fulfill the social responsibility of protecting the global environment, the Company does not use any environmentally polluting substances in the manufacturing process. The waste materials are also entrusted to the resource recycling company for disposal to make sure there is no impact on the environment.

2. Community participation, social contribution, social services, and social welfare

   The Company is enthusiastic about social welfare, and can immediately make donations to disadvantaged groups in need through professional institutions.

   The Company's donations in 2021 are as follows:

Donated Unit	Donation Amount
Chung Hua Foundation for Persons with Intellectual Disability, Down Syndrome Foundation R.O.C., Children Are Us Foundation, Yunlinsound, Taitung Muh Shin Intellectual Development Centre, Tsz- Huei Sheltered Workshop, Taichung Love Home, Penghu County Care Service Association, 1919 Food Bank (Chinese Christian Relief Association), and Sino-foreign Biscuit Shepherd's Workshop	NT$330,000
Wuxi Red Cross Service Center, and Wuxi Xishan Charity Society	RMB 335,000

3. Consumer rights

   To provide customers with comprehensive services and assurance, the Company communicates with customers in a timely manner in response to customer complaints, understands customer needs to facilitate the interaction between the Company and its customers, and reviews and improves in production and sales meetings from time to time.

Promoted Items	Implementation status			Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Illustration	

4. Human rights and safety and health
   (1) Adhering to the business philosophy of integrity, harmony, innovation and excellence, continuous growth, and sustainable development, the Company attaches great importance to employee welfare by setting up the Employee Welfare Committee and allocate monthly welfare funds for the Committee to organize activities, such as various tourism activities, club activities, and other welfare matters.
   (2) Provide various welfare subsidies for weddings and funerals, grants and emergency relief, annual health checks, group life insurance, and accident insurance.
   (3) The labor retirement method is formulated according to the provisions of the Labor Standards Act, where a certain percentage of the total monthly salary is appropriated into the labor pension reserve fund and deposited at the special account of the Central Trust of China to be used as the future payment of the labor pension reserve fund.
   (4) According to the Labor Pension Act, there is a definite contribution retirement method, and for employees who choose the applicable Labor Pension Act, no less than 6% of the salary is appropriated to the employees' individual account every month at the Bureau of Labor Insurance. The employee's pension is paid based on the employee's individual pension account and the accumulated amount, and it can be claimed in the form of a monthly pension or lump-sum pension.
   (5) The Labor Committee has been set up in accordance with regulations on labor relations. Labor meetings are held regularly with good results. Any new or revised measures related to labor relations will be finalized after full agreement and communication between labor and management.
   (6) Regularly assign employees to attend the safety and health seminars, conduct staff pre-employment education and training, and regularly arrange health checkups for all staff in order to provide employees with a comfortable and safe working environment.

(VI) Ethical Corporate Management and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Establishment of ethical corporate management policies and programs				
(I) Has the Company established the integrity management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	✓		(I) In order to deepen the corporate culture of ethical management and sound development, the Company has established the "Ethical Corporate Management Principles" as the basis for implementing ethical corporate management, formulated relevant internal operating standards and internal control systems, and regularly reviewed various operations and reported to the Board of Directors. The Board of Directors will make recommendations for the deficiencies and improve tracking.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business		✓	(II) The Company has not yet established a risk evaluation mechanism for unethical conduct.	The Company has not yet established a risk evaluation mechanism for unethical conduct.

Evaluation Item	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?				
(III) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	✓		(III) The Company has established the "Code of Ethical Conduct," which has considerable penalties for the violation of social laws, public security management, corruption, collection of kickbacks, conflicts of interest, and other unethical conducts. The Code of Ethical Conduct is included in the content of employee induction and on-the-job training and will be included in the regular evaluation of the employee performance	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>appraisal system to ensure the implementation of ethical corporate management, and there is also a smooth complaint channel. The one-hour education and training for departments with high operational risks and new employees include the relevant regulations of ethical corporate management and punishment for violations to strengthen and promote the concept of ethical corporate management to employees.
<table><tr><th>Course Topics</th><th>Companies</th><th>Year</th><th>Number of shareholders</th></tr><tr><td>Ethical Corporate Management Best Practice Principles</td><td>Sinmag Equipment (China) Co., Ltd.</td><td>2021</td><td>200</td></tr><tr><td>Ethical Corporate Management Best Practice Principles</td><td>Sinmag Equipment Corporation</td><td>2021</td><td>6</td></tr></table></td><td></td></tr>
</table>

II. Fulfillment of Integrity Management				
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		(I) The Company carefully evaluates the ethical records of its business counterparts. Once they violate the Company's principle of good faith, the Company will terminate all activities.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(II) Does the Company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity and regularly report the implementation of the ethical corporate management policies and prevention programs against unethical conduct to it?	✓		(II) The audit unit is responsible for the formulation, supervision, and implementation of the ethical corporate management policy, and reports to the Board of Directors regularly. There was a total of four reports in 2021.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Company has formulated the "Ethical Management Principles," "Code of Ethical Conduct," and "Code of Ethical Conduct for Directors and Managers," which clearly stipulate the principles of good faith and avoid conflicts of interest rules, strengthen the promotion of moral concepts, and encourage employees to report any violations of laws and regulations or Code of Ethical Conduct to the	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

(IV) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit? (V) Does the Company regularly hold an internal and external educational training on ethical corporate management?	✓ ✓		independent directors, managerial officers and chief internal auditor in writing. (IV) The Company has formulated the "Ethical Management Principles," "Code of Ethical Conduct," and "Code of Ethical Conduct for Directors and Managers," which clearly stipulate the principles of good faith and avoid conflicts of interest rules, strengthen the promotion of moral concepts, and encourage employees to report any violations of laws and regulations or Code of Ethical Conduct to the independent directors, managerial officers and chief internal auditor in writing. (V) The Company has incorporated ethical management in the corporate culture and regularly conducts educational advocacy at various meetings for implementation.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
III. Operation of the integrity channel (I) Does the Company establish both a reward and whistle-blowing system and convenient whistle-blowing channels? Are appropriate	✓		(I) The Company has set up a stakeholder service and contact person's mailbox in the stakeholder section of the Company website. Suppliers and employees can report any inappropriate behavior through this mailbox.	In compliance with the Ethical Corporate Management Best Practice Principles for

Evaluation Item	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
personnel assigned to the accused party?			In addition, the personnel management regulations and the Code of Ethical Conduct clearly formulate a code of conduct and rewards and punishments for colleagues and publicize punishment cases for colleagues to be vigilant.	TWSE/GTSM Listed Companies.
(II) Does the Company establish standard operating procedures for the reported matters, follow-up measures to be taken after the investigation is completed, and the relevant confidential mechanism?	✓		(II) The Company has a dedicated unit responsible for relevant affairs and keeps the information of the complainant and the whistleblower confidential. After the investigation of the incident is completed, it will be handled in accordance with the personnel management regulations.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(III) Does the Company protect whistleblowers against receiving improper treatment?	✓		(III) The Company strictly maintains confidentiality for the complainant or whistleblower of the complaint or whistleblowing matter to protect whistleblowers against receiving improper treatment.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
IV. Strengthening information disclosure				

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(I) Does the Company disclose the content of its Ethical Corporate Management Principles and the results of implementation on its website and MOPS?	✓		(I) The "Ethical Corporate Management Principles" formulated by the Company have been disclosed on the MOPS and the corporate website under the "Corporate Governance Section (http://www.sinmag.com.tw/msg/message-公司治理-12.html).	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
V. If the company has established the ethical corporate management best-practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe the implementation and any deviations from the Principles: None.				
VI. Other important information that helps to understand the Company's ethical corporate management: None. (such as review and amendment of the company's Ethical Corporate Management Best Practice Principles)				

(VII) If the Company has established corporate governance principles and related bylaws, the inquiry method shall be disclosed:
The Company's relevant regulations and information have been published on the corporate website under the "Corporate Governance Section" (http://www.sinmag.com.tw/msg/message-公司治理-12.html)for inquiries by the public and the shareholders.

(VIII) Other material information that can enhance the understanding of the implementation of corporate governance: None.

(IX) Implementation of Internal Control

1. Statement of Internal Control

Sinmag Equipment Corporation
Internal Control System Statement

Date: March 15, 2022

The Company hereby states the results of the self-evaluation of the internal control system for 2021 as follows:

I. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.

III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The Guidelines are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each element further contains several items. Please refer to the Regulations for details.

IV. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2021, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on Mar. 15, 2022, and out of the eight directors in attendance, none objected to it and all consented to the content expressed in this statement.

Sinmag Equipment Corporation

Chairman: Shun-Ho Hsieh

President: Shun-Ho Hsieh

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(X) During the most recent fiscal year up to the publication date of the annual report, penalties imposed upon the Company and its employees in accordance with the law, penalties imposed by the Company upon its employees for the violation of the internal control system policy, and its punishment results might have a significant influence on shareholders' equity or price of securities, the punishment, main deficiencies, and improvements shall be listed:

1. The Company's director Ming-Ching Hsieh and his minor child Ching-Yu Hsieh traded the Company's shares from Apr. 22, 2020 to Sep. 25, 2020, in violation of Article 157 of the Securities and Exchange Act for short-term trading. The Company has requested to exercise the right of claim in accordance with the provisions.

(XI) Major resolutions of the Shareholders' Meeting and the Board of Directors during the most recent fiscal year up to the publication date of the Annual Report:

1. Major resolutions of the Board of Directors

Date	Key resolutions
March 18, 2021 13th Meeting of the Thirteenth Term (1st meeting of 2021)	(1) Approved the effectiveness assessment of the Company's internal control system design and implementation for 2020. (2) Approved 2020 "Statement of Internal Control System." (3) Approved the proposal for conducting the interim capital reduction to cover losses of Sinmag Bakery Machine India Private Limited adopted by the Board of Directors of the Company on December 16, 2019. (4) Approved the distribution proposal of the Company's 2020 employee compensation and director compensation. (5) Approved the Company's 2020 business report, financial statements, and consolidated financial statements. (6) Approved the Company's 2020 Earnings Distribution Plan. (7) Approved the adjustments to the investment structure of Sinmag Group. (8) Approved the proposal of closing Benchmark Service Co., Ltd., a subsidiary in Thailand. (9) Approved the assessment of independence and competence of CPAs and the appointment and compensation of the CPAs for 2021. (10) Approved the retirement and re-employment of the vice president of the Sales & Marketing Division. (11) Approved the Company's "Personnel Assessment Measures." (12) Approved the amendment to the Company's "Rules of

Date	Key resolutions
	Procedures for the Board of Directors' Meetings." (13) Approved the amendment to the Company's "Rules of Procedures for the Board of Directors' Meetings." (14) Approved the amendment to the "Method for the Election of Directors." (15) Approved the amendment to the Company's "Audit Committee Organization Rules." (16) Approved amendment to the Companys' "Performance Evaluation Method of the Board of Directors." (17) Approved the amendments to the Company's "Standards for the Duties Scope of Independent Directors." (18) Approved the amendment to the Company's "Financial-related Operation Standards among Affiliated Companies." (19) Approved the acceptance of shareholders' proposal-related matters at the 2021 Annual Shareholders' Meeting for shareholders with more than 1% of the shareholding. (20) Approved the convening of the 2021 Company's Annual Shareholders' Meeting related matters.
May 7, 2021 14th Meeting of the Thirteenth Term (2nd meeting of 2021)	(1) Approved the proposal of the Company's consolidated financial statements for 1Q21. (2) Approved the Company's consolidated financial statements for the first quarter of 2020. (3) Approved the Company's investment structure adjustment of the third-tier subsidiary Sinmag Bakery Machine India Private Limited. (4) Approved the renewal of the financing line from Changhua Bank and E.SUN Bank.
July 23, 2021 15th Meeting of the Thirteenth Term (3rd meeting of 2021)	(1) On March 18, 2021, the Board of Directors of the Company revoked the shareholders' agreement with Organizational Structure Adjustment Plan of the third-tier subsidiary Sinmag Bakery Malaysia Equipment Sdn.Bhd. (2) Approved the capital reduction for the Company's third-place reinvestment companies, Samoa Lucky Union Limited and Sinmag Limited. (3) Approved the amendment of the "Operational Procedures for Transactions with Related Parties, Specific Companies, and Group Companies". (4) Approved the retirement and re-employment of the vice president of the Sales & Marketing Division of the Director of Research & Development Department. (5) Approved the Company's annual salary adjustment proposal for managers in 2021 (6) Approved the decision to postpone the convening time, venue and matters related to 2021 Annual Shareholders' Meeting of the Company.

Date	Key resolutions
August 13, 2021 16th Meeting of the Thirteenth Term (4th meeting of 2021)	(1) Approved the proposal of the Company's consolidated financial statements for 2Q21. (2) Approved the distribution of the Company's cash dividends-related matters.
November 11, 2021 17th Meeting of the Thirteenth Term (5th meeting of 2021)	(1) Approved the proposal of the Company's consolidated financial statements for 3Q21.
December 10, 2021 18th Meeting of the Thirteenth Term (6th meeting of 2021)	(1) Approved the operating plan and budget of the Company for 2022. (2) Approved the Company's annual audit plan for the year 2022. (3) Approved the Company's 2021 year-end bonus distribution plan for managerial officers. (4) Approved the Company's 2022 donation budget. (5) Approved the establishing a new company through the reinvestment of the third-region investment company in mainland China, and restructuring the equity structure of the third-tier subsidiary company Sinmag Equipment (China) Co., Ltd.
March 15, 2022 19th Meeting of the Thirteenth Term (First time in 2022)	(1) Approved the distribution proposal of the Company's 2021 employee compensation and director compensation. (2) Approved the Company's 2021 business report, financial statements, and consolidated financial statements. (3) Approved the Company's 2021 Earnings Distribution Plan. (4) Approved the proposal of the handling of the initial public offering of RMB ordinary shares and an application for listing on an overseas stock exchange of the Sinmag Equipment (China) Co., Ltd., a subsidiary of the Company. (5) Approved the proceeding with the capital increase from surplus and share restructuring proposal of Sinmag Equipment (China) Co., Ltd. a subsidiary of the Company. (6) Approved the reassignment of the legal representative, director, supervisor and President of the Company's subsidiary Sinoma Machinery (China) Co., Ltd. (7) Approved the reorganization proposal of the Group's organizational structure. (8) Approved the adjusting proposal of the shareholding structure of the subsidiary Sinoma Machinery (China) Co., Ltd.

Date	Key resolutions
	(9) Approved comprehensive re-election of directors and independent directors. (10) Approved the acceptance of shareholders' proposal-related matters at the 2022 Annual Shareholders' Meeting for shareholders with more than 1% of the shareholding. (11) Approved the accepting the nomination of candidates for directors (including independent directors) by shareholders holding more than one per cent of the total number of issued shares. (12) Approved the proposal for the nomination of directors and independent directors. (13) Approved the proposal to lift the restrictions on non-competition for newly appointed directors and their representatives. (14) Approved the adjustment of the Company's organization and personnel promotion. (15) Approved the Company's proposal to set up a corporate governance officer. (16) Approved the assessment of independence and competence of CPAs and the appointment and compensation of the CPAs for 2022. (17) Approved the renewal of the financing line from Changhua Bank and E.SUN Bank. (18) Approved the amendment to the Company's "Articles of Incorporation." (19) Approved the amendment to the Company's "Procedures for Acquisition or Disposal of Assets." (20) Approved the amendment to the Company's "Rules of Procedures for the Board of Directors' Meetings." (21) 12.Approved the amendment to the Company's "Corporate Social Responsibility Practice Principles." (22) Approved the amendment of the Company's "Corporate Governance Practice Principles.” (23) Approved the effectiveness assessment of the Company's internal control system design and implementation for 2021. (24) 5.Approved 2021 "Statement of Internal Control System." (25) Approved the convening of the 2022 Company's Annual Shareholders' Meeting related matters.

2. Major resolutions and implementation of the Shareholders' Meeting on August 13, 2021
   (1) Key resolutions
      a. Recognized the earnings distribution for 2020.
      b. Recognized the 2020 business report and financial statements.
      c. Approved the amendment to the Company's "Rules of Procedures for the Board of Directors' Meetings."
      d. Approved the amendment to the "Method for the Election of Directors."
   (2) Status of implementation
      a. After the Company's earnings distribution proposal for 2020 was recognized by the Shareholders' Meeting, the Board of Directors convened a meeting on August 13, 2021 to set the ex-dividend record date. The shareholder's cash dividend of NT$341,063,343 was distributed on September 6, 2021.
      b. The Company has announced and uploaded the revised "Rules of Procedure for Shareholders' Meetings" and "Procedures for Acquisition or Disposal of Assets" to MOPS and handled them in accordance with the revised procedures.
3. Major resolutions and implementation of the Shareholders' Meeting on June 20, 2020
   (1) Key resolutions
      a. Recognized the earnings distribution for 2019.
      b. Recognized the 2019 business report and financial statements.
      c. Approved the amendment to the Company's "Rules of Procedures for the Board of Directors' Meetings."
      d. Approved the amendment to the Company's "Procedures for Acquisition or Disposal of Assets."
   (2) Status of implementation
      a. After the Company's earnings distribution proposal for 2019 was recognized by the Shareholders' Meeting, the Board of Directors convened a meeting on Jun. 20, 2020 to set the ex-dividend record date. The shareholder's cash dividend of NT$251,151,210 was distributed on Aug. 5, 2020.
      b. The Company has announced and uploaded the revised "Rules of Procedure for Shareholders' Meetings" and "Procedures for Acquisition or Disposal of Assets" to MOPS..

(XII) Any dissenting opinion expressed by a director or supervisor with respect to a major resolution passed by the Board of Directors during the most recent fiscal year and up to the publication date of the Annual Report, where said dissenting opinion has been recorded or prepared as a written declaration and main content: None.

(XIII) A summary of resignations and dismissals of the Company's chairperson, president, accounting manager, financial manager, chief internal auditor, corporate governance supervisor, or research and development officer during the most recent fiscal year and up to the publication date of the Annual Report: None.

(XIV) Relevant licenses specified by the competent authority received by the Company's personnel-related to financial information transparency: The Company's audit department has obtained one certified internal auditor (CIA) license and the financial accounting staff of the Thai subsidiary obtained one CPA license.

IV. Information on CPA Professional Fees

(III) Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Period	Audit fee	Non-audit fee	Total	Remark
Deloitte & Touche	Chiang-Hsun Chen	January 1, 2021 ~ December 31, 2021	3,940	699	4,639	Note
	Chao-Mei Chen					

Note: The Company's audit fees for 2021 were NT$3,940 thousand, including NT$270 thousand for the issuance of the English financial statements reports. Other non-audit fees include NT$260 thousand for tax visa, NT$300 thousand for transfer pricing reports, and NT$109 thousand for financial typing and printing expenses, etc.

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

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

V. Information on Replacement of CPAs in the Last Two Years and thereafter: None.

VI. Where the Company’s Chairperson, President, or any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Firm or an Affiliated Enterprise of such CPA Firm, the Name, Title, and Period of Employment should be Disclosed: None.

VII. Stock Transfer and Pledge of Directors, Supervisors, Management Team and Major Shareholders Who Own 10% of the Stock in the Most Recent Year and as of the Publication Date of the Annual Report.

(I) Change in the equities of the Directors, Supervisors, managerial officers and major shareholders

April 2, 2022; Unit: shares

Title	Name	2021		As of the current year April 2, 2022	
		Shareholding Increase (Decrease)	Pledged Holding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman and President	Shun-Ho Hsieh	0	0	0	0
Director	Yao-Tsung Wu	0	0	0	0
Director	Jui-Jung Chang	0	0	0	0
Director and Vice President of the Management Division	Ming-Ching Hsieh (Note 1)	289,000	0	100,000	0
Director and Vice President of Overseas Business Division	Yung-Chen Chen (Note 1)	0	0	0	0
Director	Yu-Chuan Chang	5,000	0	0	0
Independent Director	Shih-Hung Chan	0	0	0	0
Independent Director	Huei-Wang Huang	0	0	0	0
Independent Director	San-Chien Tu	0	0	0	0
Vice President	Shu-Chuan Hsiao (Note2)	Not applicable	Not applicable	0	0
Chief Financial Officer	Yu-Tung Huang	0	0	0	0
Director of Sales & Marketing Division I	Chih-Hsien Chen (Note 3)	0	0	0	0
Director,	Shiu-Tu	0	0	0	0

Title	Name	2021		As of the current year April 2, 2022	
		Shareholding Increase (Decrease)	Pledged Holding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Holding Increase (Decrease)
Research & Development Department	Chen				
Manager, Manufacturing Department	Tsai-Wang Huang	0	0	0	0
Manager, Engineering Department	Tai-Sheng Wang	0	0	0	0
Manager, Overseas Business Department	Tzu-Chien Chang (Note 1)	(59,569)	0	0	0
Audit Manager	Shu-Yuan Li	0	0	0	0
Manager, Human Resource Department	Zhi-Wei Hong (Note 4)	4,000	0	Not applicable	Not applicable

Note 1 Transferred to the subsidiary Sinmag Equipment (China) Co., Ltd. on January 1, 2022

Note 2 Shu-Chuan Hsiao, the Vice President of the President's Office, took office on March 15, 2022.

Note 3 Chih-Hsien Chen, Vice President of the Sales & Marketing Division, retired on March 31, 2021 and returned to the position of Director of Sales & Marketing Division I on April 1, 2021.

Note 4 Transferred to the subsidiary Sinmag Equipment (China) Co., Ltd. on February 1, 2022

(II) Information on share transfers: Not applicable as the counterparty of its share transfers and the Company’s directors, managers, and major shareholders with more than 10% of shareholding are not related parties.

(III) Information on share pledges: Not applicable as the counterparty of its share pledges and the Company’s directors, managers, and major shareholders with more than 10% of shareholding are not related parties.

VIII. Relationship Information, if among the Company's Ten Largest Shareholders anyone is a Related Party or a Relative within the Second Degree of Kinship of another.

April 2, 2022; Unit: shares

Name	Current Shareholding		Spouse's/Minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees of Kinship		Remark
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Name	Relationship	
Sheng Chia Investment Co., Ltd.	3,105,545	6.18%	0	0%	0	0%	Ming-Ching Hsieh	Director	None
							Ming-Feng Hsieh	Director	
							Li-Min Hsieh Chen	Supervisor	
							Ming-Hsiao Hsieh	Representative	
Representative of Sheng Chia Investment Co., Ltd.: Ming-Hsiao Hsieh	1,250,869	2.49%	112,645	0.22%	0	0%	Shun-Ho Hsieh	Father and son	None
							Ming-Ching Hsieh	Brothers	
							Ming-Feng Hsieh	Brothers	
							Li-Min Hsieh Chen	Mother and son	
Shun-Ho Hsieh	2,211,267	4.40%	1,000,564	1.99%	0	0%	Sheng Chia Investment Co., Ltd.	Investment company	None
							Ming-Ching Hsieh	Father and son	
							Ming-Feng Hsieh	Father and son	
							Ming-Hsiao Hsieh	Father and son	
							Li-Min Hsieh Chen	Spouse	
Ming-Ching Hsieh	2,112,980	4.21%	132,508	0.26%	0	0%	Shun-Ho Hsieh	Father and son	None
							Li-Min Hsieh Chen	Mother and son	
							Ming-Feng Hsieh	Brothers	
							Ming-Hsiao Hsieh	Brothers	
							Sheng Chia Investment Co., Ltd.	Investment company	

Name	Current Shareholding		Spouse's/Minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees of Kinship		Remark
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Name	Relationship	
Taiwan Life Insurance Co., Ltd.	1,882,918	3.75%	0	0%	0	0%	None	None	None
Yao-Tsung Wu	1,788,616	3.56%	1,459,555	2.91%	0	0%	Pi-Yu Jen	Spouse	None
Pi-Yu Jen	1,459,555	2.91%	1,788,616	3.56%	0	0%	Yao-Tsung Wu	Spouse	None
Ching-Song Chen	1,334,000	2.66%	0	0%	0	0%	None	None	None
Ming-Hsiao Hsieh	1,250,869	2.49%	112,645	0.22%	0	0%	Shun-Ho Hsieh	Father and son	None
							Ming-Ching Hsieh	Brothers	None
							Ming-Feng Hsieh	Brothers	
							Li-Min Hsieh Chen	Mother and son	
							Sheng Chia Investment Co., Ltd.	Investment company	
Ming-Feng Hsieh	1,343,680	2.68%	40,835	0.08%	0	0%	Shun-Ho Hsieh	Father and son	None
							Ming-Ching Hsieh	Brothers	
							Ming-Hsiao Hsieh	Brothers	
							Li-Min Hsieh Chen	Mother and son	
							Sheng Chia Investment Co., Ltd.	Investment company	
Li-Min Hsieh Chen	1,000,564	1.99%	2,211,267	4.40%	0	0%	Shun-Ho Hsieh	Spouse	None
							Ming-Ching Hsieh	Mother and son	
							Ming-Feng Hsieh	Mother and son	
							Ming-Hsiao Hsieh	Mother and son	
							Sheng Chia Investment Co., Ltd.	Investment company	

Major shareholders of institutional shareholders:

Name of institutional shareholders	Representative	Major shareholders of the institutional shareholders
Sheng Chia Investment Co., Ltd.	Ming-Hsiao Hsieh	Ming-Hsiao Hsieh, Shun-Ho Hsieh, Li-Min Hsieh Chen, Ming-Ching Hsieh, Ming-Feng Hsieh
Taiwan Life Insurance Co., Ltd.	Si-Guo Huang	CTBC Financial Holding Co., Ltd.

Major shareholders where legal persons are the major shareholders: April 13, 2021; %

Name of institutional shareholder	Major shareholders	Shareholding ratio
CTBC Financial Holding Co., Ltd.	Fubon Life Insurance Co., Ltd.	3.70%
	Yi Gao Investment Corporation	2.40%
	New labor retirement fund	2.15%
	CTBC Bank is entrusted with the custody of the trust asset account of Employee Welfare Savings Trust Fund Committee, CTBC Financial Holding Co., Ltd.	1.87%
	China Life Insurance Co., Ltd.	1.81%
	Hope Fine Investments Limited	1.70%
	Nan Shan Life Insurance Company, Ltd.	1.59%
	CTBC Bank is entrusted with the custody of the trust asset account of employee of CTBC Financial Holding Co., Ltd.	1.53%
	Cathay Life Insurance Co., Ltd.	1.52%
	Bank of Taiwan	1.52%
	Citibank (Taiwan) Limited is entrusted with the custody of the Singapore government investment account	1.49%
	Citibank (Taiwan) Limited is entrusted with the custody of the investment account of Norges Bank	1.48%
	Quanwei Investment Co., Ltd.	1.44%
	Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group in custody of JPMorgan Chase Bank, N.A. Taipei Branch	1.25%
	PJ Asset Management Co., Ltd.	1.18%
	JPMorgan Chase Bank as a custodian of Starlight Advanced Comprehensive International Equity Index	1.15%

IX. Consolidated Number of Shares owned by Company, Directors, Supervisors, Management Team and Businesses Controlled Directly or Indirectly by the Company.

April 30, 2022; Unit: shares; %

Name of be Reinvested Company	By Company		Investment by directors, managers, and by companies directly or indirectly controlled by the Company		Consolidated Investment	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
Lucky Union Limited	5,050,435	100%	0	0%	5,050,435	100%
Sinmag Equipment (Thailand) Co., Ltd.	20,600,000	100%	0	0%	20,600,000	100%
Benchmark Service Co., Ltd. (Note)	-	-	-	-	-	-
LBC Bakery Equipment Inc.	882,000	94.26%	0	0%	910,682	97.33%
Sinmag Limited	5,050,435	100%	0	0%	5,050,435	100%
Sinmag Equipment (China) Co., Ltd.	0	100%	0	0%	0	100%
Wuxi New Order Control Co., Ltd.	0	50%	0	0%	0	50%
Sinmag Bakery Equipment Sdn. Bhd.	300,000	100%	0	0%	300,000	100%
Sinmag Bakery Machine India Private Limited	8,926,601	100%	0	0%	8,926,601	100%
Ximai Enterprises Management (Wuxi) Co., Ltd.	0	100%	0	0%	0	100%

Note: On March 18, 2021, the Board of Directors resolved the liquidation and deregistration, and completed the relevant procedures in August 2021.

Chapter 4 Capital Overview

I. Capital and Shares

(I) Source of capital

April 30, 2022; Unit: NT$ thousands; thousand shares

Year and month	Issue price	Authorized capital		Paid-in capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of capital	Capital increased by assets other than cash	Others
September 1983	NT$10	900	9,000	400	4,000	Cash investment	None	Note 1
November 1985	NT$10	1,000	10,000	1,000	10,000	600 thousand shares offset by creditor's rights	Creditor's rights	Note 2
November 1991	NT$10	1,800	18,000	1,800	18,000	800 thousand shares offset by creditor's rights	Creditor's rights	Note 3
September 1995	NT$10	2,300	23,000	2,300	23,000	Consolidated capital increase of 500,000 shares	None	Note 4
June 1997	NT$10	4,000	40,000	4,000	40,000	Cash capital increase of 800,000 shares, capital increased by capital reserve of 350,000 shares, and capital increased by surplus of 550,000 shares	None	Note 5
December 2003	NT$10	42,000	420,000	21,000	210,000	Cash capital increase of 17,000 thousand shares	None	Note 6
January 2006	NT$18	42,000	420,000	24,500	245,000	3,500 thousand shares of capital increase by cash	None	Note 7
September 2006	NT$10	42,000	420,000	27,110	271,100	2,450 thousand shares of capital increase by retained earnings and 160 thousand shares of employee stock dividends	None	Note 8
Oct. 2007	NT$10	42,000	420,000	31,350	313,500	Capital increased by surplus of 4,066.5 thousand shares and employee dividend of 173.5 thousand shares	None	Note 9
January 2008	NT$10	42,000	420,000	35,170	351,700	3,820,000 shares of capital increase by cash	None	Note 10
August 2009	NT$10	42,000	420,000	36,928.5	369,285	1,758.5 thousand shares of capital increase by capital surplus	None	Note 11
September 2010	NT$10	60,000	600,000	38,774.9	387,749	1,846.4 thousand shares of capital increase by capital surplus	None	Note 12
August 2011	NT$10	60,000	600,000	40,713.7	407,137	1,938.7 thousand shares of capital increase by retained earnings	None	Note 13

Year and month	Issue price	Authorized capital		Paid-in capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of capital	Capital increased by assets other than cash	Others
September 2012	NT$10	60,000	600,000	42,749.4	427,494	2,035.7 thousand shares of capital increase by retained earnings	None	Note 14
August 2013	NT$10	60,000	600,000	44,886.8	448,868	2,137.4 thousand shares of capital increase by retained earnings	None	Note 15
September 2014	NT$10	60,000	600,000	47,580.0	475,800	2,693.2 thousand shares of capital increase by retained earnings	None	Note 16
September 2015	NT$10	60,000	600,000	48,531.6	485,316	951.6 thousand shares of capital increase by retained earnings	None	Note 17
August 2018	NT$10	60,000	600,000	50,230.2	502,302	1,698.6 thousand shares of capital increase by retained earnings	None	Note 18

Note 1 Official approval letter No. Jian-YI-Zi103524 dated Sep. 27, 1983.
Note 2 Official approval letter No. Jian-YI-Zi 156037 dated Nov. 5, 1985.
Note 3 Official approval letter No. Jian-YI-Zi 147693 dated Nov 1, 1991.
Note 4 Official approval letter No. Jian-YI-Zi 01008172 dated Sep. 8, 1995.
Note 5 Official approval letter No. Jian-YI-Zi 86305287 dated Jun. 26, 1997.
Note 6 Official approval letter No. Jian-Shang-Zi 09226614900 dated Dec. 9, 2003.
Note 7 Taipei City letter No. Shang-YI-Zi 0950003483 dated Jan. 20, 2006.
Note 8 Taipei City letter No. Shang-YI-Zi 0950043302 dated Sept. 22, 2006.
Note 9 Taipei City letter No. Shang-YI-Zi 0960044477 dated Oct. 24, 2007.
Note 10 Taipei City letter No. Shang-YI-Zi 0970001003 dated Jan. 9, 2008.
Note 11 Government industrial letter No. Shang-Zi 09887820510 dated Aug. 24, 2009.
Note 12 Government industrial letter No. Shang-Zi 09987446000 dated Sep. 3, 2010.
Note 13 Government industrial letter No. Shang-Zi 10086455110 dated Aug. 16, 2011.
Note 14 Government industrial letter No. Shang-Zi 10187409100 dated Sep. 5, 2012.
Note 15 Government industrial letter No. Shang-Zi 10287073100 dated Aug. 20, 2013.
Note 16 Government industrial letter No. Shang-Zi 10387955910 dated Sep. 17, 2014.
Note 17 Government industrial letter No. Shang-Zi 10487987110 dated Sep. 11, 2015.
Note 18 Official approval letter No. Jiang-Shou-Shang-Zi 10701094900 dated Aug. 6, 2018.

April 30, 2022; Unit: shares

Type of Stock	Authorized capital			Remark
	Issued shares	Unissued shares	Total	
Registered ordinary shares	50,230,242	9,769,758	60,000,000	TPEx listed stock

(II) Shareholder structure April 2, 2022; Unit: shares; person

Number of shareholders structure	Government agencies	Financial institutions	Other institutional shareholders	Domestic natural persons	Foreign institutions and natural persons	Total
Number of shareholders	0	9	116	10,044	81	10,250
Current shareholding	0	2,073,023	4,934,450	39,250,911	3,971,858	50,230,242
Percentage of Ownership	0.00%	4.13%	9.82%	78.14%	7.91%	100.00%

(III) Shareholding Distribution Status

1. Common shares: Par value of NT$10 per share

April 2, 2022; Unit: shares; person

Shareholding range	Number of shareholders	Current shareholding	Percentage (%)
1～999	4,649	303,863	0.60%
1,000～5,000	4,550	8,377,731	16.68%
5,001～10,000	520	3,951,530	7.87%
10,001～15,000	191	2,417,111	4.81%
15,001～20,000	92	1,640,218	3.27%
20,001～30,000	86	2,122,712	4.23%
30,001～40,000	38	1,338,909	2.67%
40,001～50,000	32	1,440,264	2.87%
50,001～100,000	48	3,347,621	6.66%
100,001～200,000	23	3,016,387	6.00%
200,001～400,000	8	2,377,936	4.73%
400,001～600,000	0	0	0.00%
600,001～800,000	1	684,966	1.36%
800,001～1,000,000	2	1,721,000	3.43%
More than 1,000,001	10	17,489,994	34.82%
Total	10,250	50,230,242	100.00%

2. Preferred shares: The Company has not issued any preferred shares.

(IV) List of major shareholders: Names, number of shareholdings, and percentage of shareholding of the top ten shareholders or shareholders with a shareholding ratio of more than 5%.

2 April 2022; Unit: shares; %

Shareholding / Name of Major Shareholders	Shares	Shareholding (%)
Sheng Chia Investment Co., Ltd.	3,105,545	6.18%
Shun-Ho Hsieh	2,211,267	4.40%
Ming-Ching Hsieh	2,112,980	4.21%
Taiwan Life Insurance Co., Ltd.	1,882,918	3.75%
Yao-Tsung Wu	1,788,616	3.56%
Pi-Yu Jen	1,459,555	2.91%
Ming-Feng Hsieh	1,343,680	2.68%
Ching-Song Chen	1,334,000	2.66%
Ming-Hsiao Hsieh	1,250,869	2.49%
Li-Min Hsieh Chen	1,000,564	1.99%

(V) Among the top ten shareholders of the Company or shareholders holding more than five percent of the shares, if they are legal person shareholders, the details of their main shareholders:

April 2, 2022

Name of institutional shareholders	Major shareholders of the institutional shareholders
Sheng Chia Investment Co., Ltd.	Ming-Hsiao Hsieh, Shun-Ho Hsieh, Li-Min Hsieh Chen, Ming-Ching Hsieh, Ming-Feng Hsieh
Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd.

(VI) Market price, net worth, earnings, dividends per share, and related information for the past two fiscal years:

Unit: NT$

Item \ Year			2020	2021	As of April 30, 2022 (Note 2)
Market price per share	Highest		120.50	115.00	110.00
	Lowest		70.50	84.20	100.00
	Average		88.14	103.01	104.70
Net worth per share	Before distribution		45.17	47.84	-
	After distribution		38.38	40.84 Note 1	-
Earnings per Share	Weighted average shares	Before retrospective application	50,230,242	50,230,242	-
		After retrospective application	50,230,242	50,230,242 Note 1	-
	Earnings per Share	Before retrospective application	6.79	10.16	-
		After retrospective application	6.79	10.16 Note 1	-
Dividends per share	Cash dividend (NT$)		6.79	7.00 Note 1	-
	Free allotment	Dividends from retained earnings (share)	0	0	-
		Dividends from capital surplus	0	0	-
	Cumulative unpaid dividends		0	0	-
Return on investment	Price/Earnings Ratio		12.98	10.14	-
	Price/Earnings Ratio		12.98	14.72	-
	Cash dividend yield		7.70%	6.80%	-

Note 1 The Company's earnings distribution for 2021 has been approved by the Board of Directors, pending approval by the Shareholders' Meetings.

Note 2 As of the date of publication of the annual report, there is no information on earnings per share and net value per share reviewed by CPAs in the most recent quarter, and the market price per share comes from the information for the year ended April 30, 2022.

(VII) The Company's dividend policy and implementation thereof:

1. Dividend policy

   According to the dividend policy stipulated in the Articles of Incorporation, if there is net profit after tax in the annual final accounts of the Company for the current period, the Company shall make up the accumulated loss first (including adjustments to the undistributed earnings amount), and then allocate 10% as the legal reserve according to law, except when the legal reserve has reached the paid-in capital of the Company. Then, the Company shall set aside or reverse special reserve according to the regulations or the competent authority; the remaining earnings, together with the opening retained earnings (including adjustments to the undistributed earnings amount), shall be drafted by the Board of Directors with an earnings distribution proposal, and submitted to the Shareholders' Meeting for resolution of distribution of dividends to shareholders.

   The Company's dividend policy is to be in line with the current and future development plans, considering the investment environment, capital needs, domestic and foreign competition, and taking into account the shareholders' interests and other factors. Every year, no less than 20% of the distributable earnings shall be allocated for the distribution of dividends to shareholders. The distribution of dividends to shareholders may be done in cash or stocks, in which the cash dividends shall not be less than 20% of the total dividends.

2. Proposed distribution of dividends at the most recent Shareholders' Meeting

   The Company's earnings distribution proposal for 2021 was proposed by the Board of Directors on March 15, 2021 to distribute NT$351,611,694 as cash dividends at NT$7 per share, all distributed in cash. The proposal will be submitted to the Shareholders' Meeting for ratification on May 31, 2022.

3. Expected major changes in dividend policy: None.

(VIII) Effects of the dividends distribution on the operation performance and EPS of the Company:

There are no stock dividends proposed at the most recent Shareholders' Meeting, so it has no significant impact on the Company's operating performance and earnings per share.

(IX) Compensation of employees and directors

1. The percentages or ranges of compensation of employees and directors as stipulated in the Company's Articles of Incorporation:

   In accordance with the Articles of Incorporation of the Company, if the Company has any profit in the year, the Company shall allocate 2% to 10% of the pre-tax profit of the current period before deducting the distribution of employee and director compensation in the current year as the employee compensation. The

Board of Directors shall resolve to distribute the profit by shares or cash, and the distributed parties may include the subordinate company's employees meeting certain conditions. The Company may, by resolution of the Board of Directors, allocate not more than 5% of the pre-tax profits of the current period before deducting the distribution of employee and director compensation in the current year as the director compensation. The distribution proposal of employee and director compensation shall be submitted to the Shareholder’s Meeting.

However, if the Company still has accumulated losses, it shall reserve the amount to make up for the losses first, then allocate employee and director compensation in proportion to the preceding paragraph.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   The Company estimates the employee and director compensation on a pro-rata basis based on the net profit before tax before deduction of the employee and director compensation in the current year. When there is a difference between the actual distributed amount and the estimated amount, it shall be accounted as the profit and loss of the following year.

3. Information on any approval by the Board of Directors of distribution of compensation:

   (1) The amount of any compensation distributed to employees and directors in cash or stocks:

   On March 15, 2022, the Company's Board of Directors passed a resolution to distribute employee compensation of NT$17,479,286 and director compensation of NT$7,857,000, which is no different from the annual estimated amount of recognized expenses.

   (2) The amount of any employee compensation distributed in stocks, and its proportion to net income of the Parent Company-only financial reports and total employee compensation for the current period:

   In 2021, the Company did not propose to distribute employee compensation in stocks.

4. The actual distribution of employee and director compensation for the previous fiscal year:

   The Company's Board of Directors resolved to distribute cash compensation of NT$11,245,194 to employees and NT$4,947,757 to directors for 2020 on March 18, 2021. There is no discrepancy between that actual distribution amount and the recognized amount.

(X) Share repurchases: None.

II. Corporate Bonds: None.

III. Preferred Share: None.

IV. Global Depository Receipts: None.

V. Employee Stock Options: None.

VI. New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Implementation of the Company's Capital Allocation Plans

Implementation of the Company's Capital Allocation Plans As of the quarter before the publication date of the Annual Report, if the issuance or private placement of securities has not been completed or has been completed in the most recent three years and the planned benefits have not yet shown, the explanation and implementation status: None.

Chapter 5 Operational Highlights

I. Business Activities

1. Business Scope

(1) Main business content

The Company is mainly engaged in commercial baking equipment and food service equipment. The main products are mixers, ovens, sheeters, divider rounders, proofers, moulders, slicers, combi ovens, rotisseries, etc., and the parts. The products are of high quality with a comprehensive portfolio. They meet the requirements of international health and quality indicators and have attained ISO9000 certification. Many products have obtained the US ETL and European CE certification.

(2) Operating proportion

Unit: NT$ thousand

Major products	2021	Percentage of annual sales %
Mixer	840,955	19.58%
Divider Rounder and Moulder	259,791	6.05%
Sheeter	161,097	3.75%
Proofer	]529,070	12.32%
Oven	1,547,170	36.03%
Slicer	95,029	2.21%
Fryer	15,920	0.37%
Refrigerator	82,220	1.91%
Show Case	72,036	1.68%
Food Service Equipment	190,461	4.43%
Other Machines	109,858	2.56%
Other Parts (Note)	346,719	8.08%
Bakeware	44,177	1.03%
Total	4,294,503	100.00%

Note: Includes service revenue

(3) The Company's current products and services

The Company's current products are commercial baking equipment, which can produce bread, cakes, mooncakes, and pizza, etc. The customers are the bakeries, wholesale plants, supermarkets, convenience stores, hotels, and cafes that produce bread, cakes, and mooncakes.

Service items of main products:

A. Bakery mixer series:

The mixing in the bread-making process is the process of mixing flour, salt, water, yeast, and other materials to make dough. The purpose of mixing is to make all the flour absorb enough water in a short time to achieve evenly hydrated. The main processes include:

a. Mix all ingredients thoroughly to create a completely even mixture.

b. Allow the dry ingredients including flour to achieve complete hydration and accelerate the formation of gluten.

c. Expand the gluten to make the dough flexible, stretchable, and viscous.

B. Cake mixer series:

The cake mixer (commonly known as a vertical mixer) has a fixed cylinder. The mixer rotates while revolving around the cylinder and mixes, whisks, or kneads all the ingredients evenly into a dough. Thus, it is also known as a planetary mixer. This machine can have three types of mixers for the following purposes:

a. Ball: Used for mixing and whisking the cake batter of the cake. Whisking is to use egg white to form a film, beat the air into the film, and be wrapped by the film to form bubbles.

b. Fan: Used for mixing fillings and cookie dough.

c. Hook: Used for mixing bread dough.

C. Divider rounder series:

Divide the proofed dough by the weight of the bread to be made. The divided dough is almost always rounded. This procedure can densify the bubbles of different sizes produced during proofing to make the surface of the dough smooth.

a. Dividing is to divide the dough by volume to make smaller dough of a certain weight.

b. The divided dough cannot be shaped immediately but should be rounded so that a thin layer of skin is formed on the surface of the dough to retain the newly generated gas and expand the dough. c.Divider rounder or chunker divides weight by volume.

c. The effect of rounding is related to the proficiency of operating the machine.

D. Moulder series:

Molding is the final shape of the bread. This procedure determines the shape of the bread. Dessert bread comes in different shapes and the selectivity of filling, so molding is done by hand. In the production of toast bread, the internal structure requirements are relatively uniform. In order to make the dough roll as uniform as possible, it is necessary to use a moulder for molding.

E. Sheeter series:

A sheeter is mainly used for the production of Danish pastry, puff pastry, and puff snacks. Because of the high content of shortening and yeast in Danish pastries, it is easy to fail without the use of a pastry sheeter. The purpose of the sheeter is to reciprocally calender the shortening-coated dough through the upper and lower pairs of rollers. The roller pitch is reduced a little with every press, and the dough is gradually thinned and lengthened.

F. Proofer Series:

During the bread-making process, the yeast proofs the dough from the time it is added during mixing. Proofing is usually divided into three phases, including the basic proofing after mixing, the intermediate proofing after dividing and rounding, and the final proofing after shaping.

The final proofing makes the dough produce more gas and become fluffy to reach the size of the finished goods and gives the bread better quality.

Proofer is used for the final proofing before the bread is baked. The proofer provides the proper temperature and humidity for the yeast in the dough to proof, multiply and produce CO2 while providing the right humidity to protect the surface of the dough from drying and crusting.

G. Oven Series:

Baking means putting the proofed dough into the oven. As the temperature rises, the volume of the dough gradually expands, and the color slowly deepens with time. When the color becomes golden brown and the center of the dough reaches 100°C, the bread is cooked. The heat of the oven turns the raw and inedible dough into food that is soft, fluffy, easy-to-digest, and smells good. Excellent baked bread is made when the temperature of the oven, baking time, and the color are just right.

Baking makes the bread volume increase so that the bread looks better, fluffier, and becomes easy to digest, which is the key to the success of baking. The capacity of heat-retaining, conduction, and preservation of the oven are the decisive factors in a proper volume increase. The heavier the oven, the better it retains and preserves heat.

The types of oven are as follows:

a. According to the energy source, ovens are divided into electric, gas, and diesel ones.

b. According to the form and capacity, the ovens are divided into deck oven, convection oven, rack oven, cradle oven, and tunnel oven.

H. Slicer series:

The slicer is used for slicing toast. There is a type with a fixed thickness that can slice the whole loaf in one go. There is a type with an adjustable thickness that can cut slice by slice. In addition, there is an automated saw band slicer for mass production.

(4) New products and services in development

A. Crawler pizza oven with remote control function: The oven is equipped with a remote control system to realize the Internet of Things function.

B. Improve the quality of the mixer: Improve the stability and the handling convenience of the mixer during the working process, prevent the flying of dust during the mixing process, and prevent accidental injury (hands or other body parts) during the machine's descending process.

C. Dough temperature measurement mechanism of the mixer: The mixer has the temperature measuring probe, which contacts the dough during the mixing process, or uses a non-contact infrared thermometer to monitor the temperature of the dough in real time during the mixing process.

D. Second-generation filling machine: It has good extrusion and filling effect; it enables the cookies to have uniform extrusion pattern, stable weight, small deviation, clear layers; and the cake batter has no defoaming phenomenon.

E. Screw-driven cylinder lifter:To be used with off-cylinder mixer, suitable for large central factories.

F. Second-generation pre-divider: It is mainly used for the connection between the off-tank mixer and the continuous divider, to solve the problem that the continuous divider cannot be effectively connected with the off-tank mixer due to the small capacity of the dividing funnel; it can realize one-time unloading.

G. Egg beater with temperature control: The egg beater equipped with a temperature control system is used for customers who have high requirements for egg breaking quality.

H. Filling machine: It is mainly used in bread products that need filling, with a wide range of market applications.

2. Industry Overview

(1) Development status of the industry

With the rapid development of the economy and the continuous increase of national income, the pursuit of diet has gone from being full and progressing to eating well. Coupled with frequent international contacts and exchanges, the prevalence of the internet has facilitated the circulation of information, making the temptation of exquisite cuisine easier and faster to spread to every consumer. Under such an environmental background, the catering industry has flourished, and the baking industry has naturally benefited a lot. In addition, due to changes in work style and the popularity of fitness and dieting concepts, bread, which was originally a supporting role for orientals, has gradually become the main choice for many urban men and women. With the rise of exquisite cuisine culture, pastries have become immensely popular with the help of the internet. Moreover, the substantial opening of cross-strait interactions has also led to the vigorous development of the souvenir market, which has brought the baking industry to a significant peak in recent years. In the development of the baking industry, the baking equipment industry is one of the most closely related industries. Countries in Europe and America take bread as the traditional staple food, and the flour processing and baking industry are relatively developed. Therefore, the bread machinery manufacturing industry has existed for a long time. Its product performance and quality are excellent, but the price is relatively expensive. As far as the bread machine market is concerned, Europe, America, and Japan are mature markets, and the emphasis is on replacing old ones with new ones. While rice-based countries in Asia, the consumption of bread, cakes, and pastry continues to rise with the increase in income and the advancement of production standards. Therefore, the demand for various bread machines is increasing. However, there is a significant gap in the technical level of the Chinese food machinery industry in comparison with major international manufacturers. There are disadvantages such as lower production efficiency, higher energy consumption, and lack of stability. As a result, China will still rely on imported machinery, and competition among brands is keen.

A. Baking Market in Taiwan

Bread baking was first introduced to Japan from Europe. Taiwan was influenced by Japan during the Japanese Occupation and began to have the concept of baking. When the Korean War broke out in 1950, a large number of US troops were stationed in Taiwan. As they were not used to eating Taiwanese rice, a bread baking training course was established. The technology of Taiwan's bread industry entered a mature stage. Because it originated from the west, the early bread was called "West Pastry."

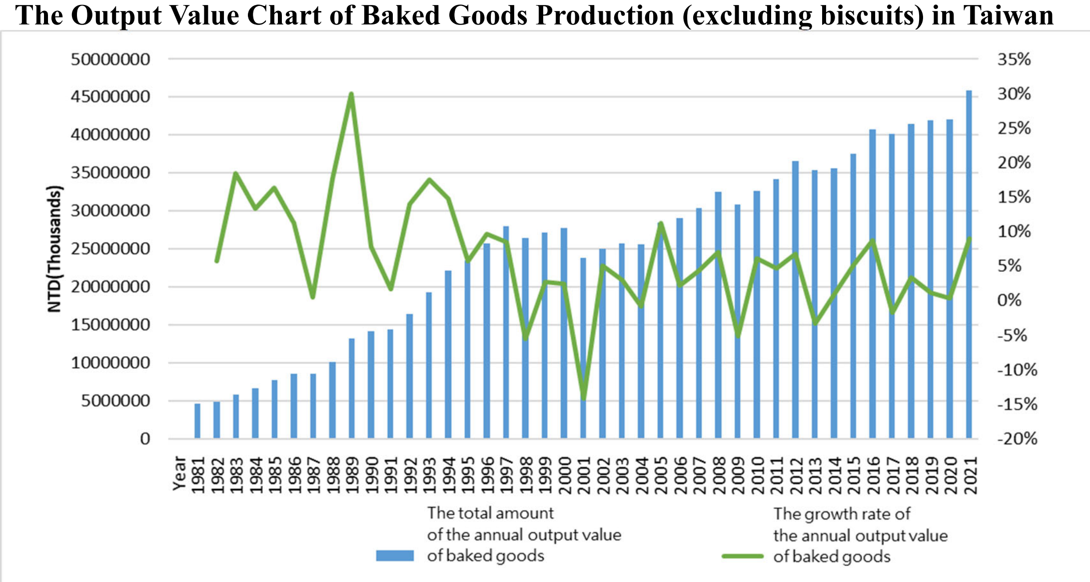
The baking industry in Taiwan is a sporadic type, with a large number of small-scale bakeries. The customer base is usually neighbors and residents because of geographic relations. Among the small bakery stores, the business model of self-produced and self-sold single stores accounts for the highest proportion of about 77%, while the branch bakery accounts for about 11%, and the chain bakery accounts for about 6%. The small bakery emphasizes freshly baked and fresh products.

The development of dietary consumption is inseparable from the overall economy. From 1967 to 1977, Taiwan’s economic structure shifted from agriculture to industrial development, laying the foundation of an industrial society. The GDP began growing, and per capita income grew from US$700 to US$1,500. The priority of food consumption was having "enough food." The government opened up private businesses for bulk materials, and industries related to bulk materials such as flour, feed, oil, and beverages entered the stage of development. From 1978 to 1985, the Ten Major Construction Projects drove economic growth. Per capita income increased from US$1,500 to US$3,000. The quality of life enriched, and consumer demand was toward "eating exquisite," driving the growth of demand for frozen food and processed food. Since 1993, the per capita income has exceeded US$8,000. The public pays more and more attention to health, and they tend to "eat healthy" in food consumption, which stimulates the growing demand for healthy food.

At this stage, the Taiwanese food market has entered a mature phase. The future trend will continue to develop towards the added value of product characteristics and begin to emphasize the brand. Since the individual champion award of the First World Bread Contest goes to Taiwan, Taiwan’s bakery industry has set off a baking boom. It not only attaches importance to food safety and health but bread has also surpassed taste from food and leveled up to star products and even souvenirs, which has changed the structure and the business model of the baking industry. In recent years, the baking industry has focused on cross-industry operations and innovative business models. The supply structure of the food industry has changed with the market and is gradually adjusting from traditional pastry shops to a diversified and compound business model. Because of the similar product attributes, this has been accepted and recognized by the consumers, which in turn drives the growth momentum of the overall baking market consumption.

Benefiting from the changes in traditional eating habits and the development of Taiwan’s economy, the annual output value of Taiwan’s baked goods, including the baking industries such as bread, souvenirs, desserts and cakes, coffee, and pastries, is estimated to have a business opportunity of about $80 billion. The top three baking industries for the moment are classified into pineapple cakes, baked bread, and desserts. This demonstrates that Taiwan’s baking industry is booming.

The Output Value Chart of Baked Goods Production (excluding biscuits) in Taiwan



Source: Department of Statistics, Ministry of Economic Affairs

B. Baking Market in China

Although baking was developed in Europe, it has over two decades of history in China. At first, baked goods showed the characteristics of family workshops, single products, lack of variation in taste, and low permeability. With the rapid development of China's economy, people's living standards have improved, and food culture has gradually changed. Western food has steadily integrated into daily life. People are increasingly used to western baked goods such as bread and cake. In terms of corporate brands, China's baking industry has developed rapidly under the background of reform and cultural integration. International baking companies from Taiwan, Japan, and South Korea have entered the Chinese market one after another, and China's baking industry has entered a period of rapid development. In terms of business model, from the initial workshop model to today's exquisite specialty stores and chain stores, large-scale brands continue to expand from a few stores to dozens or even hundreds of stores. The business model of the front shop and back factory has also transformed into central factory production, multi-point distribution, and large-scale distribution.

From the perspective of the baking industry's market scale and regional distribution, the leading development and sales of baked goods are concentrated in East and Central China. In this region, the development of the products and business models is fiercely competitive and changing swiftly. Mature products gradually expand to the northwest and the northeast region, as well as progressively penetrate from first and second-tier cities to third and fourth-tier cities.

C. Development Trends of Chinese Baking Industry

a. The pandemic has accelerated the upgrading and transformation of the baking industry, diversified business models, and segmented sales channels.

During the pandemic, consumers reduce outgoing spending and increase online purchase models. Baked goods have become a daily consumption food, which quickly releases the huge potential of the baking market. For this reason, the business model of the enterprise has also been adjusted accordingly. The most respected industrial business model this year is the central factory with e-commerce service and cold chain logistics. Due to the refinement of e-commerce services and the diversification of product distribution channels, baking enterprises have given more considerations and designs on product shelves. Baked goods with a short shelf life are more in line with the upgrade trend of healthy food consumption. Major bakery consumer brands have launched baked products with a short shelf life. Compared with the sales channels before the pandemic, individual studios and community stores are prominent in the late stage of the pandemic.

Type	Business model	Characteristic
Offline channels	Central factory with finished goods distribution	The central factory produces finished goods and distributes them to stores/supermarkets/convenience stores/e-commerce malls for sale
	Central factory with semi-finished goods distribution	The central factory produces semi-finished goods and delivers them to stores for baking (multi-store sales)
	Central kitchen with full channel sales	Integration of production and sales, centralized production in the central kitchen, online and in-store sales (community or intra-city consumption)
Online channels	Central kitchen/factory with e-commerce sales	Central factory for production, e-commerce platform for sales, and using cold chain logistics for distribution (same city or nationwide sales)

b. "Bakery and drinks" new compound stores are popular, and consumers of new drinks have a higher preference for baked products

Consumers are now increasingly demanding for consumer experience. Only delicious food is not enough. Environment and service have also become competitive points for food companies. Consumer demand has made the area and space of bakery chain stores in mainland China larger and larger, and they are no longer small stores. More and more bakery shops have begun to reserve seats on a large scale, provide more comprehensive experience services, and allow consumers to stay for afternoon tea in the bakery.

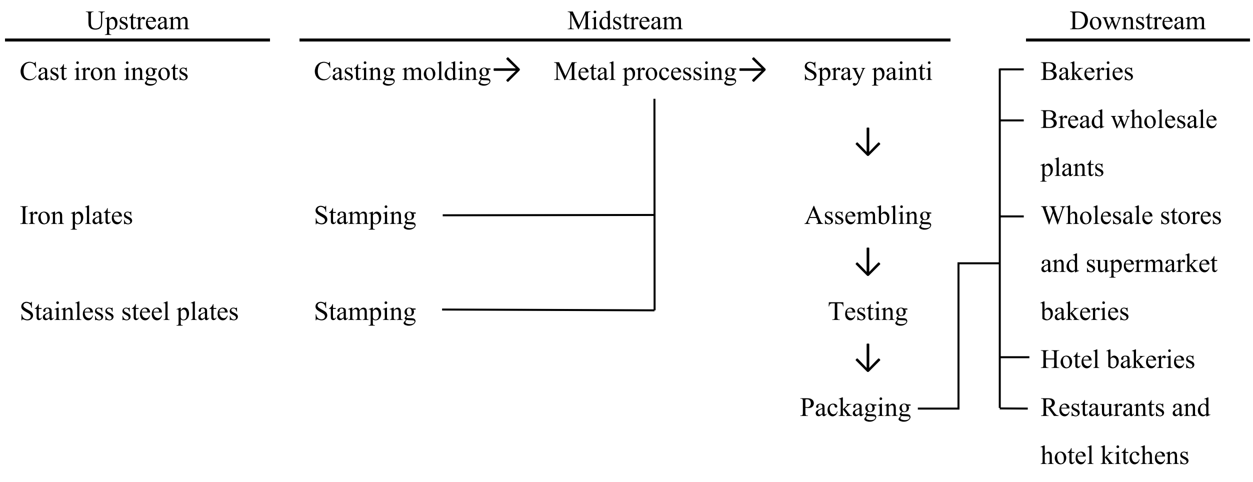
New-style tea shops have driven "bakery and drinks," making "bread and tea/coffee" or "cake and tea/coffee" the mainstream. Almost all new bakery shops integrate these two business models. Afternoon tea consumption of baked products has increasingly led the bread to the meal in mainland China and repositioned the target group as the new white-collar workers. The concept of healthy tea is used to win consumer recognition and the cross-border baking industry. Essentially, their tea and soft European bread can be sold concurrently, that is, consumers who buy tea will also buy baked products. The new style of tea allows consumers to have greater integration of their preferences for the three major categories of tea, coffee, and baked products, and the cross-selling effect is great. It has brought a wave of transformation to the Chinese baking market, which is enough to foresee the vitality of the baking market in the future.

c. The home baking market has huge potential, and the online marketing results are gratifying

The pandemic has accelerated the rise of the home scene, and home life is valued. Thanks to the convenience of domestic online consumption and national distribution services, the trend of online orders for bakery products is impressive. New youth kitchen reinterprets everything from staple food to seasoning. Food DIY has become an indispensable skill for young consumers' family life. The frequency of family activities represented by baking is exceptional, and the profound potential of the baking market has been tapped. The growth of home baking inspires people's attention and participation in baking.

(2) Relationship of Upstream, Midstream and Downstream in this Industry

The Company is a midstream manufacturer of the food machinery industry. Through professional design and processing, the stainless steel plates and other materials provided by upstream raw material suppliers are assembled and manufactured into professional baking machinery and equipment that meets the special needs of downstream customers.



(3) Various product development trends

In recent years, as China's economy continues to grow, and people's wages keep on rising, it has helped people to boost consumer spending and thereby expanded the demand for baking equipment. With the development of China's food machinery technology and the increasingly fierce industrial competition, food machinery has shifted from price competition to quality competition. Whether an enterprise can win in the competition depends not only on the size and output of the company but also on whether the company can produce the products that customers need. Due to the change of customers' market concept and the increasingly mature purchasing behavior, customers no longer simply consider the price when purchasing food machinery. They also pay more attention to the maintenance cost throughout the product life cycle. In terms of the current situation, the food machinery industry in China has entered the structural adjustment stage with diversified specifications, high-end technology, and complex structure as the main features, and it also requires strong quality control. Among them, the demand for high-end equipment is the strongest, which is conducive to driving the overall profit of China's baking equipment industry.

A. Refrigeration equipment heats the baking market

In recent years, the development of e-commerce platforms has been particularly rapid, and cold chain-related equipment has opened up another sales channel for the baking market. With the increasing consumer demand for baked goods, ice cream cake and snow mooncake are favored by consumers, and this kind of food has higher requirements for preservation and transportation. Therefore, it can only be accomplished with the continuous refinement of the cold chain. Nowadays, the development of refrigeration equipment such as freezer, fresh-keeping cabinet, and refrigerator has greatly extended the sales radius of fresh-baked pastries, which is of great help to expand the market scale.

B. Automation equipment enhances the production capacity

Automation is an inevitable trend in the industrialization of food machinery such as baking equipment. Many areas in China are experiencing problems with shortage of labor and rising wages, and these problems will become more and more serious and noticeable in the future. To solve this problem, it is necessary to reduce the number of workers and ensure output. At this time, highly automated equipment is needed to achieve this.

Coupled with COVID-19 factors, the sales model of baked goods has diversified. Sales through e-commerce platforms have driven the output of the central factory to increase and boosted demand for automation equipment.

(4) Competitions

In the growth process of the baking industry, the baking equipment industry is one of the closely related industries. Unlike other precision machinery industries, the entry barrier for the baking machinery industry is not high. With the understanding of simple machinery principles, any company can step into the ranks of production. Therefore, there are many potential competitors in the domestic market. Faced with tough competition from well-known foreign brands, it is inevitable for the baking equipment manufacturers to avoid intense pressure. Aside from the external competitive pressures, another important factor affecting the development of the baking equipment industry is whether the manufacturer has enough competitiveness to survive in the fiercely competitive market.

In contrast to other rivals, Sinmag has the competitiveness and persistence in customer service others can't surpass. This is our core strength for survival and growth. Sinmag has the largest equipment variety and production capacity in China, and our investment in customized equipment and new equipment development is unmatched. Regardless of market conditions and changes in customer needs, Sinmag always provides the equipment that best suits the customers' needs. We continue to add new equipment to fully meet the customer needs.

At present, the COVID-19 pandemic has an impact on the economic operation of mainland China and has a greater influence on the baking industry.

As a leading brand of baking equipment, Sinmag Corp. also suffered operational shocks in the early stages of the pandemic, and many supply chains are still affected. Small-scale food equipment manufacturers have exposed their shortcomings in product quality and after-sales service, giving Sinmag an opportunity to stand out again by virtue of its competitive advantages after years of cultivation in the baking market and the establishment 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 in response to the pandemic situation in different countries and deliberately made up for the performance gap in the early stage of the pandemic outbreak.

3. Technology and R&D Overview

(1) Technical level of the business

In recent years, the Chinese baking market has gradually transformed from the original demand for single baking products, and baking and catering have progressively become a fusion development trend. However, in the face of the sudden COVID-19 pandemic, consumers' consumption habits and demand direction for baked products will be adjusted again. The operating model of the baking industry is bound to respond quickly to changes in consumers, and food equipment manufacturers must also follow to modify appropriate production and marketing strategies to satisfy the market. It is expected that the food equipment industry will still struggle to escape from the intense competition.

The R&D team of Sinmag continues to observe market trends, maintain close interaction with customers, deepen cooperation with customers, and enthusiastically develop products that meet customer needs to maintain its competitive advantage and leading position in the market. In addition to the development of various processes and technologies, we will persist on developing more diverse, innovative, and high-quality products, and introduce the concept of safe production and environmental protection, to focus on the business opportunities in the post-pandemic era and to layout the Company's sustainable development.

(2) The Group's R&D expenses invested in the most recent fiscal year and up to the publication date of the Annual Report

Unit: NT$ thousand

Item	2021
R&D expenses	135,817
Net operating revenue	4,294,503
R&D expenses to net operating revenue ratio (%)	3.16%

(3) Technology or products successfully developed

The key technologies currently possessed by the Company include the mixing hook manufacturing technology, technology that accurately measure the completion of dough mixing, the application of hydraulic technology to divider rounder, and the ovens that can simultaneously save baking time and improve product quality than the peers. The Company has always attached great importance to research and development and aimed to make progress to maintain its competitive edge in the industry.

Technology or products successfully developed

A. Bread Mixer Series.
B. Cake Mixer Series.
C. Divider Series.
D. Sheeter Series.
E. Proofer Series.
F. Oven Series.
G. Toast Producing Machine Series.
H. Burger Producing Machine Series.
I. Slicer Series.
J. Donut Producing Machine Series.
K. Pizza Producing Machine Series.
L. Air Cooling Refrigerator Series.
M. Show Case Series.
N. Freezer Producing Machine Series.
O. Freezing and Refrigerating Working Table Series.
P. Danish Automatic Oil Wrapping Machine Series.
Q. Sheeting Make Up Line Series.
R. Combi Oven Series.
S. Cake Machine Series.

The expected R&D equipment is as follows:

A. Crawler pizza oven with remote control function: The oven is equipped with a remote control system to realize the Internet of Things function.
B. Improve the quality of the mixer: Improve the stability and the handling

convenience of the mixer during the working process, prevent the flying of dust during the mixing process, and prevent accidental injury (hands or other body parts) during the machine's descending process.

C. Dough temperature measurement mechanism of the mixer: The mixer has the temperature measuring probe, which contacts the dough during the mixing process, or uses a non-contact infrared thermometer to monitor the temperature of the dough in real time during the mixing process.

D. Second-generation filling machine: It has good extrusion and filling effect; it enables the cookies to have uniform extrusion pattern, stable weight, small deviation, clear layers; and the cake batter has no defoaming phenomenon.

E. Screw-driven cylinder lifter:To be used with off-cylinder mixer, suitable for large central factories.

F. Second-generation pre-divider: It is mainly used for the connection between the off-tank mixer and the continuous divider, to solve the problem that the continuous divider cannot be effectively connected with the off-tank mixer due to the small capacity of the dividing funnel; it can realize one-time unloading.

G. Egg beater with temperature control: The egg beater equipped with a temperature control system is used for customers who have high requirements for egg breaking quality.

H. Filling machine: It is mainly used in bread products that need filling, with a wide range of market applications.

4. Long-term and short-term business development plans

(1) Short-term business development plans

A. Follow up on the recovery of each block market after the pandemic and strive for customer orders.

B. Strengthen the existing market, source new customers, and reinforce customer service.

C. Promote newly developed and upgraded next-generation equipment.

D. Expand bakery derivative compound market, increase the breadth and diversification of equipment to market applications, and extend market share.

E. Proceed with promoting the sales model of the turnkey equipment for the front and back of bakery stores.

F. In line with the business transformation of the Chinese wholesale market and supermarkets and the development of new concept bakery stores, provide suitable equipment and enlarge market sales.

G. Expand the export of equipment that has not yet been sold in various countries and develop the export market.

H. Strengthen customer service, ensure competitive advantages, and provide high-quality services to differentiate from other peers and enhance the Company's value.

(2) Long-term business development plans

A. To meet the needs of major international markets such as the United States, Europe, etc., develop new equipment to expand the marketing area, and exert the global synergy of resource sharing and cost reduction in product manufacturing, design, technology, and sales channels.

B. Build global marketing channels and keep on expansion and sales in India and Southeast Asia.

C. Integrate corporate resources, develop new products, make full use of the Company's market channels and high-quality products, create added value, and enhance profitability.

D. Strengthen lean manufacturing management, advance product quality, reduce costs, produce better baking effects, more stable and durable production equipment, and enhance market competitiveness.

E. Strengthen R&D innovation, create differentiated services, raise customer satisfaction, and then increase the added product value.

II. Market, Production, and Sales Overview

(I) Market Analysis

1. Analyze the sales (supply) regions of the Company's main products (services)

Unit: NT$ thousand

Region \ Year		2020 Consolidated sales	2020 Ratio	2021 Consolidated sales	2021 Ratio
Domestic		114,804	3.48%	129,164	3.01%
Overseas	America	657,508	19.92%	821,183	19.12%
	Asia	2,256,288	68.37%	2,947,316	68.63%
	Africa	87,212	2.64%	138,559	3.23%
	Europe	114,003	3.45%	190,008	4.42%
	Others	70,674	2.14%	68,273	1.59%
	Subtotal	3,185,685	96.52%	4,165,339	96.99%
Total		3,300,489	100.00%	4,294,503	100.00%

2. Market share and future supply, demand, and growth of the market

(1) Market share

The Company mainly produces commercial baking machinery and equipment. With extensive sales experience, deep professional background, and diversified product categories, the sales region covers more than sixty countries around the world and successfully cuts into important baking channels at home and abroad with its own brand SINMAG. The Company has a complete range of products and excellent after-sales service. In addition to factories in China and Taiwan, there are branch offices in Taipei, Taichung, Kaohsiung, and forty offices in China. Moreover, the Company has set up marketing bases in Malaysia, the United States, and Thailand to build a complete sales network to enable the Company to maintain a strong competitive position in the industry.

(2) Future market supply/demand and growth

Due to the slowdown in the domestic pandemic, the market size is estimated to be about NT$265.7 billion in 2021, and the market size is expected to rise to NT$287.4 billion in 2022. Chinese baking is an industry that keeps on shining for everyday living. Although the Chinese economy has been restrained by the impact of the COVID-19 pandemic in early 2020, baked goods, as the basic consumption of people's livelihood, are expected to resume steady growth when the pandemic is gradually under control.

Source: Euromonitor

Growth of China's baked goods market

A. The per capita consumption of baked goods in China is low, and there is enormous room for market growth

Baked goods have always been the breakfast and staple food in European and American countries. In contrast, the development of China's baking industry has been relatively short. At the same time, the baked goods are mainly served as desserts and snacks in China, and there is a huge gap in per capita consumption with countries in Europe and America. Along with the continual elevation of Chinese consumers' understanding of the bakery, there is a huge space for the development of China's bakery.

https://bg.qianzhan.com/report/detail/7e9dd4cde4b74310.htmlBaked goods are mainly divided into four categories, namely bread, pastries, cakes, and mixed desserts. They have been used as breakfast and staple food in Europe and America. However, in the Asia-Pacific region, as people's living habits and eating styles differ from those of the western countries for a long time, baked goods are usually consumed as snacks rather than meals. According to statistics from the Baking Professional Committee of the China Food Industry Association, the per capita consumption of baked goods in China was about 7.8 kg in 2019. Although the per capita consumption of baked goods in China has increased year by year in recent years, there is still a large gap compared with countries in Europe and America, and the industry has immense room for growth.

B. Baked products with short shelf life have become a popular track

According to the length of product shelf life, the baking industry is divided into three categories, namely short, medium, and long-term shelf life. In recent years, baked goods with a short shelf life are more in line with the upgrade trend of healthy food consumption as people pay attention to their health. Major bakery consumer brands have also launched short shelf life bakeries.

C. Chinese bakery will move towards the development of breakfast, fresh food, and health

With the influence of foreign eating habits and the accelerated pace of urban life, more and more young people choose convenient and nutritious food, and fast and convenient western food has become their first choice. At present, more than 11% of Chinese people choose to eat bread at breakfast, which is just below the number of consumers who opt for steamed buns. The domestic bakery market is in a rapid development stage, and the newly baked products emerge the trend of breakfast, fresh food, health, etc.

3. Competitive niche

(1) Professional management team, excellent quality image, and goodwill

The Company's management team has accumulated years of experience in the baked goods industry and established a sound sales network, which enables it to grasp market trends immediately, communicate with customers in a timely and efficient manner, willingly provide customers with comprehensive solutions, and swiftly promote products to the market. A professional R&D team, with leading technology and R&D capabilities, serves as a strong and powerful backing for the sales team. Furthermore, the Company has always insisted on high-quality customized products, which has established a great reputation among customers. We firmly believe that "quality" and "goodwill" are the Company's most important intangible assets, as well as the guarantee for expanding the customer base and business.

(2) Excellent R&D and design capabilities

The Company attaches great importance to full communications and cooperation with customers. In response to customers' requirements for product quality and functions, the Company has gradually enhanced the R&D, production, and marketing experience and strength. Through cooperation with major domestic and foreign manufacturers and technology licensing, the Company has gained knowledge of relevant advanced technologies to facilitate the development of innovative products and create a niche for peer competition.

(3) Customized service

To meet customer needs and provide customized and flexible cooperation, we will create the desired design for them. The Group's position lies in the design and manufacturing of international baking brands, so product design, manufacturing, and quality must be in line with international needs. The Group is committed to conforming to the needs and expectations of its customers by providing customized products and services as its core business philosophy.

(4) Global layout to master marketing channels

The Company vigorously establishes overseas marketing bases to build a global sales network. Through reinvestment, in addition to the branch offices in Taipei, Taichung, Kaohsiung, and forty offices in China, it also sets up marketing bases in Malaysia, Thailand, and the United States and hires sales personnel with local market savoir-faire to engage in business development to speedily collect market information, grasp sales opportunities, and energetically expand the export business. The Company has a certain reputation in the baking industry, and its market share has escalated year by year. The international marketing layout is conducive to the expansion of overseas markets.

4. Favorable and unfavorable factors of development prospect and countermeasures

(1) Favorable factors

A. Great development potential in second and third-tier cities in China

The consumption of baked products in China's second and third-tier cities is far from that in first-tier cities. With economic development and technological advancement, the market potential is tremendous in the future. The consumption of baked products in second and third-tier cities in China is lower than that in first-tier cities such as Beijing and Shanghai. The population of China's underdeveloped provinces accounts for nearly 50% of the total population. This means that baked goods have greater room for improvement in the future. On the other hand, with the development of e-commerce and cold chain logistics technology, the current low consumption of baked goods in second and third-tier cities is expected to make progress by degrees.

B. Elevated living standards and upgraded consumption structure

Although China's baked goods industry has skyrocketed in recent years, there is still a big gap in the per capita consumption level with developed countries and regions, and there is room for enhancement in the future. With changes in eating habits in the future, there is still room for advancement in per capita consumption. At the same time, consumers have higher requirements for product quality and consumer experience, and the increase in unit prices will also stimulate the surge of the baking industry scale.

Westernization of the eating habits of the younger generation has promoted the development of the baking industry. Generally, residents' dietary consumption patterns are divided into three types, namely staple food consumption, leisure consumption, and festival consumption. Among them, staple food consumption is the most important form of consumption. With the enrichment of residents' living standards, the proportion of leisure consumption and festival consumption is promptly increasing.

C. Propelled by China's policies, domestic demand is growing rapidly

To promote economic activities in various regions of mainland China, carry on expanding the domestic consumption market, and elevate people's living standards, the Chinese government plans to build a well-off society in an all-around way and promote sustainable economic development. Meanwhile, local governments publicly announce various policies specifically aimed at the promotion or support of the development of the catering industry. Therefore, with the support of policies, the catering market in mainland China will continue to unfold in the future. In addition, the people's eating habits have steadily westernized with the increase in international exchanges, driving the development of China's baking industry, and bakery companies from all over the world are gearing up to challenge the Chinese market. Therefore, with policy support in the future, the baking market in mainland China will continue to expand, which will have a positive impact on the Company's business development.

(2) Unfavorable factors

A. Price fluctuation of raw materials and metal materials

The raw materials required for the Company's products are mainly steel. The price cannot be effectively predicted, as it is affected by the trend of international raw material prices. Therefore, fluctuations in steel prices have a certain degree of impact on the cost of baking equipment.

Countermeasures:

The Company maintains long-term cooperation with upstream suppliers and strictly manages the internal raw material prices. In addition to paying attention to the international raw material prices at all times, inventory management is strengthened to reduce the risk of loss from the falling price of raw materials. Moreover, the Company continuously improves and optimizes production processes to achieve the effect of saving materials and reducing production costs.

B. Rising labor costs in mainland China

The “Labor Contract Law” was implemented in China in 2008, which clearly stipulates labor rights and interests such as paid leave, overtime pay, severance pay, and social insurance reserves, which has led to a sharp increase in labor costs in China. In recent years, China has persisted in polish up the economic environment in the mainland, which has increased employment opportunities in the mainland, but there has been a shortage of labor in coastal cities. In order to retain labor, companies have raised wage rates. At the same time, the Chinese mainland government launched the "13th Five-Year" plan for national economic and social development. In recent years, the average income of urban and rural residents doubled that of ten years ago, and the urbanization of permanent residents has reached 50%, making the labor costs for enterprises keep on rising in recent years.

Countermeasures:

In response to the continuously rising labor costs, the Company has advanced the production process, introduced automatic and semi-automatic equipment step by step, advanced the level of automation, and enhanced production efficiency to reduce the impact of escalating labor costs on the Company's operations. Also, the construction and commissioning of the Wuxi No.2 plant are completed, replanning the production line to enhance the production efficiency. Furthermore, the Company is a domestic demand industry in mainland China. With the general rising trend of labor wages, the people's consumption capacity in mainland China will also increase, which will drive the growth of related domestic demand industries. The Company's performance is expected to benefit.

C. Intense market competition

In recent years, China's food processing machinery manufacturing industry has flourished with the economic takeoff. Many manufacturers have invested in the production of baking equipment, taking their cost advantage to seize the market at low prices, resulting in increasingly fierce price competition in the baking equipment market. Under intense market competition pressure, apart from continuously providing products with price advantages, it is also necessary to provide customers with good quality and a perfect service system.

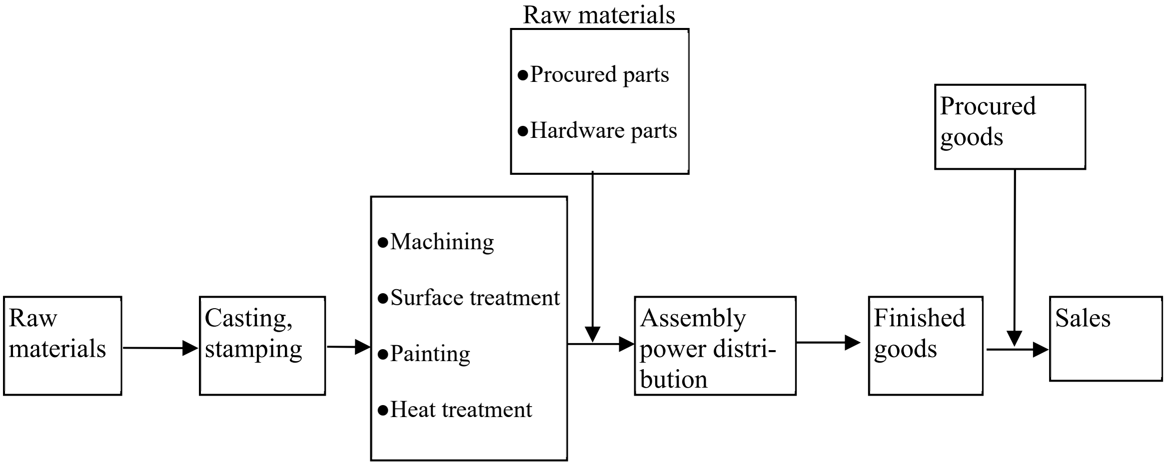
Countermeasures:

Although the products of Chinese peers have their cost advantages, the quality is still unstable due to the immature manufacturing technology, and the market acceptance is still limited. The Sinmag Group has been deeply engaged in baking equipment for thirty-eight years and has extensive experience in many markets around the world with flexible production and marketing strategies, good product quality, a complete sales network, and a fast and perfect after-sales service system.

The Company will persist to invest in the R&D of baking equipment process technology and successively introduce automated production equipment to save labor costs, improve production efficiency and product quality.

(II) Major applications and manufacturing process of main products

1. Major applications: The Company's baking equipment is used for the production of bread, cake, mooncakes, and pizza, etc.
2. Manufacturing process:



(III) Supply of main raw materials

The Company's main raw materials are cast iron, iron, and stainless steel. All raw materials can be obtained locally. Thanks to the convenient location, it is very handy and fast in liaison, supplies, and technical support. The long-term cooperation relationship with the supplier is good, and the quality, delivery time, and cost can fulfill the Company's needs. So far, no work stoppages due to the lack of materials or other disputes have occurred.

(IV) The name of the manufacturer (customer) who has accounted for more than 10% of the total purchases (sales) in any of the most recent two years, as well as the amount and proportion of purchases (sales), and the reasons for the increase or decrease.

1. The Company has no suppliers with more than 10% purchases in 2020 and 2021.
2. The Company has no customers with more than 10% of sales in 2020 and 2021.

(V) The Group's production volume and value for the past two years:

Unit: NT$ thousands/unit

Year / Production amount / Major products	2020			2021		
	Capacity	Quantity	Production value	Capacity	Quantity	Production value
Mixer	17,522	17,178	388,880	19,525	20,308	532,889
Divider Rounder and Moulder	2,937	2,884	146,477	2,853	2,948	165,630
Sheeter	1,750	1,694	71,328	2,306	2,380	91,937
Proofer	4,657	4,583	188,996	5,384	5,601	261,449
Oven	17,637	17,355	517,303	22,426	23,351	772,420
Slicer	18,699	18,434	54,540	17,389	18,121	65,477
Fryer	97	96	1,535	126	132	2,017
Refrigerator	1,830	1,804	56,013	3,656	3,811	112,335
Show Case	1,040	1,025	57,162	1,055	1,100	66,172
Food Service Equipment	1,524	1,503	54,035	2,918	3,042	100,336
Other Machines	3,916	3,861	29,104	4,641	4,830	23,847
Other Parts	Note	Note	104,321	Note	Note	285,799
Bakeware	Note	Note	0	Note	Note	0
Total	71,609	70,417	1,669,694	82,279	85,624	2,480,308

Note: Due to the diverse nature of other parts and bakeware, only the production value is calculated.

(VI) The Group's sales volume and value for the past two years:

Unit: NT$ thousands/unit

Year / Sales volume / Major products	2020				2021			
	Domestic		Overseas		Domestic		Overseas	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
Mixer	142	11,879	16,455	606,355	200	15,102	22,558	825,853
Divider Rounder and Moulder	64	11,829	2,813	213,842	70	13,394	3,223	246,397
Sheeter	21	2,408	1,659	113,207	27	3,348	2,498	157,749
Proofer	118	10,489	5,157	409,445	222	18,238	6,360	510,832
Oven	313	47,771	12,096	1,102,559	408	49,639	16,138	1,497,531
Slicer	58	2,596	2,775	77,354	37	1,492	3,239	93,537
Fryer	0	0	155	6,221	3	98	325	15,822
Refrigerator	29	1,334	1,638	68,745	17	840	1,972	81,380
Show Case	0	0	986	72,103	0	0	947	72,036
Food Service Equipment	1	252	1,034	106,488	19	1,672	1,983	188,789
Other Machines	145	4,590	6,312	74,258	86	1,229	7,645	108,629
Other parts (Note 2)	Note 1	21,343	Note 1	295,973	Note 1	23,795	Note 1	322,924
Bakeware	Note 1	308	Note 1	39,140	Note 1	317	Note 1	43,860
Total	891	114,799	51,080	3,185,690	1,089	129,164	66,888	4,165,339

Note 1: Due to the huge difference in the calculation units of other parts and bakeware, only the sales value is calculated.

Note 2: Includes service revenue.

III. Number of Employees for the Most Recent Two Fiscal Years, and during the Current Fiscal Year up to the Publication Date of the Annual Report, Their Average Years of Service, Average Age, and Education Levels (including Percentage of Employees at Each Level)

Unit: Persons

Year		2020	2021	As of April 30, 2022
Number of employees	Administrative personnel	886	861	852
	Director labor	520	542	544
	Total	1,406	1,403	1,396
Average age		39.76	40.48	40.64
Average year of services		10.82	11.17	11.36
Academic distribution ratio	PhD	0.14%	0.14%	0.07%
	Master	0.64%	0.57%	0.50%
	Bachelor	42.03%	42.06%	42.05%
	Senior high school	35.28%	34.92%	35.03%
	Below senior high school	21.91%	22.31%	22.35%

IV. Environmental Protection Expenditures

The waste gas in the production process of the Company and its subsidiaries is treated by regularly replacing the activated carbon adsorption devices, sewage discharge and the pipeline of sewage treatment plant meet discharge standards, the removal and treatment of industrial wastes are entrusted to a civic organization approved by the competent authority for safe disposal by law and regularly detect the noise, sewage, waste gas, and dust every year, so there is no environmental pollution. Over the years, there has been no punishment or loss due to environmental pollution.

V. Labor Relations

(I) Various employee welfare measures, continuing education, training, retirement systems, and implementation status, as well as the agreement between labor and management, and various employee rights protection measures:

1. Various employee welfare measures and implementation status

The Company and its subsidiaries are committed to creating harmonious labor relations and perfecting employee welfare. In addition to the establishment of the Employee Welfare Committee and the Labor Union Committee under the law, welfare funds and labor union funds are also allocated monthly. The Welfare Committee and the Labor Union Committee formulate an annual plan every year and conduct various activities as follows:

(1) The Company's Employee Welfare Committee organizes various tourism activities and year-end dinners every year.

(2) In addition to statutory labor and health insurance, employees are also covered by group insurance (life insurance, accident insurance, and hospitalization insurance).

(3) Employees are entitled to regular health checks at corporate expense. The Company values the results of employee health checkups, and for employees whose checkups are abnormal or special, the Company proactively assists them in tracking treatment or observation to ensure the health of employees.

(4) Welfare matters such as Mid-Autumn Festival mooncakes, accommodation, and car service.

(5) Provide various welfare subsidies for weddings and funerals, grants, and emergency relief.

(6) To enhance the Company's competitiveness, a comprehensive training program is made for employees' career planning and professional skills.

(7) To increase employee cohesion, the systems of employee compensation and fair evaluation and promotion have been set up.

2. Continuing education, training, and implementation status

To enhance the quality of human resources and development advantages, the Company has established "Education and Training Methods" and formulated an annual training plan every year to maintain the foundation of the Company's sustainable management and development. Implement pre-employment guidance education and training for recruits when assuming a post, and conduct general training and professional training (including internal training and external training) for all employees from time to time, with the expectation to train professional talents, thereby improve management performance and effectively exploring and utilizing talents.

The Group's employee training in 2021 is as follows:

Unit: NT$

Item	Persons	Total hours	Total expenses
Orientation training	66	252	0
Professional competency training	699	5,212	597,515
Management skills training	3	36	24,000
Safety and health training	405	241	51,861
Fire marshaling training	1,239	2,403	0
Total	2,412	8,144	673,376

3. Retirement system and implementation status

   Under the law, the Company allocates 6% of the monthly salary to the individual pension account at the Bureau of Labor Insurance for new employees hired after July 2005 as well as employees who opted to apply the new Labor Pension Act every month. At the same time, the Company retains the seniority of the original employees who opted for the old pension mechanism and original employees who opted for the new pension mechanism and calculates and allocates an appropriate amount of retirement reserve to the exclusive account at Bank of Taiwan based on the pension payment standard of the original employee's pension mechanism.

   If an employee meets the prescribed conditions and applies for retirement, the HR unit shall calculate the retirement seniority, base, and amount, and then apply to the Labor Retirement Reserve Committee.

   Subsidiaries implement retirement pensions, various social insurance, geriatric funds, etc. in accordance with local government regulations to ensure that employees can enjoy pension insurance benefits after retirement.

4. Labor-management agreements and measures to protect employee rights:

   Both labors and management operate satisfactorily with respect for labor ethics, and regular labor coordination meetings are held. Representatives appointed by both sides participate in the two-way communication on the Company's various systems, working environment, safety and health, and other issues, which can be an important source of reference for management and administration. Furthermore, the Employee Welfare Committee also holds meetings. Through the participation of enthusiastic and communicative colleagues in various meetings, various activities regarding the Company's various welfare measures are proposed to enhance the harmonious working atmosphere and cohesion of the Company and its employees.

   The Company determines the salary adjustment ratio according to the Company's operating conditions and price levels each year.

(II) Losses arising as a result of labor disputes in the most recent fiscal year and up to the publication date of the annual report, and disclosure of the estimated amount and countermeasures that may occur for the moment and in the future:

Since its establishment, the Company and its subsidiaries have strictly complied with the relevant laws and regulations, implemented labor laws and regulations, protect employees' rights and interests, and committed to creating harmonious labor relations. Therefore, there is no major labor dispute. As the Company's internal welfare system is well-developed with functional employee grievance mechanisms, the probability of labor disputes in the coming years is expected to be minimal, and there will be no losses due to labor disputes.

(III) Code of Employee Conduct or Ethics:

All the operations of the Company and its subsidiaries, as well as the rights and obligations of colleagues, are clearly stipulated in relevant regulations and measures to follow, and they are published immediately and placed on the internal website for all colleagues to check at any time. Any addition or amendment to the regulations shall be approved by the internal mechanisms. The addition or amendment shall be published immediately on the internal website so that colleagues can fully grasp the content of the amendments. The following is a summary of the relevant regulations and measures listed in the Code of Employee Conduct or Ethics:

1. Hierarchical responsibility:

   In line with the development needs of the organization, establish rationalized ranks and titles to provide employees with an appropriate career development blueprint. Establish clear approval authority for each operation. Implement a hierarchical responsibility and a tiered authorization system to ensure all operating procedures of the Company are well functioning. Relevant regulations include "Regulations Governing Employees Work," "Regulations Governing Personnel Management," "Regulations Governing the Duty Proxy," "Employee Handbook," and "Operating Procedures for Approval of Authorization."

2. Specify the work duties of each unit:

   According to the functions of main departments, specify work duties and organizational functions of each unit to implement the division of labor for each unit and strengthen the Company's core competitiveness.

3. Reward and punishment specification:

   To encourage employees with special contributions or avoid damage to the Company due to employees' personal behavior, the "Regulations Governing Employees Work" and "Employee Handbook" clearly define the relevant rewards and punishments for employee-related behaviors. All rewards and punishments will be announced internally to achieve the educational purpose of encouragement or vigilance.

4. Performance management:

   The Company has always adopted a “fair, impartial and open” attitude to the employee performance evaluation and carried it out based on the "Personnel Evaluation Measures" and assessment plan. Conduct an annual performance evaluation process for different positions, give appropriate feedback to employees' work performance, and help make future development plans for the subordinates.

5. Attendance management:

   To establish good discipline to upgrade the quality of work and to make employees follow their attendance and leave operations, the "Regulations Governing Employee Leave" was formulated and the duty proxy system was implemented.

6. Maintenance of trade secrets:
   To ensure business interests and enhance the Company's competitiveness, employees have the obligation to strictly keep confidential Company business secrets. In order to avoid damage to the Company due to leaks, aside from expressly stipulated in the Regulations Governing Personnel Management, employees must sign labor contracts with specifications in the content to protect the Company's business secrets more comprehensively.
7. Sexual harassment prevention:
   The Company strictly prohibits sexual harassment in the workplace and has clearly formulated relevant regulations of the Act of Gender Equality in Employment to regulate employees' behavior.

(IV) Protective measures for the working environment and personal safety of employees of the Company and its subsidiaries:

Employee insurance system	Labor insurance	In accordance with Labor Insurance Act, there are maternity benefits, injury or sickness benefits, disability benefits, old-age benefits, and death benefits.
	National health insurance/social insurance	Handle with reference to the National Health Insurance Act and the Social Insurance Act, there are benefits of old-age care, medical, work-related injuries, maternity, and unemployment. When the insurer and his family members suffer from illness, injury, or maternity accidents, they can receive medical services.
	Employee group insurance	The coverage includes term life insurance, accidental injury insurance, accidental medical insurance, critical illness, work-related injury subsidy, hospitalization medical insurance, and occupational accident insurance. Let colleagues substantially perceived the group insurance protection.
Build a safe workplace environment	Organize personal and fire safety seminar	Conduct fire safety seminars every six months. Organize safety and health education and training every year.
	Create a green and healthy workplace	Strengthen energy saving and carbon reduction. Organize safety and health education and training every year.
Reinforce labor relations	Set up collective contracts and hold labor-management meetings every quarter	Through collective contracts and labor-management meetings, colleagues can understand the Company's operating status, employee dynamics, and better working environment, to achieve harmonious labor relations.

(V) The major objectives and management plans of the Company and its subsidiaries' working environment and employees' personal safety protection measures are summarized as follows:

No.	Objective/target	Plan	Description	Implementation status
1	Formulation of safety and health operating standards.	1. Establish/amend safety and health operating standards. 2. Implement safety and health operating instruction.	1. Establish Safety and Health Code of Practice. 2. Conduct on-the-job, general, and hazardous labor safety and health education training according to the regulations.	1. The Company formulates/amends safety and health operating standards. 2. Implement instruction during education and training.
2	Management of machinery, equipment, or bakeware.	Establish the list of machinery and equipment in the plant.	File management after inventory check and update immediately shall there be any changes.	Daily/monthly inspections, key inspections, work checkpoints, and onsite inspections.
3	Labeling and general knowledge of dangerous and hazardous materials.	1. Establish hazard knowledge measures. 2. Amend and update in coordination with the Global Harmonization System (GHS).	1. Establish a list of hazardous substances. 2. Post hazard labels. 3. Provide safety data sheet. 4. Implement hazard education and training.	Set the operating environment monitoring plan and perform operating environment measurement every six months and every year according to regulations.
4	Health check and health management.	1. Set up a first aid kit. 2. Implement: A physical examination of recruits, health check, and special health check (dust and noise) of in-service personnel.	1. Set up a first aid box on each floor and workshop. 2. Recruits must provide health check reports when reporting to duty. Regularly arrange health checks for in-service personnel. Arrange annual special health checks once a year according to work assignments and follow up	According to health protection regulations: 1. Set up a full amount of first aid equipment and medicines to be checked semi-annually and supplemented if there are any deficiencies. 2. Prescribe items for health checks at qualified hospitals.

No.	Objective/target	Plan	Description	Implementation status
			regularly.	
5	The "Noisy Area" sign is 100% compliant with the facility rules.	1. Enhancement plans for occupational safety and health facility rules. 2. Set the operating environment monitoring plan.	Advocate that workers should wear protective equipment in noisy places.	According to the environmental test report, if the noise exceeds 85 decibels, the prevention of noise hazards should be marked and announced to make workers aware of it.
6	Comply with environmental protection laws and regulations, and implement them.	Set the operating environment monitoring plan.	1. Compliance with environmental protection laws and regulations. 2. Air inspection. 3. Wastewater discharge monitoring. 4. Drinking water testing. The test results meet the regulatory standards.	Tested annually.
7	The cylinders in the operating area are indeed fixed.	Place it securely and fix it with a protective cover to avoid the hazard caused by dumping.	The flammable gas and oxygen cylinders should be placed separately and secured with protective covers to avoid the risk of hazards due to dumping.	A comprehensive check of all cylinders in the plant area has been fixed with chains.

(VI) Information security management

1. Describe the information security risk management framework, information security policies, specific management plans and resources devoted to information security management.

   The Company has formulated the application system management and other measures to implement the internal control system and maintain the information security policy. Ensure its adequacy and effectiveness by reviewing and evaluating its safety regulations and procedures annually. The following sub-items are described in detail.

(1) Information security policy

A. Ensure the security of the Company's data, system, devices, and network communications, and prevent external intrusions and destruction.

B. Ensure that the access to the system information account and the system changes are authorized by the Company's prescribed procedures.

C. Destruction procedures should be implemented and discarded computer storage media should be destroyed to avoid the accidental outflow of data.

D. Monitor the security status and activity records of the information system, effectively grasp and handle information security incidents.

E. Maintain availability and integrity of the data and system so that normal operations can be recovered in the event of a disaster or damage.

At present, the Company's information security maintenance measures are complete. Considering information security insurance is still emerging insurance, which involves information security classification, claims appraisal, and other supporting facilities, so it is still in the stage of evaluating future applicability.

(2) Information security network structure

The Company's internal systems are isolated from the external network and cannot be accessed directly. It has adopted multiple network security defense systems. The firewall, intrusion prevention connection screening system, and mail server at the front end of the network have adopted the Microsoft Exchange Online cloud space email system and instantly blocked the latest malware, harmful website links, spam emails, and other threats. The internal hosts and endpoints are deployed with Trend Micro anti-virus software from the central console, which updates the virus code at any time and identifies malicious behavior characteristics in real-time. It can instantly block viruses, trojan horses, ransomware, and malicious programs in folders to effectively reduce the risk of being damaged by a hacker attack.

(3) System account life cycle management and authority account management

The user’s account and permissions are set up according to the business scope and rights and responsibilities. The access to the data can only be used and changed after the application and approval of the responsible supervisors through the approval process. Once the user leaves the original position, the user's account and permissions are revoked immediately to prevent unauthorized use.

(4) Data access record audit and storage

The computers after the discard procedure are all subjected to the dismantling and destruction of hard disks to comply with the management system and information security policies under laws and regulations.

(5) Continuous operation of information system

The system and files are backed up daily and weekly locally, and the weekly backup data is then transmitted to the remote Google cloud space as a remote backup. The system data recovery test drills are carried out regularly every year to ensure the normal operation of the information system and data preservation. It can reduce the risk of data loss caused by natural and man-made disasters without warning.

2. The loss, potential impact and countermeasures caused by material information security incidents during the latest year and up to the printing date of this annual report. If it cannot be reasonably estimated, the reasons for not able to estimate shall also be specified.

The operations performed by the information department can be carried out under the procedures prescribed by the Company to ensure the integrity and safety of the data. Therefore, in the most recent year and up to the publication date of the Annual Report, technological changes have not had a material adverse effect on the Company's information security and no major operational risks.

VI. Important Contracts

All important contracts that could affect shareholder rights, including supply and sales contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and others that are still valid as of the publication date of the annual report and expired in the most recent year.

Type of Contract	The Party	Contract Period	Content	Restriction
Loan contract	United Overseas Bank (Malaysia) Bhd.	January 12, 2015-May 5, 2022	Sinmag Bakery Equipment Sdn. Bhd. the Company’s third-tier subsidiary in Malaysia, took out a long-term loan from United Overseas Bank (Malaysia) Bhd. to purchase business and storage premises.	None
Loan contract	Hua Nan Commercial Bank Ltd.	March 9, 2019 - Construction completed	The Company participated in "Urban Renewal Rights Conversion Plan for No.	None

Type of Contract	The Party	Contract Period	Content	Restriction
			316 and 316-2 of Sec 2, Huaisheng Section, Da'an Dist. Taipei City", which was self-renewed and reconstructed by the original owner of the land and the legal building at his own expense, and approved to establish the "Urban Renewal Association No. 316 and 316-2 of Sec 2, Huaisheng Section, Da'an Dist. Taipei City" (hereinafter referred to as "URA"). URA and the Trust Department of Hua Nan Commercial Bank Ltd. jointly signed the real estate trust contract, and URA also served as the Loan Applicant to apply for construction financing to Hua Nan Commercial Bank Ltd., and the relevant funds were delivered to the trust account of Hua Nan Commercial Bank Ltd. for management. The co-payment costs incurred in this case will, upon completion of the plan update, be apportioned to the original land and legal building owner participating in this case according to the proportion of the land rights value within the scope of the renewal unit, who will become the loan debtor of Hua Nan Commercial Bank Ltd. at the same time.	

Chapter 6 Financial Summary

I. Condensed Balance Sheet, Statements of Comprehensive Income, Financial Analysis, and CPA's Name and Audit Opinions for the Past Five Fiscal Years

(I) Condensed balance sheet for the past five years

1. CONSOLIDATED FINANCIAL STATEMENTS

Unit: NT$ thousand

Item \ Year		Financial information for the past five years (Note 2)					Financial information as of the current year March 31, 2022
		2017	2018	2019	2020	2021	
Current Assets		2,426,043	2,209,816	2,022,326	1,939,183	2,095,792	N/A
Property, plant, and equipment		736,700	843,929	1,065,760	1,020,344	1,070,009	
Intangible assets		48,254	92,077	5,433	6,586	5,704	
Other Assets		93,934	86,145	207,928	480,622	546,358	
Total asset value		3,304,931	3,231,967	3,301,447	3,446,735	3,717,863	
Current Liabilities	Before distribution	1,055,361	933,670	871,996	1,014,838	1,196,797	
	After distribution	1,443,614	1,260,167	1,123,147	1,355,901	1,548,409 (Note 1)	
Non-current liabilities		204,918	179,822	194,073	99,872	96,164	
Total liabilities	Before distribution	1,260,279	1,113,492	1,066,069	1,114,710	1,292,961	
	After distribution	1,648,532	1,439,989	1,317,220	1,455,773	1,644,573 (Note 1)	
Equity attributable to shareholders of the parent company		1,987,944	2,062,679	2,176,933	2,268,971	2,402,890	
Capital stock		485,316	502,302	502,302	502,302	502,302	
Capital surplus		74,943	75,738	75,738	75,738	77,765	
Retained earnings	Before distribution	1,512,331	1,586,294	1,759,646	1,850,503	2,014,058	
	After distribution	1,107,092	1,259,797	1,508,495	1,509,440	1,662,446 (Note 1)	
Other equity		(84,646)	(101,655)	(160,753)	(159,572)	(191,235)	
Treasury shares		0	0	0	0	0	
Non-controlling Interests		56,708	55,796	58,445	63,054	22,012	
Total Equity	Before distribution	2,044,652	2,118,475	2,235,378	2,332,025	2,424,902	
	After distribution	1,656,399	1,791,978	1,984,227	1,990,962	2,073,290 (Note 1)	

Note 1 The earnings distribution for 2021 has been approved by the Board of Directors, but has not been approved by the Shareholders Meeting.

Note 2 Financial information of each year has been audited and certified by CPAs.

2. Parent Company-only financial report

Unit: NT$ thousand

Item \ Year		Financial information for the past five years (Note 2)				
		2017	2018	2019	2020	2021
Current Assets		424,223	384,573	333,617	274,876	394,154
Property, plant, and equipment		122,917	118,988	111,894	108,683	104,631
Intangible assets		846	486	238	134	64
Other Assets		1,948,367	2,051,658	2,245,849	2,278,244	2,511,249
Total asset value		2,496,353	2,555,705	2,691,598	2,661,937	3,010,098
Current Liabilities	Before distribution	397,154	402,819	421,931	333,404	515,396
	After distribution	785,407	729,316	673,082	674,467	867,008 (Note 1)
Non-current liabilities		111,255	90,207	92,734	59,562	91,812
Total liabilities	Before distribution	508,409	493,026	514,665	392,966	607,208
	After distribution	896,662	819,523	765,816	734,029	958,820 (Note 1)
Capital stock		485,316	502,302	502,302	502,302	502,302
Capital surplus		74,943	75,738	75,738	75,738	77,765
Retained earnings	Before distribution	1,512,331	1,586,294	1,759,646	1,850,503	2,014,058
	After distribution	1,107,092	1,259,797	1,508,495	1,509,440	1,662,446 (Note 1)
Other equity		(84,646)	(101,655)	(160,753)	(159,572)	(191,235)
Treasury shares		0	0	0	0	0
Non-controlling Interests		0	0	0	0	0
Total Equity	Before distribution	1,987,944	2,062,679	2,176,933	2,268,971	2,402,890
	After distribution	1,599,691	1,736,182	1,925,782	1,927,908	2,051,278 (Note 1)

Note 1 The earnings distribution for 2021 has been approved by the Board of Directors, but has not been approved by the Shareholders Meeting.

Note 2 Financial information of each year has been verified by CPAs.

(II) Comprehensive income statements for the past five years

1. CONSOLIDATED FINANCIAL STATEMENTS

Unit: NT$ thousand

Item \ Year	Financial information for the past five years (Note)					Financial information as of the current year March 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	4,614,233	4,312,015	4,164,628	3,300,489	4,294,503	N/A
Gross profit	1,897,745	1,718,306	1,705,525	1,339,739	1,583,271	
Operating profit (loss)	828,198	657,300	662,080	488,841	692,414	
Non-operating income and expenses	(37,962)	31,961	25,471	3,949	9,852	
Net income before tax	790,236	689,261	687,551	492,790	702,266	
Continuing operations Net income	547,123	485,232	515,502	353,546	519,458	
Loss from discontinued operations	0	0	0	0	0	
Net income	547,123	485,232	515,502	353,546	519,458	
Other Comprehensive Income (Net value after tax)	(19,400)	(10,163)	(64,266)	(193)	(37,985)	
Total comprehensive income for the period	527,723	475,069	451,236	353,353	481,473	
Net income attributable to shareholders of the parent company	534,153	473,613	503,361	340,940	510,167	
Net income attributable to non-controlling interests	12,970	11,619	12,141	12,606	9,291	
Total comprehensive income attributable to owners of the parent	518,174	462,193	440,751	343,189	472,955	
Total comprehensive income attributable to non-controlling interests	9,549	12,876	10,485	10,164	8,518	
Earnings per Share	11.01	9.43	10.02	6.79	10.16	

Note: Financial information of each year has been audited and certified by CPAs.

2. Parent Company-only financial report

Unit: NT$ thousand

Item \ Year	Financial information for the past five years (Note)				
	2017	2018	2019	2020	2021
Operating revenue	1,134,163	947,326	981,102	736,660	1,123,231
Gross profit	187,640	147,524	150,503	111,643	143,286
Operating profit (loss)	34,587	18,130	11,597	2,679	13,126
Non-operating income and expenses	541,965	497,570	531,787	363,567	557,376
Net income before tax	576,552	515,700	543,384	366,246	570,502
Continuing operations Net income	534,153	473,613	503,361	340,940	510,167
Loss from discontinued operations	0	0	0	0	0
Net income	534,153	473,613	503,361	340,940	510,167
Other Comprehensive Income (Net value after tax)	(15,979)	(11,420)	(62,610)	2,249	(37,212)
Total comprehensive income for the period	518,174	462,193	440,751	343,189	472,955
Earnings per Share	11.01	9.43	10.02	6.79	10.16

Note: Financial information of each year has been verified by CPAs.

(III) Financial analysis in the most recent five years

1. CONSOLIDATED FINANCIAL STATEMENTS

Item	Year	Financial analysis for the last five years (Note)					As of the current year March 31, 2022
		2017	2018	2019	2020	2021	
Financial structure (%)	Ratio of liabilities to assets	38.13	34.45	32.29	32.34	34.77	N/A
	Ratio of long-term capital to property, plant, and equipment	291.06	262.36	217.98	231.05	228.74	
Solvency (%)	Current ratio	229.87	236.68	231.91	191.08	175.11	
	Quick ratio	159.31	162.03	156.60	127.24	104.73	
	Times interest earned ratio	11,729.66	8,031.65	9,621.54	9,433.14	19,793.38	
Operation performance	Receivables turnover (times)	6.03	5.97	7.11	6.60	8.18	
	Average days for cash receipts	60	61	51	55	45	
	Inventory turnover ratio (times)	4.08	3.77	3.78	3.12	3.72	
	Payables turnover ratio (times)	8.19	8.08	8.67	7.02	8.91	
	Average days for sale of goods	89	97	97	117	98	
	PP&E turnover ratio (times)	6.47	5.45	4.36	3.16	4.10	
	Total asset turnover ratio (multiples)	1.43	1.31	1.27	0.97	1.19	
Profitability	Return on assets (%)	17.21	15.05	15.95	10.60	14.58	
	Return on equity (%)	27.48	23.31	23.68	15.48	21.84	
	Percentage of net income before tax to paid-in capital (%)	162.82	137.22	136.88	98.10	139.80	
	Net profit ratio (%)	11.85	11.25	12.37	10.71	12.09	
	Earnings per share (NT$)	11.01	9.43	10.02	6.79	10.16	
Cash flow	Cash flow ratio (%)	50.26	68.25	85.09	47.36	31.30	
	Cash flow sufficiency ratio (%)	122.61	119.62	119.38	130.46	101.97	
	Cash reinvestment ratio (%)	4.19	8.94	14.51	7.77	0.92	
Leverage	Degree of operating leverage (DOL)	1.07	1.10	1.11	1.16	1.12	
	Degree of financial leverage (DFL)	1.00	1.01	1.01	1.01	1.00	

Explain changes in financial ratios over the past two fiscal years: (Not required if the difference does not exceed 20%)

1. The increase in the interest coverage ratio was mainly due to the lower interest on borrowings compared with the same period last year caused by the increase in net profit before tax and the decrease in interest expense.
2. The increase in the turnover of accounts receivable was mainly due to the increase in the turnover of accounts receivable and the decrease in the number of days of sales caused by the easing of the COVID-19 pandemic, the increase in market demand, and the increase in operating income.
3. The increase in the turnover rate of payables was mainly due to the increase in the turnover rate of payables and the decrease in the number of payment days caused by the increase in revenue in the current period, and the increase in purchases and accounts payable.
4. The decline in the turnover rate of property, plant, and equipment and total asset turnover rate was mainly due to the decrease in operating revenue as a result of the COVID-19 effect.
5. The decline in asset return ratio, equity return ratio, the ratio of income before tax to paid-in capital, and earnings per share was mainly due to the decrease in operating revenue as a result of the COVID-19 effect and led to a decline in profit.
6. Cash Flow:
   The decrease in the cash flow ratio was mainly due to the easing of the COVID-19 pandemic, the increase in market demand, the increase in orders and in raw material prices. Therefore, the advance supply of products and raw materials resulted in a decreased net cash flow from operating activities compared with the same period of last year, resulting in a decrease in the ability of cash flow generated from operating activities to offset current liabilities.
   The decrease in the cash flow adequacy ratio was mainly due to the easing of the COVID-19 pandemic, the increase in market demand, the increase in orders and raw material prices. Therefore, the advance supply of products and raw materials resulted in a decrease in the net cash flow from operating activities compared with the same period last year, and the increase in inventory, dividends and capital expenditures in the current period.
   The decrease in the cash reinvestment ratio was mainly due to the easing of the COVID-19 pandemic, the increase in market demand, the increase in orders and raw material prices. Therefore, the advance supply of products and raw materials resulted in a decrease in the net cash flow from operating activities compared with the same period last year, and payment of more dividends in the current year.

Note: Financial information of each year has been audited and certified by CPAs.

2. Parent Company-only financial report

Item		2017	2018	2019	2020	2021
Year		Financial analysis for the last five years (Note)				
Financial structure (%)	Ratio of liabilities to assets	20.36	19.29	19.12	14.76	20.17
	Ratio of long-term capital to property, plant, and equipment	1,617.30	1,733.51	1,945.53	2,087.69	2,299.09
Solvency (%)	Current ratio	106.81	95.47	79.06	82.44	76.47
	Quick ratio	86.39	70.10	62.42	61.91	60.70
	Times interest earned ratio	76,871.23	54,961.70	38,665.22	28,425.29	44,120.21
Operation performance	Receivables turnover (times)	4.17	3.95	4.71	4.16	5.69
	Average days for cash receipts	87	92	77	88	64
	Inventory turnover ratio (times)	13.90	9.46	9.81	9.29	13.36
	Payables turnover ratio (times)	3.98	3.82	3.78	3.66	7.19
	Average days for sale of goods	26	39	37	39	27
	PP&E turnover ratio (times)	9.78	7.83	8.49	6.67	10.53
	Total asset turnover ratio (multiples)	0.45	0.37	0.37	0.27	0.39
Profitability	Return on assets (%)	21.63	18.77	19.22	12.77	18.02
	Return on equity (%)	27.60	23.38	23.74	15.33	21.84
	Percentage of net income before tax to paid-in capital (%)	118.79	102.66	108.17	72.91	113.57
	Net profit ratio (%)	47.09	49.99	51.3	46.28	45.41
	Earnings per share (NT$)	11.01	9.43	10.02	6.79	10.16
Cash flow	Cash flow ratio (%)	(7.47)	(12.91)	20.46	(36.28)	(6.62)
	Cash Flow Allowance Ratio (%)	4.26	(2.94)	0.90	(4.73)	(6.97)
	Cash reinvestment ratio (%)	(20.85)	(20.22)	(10.56)	(15.94)	(15.10)
Leverage	Degree of operating leverage (DOL)	1.12	1.37	1.34	2.48	1.25
	Degree of financial leverage (DFL)	1.02	1.05	1.13	1.93	1.10

Explain changes in financial ratios over the past two fiscal years: (Not required if the difference does not exceed 20%)

1. Financial Structure:
   The increase in liabilities as a percentage of assets was mainly due to the increase in accounts payable caused by the increase in short-term borrowings and the increase in purchases.
2. Debt-paying ability:
   The increase in the interest protection multiple was mainly due to the increase in net profit before tax as a result of the increase in income from overseas reinvestment business and the increase in investment income.
3. Operating ability:
   It was mainly due to the easing of the COVID-19 pandemic, which increased the overall market demand, resulting in an increase in operating income.
4. Profitability:
   It was mainly due to the easing of the COVID-19 pandemic, which resulted in increased demand in the overall market, resulting in an increased operating income and increased profits.
5. Cash flow:
   The increased cash flow ratio was mainly due to the decrease in net cash outflows from operating activities compared with the same period of last year, resulting in the increase in the ability of cash flow from operating activities to offset current liabilities.
   The decrease in the cash flow adequacy ratio was mainly due to the decrease in net cash outflows from operating activities, as well as the higher cash dividends paid and the larger long-term equity investments obtained using the equity method.
6. Degree of leverage:
   The decrease in the degree of operating leverage and degree of financial leverage was mainly due to the increase in net operating profit.

Note: Financial information of each year has been verified by CPAs.

Note: Formulas of the analysis item are as follows:

1. Financial structure
   (1) Liability to asset ratio = Total liabilities/total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (total equity + non-current liabilities)/net amount of property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/current liabilities
   (2) Quick ratio = (Current assets - inventory - prepaid expenditures)/current liabilities.
   (3) Times interest earned ratio = Income before income tax and interest expenditure/interest expenditures for the period.
3. Operation performance
   (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales / Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
   (2) Average collection days = 365/receivables turnover ratio.
   (3) Inventory turnover = Sales expense/average inventory value.
   (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales / Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
   (5) Average sales days = 365/inventory turnover ratio.
   (6) PP&E turnover ratio = Net sale/average PP&E value.
   (7) Total asset turnover = net sales/average total assets.
4. Profitability
   (1) Return on assets (ROA) = [Net income after income tax + Interest expenses * (1 - tax rate)]/Average total assets.
   (2) Return on equity = Net gain (loss) after tax/average equity value.
   (3) Net profit ratio = Net gain (loss) after tax/net sales.
   (4) Earnings per share = (Gain (loss) attributable to the shreholders of the parent company - dividend for preferred shares)/weighted average of issued shares
5. Cash flow
   (1) Cash flow ratio = Net cash from business activities/current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow for business activities for the last 5 years/(Capital expenses + Additional inventory sum + Cash dividend) for the past 5 fiscal years.
   (3) Cash re-investment ratio = (Net cash flow from business activities - cash dividend)/(gross amount of PP&E + long-term investments + other non-current assets + business capital).
6. Degree of leverage:
   (1) Degree of operating leverage (DOL) = (Net sales - variable operating cost and expense)/operating income
   (2) Degree of Financial Leverage (DFL) = Operating profit/(operating profit - interest expenditures).

(IV) Names of auditing CPAs of the most recent five years and their audit opinions

Year	Accounting firm	CPA	Opinions
2017	Deloitte Touche Tohmatsu Limited	Keng-Hsi Chang Chiang-Hsun Chen	An Unmodified Opinion with a Paragraph of Other Matters
2018	Deloitte & Touche	Chiang-Hsun Chen Chao-Mei Chen	An Unmodified Opinion with a Paragraph of Other Matters
2019	Deloitte & Touche	Chao-Mei Chen Chiang-Hsun Chen	An Unmodified Opinion with a Paragraph of Other Matters
2020	Deloitte & Touche	Chiang-Hsun Chen Chao-Mei Chen	An Unmodified Opinion with a Paragraph of Other Matters
2021	Deloitte & Touche	Chiang-Hsun Chen Chao-Mei Chen	An Unmodified Opinion with a Paragraph of Other Matters

II. Audit Committee's Report for the Most Recent Fiscal Year's Financial Report

Sinmag Equipment Corporation
Audit Committee's Review Report

It is hereby approved

The Board of Directors has submitted the 2021 business report, financial statements, and earnings distribution proposal of the Company, among which the financial statements have been audited by CPAs Chiang-Hsun Chen and Chao-Mei Chen of Deloitte & Touche, and the audit report has been issued. The aforementioned business report, financial statements, and earnings distribution proposal have been reviewed by the Audit Committee. All members believe that there is no discrepancy. Therefore, in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the above report is submitted for your verification.

Sincerely,
2022 Annual Shareholders' Meeting of Sinmag Equipment Corporation

Sinmag Equipment Corporation
Convener of the Audit Committee

March 28, 2022

III. The Parent Company-only Financial Statements for the Most Recent Fiscal Year, Certified by the CPA

For the Company's 2021 parent company-only financial report, please refer to pages 205 to 267 of this annual report.

IV. The Consolidated Financial Report of the Parent Company and the Subsidiary Company for the Most Recent Fiscal Year, Certified by the CPA

For the 2021 consolidated financial report of the parent company and the subsidiary company, please refer to pages 268 to 341 of this annual report.

V. In the Most Recent Fiscal Year and up to the Publication Date of the Annual Report, any Financial Difficulties Experienced by the Company or its Affiliates and How Said Difficulties Will Affect the Company's Financial Situation: None.

Chapter 7 Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial Position

(I) Comparative analysis of the financial position

1. CONSOLIDATED FINANCIAL STATEMENTS

Unit: NT$ thousand

Item \ Year	2021 December 31	2020 December 31	Difference	
			Increases (decreases)	%
Current Assets	2,095,792	1,939,183	156,609	8%
Property, plant, and equipment	1,070,009	1,020,344	49,665	5%
Intangible assets	5,704	6,586	(882)	-13%
Other Assets	546,358	480,622	65,736	14%
Total asset value	3,717,863	3,446,735	271,128	8%
Current Liabilities	1,196,797	1,014,838	181,959	18%
Non-current liabilities	96,164	99,872	(3,708)	-4%
Total liabilities	1,292,961	1,114,710	178,251	16%
Equity attributable to owners of the parent company	2,402,890	2,268,971	133,919	6%
Capital stock	502,302	502,302	0	0%
Capital surplus	77,765	75,738	2,027	3%
Retained earnings	2,014,058	1,850,503	163,555	9%
Other equity	(191,235)	(159,572)	(31,663)	20%
Treasury shares	0	0	0	0%
Non-controlling Interests	22,012	63,054	(41,042)	-65%
Total Equity	2,424,902	2,332,025	92,877	4%
In the last two years, the ratio of increase or decrease has changed by 20% and the amount of change has reached NT$10 million or more. The analysis is as follows: 1. Decrease in other equity: Mainly due to the decrease in the exchange differences of foreign operating entities translated into financial statements caused by exchange rate fluctuations. 2. Decrease in non-controlling interests: Mainly due to the decrease in non-controlling interests caused by the purchase of treasury shares by US subsidiary LBC.				

2. Parent Company-only financial report

Unit: NT$ thousand

Item \ Year	2021 December 31	2020 December 31	Difference	
			Increases (decreases)	%
Current Assets	394,154	274,876	119,278	43%
Property, plant, and equipment	104,631	108,683	(4,052)	-4%
Intangible assets	64	134	(70)	-52%
Other Assets	2,511,249	2,278,244	233,005	10%
Total asset value	3,010,098	2,661,937	348,161	13%
Current Liabilities	515,396	333,404	181,992	55%
Non-current liabilities	91,812	59,562	32,250	54%
Total liabilities	607,208	392,966	214,242	55%
Capital stock	502,302	502,302	0	0%
Capital surplus	77,765	75,738	2,027	3%
Retained earnings	2,014,058	1,850,503	163,555	9%
Other equity	(191,235)	(159,572)	(31,663)	20%
Treasury shares	0	0	0	0%
Non-controlling Interests	0	0	0	0%
Total Equity	2,402,890	2,268,971	133,919	6%

In the last two years, the ratio of increase or decrease has changed by 20% and the amount of change has reached NT$10 million or more. The analysis is as follows:

1. Increase in current assets: Mainly due to the easing of the COVID-19 pandemic, which increased the overall market demand, operating income and accounts receivable.
2. Increase in current liabilities: Mainly due to increase in accounts payable caused by increase in short-term borrowings and increase in purchases.
3. Increase in non-current liabilities: mainly due to increase in deferred income tax liabilities.
4. Increase in total liabilities: Mainly due to increase in short-term loans, accounts payable and deferred income tax liabilities.
5. Decrease in other equity: Mainly due to the decrease in the exchange differences of foreign operating entities translated into financial statements caused by exchange rate fluctuations.

II. Financial Performance

(I) Analysis of financial performance

1. CONSOLIDATED FINANCIAL STATEMENTS

Unit: NT$ thousand

Item \ Year	2021	2020	Difference	
			Increases (decreases)	%
Operating revenue	4,294,503	3,300,489	994,014	30%
Operating costs	(2,711,232)	(1,960,750)	750,482	38%
Gross profit	1,583,271	1,339,739	243,532	18%
Operating expenses	(890,857)	(850,898)	39,959	5%
Net operating income	692,414	488,841	203,573	42%
Non-operating income and (expense)	9,852	3,949	5,903	149%
Net income before tax	702,266	492,790	209,476	43%
Income tax expense	(182,808)	(139,244)	43,564	31%
Net Profit After Tax	519,458	353,546	165,912	47%

Analysis of the increase and decrease ratio:

1. Increase in operating income, operating costs and net operating profit: Mainly due to the easing of the COVID-19 pandemic, which increased overall market demand, operating income and net operating profit.
2. Increase in non-operating income and expenses: Mainly due to decrease in foreign currency exchange losses.
3. Increase in net profit before tax, income tax expense and net profit after tax: Mainly due to increase in operating income and increase in profit.

2. Parent Company-only financial report

Unit: NT$ thousand

Item \ Year	2021	2020	Difference	
			Increases (decreases)	%
Operating revenue	1,123,231	736,660	386,571	52%
Operating costs	(974,942)	(626,305)	348,637	56%
Gross profit	143,286	111,643	31,643	28%
Operating expenses	(130,160)	(108,964)	21,196	19%
Net operating income	13,126	2,679	10,447	390%
Non-operating income and (expense)	557,376	363,567	193,809	53%
Net income before tax	570,502	366,246	204,256	56%
Income tax expense	(60,335)	(25,306)	35,029	138%
Net Profit After Tax	510,167	340,940	169,227	50%

Analysis of the increase and decrease ratio:
1. Increase in operating income, operating costs, gross operating profit and net operating profit: Mainly due to the easing of the COVID-19 pandemic, which increased overall market demand and operating income. 2. Increase in non-operating income and expenses, net profit before tax, income tax expense and net profit after tax: Mainly due to the easing of the COVID-19 pandemic and the increase in the profit of subsidiaries using the equity method.

(II) The expected sales volume and its basis, and the possible impact on the Company's future financial operations and countermeasures:

The Company's main products are food machinery and equipment. As the unit price of each product is quite different, it is not appropriate to adopt sales volume as a basis for measurement. However, as a whole, the Company aims to continuously develop new products to meet the needs of customers.

The Company's scale of operation has grown year by year. Besides stabilizing profits to repay shareholders, we also continue to improve the financial structure. The Company's business has expanded year by year, and with a more stable financial structure, it is sufficient to cope with future business development.

III. Cash flow

(I) Analysis of cash flow changes in the last two years:

1. CONSOLIDATED FINANCIAL STATEMENTS

Year / Item	2021	2020	Increase (decrease) ratio
Cash flow ratio %	31.30	47.36	-33.91%
Cash flow sufficiency ratio %	101.97	130.46	-21.84%
Cash reinvestment ratio %	0.92	7.77	-88.16%
Change ratio analysis: The cash flow ratio, cash flow sufficiency ratio and cash reinvestment ratio decreased, mainly due to the easing of the COVID-19 pandemic, the increase in overall market demand, and the increase in orders and in raw material prices. Therefore, the net cash flow from operating activities decreased due to the advance supply of products and raw materials.			

2. Parent Company-only financial report

Item \ Year	2021	2020	Increase (decrease) ratio
Cash flow ratio %	(6.62)	(36.28)	-81.75%
Cash flow sufficiency ratio %	(6.97)	(4.73)	47.36
Cash reinvestment ratio %	(15.10)	(15.94)	-5.27%
Change ratio analysis: The increased cash flow ratio was mainly due to the decrease in net cash outflows from operating activities compared with the same period of last year, resulting in the increase in the ability of cash flow from operating activities to offset current liabilities. The decrease in the cash flow adequacy ratio was mainly due to the decrease in net cash outflows from operating activities, as well as the higher cash dividends paid and the larger long-term equity investments obtained using the equity method.			

(II) Enhancement plan for insufficient liquidity: No cash shortage is expected.

(III) Analysis of cash liquidity in the coming year:

The Company actively expands overseas markets to increase revenue, reduces production costs and increases production capacity by refining production processes and enhancing automated production, and strengthens control over inventory management and accounts receivable. Net cash flow is expected to grow steadily.

IV. Effect upon Financial Operations of any Major Capital Expenditures during the Most Recent Fiscal Year: None.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for Coming Year

(I) Reinvestment policy for the most recent fiscal year:

The decision-making authority of the Company makes reinvestment based on factors such as operational needs, cost reduction or consideration of the Company’s future growth, etc. The Company’s senior management designates or forms an investment evaluation team. After comprehensive consideration of the current status, business development, future prospects, and local market conditions of the investment target company, the investment evaluation team put forward a long-term investment evaluation report for the decision-making authorities to make investment decisions. In addition, the Company also keeps abreast of the operating conditions of the invested businesses at all times and analyzes the investment results to facilitate the decision-making authority as the follow-up evaluation of post-investment management.

(II) The main reasons for the profit or loss of reinvestment, the improvement plan, and the investment plan for the coming year:

The Company's reinvestment using the equity method all focuses on long-term strategic purposes. In 2021, the profit from reinvestment under the equity method is NT$563,705 thousand. In the future, the reinvestment plan will proceed with careful evaluation based on the principle of long-term strategic investment.

VI. Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Publication Date of the Annual Report

(I) Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future measures

1. Risk of interest rate changes

Unit: NT$ thousand

Annual Items	2021	2020
Interest income	17,970	16,086
Interest expenses	3,566	5,280
Net operating revenue	4,294,503	3,300,489
Net operating income	692,414	488,841
Interest income/net operating revenue (%)	0.42%	0.49%
Interest income/operating profit (%)	2.60%	3.29%
Interest expense/net operating revenue (%)	0.08%	0.16%
Interest expense/operating profit (%)	0.52%	1.08%

The Company's interest expense for 2021 is NT$3,566 thousand, which accounts for 0.08% and 0.52% of the year's net operating income and operating profit respectively. To avoid the impact of interest rate changes, the Company will take the following countermeasures as appropriate:

A. To strengthen the financial structure, the cash capital increase will be timely conducted in the future according to the operating conditions and capital needs to reduce the dependence on bank financing.

B. Enhance the accounts receivable turnover rate, increase working capital, and reduce bank borrowings.

C. Regularly evaluate the interest rate of bank borrowings and obtain the average market interest rate at the same time, and keep in close contact with the bank to strive for the most favorable borrowing rate.

2. Risk of exchange rate changes

Unit: NT$ thousand

Annual Items	2021	2020
Net exchange (loss) gain	(145)	(8,620)
Net operating revenue	4,294,503	3,300,489
Net operating income	692,414	488,841
Net exchange (loss) gain/net operating revenue (%)	0%	(0.26%)
Net exchange (loss) gain/operating profit (%)	(0.02%)	(1.76%)

The Company is mainly for export and mostly quotes and receives payments in US dollars. Therefore, exchange rate changes have a certain impact on the Company's profit and loss. The net exchange loss for 2021 is NT$145 thousand. In the future, we will strengthen the management of foreign exchange risk and continue to implement the following measures to cope with the impact of exchange rate fluctuations:

A. Fully grasp the latest exchange rate trend and adjust the foreign currency position promptly.

B. By controlling the mutual offset of recurring foreign currency receivables and payables, exchange rate changes have a certain degree of internal hedging effect.

C. For payables denominated in foreign currency, judge the exchange rate trend and analyze the exchange gains and losses, choose to repay in advance or borrow from the bank for payments to avoid the risk of exchange rate fluctuation, and achieve the purpose of cost-saving.

D. Open a foreign currency deposit account in the bank, and deposit the foreign currency remittances into the foreign currency account, and convert it into NT dollars or other strong foreign currencies according to the capital needs and exchange rate trends to achieve the most appropriate allocation of capital position.

E. When the exchange rate fluctuates greatly, other tools are used to avoid exchange risk, such as trading forward foreign exchange, to avoid the risk of the exchange rate change.

3. Risk of inflation

The Company's main business content is the manufacturing and sales of food machinery and equipment. At present, inflation does not have much impact on the Company's profit and loss.

The Company's specific measures in response to changes in inflation:

A. Make appropriate adjustments to the inventory of raw materials and sign purchase contracts with cooperative manufacturers for the main raw materials.

B. Advance the production process to enhance the added value of products and pass on the cost appropriately.

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

1. The Company and its subsidiaries did not engage in high-risk, high-leverage investments in 2021 and as of the publication date of the annual report.
2. The Company and its subsidiaries have no loan to others in 2021 and as of the publication date of the annual report.
3. The third-tier subsidiary, Sinmag Bakery Equipment Sdn. Bhd. applied to the bank for a financing line of MYR 6 million due to operational needs, and the Company provided an endorsement guarantee. The endorsement guarantees provided by the Company are all within the prescribed limits and are endorsement guarantees of parent and subsidiary companies, so they have no significant impact on the Company's financial status.
4. The third-tier subsidiary Sinmag Equipment (China) Co., Ltd. was engaged in derivative commodity transactions in 2021 with a written-off amount of CNY 376 million, and the realized profit was CNY 1,306,808.22. As of April 30, 2022, the written-off amount in derivative commodity transactions was CNY 112 million, the unwritten-off amount was CNY 30 million, and realized profit was CNY 416,363.83. The derivative financial commodity traded is the use of the Company's idle funds for financial planning. The products traded are all structured deposit commodities with guaranteed capital and income. The banks dealing with transactions are the banks that the Company deals with, which can avoid system and credit risks without incurring losses.

   The derivative financial commodity that the Company engages in complies with the Company's internal control and the "Procedures for the Acquisition or Disposal of Assets" and the approval authority.

(III) Future R&D project and R&D expenditure to be invested

The Company has put great emphasis on R&D personnel and related equipment investment since the founding of the Company and has accumulated R&D strength through education, training, and experience inheritance, and strengthened product planning and research and innovation capabilities. In recent years, R&D capabilities have been invested in the development of specification products, so that product specification planning and research and innovation capabilities can meet the needs of different customers. In the coming year, the Company will persist to invest in R&D. Approximately 3% of the turnover will be allocated as R&D funds each year. The mass production schedule of new products will be completed according to the customer's demand. In addition, the main success factors of R&D projects depend on the quality of personnel and the mastery of related technologies. We firmly believe that the long-term accumulated experience of the Company's R&D team will certainly be able to provide competitive products.

Expected future R&D project

Project name	Mass production schedule	Description	Project content	Major factors of success	Current progress	Expected future expenditure
Crawler pizza oven with remote control function	To be tested in October 2022 and expected to be produced in November 2022.	The oven is equipped with a remote control system to realize the Internet of Things function.	a. Research distant surveillance. b. Faulty remote alarm for the operating status of the oven. c. Research remote on and off.	Allows remote opening, closing, and monitoring of oven operation and fault alarms.	R&D testing phase.	Subject to the execution of the plan.
Improve the quality of the mixer	The improved type is to be tested in November 2022 test and expected to be produced in December 2022.	a. Improve the stability and the handling convenience of the mixer during the working process. b. Prevent the flying of dust during the mixing process. c. Prevent accidental injury (hands or other body parts) during the machine's descending process.	a. Research the working stability of the equipment, and adjust the overall height of the equipment according to the actual situation. b. Research the motion of the flour in the actual work of the equipment, the jump of the mixing cylinder and other related factors, and adjust the size of the cover. c. Research the operation of the equipment when it drops and change how the safety cover is fixed.	It is convenient to transport the equipment, has no flying dust, and can fully protect the personal safety of operators.	The equipment is being improved.	Subject to the execution of the plan.

Project name	Mass production schedule	Description	Project content	Major factors of success	Current progress	Expected future expenditure
Dough temperature measurement mechanism of the mixer	To be tested in October 2022 and expected to be produced in November 2022.	The mixer has the temperature measuring probe, which contacts the dough during the mixing process, or uses a non-contact infrared thermometer. Monitor the temperature of the dough in real time during the mixing process.	a. Select the appropriate temperature probe. b. Research the installation of the temperature measuring device. c. Research the temperature console.	It can detect the temperature of the mixed dough in real time, guarantee the quality of the dough, improve the mixer configuration, expand the market, and increase the sales volume.	Scheme design in progress.	Subject to the execution of the plan.
Second-generation filling machine	To be tested in November 2022 and expected to be produced in December 2022.	It has good extrusion and filling effect; it enables the cookies to have uniform extrusion pattern, stable weight, small deviation, clear layers; and the cake batter has no defoaming phenomenon.	The orderly lifting and lowering of the extrusion and filling device enables the lifting and lowering action and the squeezing action to be smoothly connected, and the squeezing rotation speed and the horizontal movement speed to be matched.	According to the actual product production process, adjust the squeezing speed and the rotational speed and the baking pan movement speed accordingly for the various problems found in the squeezing. a. The servo control system enables the lifting and lowering of the extrusion and filling device. b. The servo control system enables the rotation of the squeezing nozzle.	Scheme design in progress.	Subject to the execution of the plan.
Screw-driven cylinder lifter	To be tested in October 2022 and expected to be produced in November 2022.	It works with a cylinder-leaving mixer and is suitable for large central plants.	a. Research the transmission and kinematic trajectory. b. Machine stress analysis.	Compact size and small footprint make it easy to transport and save on transportation costs.	3D modeling in design.	Subject to the execution of the plan.

Project name	Mass production schedule	Description	Project content	Major factors of success	Current progress	Expected future expenditure
			c. Research the control system.			
Second-generation pre-divider	To be tested in June 2022 and expected to be produced in October 2022.	It is mainly used for the connection between the off-tank mixer and the continuous divider, to solve the problem that the continuous divider cannot be effectively connected with the off-tank mixer due to the small capacity of the dividing funnel; it can realize one-time unloading.	a. Research the pneumatic transmission, and kinematic fluency. b. Machine stress analysis. c. Research the control system.	The dough in the divider funnel can be automatically sensed and split as needed. Equipment runs steadily and without disturbance; cutter runs normally. Manual and automatic switching is simple and convenient, and there is no disruption.	3D modeling in design.	Subject to the execution of the plan.
Egg beater with temperature control	To be tested in October 2022 and expected to be produced in November 2022.	The egg beater equipped with a temperature control system is used for customers who have high requirements for egg breaking quality.	a. Research the temperature control system. b. Select the appropriate temperature detector. c. Research machinery structure.	The temperature of the stirring material can be controlled in real time to improve the quality of the stirring.	Collecting data.	Subject to the execution of the plan.
Filling machine	To be tested in October 2022 and expected to be produced in November 2022.	It is mainly used in bread products that need filling, with a wide range of market applications.	a. Investigate market needs and areas of application. b. Research the machine screw transmission structure. c. Research the electrical control system.	Secondary processing of bread and cake enables customers to quickly complete the side and vertical cutting of bread and cake, and accurately complete the quantitive filling. Very useful for products that require filling.	Collecting data.	Subject to the execution of the plan.

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

The Company's management always pays attention to the impact of important policies and changes in the legal environment at home and abroad on the Company's operations and plans countermeasures. So far there has been no significant impact.

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

The Company maintains good cooperative relations with domestic research institutions through close contact with domestic and foreign manufacturers and can keep abreast of industry changes and future technological development trends. The Company has the ability to develop its technology and is confident that it can expeditiously respond to the needs of new processes and technology ahead of the peers and can further enhance the Company's competitive niche. In the future, the Company will keep up a close eye on market trends and pulsations to adapt to the evolution and changes of related industries. Therefore, technological changes and industrial changes will not have a significant impact on the Company's financial operation.

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

The Company upholds the principle of integrity and down-to-earth business philosophy and actively strengthens internal management to improve quality and efficiency. Moreover, the Company continues to introduce more outstanding talents, build up the strength of the management team, and then return the results of its operations to the shareholders and the public to fulfill the corporate social responsibility. As the Company has a good corporate image, there is no corporate crisis caused by changes in corporate image.

(VII) The expected benefits and possible risks to engage in mergers and acquisitions (M&A) and the countermeasures: None.

(VIII) Expected Benefits and Risks Relating to Plant Expansion Plans and Response Measures: None.

(IX) Risks associated with any concentration of sales or purchases operations and measures to be taken in response: Not applicable to the Company.

(X) The effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and measures to be taken in response: None.

(XI) The effect upon and risk to the Company associated with any change in governance personnel or top management, and measures to be taken in response: The Company has a stable management structure for a long time, and there is no risk of change in governance personnel or top management in the future.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious, or administrative disputes that involve the Company and/or any Company director, supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10%, and/or companies controlled by the Company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the Annual Report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the publication date of the Annual Report: None. Other important risks and measures to be taken in response: None.

(XIII) Other significant matters and response measures: None.

VII. Other important items: None.

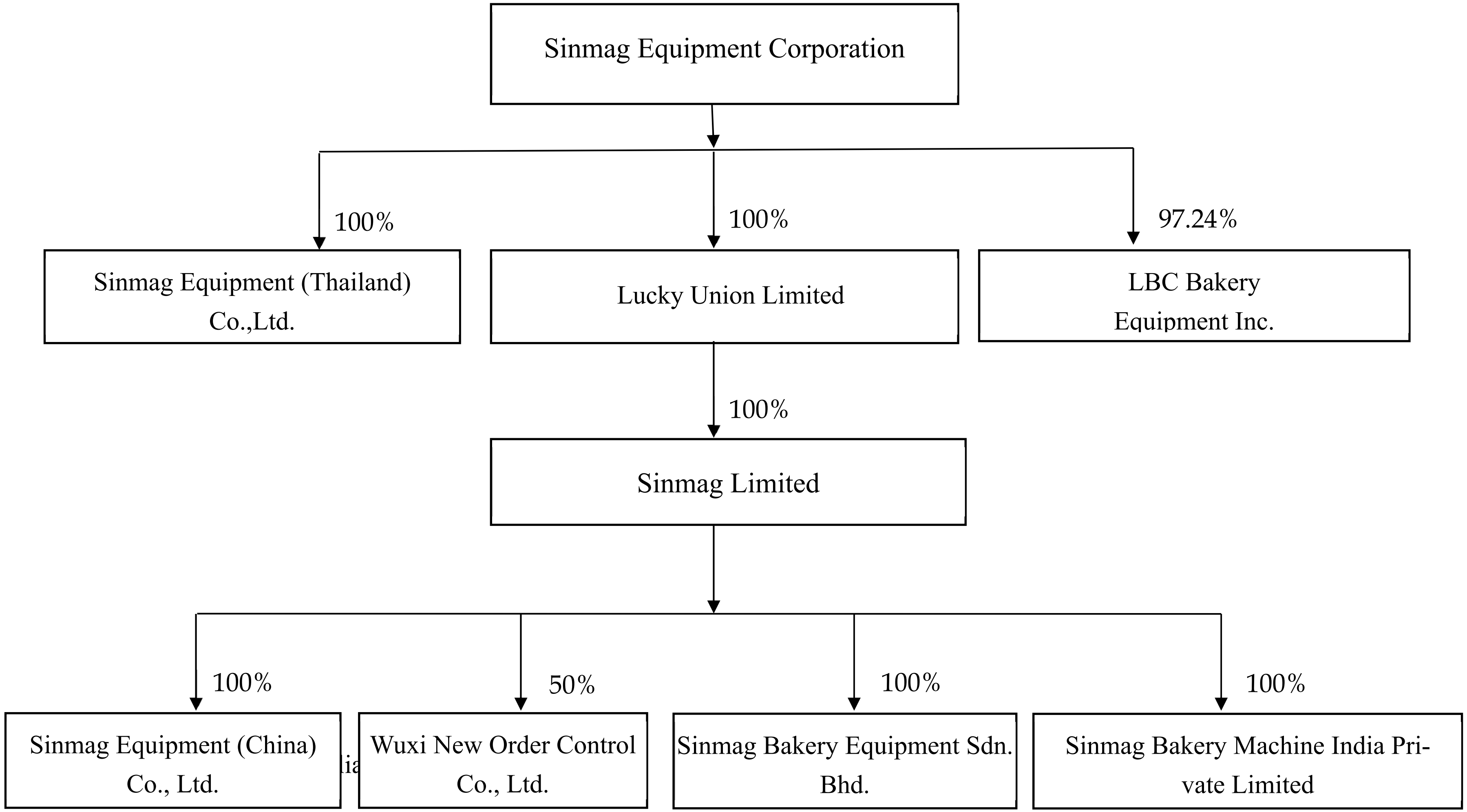
Chapter 8 Special Disclosure

I. Summary of Affiliated Companies

(I) Consolidated business report of affiliated companies

1. Overview of the affiliated companies

(1) Organizational Structure of Affiliated Companies



March 31, 2021

Enterprise Name	Date of Incorporation	Address	Actual paid-in capital	Main Business or Products
Lucky Union Limited	January 10, 2002	Portcullis Chambers, P.O.Box 1225 Apia, Samoa	US$3,002,938	Holding Company
Sinmag Equipment (Thailand) Co., Ltd.	November 20, 2009	21 Soi Phokrew 1 Yek 5,Sub District Klongjan, District Bangkapi Bangkok 10240 Thailand	US$3,303,734.19	Sales of food machinery and equipment
Benchmark Service Co., Ltd. (Note)	June 16, 2020	21 Soi Phokrew 1 Yek 5,Sub District Klongjan, District Bangkapi Bangkok 10240 Thailand	-	Repair services
LBC BAKERY EQUIPMENT INC.	July 26, 2005	6026 31St Ave NE, Tulalip, WA 98271,U.S	US$1,465,000	Sales of food machinery and equipment
Sinmag Limited	April 1, 2003	Portcullis Chambers, P.O.Box 1225 Apia, Samoa	US$3,502,938	Holding Company
Sinmag Equipment (China) Co., Ltd.	December 28, 1994	No.312, Youyi North Road, Xishan Economic Development Zone, Wuxi, Jiangsu Province, China	US$33,850,000	Manufacturing and sales of food machinery and equipment
Sinmag Bakery Equipment Sdn. Bhd.	June 25, 1990	No.32, Jalan TPP5, Taman Perindustrian Putra, 47130 Puchong, Selangor, Malaysia.	RM300,000	Sales of food machinery and equipment
Wuxi New Order Control Co., Ltd.	May 31, 2002	No.312, Youyi North Road, Xishan Economic Development Zone, Wuxi, Jiangsu Province, China	US$150,000.	Manufacturing and sales of control instruments and electromechanical control system
Sinmag Bakery Machine India Private Limited	March 16, 2009	204, Anand Estates, 189, Arthur Road, Chinchpokli, Mumbai city-400011.Dist, Maharashtra.	US$720,000	Manufacturing and sales of food machinery and equipment

Note: Due to the consideration of the Group's policies, the Board of Directors resolved to settle the liquidation and deregistration on March 18, 2021, and completed the relevant procedures in August 2021.

(3) Where there is considered to be a controlled and subordinate relation, the information of the same shareholders: None. (4)The industries covered by the overall affiliates business and the division of labor: The scope of the Company's overall affiliates business includes investment holding, manufacturing and sales of food machinery and equipment, and manufacturing and sales of baked goods.

(4) The industries covered by the overall affiliates business and the division of labor:
The scope of the Company's overall affiliates business includes investment holding, manufacturing and sales of food machinery and equipment, and manufacturing and sales of baked goods.

A. Investment Holdings:Lucky Union Limited, Sinmag Limited.

B. Manufacture and sale of food machinery and equipment: Sinmag Equipment (China) Co., Ltd., Wuxi New Order Control Co., Ltd. and Sinmag Bakery Machine India Private Limited.

C. Sales of food machinery and equipment: LBC Bakery Equipment Inc. Sinmag, Bakery Equipment Sdn. Bhd. and Sinmag Equipment (Thailand) Co., Ltd.

(5) Information on directors, supervisors, and presidents of affiliates

December 31, 2021; Unit: NT$

<table>
<tr><th rowspan="2">Enterprise Name</th><th rowspan="2">Position</th><th rowspan="2">Name or Representative</th><th colspan="2">Shareholding</th></tr>
<tr><th>Shares</th><th>Shareholding %</th></tr>
<tr><td>Lucky Union Limited</td><td>Director</td><td>Sinmag Equipment Corporation
Representative: Shun-Ho Hsieh</td><td>148,277 thousand</td><td>100%</td></tr>
<tr><td rowspan="3">Sinmag Equipment (Thailand) Co., Ltd.</td><td>Director</td><td>Tzu-Chien Chang</td><td rowspan="3">74,897 thousand</td><td rowspan="3">100%</td></tr>
<tr><td>Director</td><td>Ming-Ching Hsieh</td></tr>
<tr><td>Director</td><td>Ming-Hsiung Kuo</td></tr>
<tr><td rowspan="3">Benchmark Service Co., Ltd. (Note)</td><td>Director</td><td>Tzu-Chien Chang</td><td rowspan="3">-</td><td rowspan="3">-</td></tr>
<tr><td>Director</td><td>Ming-Ching Hsieh</td></tr>
<tr><td>Director</td><td>Ming-Hsiung Kuo</td></tr>
<tr><td>Sinmag Limited</td><td>Director</td><td>Lucky Union Limited
Representative: Shun-Ho Hsieh</td><td>163,529 thousand</td><td>100%</td></tr>
<tr><td rowspan="5">Sinmag Equipment (China) Co., Ltd.</td><td>Chairman</td><td>Shun-Ho Hsieh</td><td rowspan="5">349,938 thousand</td><td rowspan="5">100%</td></tr>
<tr><td>Director</td><td>Ming-Ching Hsieh</td></tr>
<tr><td>Director</td><td>Tzu-Chien Chang</td></tr>
<tr><td>Supervisor</td><td>Yao-Tsung Wu</td></tr>
<tr><td>President</td><td>Shun-Ho Hsieh</td></tr>
</table>

Enterprise Name	Position	Name or Representative	Shareholding	
			Shares	Shareholding %
Sinmag Bakery Equipment Sdn. Bhd.	Chairman	Shun-Ho Hsieh	12,340 thousand	100%
	Director	Lian Choy Seng		
	Director	Yung-Chen Chen		
	Director	Lim Kang Cheng		
	President	Lian Choy Seng		
LBC Bakery Equipment Inc.	Director	Steve Hegge	17,241 thousand	97.24%
	Director	Tzu-Chien Chang		
	Director	Ming-Ching Hsieh		
	Director	Brian Smith		
	President	Steve Hegge		
Wuxi New Order Control Co., Ltd.	Chairman	Tseng-Wen Lee	3,348 thousand	50%
	Director	Ming-Ching Hsieh		
	Director	Yao-Tsung Wu		
	Supervisor	Sheng-Huei Yang		
	President	Tseng-Wen Lee		
Sinmag Bakery Machine India Private Limited	Chairman	Shun-Ho Hsieh	54,748 thousand	100%
	Director	Yung-Chen Chen		
	Director	Mukesh Chachan		

Note: Due to the consideration of the Group's policies, the Board of Directors resolved to settle the liquidation and deregistration on March 18, 2021, and completed the relevant procedures in August 2021.

2. Status of operations of affiliates

(1) Financial status and operating results of affiliated companies

December 31, 2021

Enterprise Name	Currency	Capital	Total asset value	Total liabilities	Net Worth	Operating revenue	Operating profit (Loss)	Current profit or loss after tax	Earnings per Share
Lucky Union Limited	NTD	160,820,247	2,113,422,754	-	2,113,422,754	-	(134,288)	496,717,894	-
Sinmag Equipment (Thailand) Co., Ltd.	THB	103,000,000.00	126,612,195.28	17,706,239.60	108,905,955.68	155,048,481.19	18,859,581.40	14,216,092.82	-
Benchmark Service Co., Ltd. (Note)	THB	-	-	-	-	15,000.00	(28,507.00)	(28,507.00)	-
Sinmag Limited	NTD	176,067,069	2,109,938,762	-	2,109,938,762	-	(85,948)	496,953,926	-
Sinmag Equipment (China) Co., Ltd.	RMB	236,999,120.92	625,901,897.17	167,199,214.62	458,702,682.55	831,780,815.02	131,395,277.38	119,427,368.49	-
Sinmag Bakery Equipment Sdn.Bhd.	MYR	300,000.00	25,498,028.86	8,924,455.12	16,573,573.74	18,037,130.64	2,653,303.82	2,320,055.97	-
LBC Bakery Equipment Inc.	USD	1,789,527.00	15,182,788.18	4,595,894.63	10,586,893.55	22,264,920.53	2,259,068.44	1,762,172.43	-
Wuxi New Order Control Co., Ltd.	RMB	1,241,565.00	11,089,812.04	4,548,476.94	6,541,335.10	28,591,812.24	2,838,964.85	2,667,534.87	-
Sinmag Bakery Machine India Private Limited	INR	35,706,404.00	5,618,546.61	757,357.21	4,861,189.40	7,571,860.69	(726,653.79)	(1,131,840.65)	-

Note: Due to the consideration of the Group's policies, the Board of Directors resolved to settle the liquidation and deregistration on March 18, 2021, and completed the relevant procedures in August 2021.

(2) Consolidated financial statements of affiliated companies

The companies that must be included in preparing the consolidated financial statements covering affiliated companies are entirely the same as those included in preparing the consolidated financial report comprising the parent and its subsidiaries, and if the required disclosures to be made in the consolidated financial statements covering affiliated companies are already made in the consolidated financial report comprising the parent and its subsidiaries, then the consolidated financial reports covering affiliated companies need not be prepared. Please refer to pages 268-341.

(3) Report of the affiliated companies: None.

II. Private Placement of Securities during the Most Recent Fiscal Year or the Current Fiscal Year up to the Publication Date of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries during the Most Recent Fiscal Year or the Current Fiscal Year up to the Publication Date of the Annual Report: None.

IV. Other Necessary Statements:

(I) In accordance with the provisions of Article 16 of the Company's "Code of Business Ethics for Directors and Managers," the disclosure of these measures is as follows:

Sinmag Equipment Corporation

Code of Business Ethics for Directors and Managers

Article 1 (The purpose and basis of the formation)

To pursue the best interests of the Company as a whole and to commit to sustainable development, and make the Company's stakeholders better understand the ethical standards and code of conduct that the directors and managers of the Company should follow when performing their duties, the Code is formulated to be followed.

Article 2 (Scope of application)

The term "manager" in this Code refers to the Company's president and person of an equivalent post, the vice president and person of an equivalent post, the associate manager and person of an equivalent post, the head of the finance department, the head of the accounting department, and others who are responsible for the Company's management affairs and have the authorization to sign.

Article 3 (Due diligence of good managers)

Directors and managers shall abide by laws and regulations and the provisions of this Code, set an example, give impetus to the implementation of the provisions of this Code, and pursue a high standard of ethical behavior.

Directors and managers shall perform their duties with due diligence and aim to pursue the overall interests of the Company, shall not harm the interests of the Company for the benefits of a specific person or group, and shall be fair in treating all shareholders while performing their duties.

Article 4 (Preventing conflicts of interest)

If the motions listed by the Board of Directors involve the director's interests that may damage the interests of the Company, the directors shall recuse themselves and shall not vote nor exercise the voting right on behalf of other shareholders.

Directors and managers shall disclose to the Company before engaging in trading, lending, or other legal acts with the Company for themselves or others, and explain such related matters in detail.

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the Company, for example, when a director or manager of the Company is unable to perform their duties objectively and efficiently, or a person based on one's position in the Company obtains improper benefits for oneself, spouse, parents, children, or relatives within the second degree of kinship. The Company shall pay special attention to the matter of loaning funds or providing guarantees, major asset transactions, and purchases (sales) of goods with the affiliated companies to which the aforementioned personnel belongs. The Company shall establish a policy to prevent conflicts of interest and offer appropriate means for directors and managers to proactively explain whether there are any potential conflicts of interest with the Company.

Article 5 (Non-competition)

If a director engages in competitive behavior with the Company, he shall report to the Shareholders' Meeting in advance and obtain permission following the provisions of the Company Act. If the manager engages in the act of competing with the Company, he shall report to the Board of Directors in advance and obtain permission according to the provisions of the Company Act.

Article 6 (Avoidance of opportunities for self-interest)

The Company shall prevent the directors or managers from engaging in the following actions: (1) opportunity for personal gain through the use of Company property, information, or convenience of one's position; (2) obtaining personal gain through the use of Company property, information, or convenience of one's position; or (3) competing with the Company. When the Company has a chance of making a profit, the directors and managers shall be responsible for increasing the legitimate interests that the Company can obtain.

Article 7 (Fair trade)

Directors and managers shall treat the Company's purchase (sales) customers, competitors, and employees fairly and shall not obtain improper benefits through manipulation, concealment, misuse of information learned from their duties, misrepresentation of important matters, or other unfair trading methods.

Article 8 (Insider trading)

Any information that directors and managers learned from their duties may significantly affect the price of the Company's securities transactions shall be kept strictly confidential in accordance with the provisions of the Securities and Exchange Act before the information is disclosed, and the information shall not be used for insider trading.

Article 9 (Confidentiality)

Directors and managers shall carefully manage the matters or confidential information that they learn from their duties. Information shall not be disclosed to others or used other than work purposes unless it is disclosed by the Company or provided to perform their duties. The same applies even after the resignation.

The information to be kept confidential in the preceding paragraph includes the Company's personnel and customer information, inventions, business secrets, technical information, product design, manufacturing expertise, financial accounting information, intellectual property rights, etc. and all other undisclosed information that may be used by competitors or be harmful to the Company or customers after leakage.

Article 10 (Protection and appropriate use of Company assets)

Directors and managers are responsible for protecting the Company's assets and ensuring that they can be effectively and lawfully used for official business purposes. If assets were stolen, neglected, or wasted, which will directly affect the Company's profitability.

Article 11 (Compliance with laws and regulations)

Directors and managers shall comply with laws and regulations and relevant Company policies and regulations.

Article 12 (Political donations and activities)

Directors and managers should avoid in any way influencing the Company’s employees by making political donations, supporting specific political parties or candidates, or participating in other political activities.

Article 13 (Encouraging the reporting of illegal or violation of the Code of Ethical Conduct)

The Company should strengthen the internal promotion of ethics concepts and encourage employees to report to the manager, chief internal auditor, or other appropriate personnel in the form of a named report when they suspect or discover violations of laws, regulations, or this Code. In order to encourage employees to report violations, the Company should set a specific reporting system and let employees know that the Company will do its utmost to protect the safety of the reporter from retaliation.

Article 14 (Handling of violations of this Code)

Directors and managers who violate this Code shall report to the Board of Directors for resolution.

Article 15 (Procedure for exemption)

If the directors and managers have legitimate reasons, they can be exempted from the application of specific provisions of this Code by the resolution of the Board of Directors. However, they must immediately disclose information such as the date of the Board’s approval of the exemption, independent directors’ objections or reservations, the period during which the exemption applies, the reasons for the exemption, and the criteria for the exemption at the Public Observation Post System (MOPS). So that shareholders can evaluate whether the resolution of the Board is appropriate, to restrain the occurrence of arbitrary or suspicious exemptions from complying with the Code, and ensure that any exemption from following the Code has an appropriate control mechanism to protect the Company.

Article 16 (Implementation and disclosure methods)

The stipulations of this Code are approved by the Audit Committee and submitted to the Board of Directors for resolution and then submitted to the Shareholders' Meeting for approval of implementation. The same applies to the amendment.

This Code shall be disclosed on the Company's website, annual report, prospectuses, and MOPS. The same applies to the amendment.

(II) According to Article 5 of the Company's "Code of Ethical Conduct," the disclosure of these measures is as follows:

Sinmag Equipment Corporation

Code of Ethical Conduct for Employees

Article 1 The purpose and basis of the formation

To align the conduct of the Company's personnel with ethical standards and to make the Company's stakeholders better understand the Company's ethical standards, this Code is formulated for compliance.

Article 2 Scope

The Company's managers and employees at all levels.

The term "manager" in this Code refers to the Company's president and person of an equivalent post, the vice president and person of an equivalent post, the associate manager and person of an equivalent post, the head of the finance department, the head of the accounting department, and others who are responsible for the Company's management affairs and have the authorization to sign.

Article 3 Code of Ethical Conduct

(I) Preventing conflicts of interest:

The Company's personnel shall not engage in loaning funds, major asset transactions, providing guarantees, or other transactions that conflict with the Company's interests in the name of themselves or others. The Company's personnel should uphold a high degree of self-discipline.

If there is a personal stake that will damage the interests of the Company, one shall recuse oneself.

If the Company's personnel believe that they cannot handle the affairs in an objective or beneficial manner, or when the relevant transaction or relationship may cause a conflict of interest, they should take the initiative to notify their supervisor in writing and deal with or recuse processing in a legally acceptable manner.

Where managers of the Company, based on their position and authority, their spouse, direct blood relatives, relatives within the third degree of kinship, and their working institutions take part in the Company's business, they should take the initiative to notify the president in writing and deal with or recuse processing in a legally permitted method.

(II) Avoidance of opportunities for self-interest:

The Company's personnel shall not seek personal interests by taking advantage of their positions and shall safeguard the legitimate interests of the Company and avoid the occurrence of the following:

1. opportunity for personal gain through the use of Company property,

information, or convenience of one's position;

2. obtaining personal gain through the use of Company property, information, or convenience of one's position;
3. Competing with the Company.

When the Company has an opportunity for profit, it is the responsibility of the Company's personnel to maximize the reasonable and proper benefits that can be obtained by the Company and

(III) Confidentiality:

The Company personnel shall carefully manage the matters, confidential information, or client information that they learn from their duties. Information shall not be disclosed to others or used other than work purposes unless it is disclosed by the Company or required by laws and regulations. The same applies even after the resignation.

The information to be kept confidential in the preceding paragraph includes all undisclosed information that may be used by competitors or be harmful to the Company or customers after leakage.

(IV) Fair trade:

The Company's personnel shall treat the Company's purchase (sales) customers, competitors, and employees fairly and shall not obtain improper benefits through manipulation, concealment, misuse of information learned from their duties, misrepresentation of important matters, or other unfair trading methods.

(V) Protection and appropriate use of Company assets:

The Company's personnel are responsible for protecting the Company's assets and ensuring that they can be effectively and lawfully used for official business purposes to avoid affecting the operations of the Company.

(VI) Compliance with laws and regulations:

The Company's personnel shall comply with laws and regulations when performing their duties, including the Securities and Exchange Act and other laws and regulations.

(VII) Encouraging the reporting of any illegal or violation of the Code of Ethical Conduct:

Managers should strengthen the promotion of ethical concepts, and encourage employees to report in writing to the Audit Committee, managers, chief internal auditor, or other appropriate personnel who have no conflict of interest when they suspect or discover violations of laws, regulations, or Code of Ethical Conduct. However, it shall not be done maliciously.

The reported or accused person shall not retaliate or threaten the whistleblower in the preceding paragraph. The informed personnel shall do their best to protect the safety and assume confidentiality of the whistleblower from retaliation.

Such suspicious matters shall be investigated by appropriate personnel authorized by the HR unit or the Board of Directors, depending on the rank of the reported personnel. Anyone who knows the suspicious matters during the investigation is responsible for confidentiality.

(VIII) Disciplinary measures:

After the investigation and determination of the violation of this Code by the Company's personnel, the authority and responsibility unit shall report and punish the violation following the Regulations Governing Personnel Management. The same applies to the person in charge of the unit who knows the matter without correction or fails to handle it per the Company's regulations. If the violation is serious, the Company may pursue its civil and criminal liabilities to protect the rights and interests of the Company and shareholders.

When the Company punishes the offender, the offender may submit evidence and appeal to the investigating personnel authorized by the HR unit or the president. The authority and responsibility unit shall refer to the complaint of the offender concerned and make an appropriate penalty.

If the Company's personnel violated this Code and the first instance of the court verdict violated the law, or the Company’s HR unit deliberated and determined that it violated this Code and made a disposition, the HR unit should immediately announce the title, name, date of violation, cause of the violation, violation of the Code, and handling of such a situation.

Article 4 Procedure for exemption

Managers who have the necessary exemptions to comply with the provisions of this Code may do so after the Board of Directors has passed the resolution.

In the preceding circumstances, the Company shall promptly disclose information such as the title, name, date of exemption approved by the Board of Directors, period of exemption applies, reasons, and criteria on the MOPS.

Article 5 Disclosure methods

This Code shall be disclosed in the annual report, prospectus, and MOPS. The same applies to the amendment.

Article 6 Implementation

This Code shall be implemented after being approved by the president. The same applies to the amendment.

(III) The Company's "Procedures for Handling Internal Material Information" are as follows:

Sinmag Equipment Corporation

Procedures for Handling Internal Material Information

Article1 To establish a sound internal material information processing and disclosure mechanism of the Company, avoid improper information leakage, and ensure the consistency and accuracy of the information published by the Company to the public, this operating procedure is specially formulated for compliance.

Article2 The processing and disclosure of internal material information by each department shall be in accordance with the relevant laws, orders, the regulations of TWSE or TPEx, and this operating procedure.

Article3 The applicable objects of this operating procedure are as follows:

I. A director, manager of the Company, and a natural person designated to exercise powers as representative pursuant to Article 27, paragraph 1 of the Company Act.
II. Shareholders holding more than 10% of the Company’s shares.
III. Any person who has learned the information by reason of occupational or controlling relationship.
IV. A person who, though no longer among those listed in the preceding three subparagraphs, has only lost such status within the last six months.
V. Any person who has learned the information from any of the persons named in the preceding four subparagraphs.

The spouse, minor children of the person in the preceding five subparagraphs, and the holder in the name of another person shall apply mutatis mutandis.

Article4 Upon actually knowing of any information that will have a material impact on the Company's stock prices, and prior to the public disclosure of such information or within 18 hours after its public disclosure, those who listed Article III shall not purchase or sell shares of the Company.

Article5 The internal material information referred to in this operating procedure includes information that involves the finances or businesses of the Company, or the supply and demand of such securities on the market, or tender offer of such securities, which will have a material impact on the price of the securities, or will have a material impact on the investment decision of a reasonably prudent investor. Its scope as follows:

I. Matters specified in Article 7 of the Securities and Exchange Act Enforcement Rules.

II. Matters specified in Articles 2 and 3 of Regulations Governing the Scope of Material Information and the Means of its Public Disclosure under Article 157-1, paragraphs 5 and 6 of the Securities and Exchange Act.

III. The matters specified in Article 2 of the TPEx's confirmation and public handling status of the material information for TPEx listed companies.

IV. Others that involve the finances or businesses of the Company, or the supply and demand of such securities on the market, which will have a material impact on the Company’s stock prices, or have a material impact on the investment decision of a reasonably prudent investor.

Article6 In addition to the legal requirements to input and disclose material information into the Market Observation Post System (MOPS), the information disclosure methods stipulated in Article IV can also be made in the following ways:

I. Publicly announces the information on the Market Information System website of Taiwan Stock Exchange Corporation (TWSE).

II. Publicly announces the information on the Market Information System website of Taipei Exchange (TPEx).

III. Coverage of the information by two or more daily national newspapers on non-local news pages, national television news, or electronic newspapers issued by any the aforesaid media.

In the case of information publicly disclosed under subparagraph III, the period of 18 hours prescribed in Article IV shall begin with the later of the time of delivery of the newspaper, first broadcasting of the television news, or posting of the news on the electronic website, as the case may be. The time of delivery of a newspaper means 6 a.m. for morning newspapers and 3 p.m. for evening newspapers.

When an insider is appointed or dismissed, the information shall be submitted to the "Real-Time Reporting System of Insider Appointment/Dismissal" within two days after the fact occurs. The directors and managers shall sign and confirm the relevant regulation statement for insiders within five days from the date of their appointment, and the record shall be kept in the Company for future reference. A copy of the director's statement will be sent to the competent authority for reference within ten days from the date of taking office.

Article7 The date of existence of the information described in Article V shall be the date of the fact, agreement, contract signature, payment, request, execution of the transaction, transfer of title, resolution of the Board of Directors, or other precise date based on concrete evidence, whichever comes first.

Article8 The internal material information is handled exclusively by the spokesperson or the person designated by the spokesperson, with the following powers:

I. Draft and amend this operating procedure.

II. Disclose internal material information according to laws and regulations.

III. Accept the report on the leakage of internal material information and formulate countermeasures.

IV. Draw up a system to preserve all documents, files, and electronic records related to this operating procedure.

V. Other business related to this operating procedure.

Article9 The Company's directors, managers, and employees shall perform the care and duties of good managers, the principle of good faith, and be responsible for confidentiality. Directors, managers, and employees who are aware of the Company’s internal material information shall not disclose it to others.

The Company's directors, managers, and employees shall not inquire or collect the Company’s undisclosed internal material information that is not related to personal duties from those who know the Company’s internal material information. It is not allowed to reveal the Company's undisclosed internal material information, which is learned not due to the execution of business, to others.

Institutions or personnel outside the company involved in the Company's mergers and acquisitions, important memorandums, strategic alliances, other business cooperation plans, or the signing of important contracts should require them to sign confidentiality agreements to prevent the disclosure of the Company's internal material information to others.

Article10 When a file of internal material information is delivered in writing, it shall be handled in accordance with the "Regulations Governing the Administration of Financial and Non-financial Information."

When transmitted by e-mail or other electronic means, it must be processed with security technologies such as encryption.

Files of internal material information should be backed up and stored in the security premises.

Article11 The following records shall be kept for the information disclosed to the outside:

I. The person, date, and time of the information disclosure.
II. Information disclosure method.
III. Disclosure of information content and attachments.

Article12 Directors, managers, and employees of the Company shall promptly report to the spokesperson if they are aware of any leakage of internal material information.

After receiving the aforementioned report, the spokesperson shall formulate countermeasures and invite relevant departments to discuss the treatment if necessary and make a record of the processing results for future reference.

Article13 Where the directors, managers, and employees of the Company and others who have learned of the Company’s internal material information due to their identity, occupation, or control are involved in one of the following circumstances, depending on the significance of the circumstances, they shall be punished in accordance with Article 35 of the “Regulations Governing Personnel Management”:

I. Unauthorized disclosure of internal material information or violation of this operating procedure or other laws and regulations.
II. The content of the spokesperson or deputy spokesperson's external statements exceeds the scope of the Company's authorization or violates this operating procedure or other laws and regulations.

Should anyone outside the Company reveal the Company's internal material information and cause damage to the Company's property or interests, the Company shall pursue its legal liability through relevant channels.

Article14 This operating procedure shall be implemented after the Board of Directors' approval. The same applies to the amendment.

Chapter 9 Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring during the Most Recent Fiscal Year or the Current Fiscal Year up to the Publication Date of the Annual Report: None

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 is stated as follows:

Occurrence of Sales Revenue

The Company has thousands of customers. The total revenue of major customers (excluding related parties) accounted for 35% of the total operating revenue. Some of the major customers have higher level of growth volatility in operating revenue than the average level of changes in the Company's overall operating revenue, resulting in a significant impact on the financial performance of the Company. Therefore, we deemed the validity of occurrence of sales revenue coming from major customers with high level of volatility in operating revenue as a key audit matter. Refer to the accounting policies related to revenue recognition 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$263,899 thousand) and 9% (NT$233,726 thousand), of the total assets as of December 31, 2021 and 2020, respectively, and share of profit or loss of subsidiaries constituted 8% (NT$45,296 thousand) and 9% (NT$33,003 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, 2021 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 28, 2022

<u>*Notice to Readers*</u>

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 68,993	2	$ 53,103	2
Financial assets at amortized cost - current (Notes 4, 7 and 8)	66	-	-	-
Notes receivable (Notes 4, 9 and 21)	4,783	-	11,526	-
Trade receivables (Notes 4, 9 and 21)	139,482	5	79,221	3
Trade receivables from related parties (Notes 4, 21 and 29)	99,081	3	60,677	2
Other receivables (Notes 4 and 9)	470	-	186	-
Current tax assets (Notes 4 and 23)	-	-	1,699	-
Inventories (Notes 4 and 10)	79,576	3	66,313	3
Prepayments (Note 15)	1,703	-	2,151	-
Total current assets	394,154	13	274,876	10
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7, 8 and 30)	50	-	115	-
Investments accounted for using the equity method (Notes 4, 11, 25 and 29)	2,461,272	82	2,239,142	84
Property, plant and equipment (Notes 4, 12, 16 and 30)	104,631	3	108,683	4
Right-of-use assets (Notes 4 and 13)	537	-	189	-
Other intangible assets (Notes 4 and 14)	64	-	134	-
Deferred tax assets (Notes 4 and 23)	49,243	2	38,589	2
Other non-current assets (Notes 4 and 15)	147	-	209	-
Total non-current assets	2,615,944	87	2,387,061	90
TOTAL	$ 3,010,098	100	$ 2,661,937	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 30)	$ 240,000	8	$ 145,000	6
Contract liabilities (Notes 4 and 21)	9,420	-	4,528	-
Notes payable	31,745	1	14,779	1
Notes payable to related parties (Note 29)	570	-	500	-
Trade payables	6,953	-	6,728	-
Trade payables to related parties (Note 29)	139,192	5	70,558	3
Other payables (Note 17)	51,251	2	38,518	1
Current tax liabilities (Notes 4 and 23)	35,755	1	52,471	2
Provisions - current (Notes 4 and 18)	131	-	131	-
Lease liabilities - current (Notes 4 and 13)	379	-	191	-
Total current liabilities	515,396	17	333,404	13
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16, 26, and 30)	2,674	-	-	-
Deferred tax liabilities (Notes 4 and 23)	83,058	3	58,646	2
Lease liabilities - non-current (Notes 4 and 13)	159	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	5,921	-	916	-
Total non-current liabilities	91,812	3	59,562	2
Total liabilities	607,208	20	392,966	15
EQUITY (Notes 4 and 20)				
Share capital				
Ordinary shares	502,302	17	502,302	19
Capital surplus	77,765	2	75,738	3
Retained earnings				
Legal reserve	586,956	20	552,755	21
Special reserve	159,572	5	160,753	6
Unappropriated earnings	1,267,530	42	1,136,995	42
Total retained earnings	2,014,058	67	1,850,503	69
Other equity	(191,235)	(6)	(159,572)	(6)
Total equity	2,402,890	80	2,268,971	85
TOTAL	$ 3,010,098	100	$ 2,661,937	100

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

(With Deloitte & Touche auditors' report dated March 28, 2022)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 29)				
Sales	$ 1,100,239	98	$ 715,966	97
Service revenue	22,992	2	20,694	3
Total operating revenue	1,123,231	100	736,660	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 22 and 29)	(971,324)	(87)	(623,626)	(85)
Service cost	(3,618)	-	(2,679)	-
Total operating costs	(974,942)	(87)	(626,305)	(85)
GROSS PROFIT	148,289	13	110,355	15
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(16,702)	(1)	(11,699)	(2)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	11,699	1	12,987	2
REALIZED GROSS PROFIT	143,286	13	111,643	15
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	(54,657)	(5)	(48,317)	(6)
General and administrative expenses	(68,286)	(6)	(47,367)	(6)
Research and development expenses	(7,709)	(1)	(7,116)	(1)
Expected credit gain (loss) (Notes 4 and 9)	492	-	(6,164)	(1)
Total operating expenses	(130,160)	(12)	(108,964)	(14)
PROFIT FROM OPERATIONS	13,126	1	2,679	1
NON-OPERATING INCOME AND EXPENSES (Notes 4, and 22)				
Interest income	59	-	170	-
Other income	337	-	301	-
Other gains and losses	(5,429)	-	(3,312)	(1)
Finance costs	(1,296)	-	(1,293)	-
Share of profit or loss of subsidiaries, associates and joint ventures	563,705	50	367,701	50
Total non-operating income and expenses	$ 557,376	50	363,567	49

(Continued)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	$ 570,502	51	$ 366,246	50
INCOME TAX EXPENSE (Notes 4 and 23)	(60,335)	(6)	(25,306)	(4)
NET PROFIT FOR THE YEAR	510,167	45	340,940	46
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	(6,936)	-	1,335	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	1,387	-	(267)	-
	(5,549)	-	1,068	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(39,578)	(4)	1,476	1
Income tax relating to items that may be reclassified subsequently to profit or loss	7,915	1	(295)	-
	(31,663)	(3)	1,181	1
Other comprehensive (loss) income for the year, net of income tax	(37,212)	(3)	2,249	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 472,955	42	$ 343,189	47
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	$ 10.16		$ 6.79	
Diluted	$ 10.12		$ 6.77	

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

(With Deloitte & Touche auditors' report dated March 28, 2022) (Concluded)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2020	$ 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	-	-	-	-	1,068	1,181	2,249
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	342,008	1,181	343,189
BALANCE AT DECEMBER 31, 2020	502,302	75,738	552,755	160,753	1,136,995	(159,572)	2,268,971
Changes in percentage of ownership interests in subsidiaries	-	2,027	-	-	-	-	2,027
Appropriation of 2020 earnings (Note 20)							
Legal reserve	-	-	34,201	-	(34,201)	-	-
Special reserve	-	-	-	(1,181)	1,181	-	-
Cash dividends distributed by the Company	-	-	-	-	(341,063)	-	(341,063)
Net profit for the year ended December 31, 2021	-	-	-	-	510,167	-	510,167
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(5,549)	(31,663)	(37,212)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	504,618	(31,663)	472,955
BALANCE AT DECEMBER 31, 2021	$ 502,302	$ 77,765	$ 586,956	$ 159,572	$ 1,267,530	$ (191,235)	$ 2,402,890

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

(With Deloitte & Touche auditors' report dated March 28, 2022)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 570,502	$ 366,246
Adjustments for:		
Expected credit loss (reversed) recognized on receivables	(492)	6,164
Depreciation expense	3,286	3,780
Amortization expense	70	188
Finance costs	1,296	1,293
Share of profit of subsidiaries, associates and joint ventures	(563,705)	(367,701)
Interest income	(59)	(170)
Write-downs of inventories	3,632	3,558
Loss on disposal of property, plant and equipment	4,790	-
Loss on disposal of subsidiary	63	-
Recognition of provisions	360	289
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	16,702	11,699
Realized gain on the transactions with subsidiaries associates and joint ventures	(11,699)	(12,987)
Net loss on foreign currency exchange	459	1,534
Changes in operating assets and liabilities		
Notes receivable	6,743	2,208
Trade receivables	(60,207)	39,120
Trade receivables from related parties	(38,850)	2,391
Other receivables	(284)	288
Inventories	(17,002)	(1,377)
Prepayments	448	(420)
Notes payable	16,966	(6,099)
Notes payable from related parties	70	161
Trade payables	225	401
Trade payables from related parties	69,524	(150,751)
Other payables	12,656	(15,550)
Contract liabilities	4,892	(12)
Provisions	(360)	(289)
Net defined benefit liabilities - non-current	(1,931)	(2,401)
Cash generated from (used in) operations	18,095	(118,437)
Interest received	59	170
Income tax paid	(52,292)	(2,719)
Net cash used in operating activities	(34,138)	(120,986)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(1)	(51)
Acquisition of investments accounted for using the equity method	(244,310)	(93,904)
Net cash inflow on disposal of subsidiary	419	-
Payments for property, plant and equipment	(833)	(191)
Payments for intangible assets	-	(84)

(Continued)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	**2020**
Dividends received from subsidiaries	$ 298,539	$ 395,786
Increase in other non-current assets	-	(28)
Decrease in other non-current assets	62	-
Proceeds from the capital reduction on investments accounted for using the equity method	244,310	36,727
Net cash generated from investing activities	298,186	338,255
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	800,000	695,000
Repayments of short-term borrowings	(705,000)	(663,391)
Repayment of the principal portion of lease liabilities	(411)	(378)
Dividends paid	(341,063)	(251,151)
Interest paid	(1,219)	(1,339)
Net cash used in financing activities	(247,693)	(221,259)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(465)	(710)
NET INCREASE (DECREASE) IN CASH	15,890	(4,700)
CASH AT THE BEGINNING OF THE YEAR	53,103	57,803
CASH AT THE END OF THE YEAR	$ 68,993	$ 53,103

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

(With Deloitte & Touche auditors' report dated March 28, 2022) (Concluded)

SINMAG EQUIPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sinmag Equipment Corporation (the "Company") was incorporated in the Republic of China (ROC) in September 1983, and the paid-in capital was $502,302 thousand as of December 31, 2021. The Company is primarily engaged in the following businesses:

a. Wholesale of machinery;

b. Retail sale of machinery and equipment;

c. Machinery and equipment manufacturing;

d. International trade; and

e. All businesses that are not prohibited or restricted by law, except those that are subject to special approval.

The Company's shares have been listed on mainboard of the Taipei Exchange (TPEx) since December 2007.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 15, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the parent company only financial statements, the functional currencies of the Company (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

f. Investments in subsidiaries

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

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

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

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

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

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

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

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are also allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified as financial assets at amortized cost.

- Financial assets at amortized cost

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, (including cash and cash equivalents, financial assets at amortized cost, receivable (including related parties and excluding tax refund receivables), and refundable deposits), are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

b) Impairment of financial assets

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

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

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

For internal credit risk management purposes, the Company considers that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. Financial asset’s aging is more than 210 days unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method except for situations where interest recognized for short-term payables is considered immaterial.

b) Derecognition of financial liabilities

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

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company’s obligations.

l. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of bakery equipment. Sales of bakery equipment are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the maintenance services of equipment.

As the Company provides maintenance services, customers simultaneously receive and consume the benefits provided by the Company's performance. Consequently, the related revenue is recognized when services are rendered.

m. Leasing

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

<u>The Company as lessee</u>

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

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

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

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

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

n. Borrowing costs

All of borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the possible impact of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The management evaluated that major accounting policies, estimates and basic assumptions applied by the Company had no significant uncertainty.

6. CASH

	December 31	
	2021	**2020**
Cash on hand	$ 156	$ 155
Checking accounts	18,171	11,787
Demand deposits	50,666	41,161
	$ 68,933	$ 53,103

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

	December 31	
	2021	**2020**
Bank balance	0.001%-0.2%	0.001%-0.2%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Time deposits with original maturities of more than 3 months	$ 66	$ -
Non-current		
Restricted assets - time deposits with original maturities of more than 3 months	$ 50	$ 115

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.79% per annum as of December 31, 2021 and 2020.

b. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

c. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Financial Assets at Amortized Cost

	December 31	
	2021	2020
Gross carrying amount	$ 116	$ 115
Less: Allowance for impairment loss	-	-
	$ 116	$ 115

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

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2021 and 2020, the Company evaluated the expected credit loss rates of its debt instrument investments as 0%.

9. NOTES RECEIVABLE, TRADE RECEIVABLES, OVERDUE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
Notes receivable		
At amortized cost		
Gross carrying amount	$ 4,783	$ 11,526
Less: Allowance for impairment loss	-	-
	$ 4,783	$ 11,526
Trade receivables		
At amortized cost		
Gross carrying amount	$ 146,877	$ 89,120
Less: Allowance for impairment loss	(7,395)	(9,899)
	$ 139,482	$ 79,221
Overdue receivables		
At amortized cost		
Gross carrying amount	$ 5,708	$ 3,696
Less: Allowance for impairment loss	(5,708)	(3,696)
	$ -	$ -
Other receivables		
Tax refund receivables	$ 21	$ -
Others	449	186
	$ 470	$ 186

a. Notes receivable

The average credit period for notes receivable was 60-120 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2021 and 2020, the rate of expected credit loss of notes receivable was 0%.

The overdue aging analysis of the Company's notes receivable is as follows:

	December 31	
	2021	2020
Not past due	$ 4,783	$ 11,526

b. Trade receivables

The average credit period of sales of goods was 90 days. No interest was charged on trade receivables that were past due. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date is not further distinguished according to the Company's different customer base.

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

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

December 31, 2021

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	Over 241 Days	Total
Expected credit loss rate	4.17%	4.89%	13,38%	99.71%	100%	
Gross carrying amount	$ 75,701	$ 64,073	$ 6,927	$ 153	$ 23	$ 146,877
Loss allowance (Lifetime ECLs)	(3,159)	(3,133)	(927)	(153)	(23)	(7,395)
Amortized cost	$ 72,542	$ 60,940	$ 6,000	$ -	$ -	$ 139,482

December 31, 2020

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	Over 241 Days	Total
Expected credit loss rate	5.79%	7.93%	32.74%	78.25%	100%	
Gross carrying amount	$ 59,384	$ 24,603	$ 899	$ 80	$ 4,154	$ 89,120
Loss allowance (Lifetime ECLs)	(3,438)	(1,950)	(294)	(63)	(4,154)	(9,899)
Amortized cost	$ 55,946	$ 22,653	$ 605	$ 17	$ -	$ 79,221

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 9,899	$ 7,052
Add: Net remeasurement of loss allowance	-	2,847
Less: Net remeasurement of loss allowance	(2,504)	-
Balance at December 31	$ 7,395	$ 9,899

c. Overdue receivables

The Company measures the loss allowance for overdue receivables at an amount equal to lifetime ECLs. The expected credit losses on overdue receivable are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2021 and 2020, the rate of expected credit loss of overdue receivables was 100%.

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 3,696	$ 379
Add: Net remeasurement of loss allowance	2,012	3,317
Balance at December 31	$ 5,708	$ 3,696

d. Other receivables

Other receivables consist of tax refund receivables, advances to employees, etc. The Company adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company considers the current financial condition of debtors in order to assess, whether there has been a significant increase in credit risk on other receivables since initial recognition and measures the expected credit loss. As of December 31, 2021 and 2020, the rate of expected credit loss of other receivables was 0%.

10. INVENTORIES

	December 31	
	2021	2020
Merchandise	$ 6,496	$ 6,251
Finished goods	21,392	15,574
Work in progress	19,274	19,794
Raw materials	30,673	23,707
Inventory in transit	1,741	987
	$ 79,576	$ 66,313

The nature of the cost of goods sold was as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 967,692	$ 620,068
Inventory write-downs	3,632	3,558
	$ 971,324	$ 623,626

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2021	2020
Lucky Union Limited	$ 2,108,678	$ 2,145,662
Sinmag Equipment (Thailand) Co., Ltd. (Note 1)	88,695	92,972
Benchmark Service Co., Ltd. (Note 2)	-	508
LBC Bakery Equipment Inc. (Note 3)	263,899	-
	$ 2,461,272	$ 2,239,142

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	2021	2020
Lucky Union Limited	100.00%	100.00%
Sinmag Equipment (Thailand) Co., Ltd. (Note 1)	100.00%	100.00%
Benchmark Service Co., Ltd. (Note 2)	-	100.00%
LBC Bakery Equipment Inc. (Note 3)	97.24%	-

Note 1: After undertaking structural reorganization in June 2020, the Company directly held 100% equity of Sinmag Equipment (Thailand) Co., Ltd.

Note 2: In June 2020, Benchmark Service Co., Ltd. was incorporated in Thailand. However, considering the Group's policy, the board of directors resolved on March 18, 2021 to liquidate Benchmark Service Co., Ltd. and to handle deregistration, which was completed the relevant procedures in August 2021.

Note 3: After undertaking structural reorganization in April 2021, the Company directly held LBC Bakery Equipment Inc. In addition, the Company bought back 158,000 treasury shares in April 2021, and the shares of LBC Bakery Equipment Inc. held by the Company increased from 82.82% to 97.24%. Refer to Note 25.

Refer to Tables 4 and 5 for the details of the subsidiaries indirectly held by the Company.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transpor-tation Equipment	Office Equipment	Property Under Construction (Note 16)	Total
Cost							
Balance at January 1, 2021	$ 71,915	$ 58,012	$ 21,135	$ 428	$ 1,746	$ -	$ 153,236
Additions	-	819	14	-	-	2,674	3,507
Disposals	-	(10,778)	(2,134)	-	-	-	(12,912)
Reclassification (Note)	-	-	107	-	-	-	107
Balance at December 31, 2021	$ 71,915	$ 48,053	$ 19,122	$ 428	$ 1,746	$ 2,674	$ 143,938
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 25,013	$ 17,854	$ 300	$ 1,386	$ -	$ 44,553
Disposals	-	(5,988)	(2,134)	-	-	-	(8,122)
Depreciation expense	-	1,774	830	85	187	-	2,876
Balance at December 31, 2021	$ -	$ 20,799	$ 16,550	$ 385	$ 1,573	$ -	$ 39,307
Carrying amount at December 31, 2021	$ 71,915	$ 27,254	$ 2,572	$ 43	$ 173	$ 2,674	$ 104,631
Cost							
Balance at January 1, 2020	$ 71,915	$ 58,012	$ 21,052	$ 428	$ 1,638	$ -	$ 153,045
Additions	-	-	83	-	108	-	191
Balance at December 31, 2020	$ 71,915	$ 58,012	$ 21,135	$ 428	$ 1,746	$ -	$ 153,236
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 23,223	$ 16,550	$ 214	$ 1,164	$ -	$ 41,151
Depreciation expense	-	1,790	1,304	86	222	-	3,402
Balance at December 31, 2020	$ -	$ 25,013	$ 17,854	$ 300	$ 1,386	$ -	$ 44,553
Carrying amount at December 31, 2020	$ 71,915	$ 32,999	$ 3,281	$ 128	$ 360	$ -	$ 108,683

The property, plant and equipment used by the Company are not leased under operating leases.

No impairment assessment was performed for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

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

Buildings	
Main buildings	20-50 years
Others	10-15 years
Machinery and equipment	8 years
Transportation equipment	5 years
Office equipment	5 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

Note: Reclassified from inventories to property, plant and equipment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Buildings	$ 537	$ 189

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 758	$ -
Depreciation charge for right-of-use assets		
Buildings	$ 410	$ 378

The Company did not recognize or reverse an impairment loss for the years ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 379	$ 191
Non-current	$ 159	$ -

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.00%-1.15%	1.15%

c. Material lease-in activities and terms

The Company leases buildings for the use of offices with lease term of 2 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 274	$ 413
Expenses relating to low-value asset leases	$ 305	$ 205
Total cash outflow for leases	$ (834)	$ (1,069)

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

All lease commitments (the Company as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	**2020**
Lease commitments	$ 354	$ -

14. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2021	$ 2,790
Additions	-
Balance at December 31, 2021	$ 2,790
Accumulated amortization and impairment	
Balance at January 1, 2021	$ 2,656
Amortization expense	70
Balance at December 31, 2021	$ 2,726
Carrying amount at December 31, 2021	$ 64
Cost	
Balance at January 1, 2020	$ 2,706
Additions	84
Balance at December 31, 2020	$ 2,790
Accumulated amortization and impairment	
Balance at January 1, 2020	$ 2,468
Amortization expense	188
Balance at December 31, 2020	$ 2,656
Carrying amount at December 31, 2020	$ 134

Computer software is amortized on a straight-line basis over its estimated useful life of 5 years.

15. OTHER ASSETS

	December 31	
	2021	2020
Current		
Other prepayments		
Prepayment for purchase	$ -	$ 252
Prepaid expenses	1,703	1,899
	$ 1,703	$ 2,151
Non-current		
Other assets		
Refundable deposits (Note)	$ 147	$ 209

Note: The Company considers the historical default rates of each credit rating supplied by external rating agencies and the current financial condition of debtors to estimate 12-month or lifetime expected credit losses. As of December 31, 2021 and 2020, the Company evaluated the expected credit loss rates of its refundable deposits as 0%.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 30)		
Bank loans	$ 90,000	$ -
Unsecured borrowings		
Line of credit borrowings	$ 150,000	$ 145,000

1) The interest rate on bank loans was 1.00% as of December 31, 2021.

2) The range of weighted average effective interest rates on bank line of credit borrowings was 0.88% and 0.88%-1.10% per annum as of December 31, 2021 and 2020, respectively.

b. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 30)		
Long-term borrowings - Urban regeneration (Note 26)	$ 2,674	$ -

The Company participated in the "Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Urban Renewal Plan" (the "Plan"). The Plan, which was implemented by the original landowner and legal building owner with "Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Association" (the "Association"), was approved by the municipal authority. To assure that the Plan would be carried out as expected, the Association signed the property trust contract with the Trust Department of Hua Nan Commercial Bank, and the Association applied the property financing arrangement to Hua Nan Commercial Bank which states that the borrowings are managed by the trust account of Hua Nan Commercial Bank. Upon completion of the project, the expense accrued from the project will be allocated proportionately to the original landowner and legal building owner based on the value of the property rights. As of December 31, 2021, the expense allocated to the Company was $2,674 thousand and the borrowing rate was 2.08%.

17. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries or bonuses	$ 45,146	$ 32,013
Payables for professional service fees	421	1,603
Payables for interests	116	39
Others	5,568	4,863
	$ 51,251	$ 38,518

18. PROVISIONS

	December 31	
	2021	2020
Current		
Warranties	$ 131	$ 131

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 131	$ 131
Additional provisions recognized	360	289
Amount used	(360)	(289)
Balance at December 31	$ 131	$ 131

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties in sale of goods contracts. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 6.57% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ 48,210	$ 58,241
Fair value of plan assets	(42,289)	(57,325)
Deficit (surplus)	5,921	916
Asset ceiling	-	-
Net defined benefit liabilities	$ 5,921	$ 916

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	$ 57,029	$ (52,377)	$ 4,652
Service cost			
Current service cost	336	-	336
Net interest expense (income)	428	(404)	24
Recognized in profit or loss	764	(404)	360

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (1,783)	$ (1,783)
Actuarial loss - changes in demographic assumptions	47	-	47
Actuarial loss - changes in financial assumptions	1,325	-	1,325
Actuarial (gain) - experience adjustments	(924)	-	(924)
Recognized in other comprehensive income	448	(1,783)	(1,335)
Contributions from the employer	-	(2,761)	(2,761)
Balance at December 31, 2020	$ 58,241	$ (57,325)	$ 916
Balance at January 1, 2021	$ 58,421	$ (57,325)	$ 916
Service cost			
Current service cost	240	-	240
Net interest expense (income)	290	(292)	(2)
Recognized in profit or loss	530	(292)	238
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(670)	(670)
Actuarial loss - changes in demographic assumptions	1,286	-	1,286
Actuarial (gain) - changes in financial assumptions	(599)	-	(599)
Actuarial loss - experience adjustments	6,919	-	6,919
Recognized in other comprehensive income	7,606	(670)	6,936
Contributions from the employer	-	(2,169)	(2,169)
Benefits paid	(18,167)	18,167	-
Balance at December 31, 2021	$ 48,210	$ (42,289)	$ 5,921

(Concluded)

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rate(s)	0.625%	0.500%
Expected rate(s) of salary increase	2.500%	2.500%

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

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	$ (1,194)	$ (1,325)
0.25% decrease	$ 1,238	$ 1,373
Expected rate(s) of salary increase		
0.25% increase	$ 1,194	$ 1,324
0.25% decrease	$ (1,159)	$ (1,285)

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

	December 31	
	2021	2020
Expected contributions to the plans for the next year	$ -	$ 2,717
Average duration of the defined benefit obligation	10 years	9.2 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	60,000	60,000
Shares authorized	$ 600,000	$ 600,000
Number of shares issued and fully paid (in thousands)	50,230	50,230
Shares issued	$ 502,302	$ 502,302

The Company reserved 2,100 thousand ordinary shares authorized for employee share options.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Arising from issuance of ordinary shares	$ 74,811	$ 74,811
Arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	927	927
	75,738	75,738
May only be used to offset a deficit**		
Changes in percentage of ownership interests in subsidiaries	2,027	-
	$ 77,765	$ 75,738

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

** Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit after considering taxes expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including the adjustment of unappropriated profit), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with beginning undistributed retained earnings (including the adjustment of unappropriated profit) shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

As the Company is in the growing stage, in determining the Company's dividend distribution policy, the Company's board of directors considers the current and future investment environment, capital needs for future expansions, domestic and international competition and capital budget, and also takes into account stockholder's benefits and the balance between dividend distributions and the Company's long-term financial plans. A dividend distribution plan is proposed annually by the board of directors and passed for resolution in the shareholders' meeting.

The Company shall, considering financial, operational and managerial factors, distribute no less than 20% of unappropriated earnings to stockholders as dividends and bonuses, in the form of cash or stock dividends, whilst cash dividends should not be lower than 20% of total bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 22(g).

Under Article 237 of the Company Law, an appropriation of 10% of the amount of net income plus the items other than net income are included in the unappropriated earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 which were approved in the shareholders' meetings on August 13, 2021 and June 20, 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 34,201	$ 50,337
Special reserve	$ (1,181)	$ 59,098
Cash dividends	$ 341,063	$ 251,151
Cash dividends per share (NT$)	$ 6.79	$ 5

The appropriation of earnings for 2021, was proposed by the Company's board of directors on March 15, 2022. The appropriation and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31, 2021
Legal reserve	$ -
Special reserve	$ 31,663
Cash dividends	$ 351,612
Cash dividends per share (NT$)	$ 7

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in their meeting to be held on May 31, 2022.

d. Special reserve

	December 31	
	2021	**2020**
Appropriation in respect of:		
Debit to other equity items	$ 105,239	$ 106,420
First-time adoption of IFRSs	54,333	54,333
	$ 159,572	$ 160,753

e. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (159,572)	$ (160,753)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(39,641)	1,476
Related income tax	7,928	(295)
Reclassification adjustments		
Disposal of foreign operations (Note 22)	63	-
Related income tax	(13)	-
Other comprehensive income recognized for the year	(31,663)	1,181
Balance at December 31	$ (191,235)	$ (159,572)

21. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	$ 1,100,239	$ 715,966
Revenue from the rendering of services	22,992	20,694
	$ 1,123,231	$ 736,660

a. Contract information

1) Revenue from the sale of goods

The main operating revenue of the Company was from sales of bakery equipment. Goods are sold at their respective fixed amounts as agreed in the contracts.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing the maintenance services of equipment.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (Note 9)	$ 4,783	$ 11,526	$ 13,734
Trade receivables (Note 9)	139,482	79,221	125,571
Trade receivables from related parties (Note 29)	99,081	60,677	63,350
	$ 243,346	$ 151,424	$ 202,655
Contract liabilities			
Sale of goods	$ 9,420	$ 4,528	$ 4,540

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2021	2020
From contract liabilities at the start of the year		
Sale of goods	$ 4,275	$ 4,424

c. Disaggregation of revenue

	For the Year Ended December 31	
	2021	2020
Type of goods or services		
Sale of goods	$ 1,100,239	$ 715,966
Rendering of services	22,992	20,694
	$ 1,123,231	$ 736,660

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 59	$ 170

b. Other income

	For the Year Ended December 31	
	2021	2020
Others	$ 337	$ 301

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Loss on disposal of property, plant and equipment	$ (4,790)	$ -
Net foreign exchange losses	(206)	(3,307)
Loss on disposal of subsidiaries (Note 20)	(63)	-
Others	(370)	(5)
	$ (5,429)	$ (3,312)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 1,293	$ 1,289
Interest on lease liabilities	3	4
	$ 1,296	$ 1,293

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 1,402	$ 1,900
Operating expenses	1,884	1,880
	$ 3,286	$ 3,780
An analysis of amortization by function		
Operating costs	$ -	$ 11
Selling and marketing expenses	14	2
General and administrative expenses	9	27
Research and development expenses	47	148
	$ 70	$ 188

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 130,713	$ 100,264
Post-employment benefits		
Defined contribution plans	3,877	3,737
Defined benefit plans (see Note 19)	238	360
	4,115	4,097
Total employee benefits expense	$ 134,828	$ 104,361

(Continued)

	For the Year Ended December 31	
	2021	2020
An analysis of employee benefits expense by function		
Operating costs	$ 38,120	$ 29,673
Operating expenses	96,708	74,688
	$ 134,828	$ 104,361

(Concluded)

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at rates of 2%-10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors on March 15, 2022 and March 18, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	2.93%	2.94%
Remuneration of directors	1.32%	1.29%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	$ 17,479	$ 11,245
Remuneration of directors	7,857	4,948

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 13,644	$ 14,209
Foreign exchange losses	(13,850)	(17,516)
Net foreign exchange losses	$ (206)	$ (3,307)

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 68,666	$ 90,557
Income tax on unappropriated earnings	-	6,963
Adjustments for prior years	1,305	2,233
Withholding tax credits from overseas profits of the current year	(32,696)	(43,802)
	37,275	55,951
Deferred tax		
In respect of the current year	23,060	(30,645)
Income tax expense recognized in profit or loss	$ 60,335	$ 25,306

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

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	$ 570,502	$ 366,246
Income tax expense calculated at the statutory rate	$ 114,100	$ 73,249
Unrecognized deductible temporary differences - share of (profit) loss of subsidiaries accounted for equity method	(22,587)	(14,570)
Nondeductible expenses in determining taxable income	1	-
Tax effect of earnings of subsidiaries	212	1,233
Income tax on unappropriated earnings	-	6,963
Adjustments for prior years' tax	1,305	2,233
Withholding tax credits from overseas profits of the current year	(32,696)	(43,802)
Income tax expense recognized in profit or loss	$ 60,335	$ 25,306

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Current tax	$ -	$ -
Deferred tax		
In respect of the current year		
Translation of foreign operations	(7,928)	295
Remeasurement of defined benefit plans	(1,387)	267
Arising from income and expenses reclassified from equity to profit or loss		
On disposal of foreign operations	13	-
Total income tax recognized in other comprehensive income	$ (9,302)	$ 562

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	$ -	$ 1,699
Current tax liabilities		
Income tax payable	$ 35,755	$ 52,471

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized loss on inventories	$ 4,834	$ 726	$ -	$ 5,560
Allowance for impairment loss	2,408	(281)	-	2,127
Unrealized gain on the transactions with subsidiaries	2,340	1,001	-	3,341
Exchange differences on translating the financial statements of foreign operations	24,674	-	7,915	32,589

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Defined benefit obligations	$ 3,998	$ -	$ 1,387	$ 5,385
Others	335	(94)	-	241
	$ 38,589	$ 1,352	$ 9,302	$ 49,243
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	$ 53,803	$ 23,950	$ -	$ 77,753
Pensions	4,731	387	-	5,118
Others	112	75	-	187
	$ 58,646	$ 24,412	$ -	$ 83,058

(Concluded)

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized loss on inventories	$ 4,123	$ 711	$ -	$ 4,834
Allowance for impairment loss	1,085	1,323	-	2,408
Unrealized gain on the transactions with subsidiaries	2,597	(257)	-	2,340
Exchange differences on translating the financial statements of foreign operations	24,969	-	(295)	24,674
Defined benefit obligations	4,265	-	(267)	3,998
Others	712	(377)	-	335
	$ 37,751	$ 1,400	$ (562)	$ 38,589
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	$ 82,473	$ (28,670)	$ -	$ 53,803
Pensions	4,251	480	-	4,731
Others	1,167	(1,055)	-	112
	$ 87,891	$ (29,245)	$ -	$ 58,646

e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $1,048,741 thousand and $1,040,006 thousand, respectively.

f. Income tax assessments

The tax returns through 2019 have been assessed by the tax authorities, and there is no litigation or claim regarding tax assessments against the Company.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	**2020**
Basic earnings per share		
From continuing operations	$ 10.16	$ 6.79
Diluted earnings per share		
From continuing operations	$ 10.12	$ 6.77

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

Net profit for the year

	For the Year Ended December 31	
	2021	**2020**
Profit for the year attributable to owners of the Company	$ 510,167	$ 340,940
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 510,167	$ 340,940

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares used in the computation of basic earnings per share	50,230	50,230
Effect of potentially dilutive ordinary shares:		
Compensation of employees	188	166
Weighted average number of ordinary shares used in the computation of diluted earnings per share	50,418	50,396

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

25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

After undertaking structural reorganization in April 2021, the Company directly held LBC Bakery Equipment Inc. In addition, the Company bought back 158,000 treasury shares in April 2021, and the shares of LBC Bakery Equipment Inc. held by the Company increased from 82.82% to 97.24%. The transaction was recognized as investments accounted for using the equity method since there was no change of control in LBC Bakery Equipment Inc. Refer to the Note 26 to the 2021 consolidated financial statements for further information.

26. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2021 and 2020:

The Company proportioned and capitalized the construction fees from the urban regeneration project, which was conducted through the Association's application for construction loan to the Hua Nan Commercial Bank. As of December 31, 2021, the amount which was accounted as long-term borrowings - Urban regeneration was $2,674 thousand.

b. Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2021

		Cash Flows		Non-cash Changes			
	Opening Balance	Increase in Principal (Repayment)	Finance Costs	Urban Regener-taion /New Leases	Finance Costs	Exchange Differences on Translating the Financial Statements	Closing Balance
Short-term borrowings	$ 145,000	$ 95,000	$ -	$ -	$ -	$ -	$ 240,000
Long-term borrowings	-	-	-	2,674	-	-	2,674
Lease liabilities	191	(411)	(3)	758	3	-	538
	$ 145,191	$ 94,589	$ (3)	$ 3,432	$ 3	$ -	$ 243,212

For the year ended December 31, 2020

	Opening Balance	Cash Flows: Increase in Principal (Repayment)	Cash Flows: Finance Costs	Non-cash Changes: New Leases	Non-cash Changes: Finance Costs	Non-cash Changes: Exchange Differences on Translating the Financial Statements	Closing Balance
Short-term borrowings	$ 113,391	$ 31,609	$ -	$ -	$ -	$ -	$ 145,000
Lease liabilities	569	(378)	(4)	-	4	-	191
	$ 113,960	$ 31,231	$ (4)	$ -	$ 4	$ -	$ 145,191

27. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of net debt (borrowings offset by cash) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

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

The management of the Company considered that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
Amortized cost (1)	$ 313,051	$ 205,037
Financial liabilities		
Amortized cost (2)	427,239	244,070

1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost, notes receivable, trade receivables (including related parties) and other receivables (excluding tax refund receivables) and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, long-term borrowings and payables (including related parties, excluding payables for salaries or bonuses and payables for business tax).

c. Financial risk management objectives and policies

The Company's major financial instruments include cash, notes receivable, trade receivables (including related parties) and other receivables (excluding tax refund receivables), debt instruments, payables (including related parties, excluding payables for salaries or bonuses), short-term borrowings, long-term borrowings and lease liabilities. Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Company had foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk. The Company assesses the net risk position of non-functional currency denominated sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the exchange movements in the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan Dollars (functional currency) against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan Dollars weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan Dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2021	**2020**
Profit or loss	$ 1,047	$ 677

This was mainly attributable to the exposure outstanding on USD cash and cash equivalents, receivables and payables which were not hedged at the end of the reporting period.

The Company's sensitivity to the USD increased during the current year mainly due to an increase in USD denominated cash and cash equivalents and receivables.

b) Interest rate risk

The Company was exposed to interest rate risk because its deposits, bank loans and lease liabilities are at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 116	$ 115
Financial liabilities	240,538	145,191
Cash flow interest rate risk		
Financial assets	50,666	41,161
Financial liabilities	2,674	-

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $120 thousand and $103 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposits.

The Company's sensitivity to interest rates increased during the current period mainly due to the increase in floating interest rate bank deposits.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount of the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company rated its major customers based on the information supplied by independent rating agencies where available and, if not available, other publicly available financial information and its own trading records. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company's concentration of credit risk of 87% and 83% in total trade receivables as of December 31, 2021 and 2020, respectively, was related to the Company's ten largest customers.

3) Liquidity risk

The Company's current liabilities exceeded current assets by $121,242 thousand and $58,528 thousand on December 31, 2021 and 2020, respectively. However, in consideration of the Company's overall cash flow and financial investment operations, the consolidated current assets exceeded consolidated current liabilities on December 31, 2021 and 2020, so there was no liquidity risk from an overall perspective.

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise this rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2021

	Within 3 Months	**3 Months to 1 Year**	**1-5 Years**
Short-term borrowings	$ 240,420	$ -	$ -
Financial guarantee contracts	1,141	19,061	-
Non-interest bearing liabilities	184,465	100	-
Lease liabilities	96	287	159
Long-term borrowings	-	-	2,674
	$ 426,122	$ 19,448	$ 2,833

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	**1-5 Years**
Lease liabilities	$ 383	$ 159

December 31, 2020

	Within 3 Months	3 Months to 1 Year	1-5 Years
Short-term borrowings	$ 145,245	$ -	$ -
Financial guarantee contracts	1,344	3,957	21,683
Non-interest bearing liabilities	98,868	202	-
Lease liabilities	96	96	-
	$ 245,553	$ 4,255	$ 21,683

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 192	$ -

The amounts included above for financial guarantee contracts were the maximum amounts the Company could be required to settle under the arrangement if the full guaranteed amount is claimed by the counterparty. Based on expectations at the end of the reporting period, the Company considers that it is more likely that no amount will be payable under the arrangement.

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facilities, reviewed annually and payable on demand:		
Amount used	$ 150,000	$ 145,000
Amount unused	159,200	166,200
	$ 309,200	$ 311,200
Secured bank loan facilities:		
Amount used	$ 90,000	$ -
Amount unused	50,000	140,000
	$ 140,000	$ 140,000

29. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Category
Lucky Union Limited	Subsidiary
Sinmag Equipment (China) Co., Ltd.	Subsidiary
LBC Bakery Equipment Inc.	Subsidiary
Sinmag Bakery Equipment Sdn. Bhd.	Subsidiary
Sinmag Equipment (Thailand) Co., Ltd.	Subsidiary
Sinmag Bakery Machine India Private Limited	Subsidiary
Tehmag Foods Corporation	Associate
San Neng Bakeware Corporation	Associate
New Order Enterprise Co., Ltd.	Associate

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2021	2020
Sales	Subsidiaries		
	LBC Bakery Equipment Inc.	$ 302,881	$ 226,842
	Others	163,013	114,684
		465,894	341,526
	Associates	886	255
		$ 446,780	$ 341,781

The sales prices to related parties were determined based on their costs with a margin and negotiated on a case-by-case basis, and the collection terms to related parties were 60 to 180 days within receiving the bills of lading. The sales prices to third parties were determined in accordance with mutual agreements, and the collection terms to third parties were 90 days.

c. Purchases of goods

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2021	2020
Purchases	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	$ 820,588	$ 506,660
	Associates	2,825	1,894
		$ 823,413	$ 508,554

The cost of purchases from related parties was determined based on their costs with a margin. The payment terms to related parties were 30 days to 120 days or 45 days within receiving the bills of lading. The cost of purchases from third parties were determined in accordance with mutual agreements, and the payment terms were 90 days.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2021	December 31 2020
Trade receivables	Subsidiaries		
	LBC Bakery Equipment Inc.	$ 76,022	$ 41,635
	Others	23,052	19,018
		99,074	60,653
	Associates	7	24
		$ 99,081	$ 60,677

The outstanding trade receivables from related parties are unsecured. As of December 31, 2021 and 2020, all receivables from related parties were not past due. And for the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2021	December 31 2020
Notes payable	Associates	$ 570	$ 500
Trade payables	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	$ 139,124	$ 70,488
	Associates	68	70
		$ 139,192	$ 70,558

The outstanding trade payables from related parties are unsecured.

f. After undertaking structural reorganization in June 2020, the Company directly held 100% equity of Sinmag Equipment (Thailand) Co., Ltd. The Company acquired the investment accounted for using the equity method in the amount of $36,727 thousand, and such investment did not affect the shareholding percentage.

g. Benchmark Service Co., Ltd. was incorporated in June 2020 with the capital of $479 thousand. However, the board of directors resolved on March 18, 2021 to liquidate Benchmark Service Co., Ltd., which was dissolved in August 2021, and the amount of shares of $419 thousand was returned to the Company.

h. The Company participated in the cash capital increase of Sinmag Equipment (Thailand) Co., Ltd. in 2020 and increased its investment amount by $56,698 thousand, which did not affect the shareholding percentage.

i. The Company received cash dividends from Sinmag Equipment (Thailand) Co., Ltd. for the years ended December 31, 2021 and 2020, which amounted to $4,234 thousand and $1,386 thousand, respectively.

j. The Company received cash dividends from Lucky Union Limited for the years ended December 31, 2021 and 2020, which amounted to $294,305 thousand and $394,400 thousand, respectively.

k. The Company received the refund of capital reduction from Lucky Union Limited in the amount of $244,310 thousand in 2021 and $36,727 thousand in 2020.

l. After undertaking structural reorganization in April 2021, the Company directly held 100% equity of LBC Bakery Equipment Inc. The Company acquired investments accounted for using the equity method in the amount of $244,310 thousand. In addition, the Company bought back 158,000 treasury shares in April 2021, and the shares of LBC Bakery Equipment Inc. held by the Company increased from 82.82% to 97.24%.

m. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31 2021	December 31 2020
Subsidiaries		
Sinmag Bakery Equipment Sdn. Bhd.		
Amount endorsed	RM 6,000 thousand	RM 6,000 thousand
Amount utilized	RM 3,144 thousand	RM 3,756 thousand

n. Other transactions from related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Selling and marketing expenses - other expenses	Associates	$ 22	$ 11
General and administrative expenses - other expenses	Subsidiary	$ 3,179	$ 5

o. Remuneration of key management personnel

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Short-term employee benefits	$ 24,282	$ 19,435

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and the tariffs of imported raw material guarantees:

	December 31 2021	December 31 2020
Financial assets at amortized cost - non-current		
Pledged time deposits	$ 50	$ 115
Others		
Freehold land	58,715	58,715
Building	24,332	29,919
Property under construction	2,674	-
	$ 85,771	$ 88,749

31. SIGNIFICANT EVENTS AFTER THE REPORTING PEROID

Sinmag Equipment (China) Co., Ltd., the subsidiary of the Group, plans to apply for initial public offering of RMB ordinary shares denoted on the Shenzhen Stock Exchange in order to consolidate the Group's resources, enhance the reputation in Chinese society and recognition of its brand, and attract the exceptional and professional talents to enhance its competitiveness in the Chinese market. The Company considers the initial public offer to diverse the financing and to optimize the financial structure. Thus, the Company will be transformed into a limited corporation with permanent operation.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 8,830	27.68 (USD:NTD)	$ 244,416
Non-monetary items			
Investments accounted for using the equity method			
USD	88,919	27.68 (USD:NTD)	$ 2,461,272
Financial liabilities			
Monetary items			
USD	5,046	27.68 (USD:NTD)	$ 139,669

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 4,870	28.48 (USD:NTD)	$ 138,703
Non-monetary items			
Investments accounted for using the equity method			
USD	78,622	28.48 (USD:NTD)	$ 2,239,142
Financial liabilities			
Monetary items			
USD	2,495	28.48 (USD:NTD)	$ 71,048

The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.009 (USD:NTD)	$ 8	29.549 (USD:NTD)	$ (3,238)

33. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others (none)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (none)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 2)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (none)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (none)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (none)

9) Trading in derivative instruments (none)

b. Information on investees (Table 4)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

   c) The amount of property transactions and the amount of the resultant gains or losses.

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

   e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

   f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

SINMAG EQUIPMENT CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 4)											
0	Sinmag Equipment Corporation	Sinmag Bakery Equipment Sdn. Bhd.	(b)	Net value 50% $ 1,201,445	$ 38,130 (RM 6,000)	$ 38,130 (RM 6,000)	$ 19,980 (RM 3,144)	$ -	2	Net value 50% $ 1,201,445	Y	-	-	-

Note 1: The total amount of the guarantees provided by Sinmag Equipment Corporation to subsidiaries shall not exceed 50% of Sinmag Equipment Corporation's net worth based on its most recent audited or reviewed financial statements.

Note 2: The total amount of the guarantees provided by Sinmag Equipment Corporation to individual subsidiaries shall not exceed 50% of Sinmag Equipment Corporation's net worth based on its most recent audited financial statements.

Note 3: The maximum amount endorsed/guaranteed during the period, limits on endorsement/guarantee given on behalf of each party and actual amount borrowed converted at the spot exchange rate as of December 31, 2021.

Note 4: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

a. A company that the Company has business relationship with.
b. The Company directly or indirectly holds over 50% ownership of the investee company.
c. A Company that directly or indirectly holds over 50% ownership of the Company.
d. In between companies where over 90% of voting shares are directly or indirectly held by the Company.
e. The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
f. Shareholder of the investee provides endorsements/guarantees to the Company in proportion to their shareholding percentages.
g. Collateral performance guarantees from companies in the same industry that entered into pre-construction home sales agreements in accordance with the Consumer Protection Act.

TABLE 2

SINMAG EQUIPMENT CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal					Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Other Remeasure-ments (Note)	Number of Shares	Amount
Sinmag Equipment Corporation	LBC Bakery Equipment Inc.	Investments accounted for using the equity method	Sinmag Limited	From parent to subsidiary	-	$ -	882,000	$ 244,310	-	$ -	$ -	$ -	$ 19,589	882,000	$ 263,899
Sinmag Limited	LBC Bakery Equipment Inc.	Investments accounted for using the equity method	Sinmag Equipment Corporation	From subsidiary to parent	882,000	233,726	-	-	882,000	244,310	244,310	-	10,584	-	-

Note: The remeasurements include share of profit or loss from the investments accounted for using the equity method, remeasurement of other comprehensive income, unrealized downstream gain and buy-back of treasury shares

SINMAG EQUIPMENT CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transactions		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	Subsidiary	Purchase	$ 820,588	88	B/L 45 day	Note 1	Note 2	$ (139,124)	(78)	-
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment Corporation	Parent company	(Sale)	(820,588)	(23)	B/L 45 day	〃	〃	139,124	35	-
LBC Bakery Equipment Inc.	Sinmag Equipment Corporation	Parent company	Purchase	302,881	87	B/L 180 day	〃	〃	(76,022)	(97)	-
Sinmag Equipment Corporation	LBC Bakery Equipment Inc.	Subsidiary	(Sale)	(302,881)	(27)	B/L 180 day	〃	〃	76,022	31	-

Note 1: Unit prices for related parties were determined based on their costs with a margin, unit prices for non-related parties were determined in accordance with mutual agreements.

Note 2: Open account of 90 days for non-related parties.

TABLE 4

SINMAG EQUIPMENT CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Sinmag Equipment Corporation	Lucky Union Limited	Samoa	Holding company	$ 148,277	$ 392,587	-	100.00	$ 2,108,678	$ 515,944	$ 515,944	Notes 2 and 5
	Sinmag Equipment (Thailand) Co., Ltd.	Thailand	Selling of bakery equipment	74,897	74,897	20,600,000	100.00	88,695	12,543	12,543	Note 2
	Benchmark Service Co., Ltd.	Thailand	Maintenance service	-	479	-	-	-	(26)	(26)	Notes 2 and 7
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment	17,241	-	882,000	97.24	263,899	49,352	35,244	Notes 1, 2, and 4
Lucky Union Limited	Sinmag Limited	Samoa	Holding company	163,529	407,839	-	100.00	2,109,939	516,181	516,181	Notes 2 and 6
Sinmag Limited	Sinmag Bakery Equipment Sdn. Bhd.	Malaysia	Selling of bakery equipment	12,340	12,340	300,000	100.00	105,325	15,026	15,026	Note 2
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment.	-	17,241	-	-	-	49,352	10,052	Notes 1, 2 and 4
	Sinmag Bakery Machine India Private Limited	India	Manufacturing and selling of bakery equipment	54,748	54,748	-	100.00	1,808	(427)	(427)	Note 2

Note 1: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transaction.

Note 2: The share of profit (loss) was recognized according to the financial statements audited by R.O.C parent company's CPA of investees for the same year.

Note 3: For information on investments in mainland China, refer to Table 5.

Note 4: After undertaking structural reorganization in April 2021, the Company directly held the equity of LBC Bakery Equipment Inc.

Note 5: Lucky Union Limited reduced and returned its capital in the amount of US$8,725 thousand and the procedures were completed in July 2021.

Note 6: Sinmag Limited reduced and returned its capital in the amount of US$8,725 thousand and the procedures were completed in July 2021.

Note 7: Benchmark Service Co., Ltd. was liquidated and dissolved in August 2021.

SINMAG EQUIPMENT CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Sinmag Equipment (China) Co., Ltd. (Note 3)	Manufacturing and selling of bakery equipment	$ 1,058,108 (US$ 33,850)	b	$ 349,938 (US$ 10,594)	$ -	$ -	$ 349,938 (US$ 10,594)	$ 518,434	100	$ 519,313 (Note 2 b.(2))	$ 1,976,329	$ 4,252,472 (US$ 139,839)	-
Wuxi New Order Control Co., Ltd.	Manufacturing and selling of control panel and electromechanical control system	4,961 (US$ 150)	b	3,348 (US$ 104)	-	-	3,348 (US$ 104)	11,580	50	5,074 (Note 2 b.(2))	10,623	61,652 (US$ 2,033)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
$353,286 (Note 4)	$$1,174,049	$1,454,941

Note 1: The three methods of investing in mainland China are as follows:

a. Direct investments in mainland China.
b. Investment in mainland China through an existing company established in a third region (Lucky Union Limited and Sinmag Limited)
c. Others.

Note 2: In the column of investment gain (loss)

a. If the investment is still in preparation and there is no investment gain (loss), it will be specified.

b. The basis for recognizing investment gain (loss) is as follows:

1) Based on financial statements audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
2) Based on financial statements audited by the accounting firm of the parent company in Taiwan.
3) Others.

Note 3: Part of the amount reinvested in a third region.

Note 4: Repatriation of investments of $4,314,124 thousand was not deducted from the amount.

Note 5: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transaction.

SINMAG EQUIPMENT CORPORATION

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

2. The amount and percentage of sales and the balance and percentage of the related payables at the end of the period:

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
Sinmag Equipment (China) Co., Ltd.	Purchase	$ 820,588	88	Cost with a margin	B/L 45 days	Note	$ (139,124)	(78)	$ 16,276	-
	Sales	(50,168)	(4)	Cost with a margin	B/L 90 days	〃	6,277	3	3,184	-

Note: The payment terms for non-related parties are negotiated on a case-by-case basis, which is 90 days from end of the month of sale or purchase of goods.

3. The amount of property transactions and the amount of the resultant gains or losses: None.

4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

5. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

<u>**TABLE 7**</u>

SINMAG EQUIPMENT CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng Chia Investment Co., Ltd.	3,055,545	6.08

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Thus, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SINMAG EQUIPMENT CORPORATION

By:

HSIEH, SHUN-HO
Chairman

March 28, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 is stated as follows:

Occurrence of Sales Revenue

The Group has thousands of customers. The total revenue of major customers accounted for 32% of the total consolidated operating revenue. Some of the major customers have higher level of growth volatility in operating revenue than the average level of changes in the Group's overall consolidated operating revenue, resulting in a significant impact on the financial performance of the Group. Therefore, we deemed the validity of occurrence of sales revenue coming from major customers with high level of volatility in operating revenue as a key audit matter. Refer to the accounting policies related to revenue recognition 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$400,193 thousand) and 11% (NT$374,476 thousand), of the consolidated total assets as of December 31, 2021 and 2020, respectively, and total revenue constituted 14% (NT$593,734 thousand) and 16% (NT$530,416 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, 2021 and 2020 on which we have issued an unmodified opinion with other matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the 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, 2021 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 28, 2022

<u>*Notice to Readers*</u>

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 634,661	17	$ 773,628	22
Financial assets at amortized cost - current (Notes 4, 7, 8 and 31)	38,709	1	1,329	-
Notes receivable (Notes 4, 9 and 22)	8,928	-	17,240	-
Trade receivables (Notes 4, 9 and 22)	543,348	15	477,393	14
Trade receivables from related parties (Notes 4, 22 and 30)	2,051	-	432	-
Other receivables (Notes 4 and 9)	23,955	1	19,320	1
Current tax assets (Notes 4 and 24)	1,805	-	1,988	-
Inventories (Notes 4 and 10)	829,656	22	624,587	18
Prepayments (Note 16)	12,679	-	23,266	1
Total current assets	2,095,792	56	1,939,183	56
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7, 8 and 31)	325,850	9	218,197	7
Property, plant and equipment (Notes 4, 12, 17 and 31)	1,070,009	29	1,020,344	30
Right-of-use assets (Notes 4, 13 and 31)	87,643	2	102,716	3
Goodwill (Notes 4 and 14)	3,254	-	3,254	-
Other intangible assets (Notes 4 and 15)	2,450	-	3,332	-
Deferred tax assets (Notes 4 and 24)	65,705	2	44,994	1
Other non-current assets (Notes 4 and 16)	67,160	2	114,715	3
Total non-current assets	1,622,071	44	1,507,552	44
TOTAL	$ 3,717,863	100	$ 3,446,735	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 31)	$ 350,784	9	$ 202,119	6
Contract liabilities (Notes 4 and 22)	151,274	4	82,558	2
Notes payable	31,745	1	14,879	-
Notes payable to related parties (Note 30)	570	-	500	-
Trade payables	275,113	7	265,898	8
Trade payables to related parties (Note 30)	13,745	-	6,053	-
Other payables (Notes 18 and 27)	230,335	6	242,497	7
Current tax liabilities (Notes 4 and 24)	95,945	3	169,814	5
Provisions - current (Notes 4 and 19)	22,905	1	24,332	1
Lease liabilities - current (Notes 4 and 13)	4,401	-	2,033	-
Current portion of long-term borrowings (Notes 17 and 31)	19,980	1	4,155	-
Total current liabilities	1,196,797	32	1,014,838	29
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17, 27 and 31)	2,674	-	21,346	1
Deferred tax liabilities (Notes 4 and 24)	83,053	3	58,643	2
Lease liabilities - non-current (Notes 4 and 13)	4,516	-	18,967	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	5,921	-	916	-
Total non-current liabilities	96,164	3	99,872	3
Total liabilities	1,292,961	35	1,114,710	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital				
Ordinary shares	502,302	14	502,302	15
Capital surplus	77,765	2	75,738	2
Retained earnings				
Legal reserve	586,956	16	552,755	16
Special reserve	159,572	4	160,753	5
Unappropriated earnings	1,267,530	34	1,136,995	33
Total retained earnings	2,014,058	54	1,850,503	54
Other equity	(191,235)	(5)	(159,572)	(5)
Total equity attributable to owners of the Company	2,402,890	65	2,268,971	66
NON-CONTROLLING INTERESTS (Notes 4 and 21)	22,012	-	63,054	2
Total equity	2,424,902	65	2,332,025	68
TOTAL	$ 3,717,863	100	$ 3,446,735	100

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

(With Deloitte & Touche auditors' report dated March 28, 2022)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 30)				
Sales	$ 4,271,511	99	$ 3,279,795	99
Service revenue	22,992	1	20,694	1
Total operating revenue	4,294,503	100	3,300,489	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 30)	(2,707,614)	(63)	(1,958,071)	(59)
Service cost	(3,618)	-	(2,679)	-
Total operating costs	(2,711,232)	(63)	(1,960,750)	(59)
GROSS PROFIT	1,583,271	37	1,339,739	41
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	(508,465)	(12)	(477,779)	(15)
General and administrative expenses	(253,396)	(6)	(233,280)	(7)
Research and development expenses	(135,817)	(3)	(136,663)	(4)
Expected credit gain (loss) (Notes 4 and 9)	6,821	-	(3,176)	-
Total operating expenses	(890,857)	(21)	(850,898)	(26)
PROFIT FROM OPERATIONS	692,414	16	488,841	15
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)				
Interest income	17,970	-	16,086	-
Other income	6,740	-	6,052	-
Other gains and losses	(11,292)	-	(12,909)	-
Finance costs	(3,566)	-	(5,280)	-
Total non-operating income and expenses	9,852	-	3,949	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	702,266	16	492,790	15
INCOME TAX EXPENSE (Notes 4 and 24)	(182,808)	(4)	(139,244)	(4)
NET PROFIT FOR THE YEAR	519,458	12	353,546	11

(Continued)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	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	$ (6,936)	-	$ 1,335	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	1,387	-	(267)	-
	(5,549)	-	1,068	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(40,351)	(1)	(966)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	7,915	-	(295)	-
	(32,436)	(1)	(1,261)	-
Other comprehensive loss for the year, net of income tax	(37,985)	(1)	(193)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 481,473	11	$ 353,353	11
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 510,167	12	$ 340,940	10
Non-controlling interests	9,291	-	12,606	1
	$ 519,458	12	$ 353,546	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 472,955	11	$ 343,189	11
Non-controlling interests	8,518	-	10,164	-
	$ 481,473	11	$ 353,353	11
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	$ 10.16		$ 6.79	
Diluted	$ 10.12		$ 6.77	

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

(With Deloitte & Touche auditors' report dated March 28, 2022) (Concluded)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	$ 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
Changes in percentage of ownership interests in subsidiaries (Note 26)	-	2,027	-	-	-	-	2,027	(43,761)	(41,734)
Appropriation of 2020 earnings (Note 21)									
Legal reserve	-	-	34,201	-	(34,201)	-	-	-	-
Special reserve	-	-	-	(1,181)	1,181	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(341,063)	-	(341,063)	-	(341,063)
Net profit for the year ended December 31, 2021	-	-	-	-	510,167	-	510,167	9,291	519,458
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(5,549)	(31,663)	(37,212)	(773)	(37,985)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	504,618	(31,663)	472,955	8,518	481,473
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	(5,799)	(5,799)
BALANCE AT DECEMBER 31, 2021	$ 502,302	$ 77,765	$ 586,956	$ 159,572	$ 1,267,530	$ (191,235)	$ 2,402,890	$ 22,012	$ 2,424,902

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

(With Deloitte & Touche auditors' report dated March 28, 2022)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 702,266	$ 492,790
Adjustments for:		
Expected credit loss (reversed) recognized on receivables	(6,821)	3,176
Depreciation expense	85,359	81,434
Amortization expense	1,041	1,139
Write-downs of inventories	5,126	11,364
Finance costs	3,566	5,280
Recognition of provisions	20,917	23,675
Interest income	(17,970)	(16,086)
Loss on disposal of investment	63	-
Gain on lease modification	(594)	-
Loss on disposal of property, plant and equipment	6,948	2,222
Net (gain) loss on foreign currency exchange	(1,034)	2,549
Changes in operating assets and liabilities		
Notes receivable	7,967	2,869
Trade receivables	(68,532)	(1,722)
Trade receivables from related parties	(1,622)	(257)
Other receivables	5,399	(4,422)
Inventories	(220,907)	(2,809)
Prepayments	9,742	1,786
Notes payable	16,874	(5,999)
Notes payable from related parties	70	161
Trade payables	11,361	19,059
Trade payables from related parties	7,984	(985)
Other payables	3,857	(31,580)
Contract liabilities	70,056	(3,700)
Provisions	(22,015)	(24,118)
Net defined benefit liabilities - non-current	(1,931)	(2,401)
Cash generated from operations	617,170	553,425
Income tax paid	(242,512)	(80,243)
Net cash generated from operating activities	374,658	473,182
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(171,281)	(514,735)
Proceeds from sale of financial assets at amortized cost	19,553	346,535
Purchase of financial assets at fair value through profit or loss	(1,632,216)	(85,100)
Proceeds from sale of financial assets at fair value through profit or loss	1,632,216	85,100
Payments for property, plant and equipment	(88,729)	(36,296)
Proceeds from disposal of property, plant and equipment	1,790	596
Payments for intangible assets	(184)	(2,233)
Increase in other non-current assets	(23,465)	(59,153)

(Continued)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Decrease in other non-current assets	$ 63	$ 13
Interest received	7,452	13,780
Net cash used in investing activities	(254,801)	(251,493)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	856,087	751,336
Repayments of short-term borrowings	(705,000)	(663,391)
Repayments of long-term borrowings	(3,964)	(60,354)
Repayment of the principal portion of lease liabilities	(4,899)	(3,900)
Dividends paid to owners of the Company	(341,063)	(251,151)
Interests paid	(3,392)	(5,227)
Dividends paid to non-controlling interests	(5,799)	(5,555)
Changes in non-controlling interest	(41,734)	-
Net cash used in financing activities	(249,764)	(238,242)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(9,060)	(7,794)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(138,967)	(24,347)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	773,628	797,975
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 634,661	$ 773,628

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

(With Deloitte & Touche auditors' report dated March 28, 2022) (Concluded)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sinmag Equipment Corporation (the "Company") was incorporated in the Republic of China (ROC) in September 1983, and the paid-in capital was $502,302 thousand as of December 31, 2021. The Company is primarily engaged in the following businesses:

a. Wholesale of machinery;

b. Retail sale of machinery and equipment;

c. Machinery and equipment manufacturing;

d. International trade; and

e. All businesses that are not prohibited or restricted by law, except those that are subject to special approval.

The Company's shares have been listed on the mainboard of the Taipei Exchange (TPEx) since December 2007.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 15, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 11 and Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company’s entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

g. Property, plant and equipment

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

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

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

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

h. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units or groups of cash-generating units (referred to as “cash-generating units”) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

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

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

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

k. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and interest earned on such financial assets are recognized in interest income.

ii. Financial assets at amortized cost.

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, financial assets at amortized cost, receivables (including related parties and excluding tax refund receivables) and refundable deposits), are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets

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

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

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset’s aging is more than 300 days (depending on individual circumstances) unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method except for situations where interest recognized for short-term payables is considered immaterial.

b) Derecognition of financial liabilities

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

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

m. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of bakery equipment. Sales of bakery equipment are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the maintenance services of equipment.

As the Group provides maintenance services, customers simultaneously receive and consume the benefits provided by the Group's performance. Consequently, the related revenue is recognized when services are rendered.

n. Leasing

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

All of borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The management evaluated that major accounting policies, estimates and basic assumptions applied by the Group had no significant uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 4,455	$ 4,209
Checking accounts	88,505	75,607
Demand deposits	479,278	562,502
Cash equivalents		
Time deposits with original maturities of less than 3 months	62,423	131,310
	$ 634,661	$ 773,628

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

	December 31	
	2021	**2020**
Bank balance (including time deposits)	0.001%-1.755%	0.0001%-3%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Time deposits with original maturities over 3 months from the date of acquisition (Note a)	$ 37,794	959
Restricted assets - bank deposits (Note c)	915	370
	$ 38,709	$ 1,329
Non-current		
Restricted assets - time deposits with original maturities over 3 months from the date of acquisition (Note a and c)	$ 50	$ 115
Time deposits with original maturities over 3 months from the date of acquisition (Note a)	325,800	218,082
	$ 325,850	$ 218,197

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.45%-3.9% and 0.70%-6.50% per annum as of December 31, 2021 and 2020, respectively.

b. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

c. Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Financial Assets at Amortized Cost

	December 31	
	2021	2020
Gross carrying amount	$ 364,559	$ 219,526
Less: Allowance for impairment loss	-	-
	$ 364,559	$ 219,526

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

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2021 and 2020, the Group evaluated the expected credit loss rates of its debt instrument investments as 0%.

9. NOTES RECEIVABLE, TRADE RECEIVABLES, OVERDUE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
Notes receivable		
At amortized cost	$ 9,012	$ 17,330
Less: Allowance for impairment loss	(84)	(90)
	$ 8,928	$ 17,240
Trade receivables		
At amortized cost	$ 568,832	$ 512,395
Less: Allowance for impairment loss	(25,484)	(35,002)
	$ 543,348	$ 477,393
Overdue receivables		
At amortized cost	$ 7,550	$ 5,552
Less: Allowance for impairment loss	(7,550)	(5,552)
	$ -	$ -
Other receivables		
Tax refund receivables	$ 21	$ 5,338
Interest receivables	12,907	2,389
Others	11,027	11,593
	$ 23,955	$ 19,320

a. Notes receivable

The average credit period for notes receivable is 60-120 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor, the debtor’s current financial position and the general economic conditions of the industry in which the debtors operate.

The following table details the loss allowance of notes receivable based on the Group's past default experience of the debtor:

	December 31	
	2021	**2020**
Expected credit loss rate	0%-2.02%	0%-1.55%
Gross carrying amount	$ 9,012	$ 17,330
Loss allowance (Lifetime ECLs)	(84)	(90)
Amortized cost	$ 8,928	$ 17,240

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 90	$ 93
Foreign exchange gains and losses	(6)	(3)
Balance at December 31	$ 84	$ 90

b. Trade receivables

The average credit period of sales of goods was 60-150 days. No interest was charged on trade receivables that were past due. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2021

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	241 to 300 Days	301 Days Above	Total
Expected credit loss rate	0.14%-9.76%	0.48%-12.67%	2.74%-34.41%	6.76%-99.71%	9.45%-100%	14.69%-100%	
Gross carrying amount	$ 379,321	$ 145,050	$ 25,563	$ 6,339	$ 4,826	$ 7,733	$ 568,832
Loss allowance (Lifetime ECLs)	(13,215)	(5,575)	(1,886)	(699)	(589)	(3,520)	(25,484)
Amortized cost	$ 366,106	$ 139,475	$ 23,677	$ 5,640	$ 4,237	$ 4,213	$ 543,348

December 31, 2020

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	241 to 300 Days	301 Days Above	Total
Expected credit loss rate	0%-13.48%	0.38%-24.49%	1.31%-52.54%	6.90%-80.48%	11.24%-100%	17.02%-100%	
Gross carrying amount	$ 357,494	$ 99,800	$ 33,261	$ 9,090	$ 3,704	$ 9,046	$ 512,395
Loss allowance (Lifetime ECLs)	(17,285)	(5,461)	(2,487)	(865)	(2,913)	(5,991)	(35,002)
Amortized cost	$ 340,209	$ 94,339	$ 30,774	$ 8,225	$ 791	$ 3,055	$ 477,393

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 35,002	$ 34,833
Add: Net remeasurement of loss allowance	-	326
Less: Net remeasurement of loss allowance	(8,833)	-
Less: Amounts written off	(105)	(182)
Foreign exchange gains and losses	(580)	25
Balance at December 31	$ 25,484	$ 35,002

c. Overdue receivables

The Group measures the loss allowance for overdue receivables at an amount equal to lifetime ECLs. The expected credit losses on overdue receivables are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2021 and 2020, the rate of expected credit loss of overdue receivables was 100%.

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 5,552	$ 3,585
Add: Net remeasurement of loss allowance	2,012	2,850
Less: Amounts written off	-	(906)
Foreign exchange gains and losses	(14)	23
Balance at December 31	$ 7,550	$ 5,552

d. Other receivables

Other receivables consist of tax refund receivables, interest receivables, advances to employees, etc. The Group adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group considers the current financial condition of debtors in order to assess whether there has been a significant increase in credit risk on other receivables since initial recognition and measures the expected credit loss. As of December 31, 2021 and 2020, the rate of expected credit loss of other receivables was 0%.

10. INVENTORIES

	December 31	
	2021	2020
Merchandise	$ 140,760	$ 85,289
Finished goods	191,525	128,866
Work in progress	158,241	184,032
Raw materials	281,305	200,521
Inventory in transit	57,825	25,879
	$ 829,656	$ 624,587

The nature of the cost of goods sold was as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 2,702,488	$ 1,946,707
Inventory write-downs	5,126	11,364
	$ 2,707,614	$ 1,958,071

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Proportion of Ownership (%) December 31		
Investor	Investee	Nature of Activities	2021	2020	Remark
Sinmag Equipment Corporation	Lucky Union Limited	Holding company	100.00	100.00	-
	Sinmag Equipment (Thailand) Co., Ltd. (Note 1)	Selling of bakery equipment	100.00	100.00	Main operating risk is exchange rate risk
	Benchmark Service Co., Ltd. (Note 2)	Maintenance service	-	100.00	Main operating risk is exchange rate risk
	LBC Bakery Equipment Inc. (Note 3)	Selling of bakery equipment	97.24	-	Main operating risk is exchange rate risk
Lucky Union Limited	Sinmag Limited	Holding company	100.00	100.00	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2021	Proportion of Ownership (%) December 31 2020	Remark
Sinmag Limited	Sinmag Equipment (China) Co., Ltd.	Manufacturing and selling of bakery equipment	100.00	100.00	Main operating risk is political risk, exchange rate risk and interest rate risk
	Wuxi New Order Control Co., Ltd.	Manufacturing and selling of control panel and electromechanical control system	50.00	50.00	Main operating risk is political risk, exchange rate risk and interest rate risk
	Sinmag Bakery Equipment Sdn. Bhd.	Selling of bakery equipment	100.00	100.00	Main operating risk is exchange rate risk
	LBC Bakery Equipment Inc. (Note 3)	Selling of bakery equipment	-	82.82	Main operating risk is exchange rate risk
	Sinmag Bakery Machine India Private Limited	Manufacturing and selling of bakery equipment	100.00	100.00	Main operating risk is exchange rate risk

(Concluded)

Note 1: After undertaking structural reorganization in June 2020, the Company directly held 100% equity of Sinmag Equipment (Thailand) Co., Ltd.

Note 2: In June 2020, Benchmark Service Co., Ltd. was incorporated in Thailand. However, considering the Group’s policy, the board of directors resolved on March 18, 2021 to liquidate Benchmark Service Co., Ltd. and to handle deregistration, which was completed the relevant procedures in August 2021.

Note 3: After undertaking structural reorganization in April 2021, the Company directly held LBC Bakery Equipment Inc. In addition, the Company bought back 158,000 treasury shares in April 2021, and the shares of LBC Bakery Equipment Inc. held by the Company increased from 82.82 % to 97.24%. The transaction was recognized as equity investment under equity method since it does not change the control of the LBC Bakery Equipment Inc. Refer to Note 26 for further information on equity transaction with non-controlling interests.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction (Note 17)	Total
Cost								
Balance at January 1, 2021	$ 94,530	$ 995,145	$ 355,703	$ 16,610	$ 58,212	$ 103,950	$ -	$ 1,624,150
Additions	-	940	26,890	1,393	4,791	41,020	2,674	77,708
Disposals	-	(14,149)	(15,931)	(929)	(1,825)	(3,247)	-	(36,081)
Effects of foreign currency exchange differences	(635)	(11,372)	(2,737)	(460)	(1,579)	(1,290)	-	(18,073)
Reclassification (Note)	-	-	45,915	-	2,653	22,930	-	71,498
Balance at December 31, 2021	$ 93,895	$ 970,564	$ 409,840	$ 16,614	$ 62,252	$ 163,363	$ 2,674	$ 1,719,202
Accumulated depreciation								
Balance at January 1, 2021	$ -	$ 229,581	$ 249,313	$ 12,130	$ 44,365	$ 68,417	$ -	$ 603,806
Disposals	-	(8,421)	(13,852)	(836)	(1,412)	(2,822)	-	(27,343)
Depreciation expense	-	36,859	21,982	1,416	5,411	13,192	-	78,860
Effect of foreign currency exchange differences	-	(2,022)	(1,976)	(327)	(1,137)	(668)	-	(6,130)
Balance at December 31, 2021	$ -	$ 255,997	$ 255,467	$ 12,383	$ 47,227	$ 78,119	$ -	$ 649,193
Carrying amount at December 31, 2021	$ 93,895	$ 714,567	$ 154,373	$ 4,231	$ 15,025	$ 85,244	$ 2,674	$ 1,070,009

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction (Note 17)	Total
Cost								
Balance at January 1, 2020	$ 95,721	$ 986,709	$ 347,854	$ 14,916	$ 59,503	$ 96,632	$ -	$ 1,601,335
Additions	-	862	2,687	1,882	4,167	10,761	-	20,359
Disposals	-	(201)	(6,664)	(299)	(4,183)	(5,457)	-	(16,804)
Effects of foreign currency exchange differences	(1,191)	7,775	4,648	111	(1,275)	1,463	-	11,531
Reclassification (Note)	-	-	7,178	-	-	551	-	7,729
Balance at December 31, 2020	$ 94,530	$ 995,145	$ 355,703	$ 16,610	$ 58,212	$ 103,950	$ -	$ 1,624,150
Accumulated depreciation								
Balance at January 1, 2020	$ -	$ 189,684	$ 226,735	$ 10,768	$ 43,067	$ 65,321	$ -	$ 535,575
Disposals	-	(99)	(5,528)	(178)	(3,740)	(4,441)	-	(13,986)
Depreciation expense	-	37,135	24,955	1,472	5,826	6,512	-	75,900
Effect of foreign currency exchange differences	-	2,861	3,151	68	(788)	1,025	-	6,317
Balance at December 31, 2020	$ -	$ 229,581	$ 249,313	$ 12,130	$ 44,365	$ 68,417	$ -	$ 603,806
Carrying amount at December 31, 2020	$ 94,530	$ 765,564	$ 106,390	$ 4,480	$ 13,847	$ 35,533	$ -	$ 1,020,344

(Concluded)

Note: Reclassified from other non-current assets - prepayments for equipment and inventories to property, plant and equipment.

The property, plant and equipment used by the Group are not leased under operating leases.

No impairment assessment was performed for the year ended December 31, 2021 and 2020 as there was no indication of impairment.

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

Buildings	3-50 years
Machinery and equipment	3-10 years
Transportation equipment	5 years
Office equipment	3-10 years
Other equipment	3-10 years

The significant part of the Group's buildings includes main buildings, mechanical and electrical power equipment and construction system etc., and are depreciated over their estimated useful lives of 20 to 50 years, 10 to 15 years and 3 to 20 years, respectively.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	$ 78,236	$ 87,168
Buildings	9,407	15,548
	$ 87,643	$ 102,716

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 7,541	$ 1,684
Depreciation charge for right-of-use assets		
Land	$ 1,651	$ 1,815
Buildings	4,848	3,719
	$ 6,499	$ 5,534

The Group did not recognize or reverse an impairment loss for the years ended December 31, 2021 and 2020.

As of December 31, 2021, the Group acquired the land use rights certificates, which are for land located in mainland China.

Right-of-use assets pledged as collateral for bank borrowings are set out in Note 31.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 4,401	$ 2,033
Non-current	$ 4,516	$ 18,967

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	-	4.57%
Buildings	1.00%-5.30%	1.15%-5.30%

c. Material lease-in activities and terms

The Group leases certain land use rights and buildings for the use of offices, dormitories, warehouses and parking lots with lease terms of 2 to 99 years. The Group does not have bargain purchase options to acquire the land use rights and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 5,848	$ 7,253
Expenses relating to low-value asset leases	$ 485	$ 388
Total cash outflow for leases	$ (11,290)	$ (11,121)

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

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	**2020**
Lease commitments	$ 354	$ 349

14. GOODWILL

	For the Year Ended December 31	
	2021	**2020**
Cost		
Balance at January 1	$ 3,254	$ 3,254
Additions (deductions)	-	-
Balance at December 31	$ 3,254	$ 3,254

15. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2021	$ 18,279
Additions	184
Effect of foreign currency exchange differences	(118)
Balance at December 31, 2021	$ 18,345
Accumulated amortization and impairment	
Balance at January 1, 2021	$ 14,947
Amortization expense	1,041
Effect of foreign currency exchange differences	(93)
Balance at December 31, 2021	$ 15,895
Carrying amount at December 31, 2021	$ 2,450

(Continued)

	Computer Software
Cost	
Balance at January 1, 2020	$ 15,779
Additions	2,233
Effect of foreign currency exchange differences	267
Balance at December 31, 2020	$ 18,279
Accumulated amortization and impairment	
Balance at January 1, 2020	$ 13,600
Amortization expense	1,139
Effect of foreign currency exchange differences	208
Balance at December 31, 2020	$ 14,947
Carrying amount at December 31, 2020	$ 3,332

(Concluded)

Computer software is amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

16. OTHER ASSETS

	December 31	
	2021	2020
Current		
Other prepayments		
Prepayments for purchase	$ 2,811	$ 9,395
Prepaid expenses	9,868	13,871
	$ 12,679	$ 23,266
Non-current		
Other assets		
Refundable deposits (Note)	$ 7,037	$ 10,258
Prepayments for equipment	55,722	95,645
Prepayments - non-current	4,401	8,812
	$ 67,160	$ 114,715

Note: The Group considers the historical default rates of each credit rating supplied by external rating agencies and the current financial condition of debtors to estimate 12-month or lifetime expected credit losses. As of December 31, 2021 and 2020, the Group evaluated the expected credit loss rates of its refundable deposits as 0%.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	**2020**
Secured borrowings (Note 31)		
Bank loans	$ 90,000	$ -
Unsecured borrowings		
Line of credit borrowings	260,784	202,119
	$ 350,784	$ 202,119

1) The interest rate on bank loans was 1.00% as of December 31, 2021.

2) The range of weighted average effective interest rates on line of credit borrowings was 0.88%-1.30% and 0.88%-1.26% per annum as of December 31, 2021 and 2020, respectively.

b. Long-term borrowings

	December 31	
	2021	**2020**
Secured borrowings (Note 31)		
Bank loans - UOB	$ 19,980	$ 25,501
Long-term borrowings - Urban Regeneration (Note 27)	2,674	-
Less: Current portion	(19,980)	(4,155)
Long-term borrowings	$ 2,674	$ 21,346

The long-term borrowings from UOB in the amount of $39,435 thousand (MYR6,000 thousand) are secured by the Group's right-of-use assets and buildings (Note 31) and will be repayable on May 5, 2022. As of December 31, 2021 and 2020, the Group used $19,980 thousand (MYR3,144 thousand) and $25,501 thousand (MYR3,756 thousand) of its long-term borrowing facilities, with an interest rate equivalent to the bank's effective interest rates of 3.44%-3.45% and 3.74%-4.86%, respectively. On June 5, 2017, the Group started to pay interests and principal monthly, in a total of 60 installments. The purpose of this bank borrowing facility was for the acquisition of land use right and plant.

The Group participated in the "Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Urban Renewal Plan" (the "Plan"). The Plan, which was implemented by the original landowner and legal building owner with "Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Association" (the "Association"), was approved by the municipal authority. To assure that the Plan would be carried out as expected, the Association signed the property trust contract with the Trust Department of Hua Nan Commercial Bank, and the Association applied the property financing arrangement to Hua Nan Commercial Bank which states that the borrowings are managed by the trust account of Hua Nan Commercial Bank. Upon completion of the project, the expense accrued from the project will be allocated proportionately to the original landowner and legal building owner based on the value of the property rights within the scope of the area as stated in the Plan. As of December 31, 2021, the expense allocated to the Group was $2,674 thousand and the borrowing rate was 2.08%.

18. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries or bonuses	$ 152,694	$ 132,843
Payables for professional service fees	3,568	4,378
Payables for employee welfare fund	5,891	3,778
Accrued interest payable	312	138
Payables for business tax	8,344	22,005
Payables for equipment (Note 27)	3,139	16,834
Others	56,387	62,521
	$ 230,335	$ 242,497

19. PROVISIONS

	December 31	
	2021	2020
Current		
Warranties	$ 22,905	$ 24,332

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 24,332	$ 24,875
Additional provisions recognized	20,917	23,675
Amount used	(22,015)	(24,118)
Effect of foreign currency exchange differences	(329)	(100)
Balance at December 31	$ 22,905	$ 24,332

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties in sale of goods contracts. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiaries in mainland China, Malaysia, U.S.A., India and Thailand are members of a state-managed retirement benefit plan operated by the local governments. The subsidiaries are required to contribute specified percentages of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 6.57% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 48,210	$ 58,241
Fair value of plan assets	(42,289)	(57,325)
Deficit (surplus)	5,921	916
Asset ceiling	-	-
Net defined benefit liabilities	$ 5,921	$ 916

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	$ 57,029	$ (52,377)	$ 4,652
Service cost			
Current service cost	336	-	336
Net interest expense (income)	428	(404)	24
Recognized in profit or loss	764	(404)	360
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,783)	(1,783)
Actuarial loss - changes in demographic assumptions	47	-	47
Actuarial loss - changes in financial assumptions	1,325	-	1,325
Actuarial (gain) - experience adjustments	(924)	-	(924)
Recognized in other comprehensive income	448	(1,783)	(1,335)
Contributions from the employer	-	(2,761)	(2,761)
Balance at December 31, 2020	$ 58,241	$ (57,325)	$ 916

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 58,241	$ (57,325)	$ 916
Service cost			
Current service cost	240	-	240
Net interest expense (income)	290	(292)	(2)
Recognized in profit or loss	530	(292)	238
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(670)	(670)
Actuarial loss - changes in demographic assumptions	1,286	-	1,286
Actuarial (gain) - changes in financial assumptions	(599)	-	(599)
Actuarial loss - experience adjustments	6,919	-	6,919
Recognized in other comprehensive income	7,606	(670)	6,936
Contributions from the employer	-	(2,169)	(2,169)
Benefits paid	(18,167)	18,167	-
Balance at December 31, 2021	$ 48,210	$ (42,289)	$ 5,921

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rate(s)	0.625%	0.500%
Expected rate(s) of salary increase	2.500%	2.500%

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

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	$ (1,194)	$ (1,325)
0.25% decrease	$ 1,238	$ 1,373
Expected rate(s) of salary increase		
0.25% increase	$ 1,194	$ 1,324
0.25% decrease	$ (1,159)	$ (1,285)

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

	December 31	
	2021	2020
Expected contributions to the plans for the next year	$ -	$ 2,717
Average duration of the defined benefit obligation	10.0 years	9.2 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	60,000	60,000
Shares authorized	$ 600,000	$ 600,000
Number of shares issued and fully paid (in thousands)	50,230	50,230
Shares issued	$ 502,302	$ 502,302

The Company reserved 2,100 thousand ordinary shares authorized for employee share options.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Arising from issuance of ordinary shares	$ 74,811	$ 74,811
Arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	927	927
	75,738	75,738
May only be used to offset a deficit**		
Changes in percentage of ownership interests in subsidiaries	2,027	-
	$ 77,765	$ 75,738

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

** Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit after considering taxes expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including the adjustment of unappropriated profit), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with beginning undistributed retained earnings (including the adjustment of unappropriated profit) shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

As the Company is in the growing stage, in determining the Company's dividend distribution policy, the Company's board of directors considers the current and future investment environment, capital needs for future expansions, domestic and international competition and capital budget, and also takes into account stockholder's benefits and the balance between dividend distributions and the Company's long-term financial plans. A dividend distribution plan is proposed annually by the board of directors and passed for resolution in the shareholders' meeting.

The Company shall, considering financial, operational and managerial factors, distribute no less than 20% of unappropriated earnings to stockholders as dividends and bonuses, in the form of cash or stock dividends, whilst cash dividends should not be lower than 20% of total bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 23(g).

Under Article 237 of the Company Law, an appropriation of 10% of the amount of net income plus the items other than net income are included in the unappropriated earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 which were approved in the shareholders' meetings on August 13, 2021 and June 20, 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 34,201	$ 50,337
Special reserve	$ (1,181)	$ 59,098
Cash dividends	$ 341,063	$ 251,151
Cash dividends per share (NT$)	$ 6.79	$ 5

The appropriation of earnings for 2021 was proposed by the Company's board of directors on March 15, 2022. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ -
Special reserve	$ 31,663
Cash dividends	$ 351,612
Cash dividends per share (NT$)	$ 7

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in their meeting to be held on May 31, 2022.

d. Special reserve

	December 31	
	2021	**2020**
Appropriation in respect of:		
Debit to other equity items	$ 105,239	$ 106,420
First-time adoption of IFRSs	54,333	54,333
	$ 159,572	$ 160,753

e. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (159,572)	$ (160,753)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(39,641)	1,476
Related income tax	7,928	(295)
Reclassification adjustments		
Disposal of foreign operations (Note 23)	63	-
Related income tax	(13)	-
Other comprehensive income recognized for the year	(31,663)	1,181
Balance at December 31	$ (191,235)	$ (159,572)

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 63,054	$ 58,445
Share in profit for the year	9,291	12,606
Other comprehensive income during the year		
Exchange differences on the translation of the financial statements of foreign operations	(773)	(2,442)
Cash dividend	(5,799)	(5,555)
The treasury share which was bought back by the subsidiary are calculated by proportion of equity transferring from non-controlling interests (Note 26)	(43,761)	-
Balance at December 31	$ 22,012	$ 63,054

22. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	$ 4,271,511	$ 3,279,795
Revenue from the rendering of services	22,992	20,694
	$ 4,294,503	$ 3,300,489

a. Contract information

1) Revenue from the sale of goods

The main operating revenue of the Group was from sales of bakery equipment. Goods are sold at their respective fixed amounts as agreed in the contracts.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing the maintenance services of equipment.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (Note 9)	$ 8,928	$ 17,240	$ 20,353
Trade receivables (Note 9)	543,348	477,393	484,490
Trade receivables from related parties (Note 30)	2,051	432	168
	$ 554,327	$ 495,065	$ 505,011
Contract liabilities			
Sale of goods	$ 151,274	$ 82,558	$ 85,545

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2021	2020
From contract liabilities at the start of the year		
Sale of goods	$ 74,743	$ 83,401

c. Disaggregation of revenue

Refer to Note 35 for information on disaggregation of revenue.

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Bank deposits	$ 12,400	$ 4,160
Financial assets at FVTPL	5,548	6,269
Financial products	22	5,657
	$ 17,970	$ 16,086

b. Other income

	For the Year Ended December 31	
	2021	2020
Others	$ 6,740	$ 6,052

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Loss on disposal of property, plant and equipment	$ (6,948)	$ (2,222)
Net foreign exchange losses	(145)	(8,620)
Gain on lease modification	594	-
Loss on disposal of investment (Note 21)	(63)	-
Others	(4,730)	(2,067)
	$ (11,292)	$ (12,909)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 3,169	$ 4,333
Interest on lease liabilities	397	947
	$ 3,566	$ 5,280

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 43,531	$ 43,920
Operating expenses	41,828	37,514
	$ 85,359	$ 81,434
An analysis of amortization by function		
Operating costs	$ 20	$ 31
Selling and marketing expenses	92	255
General and administrative expenses	406	270
Research and development expenses	523	583
	$ 1,041	$ 1,139

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 911,653	$ 786,288
Post-employment benefits		
Defined contribution plans	67,757	53,896
Defined benefit plans (see Note 20)	238	360
	67,995	54,256
Total employee benefits expense	$ 979,648	$ 840,544
An analysis of employee benefits expense by function		
Operating costs	$ 417,403	$ 315,131
Operating expenses	562,245	525,413
	$ 979,648	$ 840,544

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at rates of 2%-10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020, which have been approved by the Company’s board of directors on March 15, 2022 and March 18, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	2.93%	2.94%
Remuneration of directors	1.32%	1.29%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	$ 17,479	$ 11,245
Remuneration of directors	7,857	4,948

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 33,279	$ 40,353
Foreign exchange losses	(33,424)	(48,973)
Net foreign exchange losses	$ (145)	$ (8,620)

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 276,143	$ 255,587
Income tax on unappropriated earnings	-	6,963
Adjustments for prior years	2,564	5,695
Withholding tax credits from overseas profits of the current year	(32,696)	(43,802)
Tax deduction	(76,025)	(53,938)
	169,986	170,505
Deferred tax		
In respect of the current year	12,822	(31,261)
Income tax expense recognized in profit or loss	$ 182,808	$ 139,244

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

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	$ 702,266	$ 492,790
Income tax expense calculated at the statutory rate (20%)	$ 140,453	$ 98,558
Unrecognized deductible temporary differences - share of (profit) loss of subsidiaries accounted for using the equity method	(22,587)	(14,570)
Nondeductible expenses in determining taxable income	4,085	(1,438)
Repatriation of subsidiary's tax earnings	32,912	45,034
Income tax on unappropriated earnings	-	6,963
Withholding tax credits from overseas profits of the current year	(32,696)	(43,802)
Effect of different tax rates of entities in the Group operating in other jurisdictions	58,077	42,804
Adjustments for prior years' tax	2,564	5,695
Income tax expense recognized in profit or loss	$ 182,808	$ 139,244

The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

Under the corporate income tax law in mainland China, Sinmag Equipment (China) Co., Ltd. qualified as a high tech enterprise from 2021 to 2023, resulting in a 15% corporate income tax rate.

Under the Preferential Income Tax Policies for Small and Low-Profit Enterprises in mainland China, Wuxi New Order Control Co., Ltd. applied an income tax rate of 20% on taxable income that constituted 12.5% and 25% of its revenue in 2021 and 2020, respectively, which was less than RMB1,000 thousand, and 50% of its revenue was more than RMB1,000 thousand but less than RMB3,000 thousand.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Current tax	$ -	$ -
Deferred tax		
In respect of the current year		
Translation of foreign operations	(7,928)	295
Remeasurement of defined benefit plans	(1,387)	267
Arising from income and expenses reclassified from equity to profit or loss		
On disposal of foreign operation	13	-
Total income tax recognized in other comprehensive income	$ (9,302)	$ 562

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	$ 1,805	$ 1,988
Current tax liabilities		
Income tax payable	$ 95,945	$ 169,814

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for impairment loss	$ 2,556	$ 2,019	$ -	$ (3)	$ 4,572
Unrealized loss on inventories	6,020	4,946	-	(29)	10,937
Unrealized gain on transactions with subsidiaries	2,340	1,001	-	-	3,341
Provisions	1,914	2,376	-	(50)	4,240
Defined benefit obligations	3,998	-	1,387	-	5,385
Exchange differences on translating the financial statements of foreign operations	24,674	-	7,915	-	32,589
Others	3,492	1,246	-	(97)	4,641
	$ 44,994	$ 11,588	$ 9,302	$ (179)	$ 65,705
Deferred tax liabilities					
Temporary differences					
Share of profit or loss of subsidiaries accounted for using the equity method	$ 53,803	$ 23,950	$ -	$ -	$ 77,753
Pensions	4,731	387	-	-	5,118
Others	109	73	-	-	182
	$ 58,643	$ 24,410	$ -	$ -	$ 83,053

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for impairment loss	$ 1,358	$ 1,208	$ -	$ (10)	$ 2,556
Unrealized loss on inventories	5,372	711	-	(63)	6,020
Unrealized gain on transactions with subsidiaries	2,597	(257)	-	-	2,340
Provisions	2,128	(115)	-	(99)	1,914
Defined benefit obligations	4,265	-	(267)	-	3,998

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Exchange differences on translating the financial statements of foreign operations	$ 24,969	$ -	$ (295)	$ -	$ 24,674
Others	3,180	469	-	(157)	3,492
	$ 43,869	$ 2,016	$ (562)	$ (329)	$ 44,994
Deferred tax liabilities					
Temporary differences					
Share of profit or loss of subsidiaries accounted for using the equity method	$ 82,473	$ (28,670)	$ -	$ -	$ 53,803
Pensions	4,251	480	-	-	4,731
Others	1,164	(1,055)	-	-	109
	$ 87,888	$ (29,245)	$ -	$ -	$ 58,643

(Concluded)

e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $1,048,741 thousand and $1,040,006 thousand, respectively.

f. Income tax assessments

The Company’s tax returns through 2019 have been assessed by the tax authorities, and the Group had no litigation or claim regarding tax assessments as of December 31, 2021.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share		
From continuing operations	$ 10.16	$ 6.77
Diluted earnings per share		
From continuing operations	$ 10.12	$ 6.77

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

Net profit for the year

	For the Year Ended December 31	
	2021	2020
Profit for the year attributable to owners of the Company	$ 510,167	$ 340,940
Effect of potentially dilutive ordinary shares		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	$ 510,167	$ 340,940

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	50,230	50,230
Effect of potentially dilutive ordinary shares		
Employees' compensation	188	166
Weighted average number of ordinary shares used in the computation of diluted earnings per share	50,418	50,396

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

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

LBC Bakery Equipment Inc. bought back 158,000 treasury shares in April 2021, and the shares of LBC Bakery Equipment Inc. held by the Group increased from 82.82 % to 97.24% The transaction was recognized as investments accounted for using the equity method since there was no change of control in LBC Bakery Equipment Inc.

	LBC Bakery Equipment Inc.
Consideration paid	$ 41,437
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(43,761)
Differences recognized from equity transactions	$ (2,027)

27. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2021 and 2020.

1) The Group acquired property, plant and equipment that had not yet paid in the amounts of $3,139 thousand and $16,834 thousand, which were recorded as other payables during the years ended December 31, 2021 and 2020, respectively.

2) The Group proportionately allocated and capitalized the expenses accrued from the urban regeneration project based on the value of the property rights within the scope of the area as stated in the Plan. In addition, the Association applied the property financing arrangement to Hua Nan Commercial Bank. As of December 31, 2021, the expense allocated to the Group was $2,674 thousand.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

		Cash Flows		Non-cash Changes				
	Opening Balance	Increase (Decrease) in Principal	Finance Costs	Urban Regeneration/ New Leases	Lease Modification	Finance Costs	Exchange Differences on Translating the Financial Statements	Closing Balance
Long-term borrowings and current portion of long-term borrowings	$ 25,501	$ (3,964)	$ -	$ 2,674	$ -	$ -	$ (1,557)	$ 22,654
Short-term borrowings	202,119	151,087	-	-	-	-	(2,422)	350,784
Lease liabilities	21,000	(4,899)	(397)	7,541	(14,463)	397	(262)	8,917
	$ 248,620	$ 142,224	$ (397)	$ 10,215	$ (14,463)	$ 397	$ (4,241)	$ 382,355

For the year ended December 31, 2020

		Cash Flows		Non-cash Changes			
	Opening Balance	Increase (Decrease) in Principal	Finance Costs	New Leases	Finance Costs	Exchange Differences on Translating the Financial Statements	Closing Balance
Long-term borrowings and current portion of long-term borrowings	$ 87,772	$ (60,354)	$ -	$ -	$ -	$ (1,917)	$ 25,501
Short-term borrowings	113,391	87,945	-	-	-	783	202,119
Lease liabilities	22,997	(3,900)	(947)	1,684	947	219	21,000
	$ 224,160	$ 23,691	$ (947)	$ 1,684	$ 947	$ (915)	$ 248,620

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

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

The management of the Group considered that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
Amortized cost (1)	$ 1,584,518	$ 1,512,459
Financial liabilities		
Amortized cost (2)	758,017	598,821

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, receivables (including related parties and excluding tax refund receivables) and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, long-term borrowings and payables (including related parties and excluding payables for salaries or bonuses, payables for employees' welfare fund and payables for business tax).

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, receivables, debt instruments, payables, short-term borrowings, long-term borrowings and lease liabilities. Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. The Group assesses the net risk position of non-functional currency denominated sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to exchange fluctuations of the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	$ 1,874	$ 1,272

This was mainly attributable to the exposure outstanding on USD cash and cash equivalents, receivables, short-term borrowings and payables which were not hedged at the end of the reporting period.

The Group's sensitivity to the USD increased during the current year mainly due to a increases in USD denominated cash and cash equivalents and receivables.

b) Interest rate risk

The Group was exposed to interest rate risk because its deposits, bank loans and lease liabilities are at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	$ 426,067	$ 350,466
Financial liabilities	248,917	166,000
Cash flow interest rate risk		
Financial assets	480,193	562,872
Financial liabilities	133,438	82,620

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $867 thousand and $1,201 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

The Group's sensitivity to the interest rate decreased during the current year mainly due to a decrease in floating interest rate bank deposits, and an increase in floating interest rate short-term borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group rated its major customers based on the information supplied by independent rating agencies where available and, if not available, other publicly available financial information and its own trading records. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group continually evaluated its counterparties' financial status, and, if necessary, requested a guarantee deposit as a term of transaction to lower its exposure to the credit risk.

The Group's concentration of credit risk by geographical locations was mainly in mainland China, which accounted for 34% and 40% of the total trade receivables as of December 31, 2021 and 2020, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For the Group, bank loans are an important resource of liquidity to the Group. Refer to section (b) below for more information on unused amounts of financing facilities at December 31, 2021 and 2020.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table shows the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2021

	Within 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	$ 240,777	$ 111,518	$ -	$ -
Non-interest bearing liabilities	377,864	6,715	-	-
Lease liabilities	1,766	2,907	4,615	-
Long-term borrowings	1,141	19,061	2,674	-
	$ 621,548	$ 140,201	$ 7,289	$ -

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 4,673	$ 4,615	$ -	$ -	$ -	$ -

December 31, 2020

	Within 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	$ 203,149	$ 2,486	$ -	$ -
Non-interest bearing liabilities	365,339	5,862	-	-
Lease liabilities	1,781	1,112	5,848	26,629
Long-term borrowings	1,344	3,957	21,683	-
	$ 571,613	$ 13,417	$ 27,531	$ 26,629

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 2,893	$ 5,848	$ 5,121	$ 5,121	$ 5,121	$ 11,266

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facilities, reviewed annually and payable on demand:		
Amount used	$ 260,784	$ 202,119
Amount unused	795,040	864,419
	$ 1,055,824	$ 1,066,538
Secured bank loan facilities:		
Amount used	$ 109,980	$ 25,501
Amount unused	50,000	140,000
	$ 159,980	$ 165,501

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Category
Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	Associate
Tehmag Foods Corporation	Associate
San Neng Bake Ware (Wuxi) Co., Ltd.	Associate
San Neng Bakeware Corporation	Associate
New Order Enterprise Co., Ltd.	Associate
Auto Control Co., Ltd.	Associate
Wuxi Temma Paper Cup Co., Ltd.	Associate
Tehmag Foods Corporation Sdn. Bhd.	Associate
Squires Kitchen Sugarcraft (Wuxi) Limited	Associate
San Neng Japan Bakeware Corporation	Associate

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2021	2020
Sales	Associates	$ 8,359	$ 838

The sales prices to related parties were negotiated case by case, and the collection terms to related parties were 60 days or 90 days within receiving the bills of lading. The sales prices to third parties were determined in accordance with mutual agreements, and the collection terms from third parties were 90 days.

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	2020
Purchases	Associates	$ 53,110	$ 40,651

The purchases prices from related parties was determined based on their costs with a margin. The payment terms to related parties were 30 days to 120 days or 45 days within receiving the bill of lading. The prices and payment terms were determined in accordance with mutual agreements, and the payment terms to third parties were 90 days.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2021	2020
Trade receivables	Associates	$ 2,051	$ 432

The outstanding trade receivables from related parties are unsecured. As of December 31, 2021 and 2020, all receivables from related parties were not past due. And for the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2021	2020
Notes payable	Associates	$ 570	$ 500
Trade payables	Associates	$ 13,745	$ 6,053

The outstanding trade payables from related parties are unsecured.

f. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	2020
Selling and marketing expenses - other expenses	Associates	$ 22	$ 11
General and administrative expenses - other expenses	Associates	$ -	$ 5

g. Compensation of key management personnel

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 50,453	$ 45,884
Post-employment benefits	844	903
	$ 51,297	$ 46,787

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank loans, taxpayer accounts and the tariffs of imported raw materials guarantees:

	December 31	
	2021	**2020**
Financial assets at amortized cost - current		
Taxpayer accounts	$ 915	$ 370
Financial assets at amortized cost - non-current		
Pledged time deposits	$ 50	$ 115
Others		
Right-of-use assets	$ 18,102	$ 19,554
Freehold land	58,715	58,715
Buildings, net	63,078	72,302
Property under construction	2,674	-
	$ 142,569	$ 150,571

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments were as follows:

	December 31	
	2021	**2020**
Acquisition of property, plant and equipment	$ 25,788	$ 41,784

b. Significant events after the reporting period

Sinmag Equipment (China) Co., Ltd., the subsidiary of the Group, plans to apply for initial public offering of RMB ordinary shares on the Shenzhen Stock Exchange in order to consolidate the Group's resources, enhance the reputation in Chinese society and recognition of its brand, and attract the exceptional and professional talents to enhance its competitiveness in the Chinese market. The Company considers the initial public offering as means to diverse the financing and to optimize the financial structure. Thus, the Company will be transformed into a limited corporation with permanent operation.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 9,054	27.68 (USD:NTD)	$ 250,608
USD	8,382	6.37 (USD:RMB)	232,000
USD	47	4.36 (USD:MYR)	1,311
			$ 483,919
Financial liabilities			
Monetary items			
USD	5,046	27.68 (USD:NTD)	$ 139,668
USD	4,720	6.37 (USD:RMB)	130,661
USD	756	4.36 (USD:MYR)	20,920
USD	189	33.16 (USD:THB)	5,230
			$ 296,479

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 5,102	28.48 (USD:NTD)	$ 145,314
USD	4,801	6.51 (USD:RMB)	136,742
USD	47	4.20 (USD:MYR)	1,349
			$ 283,405
Financial liabilities			
Monetary items			
USD	2,495	28.48 (USD:NTD)	$ 71,068
USD	2,472	6.51 (USD:RMB)	70,416
USD	265	4.20 (USD:MYR)	7,548
USD	250	29.80 (USD:THB)	7,129
			$ 156,161

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were $(145) thousand and $(8,620) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group in the Group.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others (none)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (none)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 2)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (none)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (none)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments (none)

10) Intercompany relationships and significant intercompany transactions (Table 5)

b. Information on investees (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 8):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

e. Disclosure of the affiliates

1) Disclosures on the notes appended to the consolidated financial statements of the affiliates are as follows:

No.	Items	Reference
1	The names of subordinate companies, a description of their relationship with the controlling company, the nature of their business, and the controlling company's shareholding or capital contribution ratio in each company.	Note 11, Tables 6 and 7
2	Increases, decreases, or changes in the subordinate companies included in the current consolidated financial statements of the affiliates.	Note 11
3	The names and shareholding or capital contribution ratios of subordinate companies not listed in the current consolidated financial statements for affiliates and the reasons why they are not included in the consolidated statements.	None
4	The adjustment method and treatment adopted if the opening and closing dates of the subordinate company's accounting year are different from those of the controlling company.	None
5	An explanation of any differences in accounting policies between the subordinate companies and the controlling company. The method and substance of adjustments adopted in the event of any non-conformity with the Generally Accepted Accounting Principles of the Republic of China.	None
6	Special operational risks of overseas subordinate companies, such as exchange rate fluctuations.	Note 11
7	Statutory or contractual restrictions on distribution of earnings by the various affiliates.	Note
8	Amortization methods and period for consolidated borrowings (loans).	None
9	Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliates.	None

2) Disclosures on the notes for subordinate company affiliates are as follows:

No.	Items	Reference
1	Transactions that have been eliminated between the controlling company and subordinate companies or between subordinate companies.	Table 5
2	Information regarding financing, endorsements, and guarantees.	Table 1
3	Information regarding trading in derivative products.	None
4	Significant contingent matters.	None
5	Significant subsequent events.	None
6	Names of bills and securities held, and their quantities, cost, market value (or net par value if a bill or security does not have a market value), shareholding or capital contribution ratio, description of any pledges, and the highest amount of shareholding or capital contribution during the period.	Tables 6 and 7
7	Other matters of significance or explanations that would contribute to a fair presentation of the consolidated financial statements of the affiliates.	None

Note: As set forth in the Articles, Sinmag Equipment (China) Co., Ltd. and Wuxi New Order Control Co., Ltd. shall allocate reserve funds, expansion funds and welfare funds for employees after payment of taxes, respectively. The reserve funds are accrued at rates of no less than 10% of net profit before income tax. When the accumulated withdrawal amount reaches 50% of the registered capital, it could be withdrawn. The proportion of allocation shall be decided by the board of directors.

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group’s reportable segments were as follows:

- Manufacturing and selling of bakery equipment segment
- Manufacturing and selling of control panels and electromechanical control system segment

The manufacturing and selling of bakery equipment segment includes a number of direct sales operations in various cities, each of which is considered a separate operating segment by the chief operating decision maker. For financial statement presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

- The nature of the products and production processes is similar;
- The pricing strategy of the products is similar;

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit or Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Manufacturing and selling of bakery equipment segment	$ 5,614,040	$ 4,166,441	$ 849,369	$ 607,075
Manufacturing and selling of control panel and electromechanical control system segment	124,117	87,730	(105,658)	(71,447)
Eliminations	(1,443,654)	(953,682)	-	-
Continuing operations	$ 4,294,503	$ 3,300,489	743,711	535,628
Interest income			17,970	16,086
Other income			6,740	6,052
Other gains and losses			(11,292)	(12,909)
Compensation of key management personnel			(51,297)	(46,787)
Finance costs			(3,566)	(5,280)
Profit before tax (continuing operations			$ 702,266	$ 492,790

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, interest income, other income, other gains and losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2021	2020
Segment assets		
Continuing operations		
Manufacturing and selling of bakery equipment segment	$ 3,249,305	$ 3,146,971
Manufacturing and selling of control panel and electromechanical control system segment	36,489	33,256
Unallocated assets	432,069	266,508
Consolidated total assets	$ 3,717,863	$ 3,446,735
Segment liabilities		
Continuing operations		
Manufacturing and selling of bakery equipment segment	$ 720,775	$ 641,417
Manufacturing and selling of control panel and electromechanical control system segment	19,750	17,216
Unallocated liabilities	552,436	456,077
Consolidated total liabilities	$ 1,292,961	$ 1,114,710

For the purpose of monitoring segment performance and allocating resources between segments:

1) All assets were allocated to reportable segments other than financial assets at amortized cost, and current and deferred tax assets. Goodwill was allocated to reportable segments. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and

2) All liabilities were allocated to reportable segments other than borrowings, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Other segment information

	Depreciation and amortization		**Non-current Assets (Note)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2021	**2020**	**2021**	**2020**
Manufacturing and selling of bakery equipment segment	$ 82,594	$ 82,338	$ 151,637	$ 31,025
Manufacturing and selling of control panel and electromechanical control system segment	3,806	235	4,182	255
	$ 86,400	$ 82,573	$ 155,819	$ 31,280

Note: Non-current assets include property, plant and equipment, other intangible assets, right-of-use assets and prepayments for equipment.

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2021	**2020**
Bakery equipment products	$ 4,271,511	$ 3,279,795
Services	22,992	20,694
	$ 4,294,503	$ 3,300,489

e. Geographical information

The Group operates in three principal geographical areas - Taiwan, China and the United States.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2021	2020	2021	2020
Taiwan	$ 657,337	$ 395,134	$ 105,429	$ 109,330
China	2,789,952	2,203,644	1,287,011	1,134,909
United States	593,734	530,416	95,317	102,408
Others	253,480	171,295	68,609	115,911
	$ 4,294,503	$ 3,300,489	$ 1,556,366	$ 1,462,558

Non-current assets exclude deferred tax assets.

f. Information on major customers

No single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 5)											
0	Sinmag Equipment Corporation	Sinmag Bakery Equipment Sdn. Bhd.	(b)	Net value 50% $ 1,201,445	$ 38,130 (RM 6,000)	$ 38,130 (RM 6,000)	$ 19,980 (RM 3,144)	$ -	2	Net value 50% $ 1,201,445	Y	-	-	-

Note 1: The total amount of the guarantees provided by Sinmag Equipment Corporation to subsidiaries shall not exceed 50% of Sinmag Equipment Corporation’s net worth based on its most recent audited or reviewed financial statements.

Note 2: The total amount of the guarantees provided by Sinmag Equipment Corporation to individual subsidiaries shall not exceed 50% of Sinmag Equipment Corporation’s net worth based on its most recent audited financial statements.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 4: The maximum amount endorsed/guaranteed during the period, limits on endorsement/guarantee given on behalf of each party and actual amount borrowed converted at the spot exchange rate as of December 31, 2021.

Note 5: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

a. A company that the Company has business relationship with.
b. The Company directly or indirectly holds over 50% ownership of the investee company.
c. A company that directly or indirectly holds over 50% ownership of the Company.
d. In between companies where over 90% of voting shares are directly or indirectly held by the Company.
e. The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
f. Shareholder of the investee provides endorsements/guarantees to the Company in proportion to their shareholding percentages.
g. Collateral performance guarantees from companies in the same industry that entered into pre-construction home sales agreements in accordance with the Consumer Protection Act.

TABLE 2

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal					Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Other Remeasure-ments (Note)	Number of Shares	Amount
Sinmag Equipment Corporation	LBC Bakery Equipment Inc.	Investments accounted for using the equity method	Sinmag Limited	From parent to subsidiary	-	$ -	882,000	$ 244,310	-	$ -	$ -	$ -	$ 19,589	882,000	$ 263,899
Sinmag Limited	LBC Bakery Equipment Inc.	Investments accounted for using the equity method	Sinmag Equipment Corporation	From subsidiary to parent	882,000	233,726	-	-	882,000	244,310	244,310	-	10,584	-	-

Note: The remeasurements include share of profit or loss from the investments accounted for using the equity method, remeasurement of other comprehensive income, unrealized downstream gain and buy-back of treasury shares.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transactions		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	Subsidiary	Purchase	$ 820,588	88	B/L 45 days	Note 1	Note 2	$ (139,124)	(78)	Note 3
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment Corporation	Parent company	(Sale)	(820,588)	(23)	B/L 45 days	〃	〃	139,124	35	〃
LBC Bakery Equipment Inc.	Sinmag Equipment Corporation	Parent company	Purchase	302,881	87	B/L 180 days	〃	〃	(76,022)	(97)	〃
Sinmag Equipment Corporation	LBC Bakery Equipment Inc.	Subsidiary	(Sale)	(302,881)	(27)	B/L 180 days	〃	〃	76,022	31	〃
Sinmag Equipment (China) Co., Ltd.	Wuxi New Order Control Co., Ltd.	Under the same parent company	Purchase	124,117	6	Monthly payment: 30 days	〃	〃	(10,770)	(4)	〃
Wuxi New Order Control Co., Ltd.	Sinmag Equipment (China) Co., Ltd.	Under the same parent company	(Sale)	(124,117)	(100)	Monthly payment: 30 days	〃	〃	10,770	100	〃

Note 1: Unit prices for related parties were determined based on their costs with a margin, unit prices for non-related parties were determined in accordance with mutual agreements.

Note 2: Open account of 90 days for non-related parties.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

TABLE 4

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 2)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 1)	Allowance for Impairment Loss
					Amount	Actions Taken		
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment Corporation	Parent company	Trade receivables $139,124	7.83	$ -	-	$ 128,764	$ -

Note 1: The amount recovered from January 1, 2022 to March 11, 2022.

Note 2: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

TABLE 5

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount (Note 1)	Payment Terms	% of Total Sales or Assets (Note 2)
0	Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	From parent to subsidiary	Sales	$ 50,168	Cost with a margin, B/L 90 days	1
		Sinmag Bakery Equipment Sdn. Bhd.	From parent to subsidiary	Sales	45,744	Cost with a margin, B/L 60 days	1
				Trade receivables	11,874	-	-
				Guarantees provided	38,130	-	1
		Sinmag Equipment (Thailand) Co., Ltd.	From parent to subsidiary	Sales	67,100	Cost with a margin, B/L 90 days	2
		LBC Bakery Equipment Inc.	From parent to subsidiary	Sales	302,881	Cost with a margin, B/L 180 days	7
				Trade receivables	76,022	-	2
		Sinmag Limited	From parent to subsidiary	Investments accounted for using the equity method	244,310	Structural reorganization	7
1	Lucky Union Limited	Sinmag Equipment Corporation	From subsidiary to parent	Surplus repatriation	294,305	-	8
				Investments accounted for using the equity method	244,310	Capital reduction	7
2	Sinmag Limited	Lucky Union Limited	Between subsidiaries	Surplus repatriation	294,305	-	8
				Investments accounted for using the equity method	244,310	Capital reduction	7
3	Sinmag Equipment (China) Co., Ltd.	Sinmag Limited	Between subsidiaries	Surplus repatriation	321,198	-	9
		Sinmag Equipment Corporation	From subsidiary to parent	Sales	820,588	Cost with a margin, B/L 45 days	19
				Trade receivables	139,124	-	4
4	Wuxi New Order Control Co., Ltd.	Sinmag Equipment (China) Co., Ltd.	Between subsidiaries	Sales	124,117	Negotiated case by case, monthly payment: 30 days	3
				Trade receivables	10,770	-	-
5	LBC Bakery Equipment Inc.	Sinmag Equipment (China) Co., Ltd.	Between subsidiaries	Sales	29,826	Negotiated case by case, monthly payment: 60 days	1
				Trade receivables	10,137	-	-

Business relationships between parent and subsidiaries:

Sinmag Equipment Corporation, Sinmag Equipment (China) Co., Ltd., Sinmag Bakery Equipment Sdn. Bhd., Wuxi New Order Control Co., Ltd., LBC Bakery Equipment Inc., Sinmag Bakery Machine India Private Limited and Sinmag Equipment (Thailand) Co., Ltd. are mainly engaged in the manufacturing and selling of bakery equipment, control panels and electromechanical control systems. Lucky Union Limited and Sinmag Limited are holding companies.

Note 1: The above table discloses only one-way transaction information. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 2: The calculation of the percentage of the transaction accounts for total consolidated revenues or total assets. For the assets and liabilities, they are calculated by the ending balance divided by the consolidated total assets. For profit or loss, they are calculated by the accumulated amount at the end of period divided by the consolidated total revenue.

Note 3: The above table discloses only the amounts of important transactions that exceed NT$10,000 thousand.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021				Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount	Net Worth Per Share			
Sinmag Equipment Corporation	Lucky Union Limited	Samoa	Holding company	$ 148,277	$ 392,587	-	100.00	$ 2,108,678	$ -	$ 515,944	$ 515,944	Notes 2, 3 and 6
	Sinmag Equipment (Thailand) Co., Ltd.	Thailand	Selling of bakery equipment.	74,897	74,897	20,600,000	100.00	88,695	4.31	12,543	12,543	Notes 2 and 3
	Benchmark Service Co., Ltd.	Thailand	Maintenance service	-	479	-	-	-	-	(26)	(26)	Notes 2, 3 and 8
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment.	17,241	-	882,000	97.24	263,899	299.21	49,352	35,244	Notes 1, 2, 3 and 5
Lucky Union Limited	Sinmag Limited	Samoa	Holding company	163,529	407,839	-	100.00	2,109,939	-	516,181	516,181	Notes 2, 3 and 7
Sinmag Limited	Sinmag Bakery Equipment Sdn. Bhd.	Malaysia	Selling of bakery equipment.	12,340	12,340	300,000	100.00	105,325	351.08	15,026	15,026	Notes 2 and 3
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment.	-	17,241	-	-	-	-	49,352	10,052	Notes 1, 2, 3 and 5
	Sinmag Bakery Machine India Private Limited	India	Manufacturing and selling of bakery equipment.	54,748	54,748	-	100.00	1,808	-	(427)	(427)	Notes 2 and 3

Note 1: The share of profits (losses) of the investee includes the effect of unrealized gross profit on intercompany transactions.

Note 2: The share of profit (loss) was recognized according to the audited financial statements of the investees for the same year.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 4: For information on investments in mainland China, refer to Table 7
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Note 5: After undertaking the structural reorganization in April 2021, the Company directly held 100% equity of LBC Bakery Equipment Inc.

Note 6: Lucky Union Limited reduced and returned its capital in the amount of US$8,725 thousand, and the procedures were completed in July 2021.

Note 7: Sinmag Limited reduced and returned its capital in the amount of US$8,725 thousand, and the procedures were completed in July 2021

Note 8: Benchmark Service Co., Ltd. was liquidated and dissolved in August 2021.

Note 9: Except for Note 5 and Note 8, the table above shows that the highest amount of shareholding or capital contribution ratio is equal to the shareholding or capital contribution ratio at the end of the year. No collateral was provided on these investments.

TABLE 7

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Sinmag Equipment (China) Co., Ltd. (Note 3)	Manufacturing and selling of bakery equipment	$ 1,058,108 (US$ 33,850)	b	$ 349,938 (US$ 10,594)	$ -	$ -	$ 349,938 (US$ 10,594)	$ 518,434	100	$ 519,313 (Note 2 b.(2))	$ 1,976,329	$ 4,252,472 (US$ 139,839)
Wuxi New Order Control Co., Ltd.	Manufacturing and selling of control panels and electromechanical control system	4,961 (US$ 150)	〃	3,348 (US$ 104)	-	-	3,348 (US$ 104)	11,580	50	5,074 (Note 2 b.(2))	10,623	61,652 (US$ 2,033)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$353,286 (Note 4)	$1,174,049	$1,454,941

Note 1: The three methods of investing in mainland China are as follows:

a. Direct investments in mainland China.
b. Investment in mainland China through an existing company established in a third region (Lucky Union Limited and Sinmag Limited)
c. Others.

Note 2: In the column of investment gain (loss)

a. If the investment is still in preparation and there is no investment gain (loss), it will be specified.

b. The basis for recognizing investment gain (loss) is as follows:

1) Based on financial statements audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
2) Based on financial statements audited by the accounting firm of the parent company in Taiwan.
3) The investees' financial statements have not been audited for the same year.

(Continued)

Note 3: Part of the amount reinvested in a third region.

Note 4: Repatriation of investments of $4,314,124 thousand was not deducted from the amount.

Note 5: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transactions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 6: The table above shows that the highest amount of shareholding or capital contribution ratio is equal to the shareholding or capital contribution ratio at the end of the year. No collateral was held on these investments.

(Concluded)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

2. The amount and percentage of sales and the balance and percentage of the related payables at the end of the period:

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
Sinmag Equipment (China) Co., Ltd.	Purchase	$ 820,588	88	Cost with a margin	B/L 45 days	Note 1	$ (139,124)	(78)	$ 16,276	Note 2
	Sales	(50,168)	(4)	Cost with a margin	B/L 90 days	〃	6,277	3	3,184	〃

Note 1: The payment terms for non-related parties are negotiated on a case-by-case basis, which is 90 days from end of the month of sale or purchase of goods.

Note 2: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

3. The amount of property transactions and the amount of the resultant gains or losses: None.

4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

5. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

SINMAG EQUIPMENT CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng Chia Investment Co., Ltd.	3,055,545	6.08

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Sinmag Equipment Corporation

Chairman Shun-Ho Hsieh