



Security Code: 1580

SINMAG EQUIPMENT CORPORATION

2022 Annual Shareholders' Meeting Meeting Handbook

Date: May 31, 2022

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

This is a translation of the meeting handbook for the 2021 annual shareholders' meeting ("the handbook") of Sinmag Equipment Corporation ("The Company"). The translation is intended for reference only and no other purposes. The Company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the handbook shall govern any and all matters related to the interpretation of the subject matter stated herein.

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Sinmag Equipment Corporation

Meeting Procedure for the 2022 Annual General Shareholders' Meeting

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

Sinmag Equipment Corporation

Agendas of 2022 Annual General Shareholders' Meeting

Time: 9 a.m., Tuesday, May 31, 2022

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

Method of Convening the Meeting: Physical Shareholders' Meeting

- I. Call the Meeting to Order (Reporting number of shares attending)
- II. Chairman Remarks
- III. Report Items
 1. 2021 Business Report
 2. 2021 Audit Committee's Review Report
 3. 2021 Employees' and Director's Compensation Distribution Report
- IV. Proposed Items
 1. To approve 2021 Business Report and Financial Statements
 2. To approve the proposal for 2021 Earnings Distribution
- V. Discussion Items
 1. Amendments to the Articles of Incorporation
 2. Amendments to the Procedures for Acquisition or Disposal of Assets
 3. Amendments to the Rules of Procedure for Shareholders' Meetings
 4. Discussion on the application of the subsidiary Sinmag Equipment (China) Co., Ltd. for the initial public offering of ordinary shares in Chinese yuan, listing on an overseas stock exchange
- VI. Election

To elect Directors and Independent Directors
- VII. Other Proposals

Proposal for releasing the Directors from non-competition restrictions
- VIII. Extempore Motions
- IX. Adjournment

Report Items

I. To report 2021 Business Report

Explanation: For the Company's Business Report (2021), please refer to Attachment 1 on Page 19 to 24 of this meeting handbook.

II. To report 2021 Audit Committee's Review Report

Explanation: For the Audit Committee's Review Report (2021), please refer to Attachment 2 on Page 25 of this meeting handbook.

III. To report 2021 Employees' and Directors' Distribution Report

Explanation:

1. According to Article 29 of Articles of Incorporation, if the Company makes a profit in the year, 2% to 10% of the profits shall be allocated as Employees' compensation and no more than 5% of the profit as Directors' compensation. In the presence of the accumulated loss, the Company shall allocate an amount to recover such loss before allocating any employees' and Directors' compensation.
2. The Board of Directors resolved that the Company allocated NT\$17,479,286 as employees' compensation and NT\$7,857,000 as directors' compensation, and all were paid in cash.

Proposed Items

Motion 1 (Proposed by the Board of Directors)

Motion: To approve the 2021 Business Report and Financial Statements.

Explanation:

1. The Company's 2021 financial statements and consolidated financial statements and Business Report have been reviewed by the Audit Committee, and a written audit report has been issued.
2. Business Report and financial statements for the year 2021, please refer to Attachment 1 on Page 19 to 24 and Attachment 3 on Page 26 to 45 of this meeting handbook.
3. Please proceed to the ratification of the proposal.

Resolution:

Motion 2 (Proposed by the Board of Directors)

Motion: To approve the proposed item for 2021 Earnings Distribution.

Explanation:

1. The Company's 2021 Earnings Distribution Proposal is as follows:

Sinmag Equipment Corporation
Earnings Distribution Table
2021

Unit: NT\$

Unappropriated retained earnings at the beginning of the period	762,911,414
Plus: Net profit in 2021	510,166,853
Remeasurement of defined benefit plans	(5,548,954)
Net profit for the period plus adjustment	504,617,899
Less: 10% appropriated as legal	0
Appropriated as special reserves	(31,662,244)
Retained earnings available for distribution	1,235,867,069
Item for distribution:	
Dividends to shareholders	
Cash dividends (NT\$7 per share)	(351,611,694)
Unappropriated retained earnings at the end of the period	884,255,375

Chairman: Hsieh,
Shun-Ho

General:
Manager

Hsieh,
Shun-Ho

Accounting:
Manager

Huang,
Yu-Tung

2. Cash dividends to shareholders is NT\$7 per share. Upon the approval of the Annual Meeting of Shareholders, the Board of Directors is authorized to set the ex-dividend date and payment date of the dividends.

3. The cash dividends are calculated based on NT\$1. The amount less than NT\$1 is rounded. For the fractional amount of the sum less than NT\$1, shareholders' amounts are adjusted according to the number after the decimal point from big to small and the shareholder number from front to back until it confirms to the total cash dividends.
4. If the change of the Company's share capital affects the number of outstanding shares and leads to the change and amendment to shareholder dividend ratio, Board of Directors shall be authorized to handle the changes.
5. As far as the amount of earnings distribution this time is concerned, priority distribution shall be made according to the 2021 after-tax net profit.
6. Please proceed to the ratification of the proposal.

Resolution:

Discussion Items

Motion 1: (Proposed by the Board of Directors)

Motion: Discussion of the amendments to the Articles of Incorporation.

Explanation:

1. In accordance with the provisions of Articles 240 and 241 of the Company Law, it is proposed to authorize the Board of Directors to distribute dividends and bonuses, statutory surplus reserves and capital reserves in cash, to amend Article 29-1 of the Articles of Incorporation, and to specify the method of retaining special surplus reserve, complying with the provisions of Article 41 of the Securities and Exchange Law, aiming to maintain a sound and stable financial structure of the Company.
2. In order to make the company's method of convening shareholders' meetings more flexible, in accordance with the provisions of Article 172-2, Paragraph 1 of the Company Law, the company's articles of association expressly stipulates that the shareholders' meeting may be held by video conference or other method announced by the central competent authority and it is proposed to amend Article 11 of the Articles of Incorporation.
3. For the Comparison Table for the Articles of Incorporation Before and After Revision, please refer to Attachment 4 on Page 46 to 48 of this meeting handbook.
4. It is hereby submitted for discussion.

Resolution:

Motion 2: (Proposed by the Board of Directors)

Motion: Discussion of the amendments to the Procedures for Acquisition or Disposal of Assets.

Explanation:

1. In response to the restructuring of the group's organizational structure and in order to cooperate with the company's subsidiary Sinmag Equipment (China) Co., Ltd.'s application for listing on an overseas stock exchange, according to the relevant regulations for listing in mainland China, the number of new shares will be issued. The company and all its subsidiaries will not participate in the subscription, and will change the OTC commitments in accordance with regulations.
2. The Company has responded to the Letter No. Securities-TPEX-Surveillance-1110200351 dated March 04, 2022 and agreed to make changes to the commitments. In addition, in accordance with the Letter No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission dated January 28, 2022 and the Letter No. Securities-TPEX-Supervision-1110052109 of the Taipei Exchange dated February 09, 2022, the amendments were implemented, and it is proposed to amend some provisions of the Procedures for Acquisition or Disposal of Assets.
3. For the Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Revision, please refer to Attachment 5 on Page 49 to 55 of this meeting handbook.

4. It is hereby submitted for discussion.

Resolution:

Motion 3: (Proposed by the Board of Directors)

Motion: Discussion of amendments to the Rules of Procedures for Shareholders' Meetings.

Explanation:

1. In accordance with Letter No. Financial-Supervisory-Securities-Trading-1110133385 of the Financial Supervisory Commission dated March 7, 2022 and in response to the needs of the Company's practical operation, it is proposed to amend some provisions of the Rules of Procedure for Shareholders' Meeting.
2. For the Comparison Table for the Rules of Procedure for Shareholders' Meeting Before and After Revision, please refer to Attachment 6 on Page 56 to 66 of this meeting handbook.
3. It is hereby submitted for discussion.

Resolution:

Motion 4: (Proposed by the Board of Directors)

Motion: Discussion on the application of the subsidiary Sinmag Equipment (China) Co., Ltd. for the initial public offering of ordinary shares in Chinese yuan, listing on an overseas stock exchange.

Explanation:

- I. The Company's subsidiary Sinmag Equipment (China) Co., Ltd. intends to apply with securities authorities in China for the initial public offering of ordinary shares in CNY to enhance publicity and brand awareness, leverage the diversity of local funding channels and optimize China Sinmag's financial structure. The public listing shall be on the Shenzhen Stock Exchange.
- II. Purpose of applying for listing and trading in an overseas securities market:
To integrate the group's resources, enhance publicity and brand awareness, attract and incentivize local talents for better competitiveness, the Company's subsidiary Sinmag Equipment (China) Co., Ltd. (hereinafter referred to as "China Sinmag") intends to apply with securities authorities in China for the initial public offering of ordinary shares in CNY to leverage the diversity of local funding channels and optimize China Sinmag's financial structure. The public listing (hereinafter referred to as "the IPO") shall be on the Shenzhen Stock Exchange.
- III. Impact on the finance and business of the Company due to apply for listing and trading in an overseas securities market:
 - (I) Impact on financials
 1. If China Sinmag is listed on the Shenzhen Stock Exchange, it can quickly tap into the diversity of fund raising channels. This will enhance the efficiency of funding activities to support the Company's working capital and capital

expenditures going forward. It will also strengthen the financing flexibility for the Group.

2. The capital locally raised by China Sinmag can be used for production line or equipment expansion and revamps, enhancement of new product development or boosting of working capital. This will attract high-calibre talents, to improve the Company's innovation, development and market competitiveness and create new revenues and profitability growth.
3. The public listing of China Sinmag on the Shenzhen Stock Exchange can enhance the Group's asset size and strengthen the Company's capitalization. The enhancement of China Sinmag's operational competitiveness also contributes to the net incomes attributable to the Company and the shareholder's equity and maximizes the interest to shareholders.

(II) Impact on businesses

1. Public listing and trading of stocks allows China Sinmag to effectively enhance company profile and attract R&D talents to accelerate product development lead-time and meet customers' needs in a timely manner. Further increases capacity expansion and visibility and rapid development of the market share and group profits in the Chinese market.
2. The local listing of China Sinmag's shares helps to enhance the Company's image, augments the brand leadership and reengineer the brand value. It also allows the offering of equity-based incentives to employees to stabilize the personnel of the core team and paths way to the Company's future development.

IV. Proposed changes in the organizational structure and business:

- (I) In the future, the company will continue to develop the market of China and strengthen the layout of overseas markets. Considering the vast domestic demand market in China, the diversity and high price-to-earnings ratios of local funding channels, and in accordance with the laws and regulations in China. In addition to applying for the initial public offering of ordinary shares by China Sinmag and listing on the Shenzhen Stock Exchange, the Company will choose to adjust the group organization structure at an appropriate time.
 1. In order to comply with the relevant laws and regulations of the listing, China Sinmag, the main body applying for listing, needs to have a local shareholder. Therefore, the 0.01% shares of China Sinmag held by SINMAG LIMITED, a subsidiary of the company, was transferred to Ximai Enterprises Management (Wuxi) Co., Ltd., a subsidiary held by the company through an existing company established in a third region.

2. The subsidiary of LBC Bakery Equipment, Inc. 94.26% and Sinmag Equipment (Thailand) Co., Ltd. 100% in Thailand are directly invested by the Company. The subsidiary of Sinmag Bakery Equipment Sdn. Bhd. 100% and Wuxi New Order Control Co., Ltd. 50% and LBC Bakery Equipment, Inc. 3.07% are held by the company of Sinmag Limited in SAMOA through an existing company established in a third region. Those subsidiaries will be adjusted to be held by the subsidiary China Sinmag and the shareholding ratio remains unchanged.

(II) The public offering will not lead to material adjustments to the Group's existing businesses. China Sinmag is primarily focused on the Chinese market.

V. Impact of the proposed changes in the organizational structure and business on the listed company:

This investment framework adjustment can simplify the Group's investment structure and consolidate the Group's resources. This public offering enhances capital flows and utilization efficiency. It boosts the Company's total value and contributes to the Company's long-term and stable development. The investment structure adjustment is reorganization within the group, and has no significant impact on the consolidated profit and loss of the company.

VI. Method of shareholding dispersal and proposed reduction of shareholding:

China Sinmag intends to pursue a public offering of ordinary shares at a face value of 1 CNY per share in China, on the Shenzhen Stock Exchange. According to relevant listing rules in China, new shares representing shall be 10%~25% or more of China Sinmag's total issued shares will be issued. It is expected that the shareholding ratio of the company will not be less than 70% after the issuance of new shares, and will maintain its substantial control and operating rights over China Sinmag. The finalized application for public listing and the number of issued shares will be determined by the Board of Directors or the persons authorized by the shareholders' meeting in accordance with relevant laws and regulations in China, capital requirements, communication with local regulators, market development status and discussion with the lead underwriter. If China Sinmag is successfully obtains the approval for listing on the Shenzhen Stock Exchange, it will appoint an independent expert to issue an opinion in advance on the number of shares released, the reasonableness of the price and the impact on the shareholder's equity when handling the pre-listing shareholding dispersion. The opinions shall be submitted to the Audit Committee of the Company and then submitted to the Board of Directors for discussion.

VII. Basis of price determination:

China Sinmag intends to pursue a public offering on the Shenzhen Stock Exchange. According to relevant listing rules, pricing is determined with the inquiring process of book building and in accordance with market conditions or based on the final price approved by the China Securities Regulatory Commission.

VIII. Parties to whom equities are to be assigned or specified persons being contacted:

According to the relevant laws and regulations of the listing jurisdiction, the new shares shall be issued to book building participants meeting the requirements set forth by the laws and regulations specified by authorities in China, natural persons and legal persons in China that have opened securities accounts with the Shenzhen Stock Exchange and other investors in adherence to the regulations set forth by the China Securities Regulatory Commission. Neither the Company nor any of its subsidiaries will subscribe to the shares.

IX. Whether the Company's continued TPEx listing will be affected:

China Sinmag applies for a public offer on the Shenzhen Stock Exchange according to relevant laws and regulations. The interest of the Company's existing shareholder will be fully protected, and it will not affect the Company's continued listing on the Taiwan Stock Exchange.

X. Other explanation:

- (I) To meet the long-term development needs, China Sinmag intends to apply for this public listing with securities regulators in China. However, the application is not yet formally submitted. There is still uncertainty and unpredictability with the timing of application submission and the length of the review period.
- (II) The pursuit of this public offering can only proceed with the approval from the shareholders' meeting. If this is approved by the shareholders' meeting, the shareholders' meeting is requested to authorize the Board of Directors or other persons or the subsidiary China Sinmag's Board of Directors or other persons to proceed with the work necessary for China Sinmag's intended IPO of ordinary shares in Chinese yuan on the capital market of China and application with the Shenzhen Stock Exchange. Adjustments shall be made according to the status of the listing proposal, the opinions from government authorities, laws and regulations in Taiwan and the listing jurisdiction, market conditions or other circumstances. The authorization is for full discretion in the matters associated with the IPO, including but not limited to the appointment of professional consultants, the issuance terms and conditions, timing, amount, method, pricing method, issued prices (including the price range and the finalized price), issuance basis dates, strategic distributions (including the percentage and the investors), over-allotment, use of proceeds, percentage of the offered shares, selection of the listing exchange and the board, issuance of commitment, confirmation letters and preparation of relevant documents for listing application and any other matters in relation to this IPO.

XI. It is hereby submitted for discussion.

Resolution:

Election

(Proposed by the Board of Directors)

Motion: To elect Directors and Independent Directors.

Explanation:

1. The term of the Company's current directors expires on June 13, 2022, so it is proposed to conduct a full re-election of Directors and Independent Directors in the Annual Shareholders' Meeting.
2. According to Article 19 of the Articles of Incorporation, 9 Directors (including 3 Independent Directors) shall be elected. The election of Directors shall adopt the candidate nomination system. The term of newly-elected Directors shall be 3 years, commencing on May 31, 2022, and expiring on May 30, 2025. The current Directors and Independent Directors shall be effective until the adjournment of the 2022 Annual Shareholders' Meeting.
3. The elections are based on the Rules for Election of Directors; please refer to Appendix 4 on Page 95 to 97 of this meeting handbook.
4. The relevant information for Directors and Independent Directors and the Candidates are listed below:

No.	Director Candidate	Shareholdings	Education	Experience	Current Position
1.	Hsieh, Shun-Ho	2,211,267 Shares	High School	President, Sheng Chia Industrial Co., Ltd. CEO, Sinmag Equipment Corporation	1. Chairman and President, Sinmag Equipment Corporation 2. Chairman and President, Sinmag Equipment (China) Co., Ltd. 3. Director, San Neng Bake Ware (Wuxi) Co., Ltd. 4. Chairman, Sinmag Fitting Corporation 5. Director, Sheng Chia Investment Co., Ltd. 6. Chairman, Sinmag Bakery Machine India Private Limited 7. Chairman, Sinmag Bakery Equipment Sdn. Bhd. 8. Director, San Neng Group Holdings Co., Ltd. 9. Director, San Neng Bakeware

No.	Director Candidate	Shareholdings	Education	Experience	Current Position
					<p>Corporation</p> <p>10. Director, PT. San Neng Bakeware Indonesia</p> <p>11. Chairman, Greater Win Holdings Limited</p>
2.	Wu, Yao-Tsung	1,788,616 Shares	National Yilan Senior High School	Vice Chairman, Tehmag Foods Corporation	<p>1. Supervisor, Sinmag Fitting Corporation</p> <p>2. Supervisor, Sinmag Equipment (China) Co., Ltd.</p> <p>3. Director, Tehmag Foods Corporation</p> <p>4. Director, Wuxi New Order Control Co., Ltd.</p> <p>5. Director, Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.</p> <p>6. Director, Yangyu Foods Corporation</p> <p>7. Supervisor, Kingcraft Industrial Corp., Ltd.</p> <p>8. Chairman, Taiwan Lunchun Association</p> <p>9. Director, Bliss & Wisdom Senior High School</p> <p>10. Chairman, Purity New Materials Co., Ltd.</p> <p>11. Director, Taipei City Bliss & Wisdom Buddhism Foundation</p> <p>12. Chairman, AMRITA Translation Foundation</p> <p>13. Director, Zoom Foods (HK) Co., Ltd.</p> <p>14. Director, Tehmag Foods USA Corporation</p>

No.	Director Candidate	Shareholdings	Education	Experience	Current Position
					15. Director, PT. Tehmag Foods Corporation Indonesia
3.	Chang, Jui-Jung	380,981 Shares	Master of Business Administration, Asia University	President, San Neng Bake Ware (Wuxi) Co., Ltd. President, San Neng Bakeware Corporation Supervisor, Sinmag Equipment Corporation	1. Chairman, San Neng Bake Ware (Wuxi) Co., Ltd. 2. Chairman, San Neng Bakeware Corporation 3. Chairman and President, San Neng Group Holdings Co., Ltd. 4. Chairman, PT. San Neng Bakeware Indonesia 5. Chairman, East Gain Investment Limited 6. Chairman, SAN NENG Limited 7. Chairman, Jui Jung International Limited
4.	Hsieh, Ming-Ching	2,112,980 Shares	Bachelor of Economics, Fu Jen Catholic University Master of Financial Management, Azusa Pacific University Master of	Chairman's Special Assistant, Sinmag Equipment Corporation Chairman, Wuxi New Order Control Co., Ltd. Director and Vice President of the	1. Director, Kingcraft Industrial Corp., Ltd. 2. Director and Vice President, LBC Bakery Equipment Inc. 3. Director, Sheng Chia Investment Co., Ltd. 4. Director, Sinmag Equipment (Thailand) Co., Ltd. 5. Director and Vice President of Management Department,

No.	Director Candidate	Shareholdings	Education	Experience	Current Position
			Senior Management, Peking University	Management Division, Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd. 6. Director, Wuxi New Order Control Co., Ltd.
5.	Hsiao, Shu-Chuan	123,813 Shares	Department of Industrial Engineering and Management of Lunghwa University of Science and Technology	Associate/Special Assistant to the Chairman, Sinmag Equipment Corporation	Vice president, Sinmag Equipment Corporation
6.	Chang, Yu-Chuan	11,517 Shares	Mechanical Engineering of China Junior College of Technology	Plant Manager, Chongjia Enterprise Co., Ltd.	President, Sinmag Fitting Corporation Chairman, Kingcraft Industrial Corp., Ltd.

No.	Independent Director Candidates	Shareholdings	Education	Experience	Current Position
1.	Chan, Shih-Hung	0 Shares	Ph.D. in Mechanical Engineering, University of California, Berkeley	University Professor, Yuan Ze University President, Yuan Ze University Chair Professor of Far East Energy, Yuan Ze University Dean, University of Wisconsin Milwaukee Research Engineer, Argonne National Laboratory Chairman, New Energy Association of Taiwan Science and Technology Advisory Committee, Office of the President Republic of China (Taiwan)	1. Emeritus Professor, Yuan Ze University 2. Honorary President, New Energy Association of Taiwan 3. Member of the Advisory Committee, College of Chemistry, University of California, Berkeley, USA 4. Supervisor, Pu Lou Culture and Arts Foundation
2.	Huang, Huei-Wang	0 Shares	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	1. Representative, Broad Think Tank Co., Ltd. 2. Representative/ Corporate Appraiser/FRM®, Broad Think Tank Corporate Appraiser Co., Ltd. 3. Member of Remuneration Committee, Rotam Global Agrosiences Limited

				Development Industrial Bank	
3.	Tu, San-Chien	0 Shares	Bachelor of Accounting, National Chengchi University Master of Accounting, Louisiana State University, USA	Lecturer, College of Commerce, National Chengchi University Partner, Deloitte & Touche Chairman, Deloitte & Touche	1. Director, Pang Kuei & Co., CPA 2. Independent Director, Lin Bioscience, Inc. 3. Independent Director, Dah Chung Bills Finance Corp. 4. Supervisor, Jorjin Technologies Inc. 5. Independent Director, Tehmag Foods Corporation

5. Reasons to nominate Shih-Hung Chan as an independent director:

Mr. Chan, Shih-hung holds a Ph.D. in Mechanical Engineering, University of California, Berkeley and is currently serving as Emeritus Professor at Yuan Ze University and Honorary President of the Engineering Energy Center. He has professional knowledge and practical experience in the fields of electrical engineering and machinery, namely the expertise, international outlook and management experience that are necessary for the Company's development in the industry. In the course of his terms, he has given many suggestions in terms of corporate governance and operational development. He has no personal interest or involvement with the Company's management that could have a detrimental effect on his independence. The Company continued to nominate Mr. Chan, Shih-hung as a candidate for independent director, hoping to rely on his expertise in exercising the powers of independent directors to give the Board of Directors timely supervision and professional advice.

6. Please vote.

Election results:

Other Proposals

(Proposed by the Board of Directors)

Motion: Discussion of the Proposal for releasing the Directors from non-competition restrictions.

Explanation:

1. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the Meeting of the Shareholders the essential contents of such an act and secure its approval.
2. In order to respond to the Company's development of diversification and business alliance strategies, it is proposed to release the Directors from non-competition restrictions, without prejudice to the interests of the Company.
3. The details of releasing the Directors from non-competition restrictions are as follows:

Title/Name	Company Name and Position
Director Hsieh, Shun-Ho	Chairman and President, Sinmag Equipment (China) Co., Ltd. Director, San Neng Group Holdings Co., Ltd. Chairman, Sinmag Fitting Corporation Director, Sheng Chia Investment Co., Ltd. Chairman, Sinmag Bakery Machine India Private Limited Chairman, Sinmag Bakery Equipment Sdn. Bhd. Director, San Neng Bakeware Corporation Director, San Neng Bake Ware (Wuxi) Co., Ltd. Director, PT. San Neng Bakeware Indonesia Chairman, Greater Win Holdings Limited
Director Wu, Yao-Tsung	Supervisor, Sinmag Fitting Corporation Supervisor, Sinmag Equipment (China) Co., Ltd. Director, Tehmag Foods Corporation Director, Zeelandia Bakery Ingredients (Wuxi) Co., Ltd. Director, Wuxi New Order Control Co., Ltd. Director, Yangyu Foods Corporation Supervisor, Kingcraft Industrial Corp., Ltd.
Director Chang, Jui-Jung	Chairman and President, San Neng Group Holdings Co., Ltd. Chairman, San Neng Bakeware Corporation Chairman, San Neng Bake Ware (Wuxi) Co., Ltd. Chairman, PT. San Neng Bakeware Indonesia Chairman, East Gain Investment Limited Chairman, San Neng Limited Chairman, Jui Jung International Limited
Director Hsieh, Ming-Ching	Director, Sinmag Equipment (Thailand) Co., Ltd. Director and Vice President, LBC Bakery Equipment Inc.

Title/Name	Company Name and Position
	Director, Sheng Chia Investment Co., Ltd. Director, Kingcraft Industrial Corp., Ltd. Director and Vice President of Management Department, Sinmag Equipment (China) Co., Ltd. Director, Wuxi New Order Control Co., Ltd.
Director Hsiao, Shu-Chuan	Vice president, Sinmag Equipment Corporation
Director Chang, Yu-Chuan	President, Sinmag Fitting Corporation Chairman, Kingcraft Industrial Corp., Ltd.
Independent Director Tu , San-Chien	Director, Tehmag Foods Corporation

4. It is hereby submitted for discussion.

Resolution:

Extempore Motions

Adjournment

Sinmag Equipment Corporation

2021 Business Report

I. 2021 Business Report

(I) Implementation Results of Business Plan

2021 was the most challenging year in history. Although the COVID-19 vaccine is now available, the re-emergence of mutations of the virus continues to challenge the global adaptability. Many countries continue to implement strict border control and at the same time enterprises are faced with high prices of raw materials and freight. The dilemma is that terminal consumption is difficult to improve, whether it is the regional economy or the people's production industry that has been greatly impacted. It is a severe test for governments, enterprises and even individuals.

Upholding the experience and strength accumulated over many years, Sinmag Group has survived many severe tests such as the Sino-U.S. trade tensions, the COVID-19 outbreak, financial turmoil, industrial recession and inflation, etc. In the post-epidemic period, many new changes and new normals have emerged, requiring to follow the trends closely, adapting to innovation, quickly adjusting the layout, and demonstrating our operational strength of the company.

In such a grim year we continued to achieve growth in terms of annual revenue and gross profit, thanks to the collective efforts of the entire team. The consolidated operating income of the Group in 2021 was NT4,294,503,000, an increase of 30.12% from NT\$3,300,489,000 in 2020. The consolidated net profit after tax was NT\$510,167,000, after tax earnings per share was NT\$10.16, an increase of 49.64% from the same period last year.

1. The Company's operating results and sales of its main products are as follows:

(1) Comparison of operating results (combined profit and loss)

Unit: Thousand NT\$

	2021	2020	Increase (Decrease) Rate (%)
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%
Profit Before Income Tax	702,266	492,790	42.51%
Profit After Income Tax	510,167	340,940	49.64%

(2) Revenue Forecast and Realization

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

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

Item			2021	2020
Financial Structure Analysis	Debt-to-Asset Ratio		34.77%	32.34%
	Long-Term Funds to Fixed Assets Ratio (%)		228.74%	231.05%
Liquidity Analysis	Current Ratio		175.11%	191.08%
	Quick Ratio		104.73%	127.24%
Profitability Analysis	Return on Assets		14.58%	10.60%
	Return on Shareholders' Equity		21.84%	15.48%
	Ratio of Paid-In Capital	Operating Profit	137.84%	97.32%
		Pre-Tax income	139.80%	98.10%
	Profit Ratio		12.09%	10.71%
	Earnings per Share (NT\$)		10.16	6.79

II. Research and Development

Sinmag Group is the industry leader. It knows that in terms of product development, it must be able to meet customers' all-round needs and provide high added value and high-quality products in a timely and continuous manner. Otherwise, in the face of imitation and competition from many peers, it may be gradually replaced or even eliminated. Therefore, we continue to invest in product R&D and innovation, and improve production technology, strengthen management physique, in response to the changing and fierce competition environment. In 2021, the Group invested a total of NT\$135,817,000 in R&D for various process and technology development, and developed more diversified, more innovative and higher quality products. In addition to continuously consolidating and expanding the market share in China, the Group expects to create new market opportunities.

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

(I) Operating Strategies

The repeated changes of the COVID-19 epidemic in 2021 have affected the recovery of Sinmag Group in the global baking equipment market. At the same time, due to the sharp rise in raw materials, as well as policy factors such as China's dual control of energy consumption and

environmental protection upgrades. It has an impact on the cost control and production schedule of the product, so it also inputs variables for the sales layout of Sinmag.

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 are set to expand the market layout of each block, strengthen the efficiency of sales management and after-sales service, and improve the overall market of Sinmag products. Competitiveness, in addition to consolidating the existing market, while continuing to expand new customers, it is expected to continue to expand its 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 raw materials, Sinmag took the lead in adjusting the selling price appropriately in the Chinese baking equipment market. At the same time, in response to the changes and development of major customers in various markets and the competition strategy of peers in the industry, Sinmag will further strengthen the national sales network. and provide faster and immediate after-sales service, continue to improve the cost-effectiveness of Sinmag products in the minds of customers, and seize the territory and sales share of each block market.
- (2) Correspond to the reform and development of various market segments in China during the post-epidemic period, in order to cooperate with customers' innovation and transformation, in addition to provide appropriate supporting equipment, and using the achievements of successful transformation of major customers in the market to expand their influence. Continue to attract new customers entering the market, including:
 - A. New bakery concept stores, including Chinese pastry chain stores, tea and beverage complex stores, new-type portable breakfast stores, new-type cake souvenir stores and other new-type stores continue to rise in the market, creating many potential customers who enter the market.
 - B. Cooperate with the upgrade, transformation and development of old customers' stores, and proactively provide the appropriate supporting equipment and solutions to pursue coexistence and common prosperity between Sinmag and its customers.
 - C. The type of warehouse-type high-end membership stores in domestic retail supermarkets is developing rapidly, and major supermarkets across the country are planning to implement transformation and reforms to meet the challenges.

D. The rapid development of new types of convenience supermarkets has greatly increased the demand for new production lines or increased production automation in domestic small and medium-sized wholesale markets.

- (3) Continue to cooperate with online kitchenware vendors to increase the development of online, personal and internet celebrity bakery markets.
- (4) Expand the cooperation with the kitchenware merchants and raw material dealers across the country, provide flexible cooperation conditions, stimulate and explore more sales cooperation projects.

2. Overseas Market

In 2022, overseas markets will face repeated outbreaks, rising costs, rising selling prices, soaring shipping costs, delays in delivery, and exchange rate changes, and the sales layout will face huge challenges. Overseas market sales development strategies include:

- (1) Optimize the product sales mix, adjust the selling price appropriately, eliminate products with low gross profit, and promote the sales of new products.
- (2) Adjust the production planning of customer orders, carry out planned production, and shorten the delivery time 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 dispatching more sales representatives to assist, etc.).
- (4) Strengthen professional training on sales and after-sales service for branches and agents, improve work flow efficiency, and improve the level of pre-sales and after-sales services for customers in various markets.
- (5) Assist countries to resume sales activities, and flexibly adjust sales prices and conditions according to the changes in the epidemic situation and business development in various countries, so as to facilitate agents to obtain orders.
- (6) Continue to carry out sales planning for products that have not yet entered the market, assist in promoting the necessary rectification and certification of equipment, and assist agents in promoting sales to local markets based on feedback from agents and the market.

(II) Expected Sales Volume and Its Basis

The Company's main products are the food machinery equipment. According to the expected growth rate of the food market and the estimated production capacity, it will continue to expand new customers and develop new products in 2022, other than sticking to the original China market share and sales volume, and will continue to expand United States, India, Southeast Asia and other markets. The Company's sales volume is still expected to grow.

(III) Production and Sales Strategies

1. Adjust product structure and sales mix, integrate equipment specifications and models for lean production, reduce costs, improve production efficiency, replace products with poor gross profit and sales, and promote high gross profit mass production equipment.
2. Enhance and improve equipment performance and quality according to customers' feedback. Strengthen the sale of newer equipment to win back 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 visit efficiency of new and old customers and markets, strengthen customer return visits, and improve sales service levels.
4. Strengthen the management and training of the after-sales engineering team, introduce the electronic management system to improve the efficiency of engineering management, improve the service efficiency, maintenance ability and service attitude, and improve the satisfaction of the existing customers for the after-sales service.
5. Set up a project business department at the headquarters, prepare and organize manpower, cooperate with the overall service function of the engineering department of the headquarters, and directly connect the headquarters with the key customers of national large supermarkets and chain stores. To enhance the added value of the equipment of Sinmag, provide maintenance, training and after-sales maintenance services, provide one-stop one-stop docking, create exclusive services for major customers.

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

Bakery products include bread, cakes, cakes, refreshments, snacks, biscuits and many other items, which can be customized for various needs such as dinners, afternoon teas, supper, and even festivals, souvenirs, lunch boxes, etc. Products are diversified and highly demanded products that can be satisfied in various occasions and occasions, from personal meals to restaurants, banquets, and gifts. Bakery products are already necessities of life in European and American countries. Bread and pastries are an important part of the three meals in Western families. In the Asian market dominated by China, where the living standards of residents have improved with the economic development, and their consumption habits have also been favored by Western food. Because bread has the advantages of convenience, health and diversity, gradually introduced into the general meal market and occupies an important place contributing to cultural influence. In recent years, it has moved from "baking and catering" to "catering baking". New-style tea shops have gradually become important leisure consumption places, and the combination of "drinks + baking" has become the mainstream of afternoon tea. In addition, the market for gift-giving in

festivals is growing, so the introduction rate of bakery products such as bread and pastries is expected to continue to increase, and the market prospects are still relatively highly optimistic.

In 2021, the continuous spread of COVID-19 will impact the operations of many industries, but it will also bring new business opportunities. Affected by the epidemic, the domestic market of the catering industry has been hit hard, and take-away, delivery and online markets have been replaced instead. Booming development, merchants have deployed third-party platforms such as WeChat ecology, video accounts, Weibo, etc. to achieve multi-platform operations, capture more consumers and tap their potential. With the advent of the post-epidemic era, the digital era of catering, including the bakery industry, has fully started.

The COVID-19 epidemic has also affected the global economy in many ways. Supply chain shortages, rising raw material prices, sharp increases in freight costs, capacity allocation problems, exchange rate fluctuations and many other complex factors have made business operations to face unprecedented severe challenges; going towards 2022, the central banks of various countries will face unprecedented challenges. We still have to face the issue of raising interest rates and follow-up issues, and the global economic environment is still severe. Although we are going through 2021 with challenges, the epidemic has not yet eased. It is foreseeable that there will be more unknown challenges in the global economy. Always pay attention to external changes and maintain flexibility at any time, so as to stand firm in the volatile business environment.

Entering the new normal after the epidemic, Sinmag will continue to face challenges with an innovative spirit, fearless of the ever-changing economy and unpredictable environment, adhering to the founding spirit of "Integrity, Innovation, and Service", and abiding by the company's core values of sustainable development based on market trends. Adjusting flexibly according to market trends, reducing the risk of economic fluctuations, enhancing international competitiveness and building a pattern of macroeconomic stability.

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

【Attachment 2】

Sinmag Equipment Corporation
Audit Committee's Review Report

Hereby approved.

The Board of Directors has submitted the 2021 Business Report, Financial Statements and Earnings Distribution Proposals of the Company. The Financial Statements have been audited by CPAs Chen, Chiang-Hsun and Chen, Chao-Mei of Deloitte & Touche, and the audit report has been issued. The aforementioned business report, financial statements, and 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

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

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SINMAG EQUIPMENT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	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	<u>22,992</u>	<u>2</u>	<u>20,694</u>	<u>3</u>
Total operating revenue	<u>1,123,231</u>	<u>100</u>	<u>736,660</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 10, 22 and 29)	(971,324)	(87)	(623,626)	(85)
Service cost	<u>(3,618)</u>	<u>-</u>	<u>(2,679)</u>	<u>-</u>
Total operating costs	<u>(974,942)</u>	<u>(87)</u>	<u>(626,305)</u>	<u>(85)</u>
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)	<u>11,699</u>	<u>1</u>	<u>12,987</u>	<u>2</u>
REALIZED GROSS PROFIT	<u>143,286</u>	<u>13</u>	<u>111,643</u>	<u>15</u>
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)	<u>492</u>	<u>-</u>	<u>(6,164)</u>	<u>(1)</u>
Total operating expenses	<u>(130,160)</u>	<u>(12)</u>	<u>(108,964)</u>	<u>(14)</u>
PROFIT FROM OPERATIONS	<u>13,126</u>	<u>1</u>	<u>2,679</u>	<u>1</u>
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	<u>563,705</u>	<u>50</u>	<u>367,701</u>	<u>50</u>

(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	%
Total non-operating income and expenses	<u>\$ 557,376</u>	<u>50</u>	<u>363,567</u>	<u>49</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	570,502	51	366,246	50
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(60,335)</u>	<u>(6)</u>	<u>(25,306)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>510,167</u>	<u>45</u>	<u>340,940</u>	<u>46</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(6,936)	-	1,335	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>1,387</u>	<u>-</u>	<u>(267)</u>	<u>-</u>
	<u>(5,549)</u>	<u>-</u>	<u>1,068</u>	<u>-</u>
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	<u>7,915</u>	<u>1</u>	<u>(295)</u>	<u>-</u>
	<u>(31,663)</u>	<u>(3)</u>	<u>1,181</u>	<u>1</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(37,212)</u>	<u>(3)</u>	<u>2,249</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 472,955</u>	<u>42</u>	<u>\$ 343,189</u>	<u>47</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 10.16</u>		<u>\$ 6.79</u>	
Diluted	<u>\$ 10.12</u>		<u>\$ 6.77</u>	

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		Unappropriated Earnings	Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve			
BALANCE AT JANUARY 1, 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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,068</u>	<u>1,181</u>	<u>2,249</u>
Total comprehensive income for the year ended December 31, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342,008</u>	<u>1,181</u>	<u>343,189</u>
BALANCE AT DECEMBER 31, 2020	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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,549)</u>	<u>(31,663)</u>	<u>(37,212)</u>
Total comprehensive income (loss) for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,618</u>	<u>(31,663)</u>	<u>472,955</u>
BALANCE AT DECEMBER 31, 2021	<u>\$ 502,302</u>	<u>\$ 77,765</u>	<u>\$ 586,956</u>	<u>\$ 159,572</u>	<u>\$ 1,267,530</u>	<u>\$ (191,235)</u>	<u>\$ 2,402,890</u>

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 diposal 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	<u>244,310</u>	<u>36,727</u>
Net cash generated from investing activities	<u>298,186</u>	<u>338,255</u>
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	<u>(1,219)</u>	<u>(1,339)</u>
Net cash used in financing activities	<u>(247,693)</u>	<u>(221,259)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(465)</u>	<u>(710)</u>
NET INCREASE (DECREASE) IN CASH	15,890	(4,700)
CASH AT THE BEGINNING OF THE YEAR	<u>53,103</u>	<u>57,803</u>
CASH AT THE END OF THE YEAR	<u>\$ 68,993</u>	<u>\$ 53,103</u>

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

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinmag Equipment Corporation

Opinion

We have audited the accompanying consolidated financial statements of Sinmag Equipment Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 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

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	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)	<u>12,679</u>	<u>-</u>	<u>23,266</u>	<u>1</u>
Total current assets	<u>2,095,792</u>	<u>56</u>	<u>1,939,183</u>	<u>56</u>
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)	<u>67,160</u>	<u>2</u>	<u>114,715</u>	<u>3</u>
Total non-current assets	<u>1,622,071</u>	<u>44</u>	<u>1,507,552</u>	<u>44</u>
TOTAL	<u>\$ 3,717,863</u>	<u>100</u>	<u>\$ 3,446,735</u>	<u>100</u>
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)	<u>19,980</u>	<u>1</u>	<u>4,155</u>	<u>-</u>
Total current liabilities	<u>1,196,797</u>	<u>32</u>	<u>1,014,838</u>	<u>29</u>
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)	<u>5,921</u>	<u>-</u>	<u>916</u>	<u>-</u>
Total non-current liabilities	<u>96,164</u>	<u>3</u>	<u>99,872</u>	<u>3</u>
Total liabilities	<u>1,292,961</u>	<u>35</u>	<u>1,114,710</u>	<u>32</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital				
Ordinary shares	<u>502,302</u>	<u>14</u>	<u>502,302</u>	<u>15</u>
Capital surplus	<u>77,765</u>	<u>2</u>	<u>75,738</u>	<u>2</u>
Retained earnings				
Legal reserve	586,956	16	552,755	16
Special reserve	159,572	4	160,753	5
Unappropriated earnings	<u>1,267,530</u>	<u>34</u>	<u>1,136,995</u>	<u>33</u>
Total retained earnings	<u>2,014,058</u>	<u>54</u>	<u>1,850,503</u>	<u>54</u>
Other equity	<u>(191,235)</u>	<u>(5)</u>	<u>(159,572)</u>	<u>(5)</u>
Total equity attributable to owners of the Company	2,402,890	65	2,268,971	66
NON-CONTROLLING INTERESTS (Notes 4 and 21)	<u>22,012</u>	<u>-</u>	<u>63,054</u>	<u>2</u>
Total equity	<u>2,424,902</u>	<u>65</u>	<u>2,332,025</u>	<u>68</u>
TOTAL	<u>\$ 3,717,863</u>	<u>100</u>	<u>\$ 3,446,735</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated 3/28,2022)

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	<u>22,992</u>	<u>1</u>	<u>20,694</u>	<u>1</u>
Total operating revenue	<u>4,294,503</u>	<u>100</u>	<u>3,300,489</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 30)	(2,707,614)	(63)	(1,958,071)	(59)
Service cost	<u>(3,618)</u>	<u>-</u>	<u>(2,679)</u>	<u>-</u>
Total operating costs	<u>(2,711,232)</u>	<u>(63)</u>	<u>(1,960,750)</u>	<u>(59)</u>
GROSS PROFIT	<u>1,583,271</u>	<u>37</u>	<u>1,339,739</u>	<u>41</u>
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)	<u>6,821</u>	<u>-</u>	<u>(3,176)</u>	<u>-</u>
Total operating expenses	<u>(890,857)</u>	<u>(21)</u>	<u>(850,898)</u>	<u>(26)</u>
PROFIT FROM OPERATIONS	<u>692,414</u>	<u>16</u>	<u>488,841</u>	<u>15</u>
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	<u>(3,566)</u>	<u>-</u>	<u>(5,280)</u>	<u>-</u>
Total non-operating income and expenses	<u>9,852</u>	<u>-</u>	<u>3,949</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	702,266	16	492,790	15
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(182,808)</u>	<u>(4)</u>	<u>(139,244)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>519,458</u>	<u>12</u>	<u>353,546</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20, 21 and 24)				

(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	%
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	<u>1,387</u>	<u>-</u>	<u>(267)</u>	<u>-</u>
	<u>(5,549)</u>	<u>-</u>	<u>1,068</u>	<u>-</u>
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	<u>7,915</u>	<u>-</u>	<u>(295)</u>	<u>-</u>
	<u>(32,436)</u>	<u>(1)</u>	<u>(1,261)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(37,985)</u>	<u>(1)</u>	<u>(193)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 481,473</u>	<u>11</u>	<u>\$ 353,353</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 510,167	12	\$ 340,940	10
Non-controlling interests	<u>9,291</u>	<u>-</u>	<u>12,606</u>	<u>1</u>
	<u>\$ 519,458</u>	<u>12</u>	<u>\$ 353,546</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 472,955	11	\$ 343,189	11
Non-controlling interests	<u>8,518</u>	<u>-</u>	<u>10,164</u>	<u>-</u>
	<u>\$ 481,473</u>	<u>11</u>	<u>\$ 353,353</u>	<u>11</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 10.16</u>		<u>\$ 6.79</u>	
Diluted	<u>\$ 10.12</u>		<u>\$ 6.77</u>	

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

(With Deloitte & Touche auditors' report dated 3/28,2022)

(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						Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings							
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 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 3/28,2022)

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	<u>374,658</u>	<u>473,182</u>

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)
Decrease in other non-current assets	63	13

(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
Interest received	<u>7,452</u>	<u>13,780</u>
Net cash used in investing activities	<u>(254,801)</u>	<u>(251,493)</u>
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	<u>(41,734)</u>	<u>-</u>
Net cash used in financing activities	<u>(249,764)</u>	<u>(238,242)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(9,060)</u>	<u>(7,794)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(138,967)</u>	<u>(24,347)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>773,628</u>	<u>797,975</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 634,661</u>	<u>\$ 773,628</u>

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

(With Deloitte & Touche auditors' report dated 3/28,2022)

(Concluded)

【Attachment 4】

Sinmag Equipment Corporation

Comparison Table for the Articles of Incorporation Before and After Revision

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
Article 11	<p>The shareholders' meeting of the Company shall be of two types, namely extraordinary meeting and temporary meeting. The regular meeting is held once a year and within six months after the end of each fiscal year. The extraordinary meeting shall be convened in accordance with the relevant laws when necessary.</p> <p><u>When the company's shareholders' meeting is held, it may be held by video conferencing or other methods announced by the central competent authority in a public announcement.</u></p>	<p>The shareholders' meeting of the Company shall be of two types, namely extraordinary meeting and temporary meeting. The regular meeting is held once a year and within six months after the end of each fiscal year. The extraordinary meeting shall be convened in accordance with the relevant laws when necessary.</p>	<p>In order to make the method of the company's shareholders' meeting more flexible, in accordance with the provisions of Article 172-2, Paragraph 1 of the Company Law, the company's articles of association expressly stipulates that the shareholders' meeting may be held by video conference or other methods announced by the central competent authority, subsequently the provisions of Article 11 of the company's articles of association were amended.</p>
Article 29-1	<p>If there is a net profit after tax in the Company's annual final accounts, they shall be first appropriated to make up for the accumulated losses (including adjusting the retained surplus amount), and then appropriate 10% as legal capital reserve according to law, unless the legal capital reserve has reached the paid-up capital of the Company. Then, the Company shall set aside or reverse special reserve according to</p>	<p>If there is a net profit after tax in the Company's annual final accounts, they shall be first appropriated to make up for the accumulated losses (including adjusting the retained surplus amount), and then appropriate 10% as legal capital reserve according to law, unless the legal capital reserve has reached the paid-up capital of the Company. Then, the Company shall set aside or reverse special reserve according to</p>	<p>1. In line with the provisions of Article 41 of the Securities and Exchange Act, in order to maintain the soundness and stability of the company's financial structure, the</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p>the regulations or the competent authority; the remaining surplus, together with the opening retained surplus (including adjustment of the retained surplus amount), shall be proposed by the Board of Directors with a surplus distribution proposal, and the shareholders' meeting shall propose the resolution of appropriation of the dividends.</p> <p><u>When the Company sets aside the special surplus reserve according to the law, the amount of the "net increase in the fair value of investment real estate accumulated in the previous period" and the "net decrease in other equity accumulated in the previous period" shall be deducted prior to the distribution of earnings. The special surplus reserve of the same amount is withdrawn from the undistributed surplus of the previous period. If there is still insufficient, the current after-tax net profit is added to the current after-tax net profit and the items other than the current after-tax net profit are included in the undistributed surplus of the current period.</u></p> <p><u>Pursuant to Article 240 of the Company Act, the Company authorizes the Board of Directors to distribute cash dividends from the statutory surplus and capital reserves in accordance with Article 241 of the Company Act by resolution adopted by a majority in a meeting attended by two-thirds or more of the Directors, and the distribution shall then be reported to the shareholders' meeting.</u></p> <p>The Company's dividend policy shall be determined pursuant to factors, based on the current and future development plans, the investment environment, capital needs and domestic and international competitive situation, and the</p>	<p>the regulations or the competent authority; the remaining surplus, together with the opening retained surplus (including adjustment of the retained surplus amount), shall be proposed by the Board of Directors with a surplus distribution proposal, and the shareholders' meeting shall propose the resolution of appropriation of the dividends.</p> <p>The Company's dividend policy shall be determined pursuant to factors, based on the current and future development plans, the investment environment, capital needs and domestic and international competitive situation, and the</p>	<p>method of setting aside the special surplus reserve is specified. Simultaneous amendments to the content of the articles</p> <p>2. In line with the provisions of Article 240 of the Company Law, the procedures for paying dividends and bonuses in cash are simplified, and the contents of the provisions are revised simultaneously.</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	interests of shareholders, etc., The Company shall appropriate no less than 20% of the retained earnings available for distribution. The dividends may be paid in cash or stock, and the cash dividends shall not be less than 20% of the total dividends.	interests of shareholders, etc., The Company shall appropriate no less than 20% of the retained earnings available for distribution. The dividends may be paid in cash or stock, and the cash dividends shall not be less than 20% of the total dividends.	
Article 32	<p>The 1st amendment was made on September 15, 1983. </p> <p>The 24th amendment was made on June 14, 2019. <u>The 25th amendment was made on May 31, 2022.</u></p>	<p>The 1st amendment was made on September 15, 1983. </p> <p>The 24th amendment was made on June 14, 2019.</p>	

【Attachment 5】

Sinmag Equipment Corporation

Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Revision

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
Article 5	<p>The company shall not waive its capital contribution to the Lucky Union Limited in the future years; Lucky Union Limited shall not waive its capital contribution to Sinmag Limited in the future years; <u>Sinmag Limited shall not waive its capital contribution to Sinmag Bakery Equipment Sdn. Bhd. (Malaysia), and Sinmag Equipment (China) Co., Ltd., and Wuxi New Order Control Co., Ltd.</u></p> <p>If the Company has not made any capital increase or disposal of the Company, it shall be approved by a special resolution of the Board of Directors of the Company.</p> <p>If there are any amendments to the above two items, the observatory should input important information on the open information observatory and report to the counter purchase center for reference.</p>	<p>The company shall not waive its capital contribution to the Lucky Union Limited in the future years; Lucky Union Limited shall not waive its capital contribution to Sinmag Limited in the future years; Sinmag Limited shall not waive its capital contribution to Sinmag Bakery Equipment Sdn. Bhd. (Malaysia), and Sinmag Equipment (China) Co., Ltd., and Wuxi New Order Control Co., Ltd.</p> <p>If the Company has not made any capital increase or disposal of the Company, it shall be approved by a special resolution of the Board of Directors of the Company.</p> <p>If there are any amendments to the above two items, the observatory should input important information on the open information observatory and report to the counter purchase center for reference.</p>	Amendments to the contents of this article to meet the Company's operational needs and changes to OTC commitments.
	<p>Article-5-1</p> <p><u>The company's shareholding ratio in Sinmag Limited is not less than 70%. If the company reduces its shareholding in the future or Sinmag Limited needs to apply for a capital increase, the Company's shareholding ratio will be reduced. When possible, the reasons for capital increase or reduction of shareholding, the impact on the Company's financial business, the proportion of shareholding expected to be reduced, and the basis for setting prices shall be submitted to the audit committee for deliberation, submitted to the board of directors for discussion, and submitted to the shareholders' meeting for resolution. The Company should still maintain the substantial control and operation rights over Sinmag Limited in order to safeguard the rights and interests of shareholders.</u></p>	<u>New Article No.</u>	Revision to the contents of this article to meet the needs of the Company's operations.
Article 6	<p>The professional appraiser and appraisal personnel, independent auditor, lawyer or the securities underwriter who provides the appraisal report or opinions for the Company shall meet the following requirements:</p> <p>I-II: Omitted.</p> <p>III. If the Company need to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal personnel shall not be related parties to each other or have substantial relationship with</p>	<p>The professional appraiser and appraisal personnel, independent auditor, lawyer or the securities underwriter who provides the appraisal report or opinions for the Company shall meet the following requirements:</p> <p>I-II: Omitted.</p> <p>III. If the Company need to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal personnel shall not be related parties to each other or have substantial relationship with</p>	I. The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. As the trade associations to which external experts belong have relevant regulations for their undertaking

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p>each other.</p> <p>When issuing the appraisal report or opinion, the personnel in the preceding paragraph shall <u>comply with the self-regulatory rules of the industry associations to which they belong and</u> follow the following procedures:</p> <p>I. They shall carefully assess their professional capabilities, practical experience and independence before accepting cases.</p> <p>II. When <u>implementing</u> the cases, appropriate operational procedures shall be planned and implemented to form the conclusion and issue a report or advice; and complete the procedures, data collected and conclusion. The detailed procedures for the implementation of the work, data collected and conclusion shall be recorded in the case working papers.</p> <p>III. The <u>suitability</u> and reasonableness of the data sources, parameters and information used shall be assessed one by one as the basis for issuing appraisal reports or opinions.</p> <p>IV. Matters to be declared shall include the professionalism and independence of relevant personnel, the reasonableness <u>and appropriateness</u> of the information used and the compliance with relevant laws and regulations.</p> <p>V. If the Company acquires or disposes of assets through the court auction process, the appraisal report or accountant's opinion shall be replaced by the certification documents issued by the court.</p>	<p>each other.</p> <p>When issuing the appraisal report or opinion, the personnel in the preceding paragraph shall follow the following procedures:</p> <p>I. They shall carefully assess their professional capabilities, practical experience and independence before accepting cases.</p> <p>II. When <u>auditing</u> the cases, appropriate operational procedures shall be planned and implemented to form the conclusion and issue a report or advice; and complete the procedures, data collected and conclusion. The detailed procedures for the implementation of the work, data collected and conclusion shall be recorded in the case working papers.</p> <p>III. The <u>completeness, correctness</u> and reasonableness of the data sources, parameters and information used shall be assessed one by one as the basis for issuing appraisal reports or opinions.</p> <p>IV. Matters to be declared shall include the professionalism and independence of relevant personnel, the reasonableness <u>and correctness</u> of the information used and the compliance with relevant laws and regulations.</p> <p>V. If the Company acquires or disposes of assets through the court auction process, the appraisal report or accountant's opinion shall be replaced by the certification documents issued by the court.</p>	<p>of related businesses, in order to clarify the procedures and responsibilities of external experts.</p> <p>II. In view of that, the wording of the text is modified from "check" cases to "enforce" cases .</p>
Article 9	<p>Procedures for acquisition or disposal of property, equipment or its right-of-use asset I~III: Omitted.</p> <p>IV. Appraisal Report on Real Estate, Equipment or its Right-of-Use Asset For the Company's acquisition or disposal of real estate or equipment, excluding transactions with domestic government agencies, construction of local land, construction of land leases, or acquisition or disposal of equipment for business use, if the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, the appraisal report issued by the professional appraiser shall be obtained before the date of the fact, and the following procedures shall be followed: (I)~(II): Omitted.</p>	<p>Procedures for acquisition or disposal of property, equipment or its right-of-use asset I~III: Omitted.</p> <p>IV. Appraisal Report on Real Estate, Equipment or its Right-of-Use Asset For the Company's acquisition or disposal of real estate or equipment, excluding transactions with domestic government agencies, construction of local land, construction of land leases, or acquisition or disposal of equipment for business use, if the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, the appraisal report issued by the professional appraiser shall be obtained before the date of the fact, and the following procedures shall be followed: (I)~(II): Omitted.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. Considering the amendments and additions, the requirement for external experts to issue opinions should follow the self-discipline norms of the trade associations to which they belong, and the procedures for the issuance of opinions</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p>(III) If any of the following situation occurs, unless all of the appraisal values for asset acquisition are higher than the trading amount or all of the appraisal values for asset disposal are lower than the transaction price, the accountant shall express specific comments on the reasons for the discrepancy and the fairness of the transaction price.</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal results and the transaction amount is 20% or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. <p>(IV) The date of report presented by the professional appraiser and the date of establishment of contract shall not be more than three months. However, if the publicly announced current value of the same period is used and the past six months have not elapsed, the original professional appraiser may issue an opinion.</p>	<p>(III) If any of the following situation occurs, unless all of the appraisal values for asset acquisition are higher than the trading amount or all of the appraisal values for asset disposal are lower than the transaction price, the Company shall contact CPAs to take actions in accordance with Auditing Standards No. 20 published by Accounting Research and Development Foundation (ARDF) and to express specific comments on the reasons for the discrepancy and the fairness of the transaction price.</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal results and the transaction amount is 20% or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. <p>(IV) The date of report presented by the professional appraiser and the date of establishment of contract shall not be more than three months. However, if the publicly announced current value of the same period is used and the past six months have not elapsed, the original professional appraiser may issue an opinion.</p>	by accountants have been covered.
Article 10	<p>Acquisition or disposal of securities investment procedures I~III: Omitted.</p> <p>IV. Acquisition of expert opinions For the Company's acquisition or disposal of marketable securities, it shall take the latest financial statements of the underlying company which have been checked by CPC before the facts occur as a reference for evaluating the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, it shall consult the accountant before the facts occur to express its views on the reasonableness of the transaction price. However, this restriction does</p>	<p>Acquisition or disposal of securities investment procedures I~III: Omitted.</p> <p>IV. Acquisition of expert opinions For the Company's acquisition or disposal of marketable securities, it shall take the latest financial statements of the underlying company which have been checked by CPC before the facts occur as a reference for evaluating the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, it shall consult the accountant before the facts occur to express its views on the reasonableness of the transaction price. If an accountant needs to use an</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. Considering the amendments and additions, the requirement for external experts to issue opinions should follow the self-discipline norms of the trade associations to which they belong, and the</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	not apply to any marketable securities with quoted prices in an active market or as otherwise provided by the Financial Supervisory Commission.	expert reporter, it should be handled in accordance with the stipulations No. 20 of the Auditing Standards Bulletin issued by the Republic of China Accounting Research and Development Foundation. However, this restriction does not apply to any marketable securities with quoted prices in an active market or as otherwise provided by the Financial Supervisory Commission.	procedures for the issuance of opinions by accountants have been covered.
Article 11	Procedures for acquisition or disposal of intangible assets or the right-of-use assets or the memberships I~III: Omitted. IV. Professional assessment reports on the memberships, intangible assets or their right-of-use assets Except for transactions with government institutions, the transactions, whose amounts reach 20% of the Company's paid-in capital or NT\$300 million or more, shall require an accountant's opinion on the reasonableness of the transaction prices before the date of the actual event.	Procedures for acquisition or disposal of intangible assets or the right-of-use assets or the memberships I~III: Omitted. IV. Professional assessment reports on the memberships, intangible assets or their right-of-use assets Except for transactions with government institutions, the transactions, whose amounts reach 20% of the Company's paid-in capital or NT\$ 300 million or more, shall require an accountant's opinion on the reasonableness of the transaction prices before the date of the actual event. The accountant shall comply with Rule No. 20 of the International Financial Reporting Standards announced by the ARDF.	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. Considering the amendments and additions, the requirement for external experts to issue opinions should follow the self-discipline norms of the trade associations to which they belong, and the procedures for the issuance of opinions by accountants have been covered.
Article 12	Procedures for dealing with related parties I~II: Omitted. III. Appraisal and operating procedures Where the Company acquires or disposes of real estate or its right-of-use assets with a related party, or other assets other than real estate or its right-of-use assets with a related party, and the transaction amount reaches 20% of the company's paid in capital, 10% of the company's total assets, or NT\$300 million or more, in addition to trading domestic government bonds, bonds with repurchase or resale conditions, subscription or repurchase of money market funds issued by domestic securities investment trust enterprise, the following data shall be submitted for approval by more than half of all members of the Audit Committee and submitted to the Board of Directors for approval before signing a transaction contract and making payment; when submitting to the Board of Directors for discussion, the	Procedures for dealing with related parties I~II: Omitted. III. Appraisal and operating procedures Where the Company acquires or disposes of real estate or its right-of-use assets with a related party, or other assets other than real estate or its right-of-use assets with a related party, and the transaction amount reaches 20% of the company's paid in capital, 10% of the company's total assets, or NT\$300 million or more, in addition to trading domestic government bonds, bonds with repurchase or resale conditions, subscription or repurchase of money market funds issued by domestic securities investment trust enterprise, the following data shall be submitted for approval by more than half of all members of the Audit Committee and submitted to the Board of Directors for approval before signing a transaction contract and making payment; when submitting to the Board of Directors for discussion, the	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. Strengthening the management of related-party transactions

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p>opinions of each Independent Director shall be fully considered, and if the Independent Director has any objection or reservation, it shall be stated in the minutes of the board of directors.</p> <p><u>If a public company or a subsidiary thereof that is not a domestic public company will have a transaction and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p>(I)~(VII): Omitted.</p> <p>IV. Assessment for the Reasonableness of Transaction Cost</p> <p>(I)~(II): Omitted.</p> <p>(III) When the Company acquires real estate or its right-of-use assets from its related parties, it shall assess the cost of the real property or its right-of-use assets in accordance with Subparagraphs 1 and 2, Paragraph 4 of this Article, and shall also entrust an accountant to perform the review and render specific opinions.</p> <p>(IV)~(VII): Omitted.</p>	<p>opinions of each Independent Director shall be fully considered, and if the Independent Director has any objection or reservation, it shall be stated in the minutes of the board of directors.</p> <p>(I)~(VII): Omitted.</p> <p>IV. Assessment for the Reasonableness of Transaction Cost</p> <p>(I)~(II): Omitted.</p> <p>(III) When the Company acquires real estate or its right-of-use assets from its related parties, it shall assess the cost of the real property or its right-of-use assets in accordance with Subparagraphs 1 and 2, Paragraph 4 of this Article, and shall also entrust an accountant to perform the review and render specific opinions.</p> <p>(IV)~(VII): Omitted.</p>	
Article 13	<p>The calculation of the transaction amounts referred to in the preceding four articles shall be made in accordance with Paragraph 2 of Article 17 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been included in the evaluation report issued by the professional appraiser or CPA's opinions need not be counted toward the transaction amount. The transactions of related parties shall be approved by the audit committee and submitted to the <u>shareholders' meeting</u> and board of directors for approval in accordance with the regulations, and shall not be included again.</p>	<p>The calculation of the transaction amounts referred to in the preceding four articles shall be made in accordance with Paragraph 2 of Article 17 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been included in the evaluation report issued by the professional appraiser or CPA's opinions need not be counted toward the transaction amount. Related party transactions are approved by the Audit Committee and submitted to the Board of Directors for approval.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. Strengthening the management of related-party transactions</p>
Article 15	<p>Engaging in Derivatives Trading</p> <p>I~VII: Omitted.</p> <p>VIII. Regular evaluation methods</p> <p>(I) When engaging in derivative transactions, a memorandum</p>	<p>Engaging in Derivatives Trading</p> <p>I~VII: Omitted.</p> <p>VIII. Regular evaluation methods</p> <p>(I) When engaging in derivative transactions, a memorandum</p>	<p>Edited as appropriate.</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p>book shall be established, detailing the type and amount of derivative transactions, the date of adoption by the board of directors, and the matters that shall be carefully evaluated in accordance with Paragraph 8, Subparagraph 2, Paragraph 9, Subparagraph 2, and Paragraph 7, Subparagraph 1 of this Article.</p> <p>(II) Positions held in derivatives transactions shall be assessed at least once weekly. If the hedging transaction is conducted for business needs, the assessment report shall be performed twice a month. The assessment report shall be submitted to senior managers authorized by the Board of Directors.</p> <p>IX~XI: Omitted.</p>	<p>book shall be established, detailing the type and amount of derivative transactions, the date of adoption by the board of directors, and the matters that shall be carefully evaluated in accordance with Paragraph 8, Subparagraph 2, Paragraph 9, Subparagraph 2, and Paragraph 10, Subparagraph 1 of this Article</p> <p>(II) Positions held in derivatives transactions shall be assessed at least once weekly. If the hedging transaction is conducted for business needs, the assessment report shall be performed twice a month. The assessment report shall be submitted to senior managers authorized by the Board of Directors.</p> <p>IX~XI: Omitted.</p>	
Article 17	<p>Information Disclosure Procedures</p> <p>I. Items Required for Public Announcement and Report and its Standards</p> <p>If the Company acquires or disposes of assets in the following circumstances, it shall, by nature and in accordance with the prescribed format, declare the relevant information shall be submitted to the website designated by the Financial Supervisory Commission for public announcement within 2 days from the date of the occurrence of the facts:</p> <p>(I)~(V): Omitted.</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five Subparagraphs, a disposal of receivables by a financial institution, or an investment in Mainland China reaches 20% or more of paid-in capital or NT\$300 million; However, this does not apply to the following circumstances:</p> <ol style="list-style-type: none"> Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u> Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises. 	<p>Information Disclosure Procedures</p> <p>I. Items Required for Public Announcement and Report and its Standards</p> <p>If the Company acquires or disposes of assets in the following circumstances, it shall, by nature and in accordance with the prescribed format, declare the relevant information shall be submitted to the website designated by the Financial Supervisory Commission for public announcement within 2 days from the date of the occurrence of the facts:</p> <p>(I)~(V): Omitted.</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five Subparagraphs, a disposal of receivables by a financial institution, or an investment in Mainland China reaches 20% or more of paid-in capital or NT\$300 million; However, this does not apply to the following circumstances:</p> <ol style="list-style-type: none"> Trading of government bonds. Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises. 	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. Considering that the current public offering companies have been exempted from public announcements and declarations for the trading of government bonds.</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	II~IV: Omitted.	II~IV: Omitted.	

【Attachment 6】

Sinmag Equipment Corporation

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

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
Article 3	<p>Convention of Shareholders' Meeting and meeting notice</p> <p>Unless otherwise provided by law, the shareholders' meeting of the Company shall be convened by the Board of Directors.</p> <p><u>Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p> <p>The Company shall, 30 days prior to the regular shareholders' meeting, or 15 days prior to the extraordinary meeting of shareholders, make electronic files of the notice of meeting, the power of attorney, the cause of action and explanatory materials on various motions concerning admission, discussion, appointment or removal of directors, and other relevant information and send it to the Market Observation Post System (MOPS). This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the extraordinary shareholders' meeting. <u>If, however, this Corporation has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and Mainland Chinese shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders' meeting.</u> 15 days before the shareholders' meeting, the shareholders' meeting agenda handbook and supplementary information shall be prepared for shareholders to obtain a timely request and displayed in the Company and the Company's professional shareholder services agency, and they shall be distributed at the meeting.</p> <p><u>This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:</u></p>	<p>Convention of Shareholders' Meeting and meeting notice</p> <p>Unless otherwise provided by law, the shareholders' meeting of the Company shall be convened by the Board of Directors.</p> <p>The Company shall, 30 days prior to the regular shareholders' meeting, or 15 days prior to the extraordinary meeting of shareholders, make electronic files of the notice of meeting, the power of attorney, the cause of action and explanatory materials on various motions concerning admission, discussion, appointment or removal of directors, and other relevant information and send it to the Market Observation Post System (MOPS). And 21 days before the regular shareholders' meeting or 15 days before the extraordinary shareholders' meeting, and an electronic file of the agenda handbook and supplementary information shall be sent to the Market Observation Post System (MOPS). 15 days before the shareholders' meeting, the shareholders' meeting agenda handbook and supplementary information shall be prepared for shareholders to obtain a timely request and displayed in the Company and the Company's professional shareholder services agency, <u>and they shall be distributed at the meeting.</u></p> <p>III~IX: Omitted.</p>	<p>I. The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p> <p>II. The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. In order to enable foreign and mainland shareholders to read the relevant information of the shareholders' meeting as soon as possible.</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p>I. <u>For physical shareholders meetings, to be distributed on-site at the meeting.</u></p> <p>II. <u>For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.</u></p> <p>III. <u>For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.</u></p> <p>III~IX: Omitted.</p>		
Article 4	<p>Proxy Attendance and Delegation of Authority I~III: Omitted. <u>After the power of attorney is delivered to the Company, if a shareholder wishes to attend a shareholders' meeting in person or exercise his/her voting rights in writing or electronically, he shall, two days prior to the shareholders' meeting, issue the Company a written notice regarding the withdrawal of the proxy. In case of late cancellation, the voting right exercised by the proxy shall be adopted.</u></p>	<p>Proxy Attendance and Delegation of Authority I~III: Omitted.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p>
Article 5	<p>Principle of Convening Shareholders' Meeting The place of a shareholders' meeting shall be the Company location or a place where all shareholders are easy to attend. The meeting shall be held at a venue after 9 AM or not later than 3 PM. The meeting shall be held in a place agreed by all shareholders. <u>The restrictions on the place of the meeting mentioned in the preceding paragraph shall not apply when the Company convenes a virtual-only shareholders meeting.</u></p>	<p>Principle of Convening Shareholders' Meeting The place of a shareholders' meeting shall be the Company location or a place where all shareholders are easy to attend. The meeting shall be held at a venue after 9 AM or not later than 3 PM. The meeting shall be held in a place agreed by all shareholders.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.</p>
Article 6	<p>Preparation of Sign-in Book and Other Documents The notice of meeting of the Company shall state the time and place of registration to <u>shareholders, solicitors and proxies (hereinafter referred to as the shareholders),</u> and other matters needing attention. The registration time of shareholders mentioned in the preceding paragraph shall be at least 30 minutes before the meeting begins. There shall be clear signs at the registration area and adequate personnel shall be designated for handling the registration procedure. <u>For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting</u></p>	<p>Preparation of Sign-in Book and Other Documents The notice of meeting of the Company shall state the time and place of registration to <u>shareholders,</u> and other matters needing attention. The registration time of shareholders mentioned in the preceding paragraph shall be at least 30 minutes before the meeting begins. There shall be clear signs at the registration area and adequate personnel shall be designated for handling the registration procedure.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p><u>starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.</u></p> <p>Shareholders shall attend the shareholders' meeting. The Company shall not offer a written record of the shareholders' meeting. The Company shall not request the shareholders to attend the meeting for the purpose of providing for the request of the proxy documents; the solicitors who are soliciting by the solicitors shall bring their identification documents for verification.</p> <p>The Company shall prepare an attendance book for attending shareholders, or attending shareholders submit the attendance cards in lieu of signing. The Company shall furnish attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips and other meeting materials. Where there is an election of directors (including independent directors), pre-printed ballots shall also be furnished.</p> <p>When a government unit or a judicial person is a shareholder, a representative of a shareholder attending a meeting is not limited to one. When a juristic person is appointed to attend a shareholders' meeting, it may designate one person to attend the meeting.</p> <p><u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.</u></p> <p><u>In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p>	<p><u>Shareholders or proxies (hereinafter referred to as the shareholders)</u> shall attend the shareholders' meeting. The Company shall not offer a written record of the shareholders' meeting. The Company shall not request the shareholders to attend the meeting for the purpose of providing for the request of the proxy documents; the solicitors who are soliciting by the solicitors shall bring their identification documents for verification.</p> <p>The Company shall prepare an attendance book for attending shareholders, or attending shareholders submit the attendance cards in lieu of signing. The Company shall furnish attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips and other meeting materials. Where there is an election of directors (including independent directors), pre-printed ballots shall also be furnished.</p> <p>When a government unit or a judicial person is a shareholder, a representative of a shareholder attending a meeting is not limited to one. When a juristic person is appointed to attend a shareholders' meeting, it may designate one person to attend the meeting.</p>	
	<p><u>Article-6-1</u></p> <p>Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice</p> <p>To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:</p> <p>I. How shareholders attend the virtual meeting and exercise their rights.</p> <p>II. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due</p>	<p><u>New Article No.</u></p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.</p> <p>In order to respond to the opening of public offering companies to hold shareholders'</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p>to natural disasters, accidents or other force majeure events, at least covering the following particulars:</p> <p>(I) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</p> <p>(II) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</p> <p>(III) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</p> <p>(IV) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</p> <p>III. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</p>		meetings by video.
Article 8	<p>Recording of the Shareholder's Meeting The Company shall, upon receiving the shareholders' report, keep recording the entire shareholders' meeting, the proceedings and the counting of voting. The aforementioned video information shall be kept for at least one year. However, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be kept until the conclusion of the litigation. <u>Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in,</u></p>	<p>Recording of the Shareholder's Meeting The Company shall, upon receiving the shareholders' report, keep recording the entire shareholders' meeting, the proceedings and the counting of voting. The aforementioned video information shall be kept for at least one year. However, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be kept until the conclusion of the litigation.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p><u>check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p> <p><u>In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.</u></p>		
Article 9	<p>Calculation of number of shares present and meeting commencement</p> <p>Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of attended shares shall be calculated according to the number of shares issued by the Company and sign-in cards <u>and the shares checked in on the virtual meeting platform</u>, plus the number of shares that may be exercised in writing or electronically.</p> <p>At the time scheduled for the meeting, the Chairman shall immediately announce the meeting, and at the same time announce the relevant information such as the number of non-voting rights and the number of shares present.</p> <p>However, if no shareholders representing more than half of the total number of issued shares are present, the Chairman may announce a postponement of the meeting. However, there shall not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour.</p> <p>If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p>If the aforementioned two postponements still fail according to the preceding paragraph, if the number of shares that represent more than one-third of the total number of issued shares is still less than one-third of the total number of issued shares, the tentative resolution may be</p>	<p>Calculation of number of shares present and meeting commencement</p> <p>Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of attended shares shall be calculated according to the number of shares issued by the Company and sign-in cards, plus the number of shares that may be exercised in writing or electronically.</p> <p>At the time scheduled for the meeting, the Chairman shall immediately announce the meeting, and at the same time announce the relevant information such as the number of non-voting rights and the number of shares present.</p> <p>However, if no shareholders representing more than half of the total number of issued shares are present, the Chairman may announce a postponement of the meeting. However, there shall not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour.</p> <p>If the quorum is not met after two postponements, the Chairman shall declare the meeting failed to be convened.</p> <p>If the aforementioned two postponements still fail according to the preceding paragraph, if the number of shares that represent more than one-third of the total number of issued shares is still less than one-third of the total number of issued shares, the tentative resolution may be</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.</p> <p>In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p>determined as a tentative resolution in accordance with Article 175-1 of the Company Act, and the shareholders will be notified of the tentative resolution for each one month to convene a new meeting within one month. <u>In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6.</u></p> <p>If, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of shares, the Chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.</p>	<p>determined as a tentative resolution in accordance with Article 175-1 of the Company Act, and the shareholders will be notified of the tentative resolution for each one month to convene a new meeting within one month.</p> <p>If, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of shares, the Chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.</p>	
Article 11	<p>Shareholder's Speech I~VI: Omitted.</p> <p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.</u></p> <p><u>As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</u></p>	<p>Shareholder's Speech I~VI: Omitted.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p>
Article 13	<p>Voting, Monitoring and Counting Methods I~III: Omitted.</p> <p>If a shareholder wishes to attend a shareholders' meeting in person after the exercise of his voting rights in writing or electronically, the shareholder shall, two days prior to the meeting of shareholders' meeting <u>or virtual meeting</u>, cancel his intention to exercise the voting rights referred to in the preceding paragraph in the same manner as he exercised his voting rights; in case of late cancellation, the voting right shall be exercised in writing or electronically. Where a shareholder is entitled to exercise voting rights in writing or electronically and a proxy is appointed to attend a shareholder's meeting, the voting right exercised by the proxy shall prevail.</p> <p>V~VIII: Omitted.</p> <p><u>When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders</u></p>	<p>Voting, Monitoring and Counting Methods I~III: Omitted.</p> <p>If a shareholder wishes to attend a shareholders' meeting in person after the exercise of his voting rights in writing or electronically, the shareholder shall, two days prior to the meeting of shareholders' meeting, cancel his intention to exercise the voting rights referred to in the preceding paragraph in the same manner as he exercised his voting rights; in case of late cancellation, the voting right shall be exercised in writing or electronically.</p> <p>Where a shareholder is entitled to exercise voting rights in writing or electronically and a proxy is appointed to attend a shareholder's meeting, the voting right exercised by the proxy shall prevail.</p> <p>V~VIII: Omitted.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p><u>attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>		
Article 15	<p>Minutes and Signatures of Meetings I~III: Omitted.</p> <p><u>Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.</u></p>	Minutes and Signatures of Meetings I~III: Omitted.	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. In order to respond to the opening of public offering companies to hold shareholders' meetings by video.
Article 16	<p>Announcements</p> <p>On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement</p>	<p>Announcements</p> <p>The Company shall compile a statistical statement of the number of shares obtained by solicitors <u>and</u> the number of shares on</p>	The amendments are made simultaneously in accordance with the

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p>of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies <u>and the number of shares represented by shareholders attending the meeting by correspondence or electronic means</u>, and shall make an express disclosure of the same at the place of the shareholders meeting; <u>In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p> <p><u>During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u></p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	<p>behalf of the proxies at the date of a shareholders' meeting, and shall disclose the details in the meeting.</p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	<p>revision of the articles of the competent authorities.</p> <p>In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p>
	<p><u>Article 19</u></p> <p><u>Disclosure of information at virtual meetings</u></p> <p><u>In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u></p>	<u>New Article No.</u>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.</p> <p>In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p>
	<p><u>Article 20</u></p> <p><u>Location of the chair and secretary of virtual-only shareholders meeting</u></p> <p><u>When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u></p>	<u>New Article No.</u>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.</p> <p>In order to respond to the opening of public offering companies to hold</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
			shareholders' meetings by video.
	<p><u>Article 21</u></p> <p><u>Handling of disconnection</u></p> <p><u>In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.</u></p> <p><u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.</u></p> <p><u>For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.</u></p> <p><u>When this Corporation convenes a hybrid shareholders meeting, and the virtual</u></p>	<u>New Article No.</u>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.</p> <p>In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<p><u>meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>When postponing or resuming a meeting according to the second paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.</u></p>		
	<p><u>Article 22</u></p> <p><u>Handling of digital divide</u></p> <p><u>When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.</u></p>	<u>New Article No.</u>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities.</p> <p>In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p>
	<u>Article 23</u>	<u>Article19</u>	In line with this

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	These Rules shall be implemented after approval by the shareholders' meeting. The same procedure applies for amendments.	These Rules shall be implemented after approval by the shareholders' meeting. The same procedure applies for amendments.	updated provision, the article is adjusted.
	<u>Article 24</u> The shareholders' meeting agreed to implement these Rules on April 30, 2003. The 1st amendment was made on June 24, 2006. The 2nd amendment was made on June 19, 2012. The 3th amendment was made on June 28, 2013. The 4th amendment was made on June 30, 2015. The 5th amendment was made on June 6, 2016. The 6th amendment was made on June 19, 2017. The 7th amendment was made on June 20, 2020. The 8th amendment was made on August 13, 2021. <u>The 9th amendment was made on May 31, 2022.</u>	<u>Article20</u> The shareholders' meeting agreed to implement these Rules on April 30, 2003. The 1st amendment was made on June 24, 2006. The 2nd amendment was made on June 19, 2012. The 3th amendment was made on June 28, 2013. The 4th amendment was made on June 30, 2015. The 5th amendment was made on June 6, 2016. The 6th amendment was made on June 19, 2017. The 7th amendment was made on June 20, 2020. The 8th amendment was made on August 13, 2021.	I. In line with this updated provision, the article is adjusted. II. Add amendment dates and number of times.

【Appendix 1】

Sinmag Equipment Corporation

Articles of Incorporation

Chapter 1	General Provisions
Article 1	The Company is organized in accordance with the provisions of the Company Act, and is named as Sinmag Equipment Corporation.
Article 2	The Company's businesses are as follows: <ol style="list-style-type: none">1. F113010: Wholesale of Machinery2. F213080: Retail Sale of Machinery and Equipment3. CB01010: Machinery and Equipment Manufacturing4. F401010: International Trade5. ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Article 3	The Company has its head office in New Taipei City. If necessary, it may set up branches in Taiwan and abroad after the resolution of the Board of Directors and the approval of the competent authority.
Article 4	The announcement method of the Company shall be made in accordance with the provisions of the Company Law and the competent authority.
Article 5	The Company may act as a guarantor for other party upon the Board of Directors' resolution if necessary for its operations.
Article 6	The total foreign investment of the Company is not subjected to the limit of 40% of the paid-in capital as stipulated in Article 13 of the Company Act, and the Board of Directors is authorized to execute.
Article 6-1	When a public issue of shares is proposed to be revoked, the Company shall propose to the shareholders' meeting for resolution and this article shall not be changed during listing period.
Chapter 2	Shares
Article 7	The total capital of the Company is NT\$600 million, divided into 60,000,000 shares, at NT\$10 each. The Board of Directors is authorized to issue the Company's shares in installments according to the business of the Company. Within the aforementioned capital, NT\$21,000,000 divided into 2,100,000 shares at a par value NT\$10, is for employee stock options.
Article 7-1	According to Article 56-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers and Article 10-1 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company shall issue the employee's executive stock option at the price lower than the closing price of the Company's common stock in the issuing date and repurchase the treasury stock at an average price lower than average price of the actual share redemption price, and transfers it to the employee, with the consent of more than two-thirds of the voting rights of the shareholders present in the shareholders' meeting by shareholders representing more than half of total number of voting shares.
Article 8	The Company's shares are registered, and shall be signed or stamped by three or more directors, and shall be affixed with the logo and number of the Company, and shall be issued upon signing by competent authority or the issuing agency approved by the competent authority according to the Law. When the Company issues new shares, it is exempted from printing stocks, but it should be registered with the securities centralized depository institutions. The same procedures shall be followed for other securities.
Article 9	Administration of shareholder service shall be in accordance with Regulations Governing the Administration of Shareholder Service of Public Companies and relevant laws and regulations issued by the competent authority.
Article 10	Registration for transfer of shares shall be suspended 60 days before the date of regular shareholders' meeting, within 30 days before the date of extraordinary shareholders' meeting

or within five days before the record dates for distribution of dividends, bonuses or other benefits of the Company.

Chapter 3

Shareholders' Meeting

Article 11

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

Article 12

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

Article 13

The date, place and cause of the meeting shall be notified to the shareholders 30 days before the date of the shareholders' meeting, and 15 days before the date of the extraordinary shareholders' meeting.

The notice of the convening of the shareholders' meeting may be delivered in electronic transmission after obtaining consent from the recipients.

For the shareholders holding less than 1,000 shares of registered shares, the convening notice of the shareholders' meeting may be notice by announcing on Market Observation Post System.

Article 14

A shareholder who is unable to attend a shareholders' meeting, he/she may appoint a proxy to attend the meeting by providing a power of attorney printed by the Company specifying the scope of authorization, or by electronic means. In addition to the provisions of the Company Act, the procedure for proxy for attendance of the shareholders shall be in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Company promulgated by the competent authority.

Article 15

The shareholders' meeting of the Company shall be in accordance with the "Rules of Procedures for Shareholders' Meetings" unless otherwise stipulated by law.

Article 16

Shareholders of the Company have one vote per share and may be exercised in writing or electronically. However, this restriction does not apply to any non-voting shares having a restricted right or those with non-voting right under Article 179, Paragraph 2 of the Company Act.

Article 17

Resolution at a shareholder's meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of shareholders present, who represent more than half of the total voting shares.

Article 18

The resolution of the shareholders' meeting shall be recorded in the minute. The minute shall be made in accordance with Article 183 of the Company Act.

Chapter 4

Directors and Audit Committee

Article 19

The Company shall be seven to nine directors, who shall be elected by the shareholders' meeting from among the persons with disposing capacity, with a term of three years. They shall be eligible for re-election. The election of directors of the Company adopts a cumulative voting system. Each share has the same voting rights as the number of directors to be elected. One person may be collectively elected, or several persons may be allocated for election. The person represented by more votes will be elected as directors.

Article 19-1

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

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

- Article 19-2 The Company shall establish an audit committee, which shall consist of all independent directors in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee is responsible for the implementation of the functions and powers of the supervisor stipulated in the Company Act, the Securities and Exchange Act and other laws. The audit committee shall be composed of all independent directors and the relevant organizational rules are determined by the resolutions of the Board of Directors.
- Article 20 When the vacancy of positions of directors reaches one third, the Board of Directors shall convene an extraordinary shareholders' meeting within 60 days for a by-election, and the term of office shall be limited to the period of replenishment of the original term.
- Article 21 When a director's term expires and another director cannot be elected in time, he or she shall extend his or her duties until the re-elected director takes office.
- Article 22 The Board of Directors' meeting is organized by the directors and shall be attended by more than two-thirds of the directors, among whom the Chairman of the board shall be elected with the consents of more than one-half of the directors. The Chairman of the Board of Directors represents the Company.
- Article 23 Except for the first meeting of each term of the Board of Directors shall be convened in accordance with Article 203 of the Company Act, any meeting of the Board of Directors shall be convened by the Chairman who also serves as Chairman of the Board of Directors' meeting. Except as otherwise stipulated in the Company Act, the resolutions of the Board of Directors shall be attended by more than half of all the directors shall obtain the consents of more than half of the directors present. If a director is unavailable to attend the Board of Directors' meeting in person for some reasons, he/she may issue a power of attorney to entrust another director to attend the meeting on his/her behalf in accordance with Article 205 of the Company Act. However, the proxy may only be entrusted by one person.
When the Board of Directors' meeting is in the form of a video conference, the directors attending the meeting by video are deemed to be present in person.
When convening of the Board of Directors' meeting of the Company, the reasons shall be stated and the directors shall be notified seven days before the meeting. However, in the event of an emergency, the meeting may be convened at any time. When convening of the Board of Directors' meeting of the Company, the directors shall be notified in writing, e-mail or fax.
- Article 24 When the Chairman of the Board of Directors asks for leave or fails to perform his duties for any reason, the Chairman of the Board of Directors shall appoint one of the directors to be the proxy. If the Chairman does not appoint a proxy, the directors shall recommend a director as the Chairman.
- Article 24-1 The remuneration of all directors shall be determined by the Board of Directors according to the degree of directors' participation in the operation of the Company and their contribution, and shall be determined by reference to the standard of the industry.
- Article 24-2 The Company shall purchase directors and officers liability insurance for its directors during their term.
- Article 25 The board of directors' functions and responsibilities are as follows:
I. Examination and review of operational policy and medium-term and long-term development plans.
II. Review and supervision of the annual business plan.
III. Review of the budget and final accounts.
IV. Review of capital increase/decrease plans.
V. Examinations of earnings distribution or deficit compensation.
VI. Review and approval of important external contracts.
VII. Review of the Company's Articles of Incorporation or its amendments.
VIII. Review of the Company's organizational rules and important business rules.
IX. Review and approve the branch's establishment, reorganization or cancellation.
X. Approval of major capital expenditure plans.
XI. Appointment and discharge of general manager.
XII. Implementation of resolutions of the shareholders' meeting.

	XIII. Review of matters submitted by general manager.
	XIV. Convening of shareholders' meetings and preparing business reports.
	XV. Other business that shall be handled according to the law.
Article 26	Deleted.
Chapter 5	Executive Officers
Article 27	The Company has a general manager whose appointment, discharge and remuneration shall be in accordance with Article 29 of the Company Act.
Chapter 6	Accounting
Article 28	The Company's fiscal year begins on January 1 and ends on December 31. After fiscal year, the Board of Directors shall prepare the following reports and submit to the regular meeting of shareholders for audit and approval in accordance with legal procedures.
	I. Business Report
	II. Financial Statements
	III. Proposal for Earnings Distribution and Deficit Compensation
Article 29	The Company shall appropriate 2% to 10% of the net income before tax of the fiscal year as employees' compensation and no more than 5% of the bonus to director from the current pre-tax profit before the appropriation of employee bonus and directors' bonus. The employees' compensation will be distributed in shares or cash by the resolution of the board of directors. The employees of the subordinate companies that meet certain conditions set by the Board of Directors may be granted such compensation. Directors compensation shall be paid in cash. The preceding two paragraphs shall be determined by the resolution of Board of Directors and reported to the shareholders' meeting. Where the Board of Directors has decided to reward employees in the form of shares, the same resolution may decide whether it will be made by issuing new shares or by buying off one's own shares.
	The Company shall reserve the amount of compensations in advance if there is cumulative deficiency before appropriating employees' and directors' compensation in accordance with the aforementioned percentage.
Article 29-1	If there is a net profit after tax in the Company's annual final accounts, they shall be first appropriated to make up for the accumulated losses (including adjusting the retained surplus amount), and then appropriate 10% as legal capital reserve according to law, unless the legal capital reserve has reached the paid-up capital of the Company. Then, the Company shall set aside or reverse special reserve according to the regulations or the competent authority; the remaining surplus, together with the opening retained surplus (including adjustment of the retained surplus amount), shall be proposed by the Board of Directors with a surplus distribution proposal, and the shareholders' meeting shall propose the resolution of appropriation of the dividends of the shareholders.
	The Company's dividend policy shall be determined pursuant to factors, based on the current and future development plans, the investment environment, capital needs and domestic and international competitive situation, and the interests of shareholders, etc., The Company shall appropriate no less than 20% of the retained earnings available for distribution. The dividends may be paid in cash or stock, and the cash dividends shall not be less than 20% of the total dividends.
Chapter 7	Supplementary Provisions
Article 30	The Company's organizational rules and regulations shall be stipulated separately by the Board of Directors.
Article 31	Matters not specified in the Articles of Incorporation shall be handled in accordance with the provisions of the Company Act and the relevant laws and regulations.
Article 32	The 1st amendment was made on September 15, 1983.
	The 2nd amendment was made on October 8, 1984.
	The 3rd amendment was made on August 13, 2021.
	The 4th amendment was made on September 17, 1991.
	The 5th amendment was made on July 9, 1995.
	The 6th amendment was made on February 18, 1996.

The 7th amendment was made on May 14, 1997.
The 8th amendment was made on March 29, 2002.
The 9th amendment was made on November 20, 2003.
The 10th amendment was made on June 16, 2004.
The 11th amendment was made on June 25, 2005.
The 12th amendment was made on June 24, 2006.
The 13th amendment was made on May 30, 2007.
The 14th amendment was made on June 13, 2008.
The 15th amendment was made on June 16, 2009.
The 16th amendment was made on June 17, 2010.
The 17th amendment was made on June 19, 2012.
The 18th amendment was made on June 28, 2013.
The 19th amendment was made on June 23, 2014.
The 20th amendment was made on June 30, 2015.
The 21st amendment was made on June 6, 2016.
The 22nd amendment was made on June 19, 2017.
The 23rd amendment was made on June 13, 2018.
The 24th amendment was made on June 14, 2019.

Sinmag Equipment Corporation

Chairman: Hsieh, Shun-Ho

【Appendix 2】

Sinmag Equipment Corporation

Procedures for Acquisition or Disposal of Assets

- Article 1 Purpose
This processing procedure is specially formulated to protect assets and implement information disclosure.
- Article 2 Legal basis
The Procedures are established in accordance with Article 36-1 of the Securities Exchange Act and the Standards for the Processing of Assets Acquisition or Disposal by the Publicly Owned Corporation.
- Article 3 Scope of Assets
- I. Marketable securities: include stocks, government bonds, corporate bonds, financial bonds, securities representing securities, depositary receipts, subscription (sales) warrants, beneficiary securities and asset-backed securities.
 - II. Real estate (including land, housing and building, investment property, inventory of construction enterprise) and equipment.
 - III. Membership card.
 - IV. Intangible assets include patents, copyrights, trademark rights, and franchise.
 - V. Right-of-use assets.
 - VI. Credit of financial institutions (including account receivables, bills purchase and discount, loans and overdue receivables).
 - VII. Derivative products
 - VIII. Assets acquired or disposed of by merger, demerger, acquisition or transfer of shares according to the law.
 - IX. Other important assets.
- Article 4 Definition
- I. Derivative instruments: The term refers to contracts with value derived from specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, price or rate indexes, credit ratings or credit indexes or other variables. Contracts include forward contracts, option contracts, futures contracts, leverage contracts, swap contracts, hybrid contracts consisting of the above contracts, or hybrid contracts or structured products containing embedded derivatives. The term “forward contract” does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term import and sales contracts.
 - II. Assets acquired or disposed of by merger, demerger, acquisition or transfer of shares according to the law refer to assets acquired or disposed of by merger, demerger or acquisition in accordance with the merger law, financial holding company law, financial institution merger law or other laws, or transferee of the Company shares issued in accordance with the provisions of Article 156(3) of the Company Law.
 - III. Related parties and subsidiaries shall be defined according to the regulations stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 - IV. Professional appraisers refer to the real estate appraisers or other persons who are engaged in real estate and equipment valuation according to the law.
 - V. Date of occurrence of the event refers to the date of signing of the transaction, date of payment, date of consignment transaction, date of transfer, date of Board of Directors’ resolution, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, for investment that shall be approved by the competent authority, the earlier of the above date or the date of receipt of approval by the competent authority shall

prevail.

- VI. Investment in Mainland China refers to investment in the PRC investment or technical cooperation permit stipulated by the Investment Commission of the Ministry of Economic Affairs in Mainland China.

Article 5

The company shall not waive its capital contribution to the Lucky Union Limited in the future years; Lucky Union Limited shall not waive its capital contribution to Sinmag Limited in the future years; Sinmag Limited shall not waive its capital contribution to Sinmag Bakery Equipment Sdn. Bhd. (Malaysia), and Sinmag Equipment (China) Co., Ltd., and Wuxi New Order Control Co., Ltd.

If the Company has not made any capital increase or disposal of the Company, it shall be approved by a special resolution of the Board of Directors of the Company.

If there are any amendments to the above two items, the observatory should input important information on the open information observatory and report to the counter purchase center for reference.

Article 6

The professional appraiser and appraisal personnel, independent auditor, lawyer or the securities underwriter who provides the appraisal report or opinions for the Company shall meet the following requirements:

- I. Not being sentenced to fixed-term imprisonment of more than one year because of violating this Law, Company Law, Banking Law, Insurance Law, Financial Holding Company Law or Commercial Accounting Law, or committing the crime of fraud, breach of trust, embezzlement, forgery of documents or other business crime. However, those whose execution is completed, probation period has expired or the pardon has been completed for three years are excluded.
- II. The transaction party shall not be a related party or a substantial related party.
- III. If the Company need to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal personnel shall not be related parties to each other or have substantial relationship with each other.

When issuing the appraisal report or opinion, the personnel in the preceding paragraph shall follow the following procedures:

- I. They shall carefully assess their professional capabilities, practical experience and independence before accepting cases.
- II. When auditing the cases, appropriate operational procedures shall be planned and implemented to form the conclusion and issue a report or advice; and complete the procedures, data collected and conclusion. The detailed procedures for the implementation of the work, data collected and conclusion shall be recorded in the case working papers.
- III. The completeness, correctness and reasonableness of the data sources, parameters and information used shall be assessed one by one as the basis for issuing appraisal reports or opinions.
- IV. Matters to be declared shall include the professionalism and independence of relevant personnel, the reasonableness and correctness of the information used and the compliance with relevant laws and regulations.
- V. If the Company acquires or disposes of assets through the court auction process, the appraisal report or accountant's opinion shall be replaced by the certification documents issued by the court.

Article 7

The total amount of real estate and its right-of-use assets or securities of non-operating use obtained by the Company are as follows:

- I. The total amount of non-operating property for business use and right-of-use asset shall not exceed 15% of the net value.
- II. The total amount of investment in securities shall not exceed 70% of the net value.
- III. The amount of investment in individual securities shall not be greater than 50% of the net value.

In principle, subsidiaries shall not engage in real estate or right-of-use asset investment transactions that are not for business use.

Article 8

If a director expresses an objection to the procedures of acquisition or disposal of assets or other legal requirements that should be approved by the Board of Directors, and has a record or written statement, the Company should also send the director's objection information to the audit committee.

When the acquisition or disposal of assets are submitted to the Board of Directors for discussion in accordance with the preceding paragraph, the Company shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.

The company's major assets or derivative commodity transactions shall be approved by more than half of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution. If there is no consent of more than half of the members of the Committee, it shall obtain the consent of more than two-thirds of the directors, and the resolutions of the audit committee shall be stated in the proceedings of the Board of Directors. The terms "all Audit Committee members" and "all directors" stated herein shall be actual incumbents.

Article 9

Procedures for acquisition or disposal of property, equipment or its right-of-use asset

I. Appraisal and operating procedures

The company's acquisition or disposal of real property, equipment, or its right-of-use asset shall be conducted in accordance with the Company's internal control system, the property, plant and equipment processing procedures.

II. Procedures for determining trading conditions and authorization limits

(I) In acquiring or disposing the real property or its right-of-use assets, the Company shall take publicly announced current value, appraisal value, and real transaction price of nearby real estate into consideration for the transaction criteria and price. The above information shall be compiled into an analysis report and submitted to the chairman. For transaction under NT\$20 million (inclusive), it shall be approved by the chairman and reported in the most recent Board of Directors' meeting; If the amount exceeds NT\$20 million, the transaction shall be approved by the Audit Committee and submitted to the Board of Directors for approval before implementation.

(II) Acquisition or disposal of equipment or its right-of-use asset shall be made by inquiry, price comparison, bargaining or bidding. If the amount is less than NT\$3 million (inclusive), it shall be approved level by level according to the right of approval; if the amount exceeds NT\$3 million and is less than NT\$10 million (inclusive), it shall be approved by the general manager; if the amount exceeds NT\$10 million and is less than NT\$30 million (inclusive), it shall be approved by the chairman and submitted to the the most recent Board of Directors' meeting on a post-event basis; if the amount exceeds NT\$30 million, it shall be approved by the Audit Committee and submitted to the Board of Directors for approval before implementation.

III. Execution Unit

The acquisition or disposal of real property, equipment or right-of-use assets shall be submitted for approval pursuant to the preceding paragraph, and then be executed by the use department, the procurement department and the relevant authority and responsibility department.

IV. Appraisal Report on Real Estate, Equipment or its Right-of-Use Asset

For the Company's acquisition or disposal of real estate or equipment, excluding transactions with domestic government agencies, construction of local land,

construction of land leases, or acquisition or disposal of equipment for business use, if the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, the appraisal report issued by the professional appraiser shall be obtained before the date of the fact, and the following procedures shall be followed:

- (I) When a fixed price, a specific price or a special price is required as the basis of reference for the transaction price for special reasons, the transaction shall be first approved by the Audit Committee and approved by the Board of Directors. If there is any change in the future trading conditions, the said transaction shall be handled in accordance with the above-mentioned procedures.
- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) If any of the following situation occurs, unless all of the appraisal values for asset acquisition are higher than the trading amount or all of the appraisal values for asset disposal are lower than the transaction price, the Company shall contact CPAs to take actions in accordance with Auditing Standards No. 20 published by Accounting Research and Development Foundation (ARDF) and to express specific comments on the reasons for the discrepancy and the fairness of the transaction price.
 1. The discrepancy between the appraisal results and the transaction amount is 20% or more of the transaction amount.
 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (IV) The date of report presented by the professional appraiser and the date of establishment of contract shall not be more than three months. However, if the publicly announced current value of the same period is used and the past six months have not elapsed, the original professional appraiser may issue an opinion.

Article 10

Acquisition or disposal of securities investment procedures

I. Appraisal and Procedures:

The Company's acquisition or disposal of securities shall be conducted in accordance with the Company's internal control system investment reversed.

II. Procedures for determining trading conditions and authorization limits

- (I) For trading of securities (excluding government bonds, short term notes traded by famous domestic bills finance companies, domestic bond funds and domestic currency funds) in the centralized securities exchange market or the business place of a securities firm, the responsible unit shall make a decision according to the market conditions, and the amount of which is less than NT\$10 million (inclusive) shall be approved by the general manager; the amount of which is more than NT\$10 million and less than NT\$30 million (inclusive) shall be approved by the chairman, and be submitted to the most recent Board of Directors' meeting on a post-event basis. If the amount exceeds NT\$30 million, it shall be approved by the audit committee and submitted to the Board of Directors for approval before implementation.
- (II) For trading of securities (excluding government bonds, short term notes traded by famous domestic bills finance companies, domestic bond funds and domestic currency funds) not in the centralized securities exchange market or the business place of a securities firm, the financial statements audited and certified or reviewed by the CPA of the target company for the most recent period shall be taken as the reference of transaction price before the date of occurrence of the fact, and the amount below NT\$10 million (including NT\$10 million) shall be approved by the general manager; the amount above NT\$10 million and below NT\$30 million

(including) shall be approved by the chairman; if the amount is more than NT\$30 million, it shall be approved by the audit committee and approved by the board of directors before implementation.

III. Execution Unit

The Company's acquisition or disposal of securities shall be approved by the financial unit in accordance with the approval of the aforementioned resolution.

IV. Acquisition of expert opinions

For the Company's acquisition or disposal of marketable securities, it shall take the latest financial statements of the underlying company which have been checked by CPC before the facts occur as a reference for evaluating the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, it shall consult the accountant before the facts occur to express its views on the reasonableness of the transaction price. If an accountant needs to use an expert reporter, it should be handled in accordance with the stipulations No. 20 of the Auditing Standards Bulletin issued by the Republic of China Accounting Research and Development Foundation. However, this restriction does not apply to any marketable securities with quoted prices in an active market or as otherwise provided by the Financial Supervisory Commission.

Article 11

Procedures for acquisition or disposal of intangible assets or the right-of-use assets or the memberships

I. Appraisal and operating procedures

The Company's acquisition or disposal of membership, intangible assets or its right-of-use asset shall be conducted in accordance with the Company's internal control system, the property, plant and equipment processing procedures.

II. Procedures for determining trading conditions and authorization limits

(I) In acquiring or disposing of membership, an analysis report shall be prepared and submitted to the chairman with reference to the fair market price of the market and the trading conditions and the trading price determined. If the amount of the membership is less than 1% of the paid in capital or NT\$3 million (inclusive), it shall be approved by the general manager and reported and recorded in the most recent Board meeting. If the amount of which exceeds NT\$3 million, it shall also be approved by the Audit Committee and submitted to the Board of Directors for approval before implementation.

(II) In acquiring or disposing intangible assets or the right-of-use assets, the Company shall refer to expert appraisal report and fair market value, make resolution of trading conditions and transaction price, and compile them into an analysis report and submit them to the chairman. For transaction whose amount is no more than 10% of the Company's paid-in capital or NT\$20 million (inclusive), it shall be approved by the chairman and submitted to the most recent Board of Directors' Meeting on a post-event basis. If the amount of which exceeds NT\$20 million, the transaction shall be approved by the Audit Committee and submitted to the Board of Directors for approval before implementation.

III. Execution Unit

The Company's acquisition or disposal of membership, intangible assets or its right-of-use assets shall be executed by the user department and relevant authorities and responsible departments after the approval according to the aforementioned jurisdiction.

IV. Professional assessment reports on the memberships, intangible assets or their right-of-use assets

Except for transactions with government institutions, the transactions, whose amounts reach 20% of the Company's paid-in capital or NT\$ 300 million or more, shall require an accountant's opinion on the reasonableness of the transaction prices before the date of the actual event. The accountant shall comply with Rule No. 20 of the International Financial

Article 12 Reporting Standards announced by the ARDF.
Procedures for dealing with related parties

- I. When acquiring or disposing assets, the Company and its related parties shall follow the relevant processing procedures and evaluate the reasonableness of the transaction conditions. Moreover, for transaction amounts that exceed 10% of the company's total assets, the company shall obtain appraisal reports from professional appraisers or consult opinions from CPAs according to the preceding sections.
- II. When the Company and its subsidiaries or their subsidiaries that directly or indirectly hold 100% of the issued shares or total capital are engaged in the acquisition or disposal of equipment for use in business or their right-of-use assets or real estate use rights assets, the Board of Directors shall authorize the chairman to make the decision first in the amount between NT\$10 million and NT\$30 million, and then submitted to the most recent audit committee and Board of Directors for ratification.

III. Appraisal and operating procedures

Where the Company acquires or disposes of real estate or its right-of-use assets with a related party, or other assets other than real estate or its right-of-use assets with a related party, and the transaction amount reaches 20% of the company's paid in capital, 10% of the company's total assets, or NT\$300 million or more, in addition to trading domestic government bonds, bonds with repurchase or resale conditions, subscription or repurchase of money market funds issued by domestic securities investment trust enterprise, the following data shall be submitted for approval by more than half of all members of the Audit Committee and submitted to the Board of Directors for approval before signing a transaction contract and making payment; when submitting to the Board of Directors for discussion, the opinions of each Independent Director shall be fully considered, and if the Independent Director has any objection or reservation, it shall be stated in the minutes of the board of directors.

- (I) The purpose, necessity and anticipated benefits of the acquisition or disposal of assets.
- (II) The reason for choosing a related party as a transaction object.
- (III) The relevant materials for appraising the reasonableness of the predetermined transaction conditions in accordance with Paragraph 4 of this Article when acquiring the real estate or its right to use assets from the related parties.
- (IV) Items like original date and price of acquisition by affiliate, transaction counterparty and relation between company and affiliate.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, the evaluation of the necessity of the transaction, and rationality of the funds utilization.
- (VI) Appraisal report from professional appraisers or CPA's opinion obtained in accordance with regulations.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

IV. Assessment for the Reasonableness of Transaction Cost

- (I) When the Company acquires real estate or its right-of-use assets from related parties, the reasonableness of transaction costs should be assessed as follows:
 1. Based on the transaction price of related party, plus necessary interest on funding and the cost legally borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property. This may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 2. If a related party has previously set up a mortgage loan to a financial institution, the financial institution's loan evaluation value shall be assessed by financial institutions. However, the financial institution's

actual loan-backed accumulated value of the subject matter shall be more than 70% of the total value of the evaluation and the loan period has been over one year. However, this is not applicable if a financial institution and one of the parties involved in the transaction are related to each other.

- (II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (III) When the Company acquires real estate or its right-of-use assets from its related parties, it shall assess the cost of the real property or its right-of-use assets in accordance with Subparagraphs 1 and 2, Paragraph 4 of this Article, and shall also entrust an accountant to perform the review and render specific opinions.
- (IV) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall only be conducted in accordance with the relevant appraisal and procedures in Paragraph 3 of this Article, and shall not apply to the provisions of Subparagraph (1), (2), and (3) of Paragraph 4 of this Article:
 - 1. The related party acquires real property or right-of-use asset from inheritance or as a gift.
 - 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
 - 3. The real property is acquired through signing of a joint development contract with the Related Party, or through engaging a Related Party to build real property, either on the Company's own land or on leased land.
 - 4. The company acquires the right-of-use asset for use in the business from its subsidiaries, or subsidiaries it directly or indirectly holds 100% of the total issued shares or capital.
- (V) When acquiring real estate or right-of-use assets thereof from a related party, if the value assessed in accordance with Subparagraphs 1 and 2, Paragraph 4 of this Article is lower than the transaction price, actions shall be taken in accordance with Subparagraphs 6, Paragraph 4 of this Article. However, this restriction does not apply to the following circumstances where objective evidence is raised and the specific opinions of real estate appraisers and CPAs on the reasonability are obtained:
 - 1. Where the related party acquires undeveloped land or leased land, it shall submit a proof of compliance with one of the following conditions:
 - (1) The undeveloped land shall be appraised according to the method prescribed in the preceding article, and the appraisal of the house is based on the construction cost of the related parties plus the reasonable construction profit, which is more than the actual transaction price. The term "reasonable construction profit" shall be based on the average gross operating profit margin of the related party's construction department for the recent three years or the gross profit margin of the construction industry in the most recent period announced by the Ministry of Finance, whichever is lower.
 - (2) There is case transaction of other floors of the same subject-matter building or in neighboring areas within one year, provide that the area and condition are equivalent according to the reasonable appraisal of real estate.
 - 2. Where the Company acquires real property or obtains right-of-use assets of real property through leasing from a related party and provides evidence that the terms of the transaction are similar to the terms of

transactions for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. The above-mentioned completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

(VI) When the appraised values of real estate or right-of-use assets thereof acquired by the Company from related parties according to Subparagraph (1) to (5), Paragraph 4 of this Article is lower than the transaction price, the situation shall be handled in the manner as follows:

1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost of real property or right-of-use assets thereof, and may not be distributed or used for capital increase or issuance of bonus shares. For the Company's investment in the equity method, the Company shall set aside special reserve in proportion to the amount set aside for the said amount in accordance with Article 41(I) of the Securities and Exchange Act.
2. The Audit Committee shall comply with Article 218 of the Company Act.
3. The handling of the Company's Items 1 and 2 of this Article shall be reported to the Shareholders' Meeting and the details of the transaction shall be disclosed in the annual report and the prospectus.

When the Company appropriates a special surplus reserve by the foregoing provisions, the assets purchased or leased at a high price shall be recognized as a loss or disposition or appropriate compensation or reinstatement, or have no other evidence proving irrationality and be approved by the Financial Supervision and Administration Commission before the special surplus reserve is used.

(VII) The company shall obtain real property or right-of-use assets from a related party. If there is other evidence indicating that the transaction is not a business irregular regular, the Company shall also comply with Paragraph IV, subparagraph (VI) of this Article.

Article 13 The calculation of the transaction amounts referred to in the preceding four articles shall be made in accordance with Paragraph 2 of Article 17 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been included in the evaluation report issued by the professional appraiser or CPA's opinions need not be counted toward the transaction amount. Related party transactions are approved by the Audit Committee and submitted to the Board of Directors for approval.

Article 14 For procedures for acquisition or disposal of financial institutions' claims, in principle, the Company does not engage in the acquisition or disposal of financial institutions' claims. In the future, if the Company intends to engage in such matters, the Company will submit the proposal to the Board of Directors for approval before stipulating its appraisal and operating procedures.

Article 15 Engaging in Derivatives Trading

I. Transaction categories

The trading scope of the company's derivative financial products is limited to the use of forward exchange, option, interest rate or FX swap, bond trading and repurchase. If other

products need to be used, they should be approved by the board of directors before trading.

II. Operation (Hedging) Strategies

- (I) The derivative products traded by the Company shall be for the purpose of hedging, and the traded goods shall be selected to avoid the risks arising from the business operations of the Company. The currency held shall be consistent with the foreign currency demand of the Company's actual import and export transactions, and based on the principle that the Company's overall internal positions (referring to foreign currency income and expenses) are squared off to reduce the Company's overall foreign exchange risk and foreign exchange operating costs.
- (II) The Company shall carefully evaluate the transactions for specific purposes, which shall be approved by the audit committee and approved by the board of directors before implementation
- (III) The company may conduct foreign exchange hedging operations in response to the foreign currency financing needs of overseas subsidiaries.

III. Powers and responsibilities

The following trading personnel in charge of derivatives and the personnel responsible for delivery and confirmation shall not concurrently hold positions with each other.

1. Traders

- (1) Responsible for the strategy formulation of derivative financial products trading throughout the Company.
- (2) Trading personnel shall regularly calculate positions, collect market information and legal information, conduct trend analysis and risk assessment, and formulate trading strategies as the basis for trading

2. Delivery personnel:

- (1) Responsible for the delivery of derivatives transactions, and regularly review the cash flow status to ensure that the transaction contracts can be delivered as scheduled.
- (2) Evaluation of derivative products

3. Confirmation personnel

- (1) Review whether the transaction has been conducted in accordance with the authorized rights and the formulated strategies.
- (2) Responsible for the accounting treatment and evaluation of derivatives transactions, to correctly and appropriately present the results of relevant transactions and profits and losses in the financial statements, and to make public announcement and report in accordance with the Securities and Futures Bureau of the Financial Supervisory Commission regulations.

4. Review and resolution authority of derivative products

(1) Delegation of authorization of the hedge transaction

Authorized Signatory	Daily transaction authority	Net cumulative position trading authority
President	US\$0.5 million (inclusive) or less	US\$1.5 million (inclusive) or less
Chairman	US\$0.5 million ~ US\$1.5 million (inclusive)	US\$1.5 million ~ US\$3 million (inclusive)
Board of Directors	US\$1.5 million or more	US\$3 million or more

- (2) Approval authority for other specific-purpose hedging transactions: The approval by the chairman according to the approval authority shall be approved by the Audit Committee and passed by the Board of Directors before proceeding.

IV. Performance evaluation

- (I) The company's profit and loss generated from the exchange rate and interest rate costs of its financial assets and derivatives shall be the basis of performance

- appraisal.
- (II) To fully grasp and express the evaluation risk of transactions, the Company adopts monthly evaluation method to evaluate profit and loss.
- V. Setting up of the total contract amount and loss limit
- (I) Total contract amount
- The financial department shall master the overall position of the Company to avoid transaction risk, and the amount of hedging transaction shall not exceed the net position of the company's monthly trading foreign exchange risk.
- (II) Setting up of the loss limits
- The amount of realized and unrealized losses arising from individual hedging contracts shall not exceed 20% of the contract amount, and the amount of realized and unrealized losses arising from all hedging contracts shall not exceed 5% of the net worth of the company's latest financial statements.
- VI. Risk management measures
- (I) Credit risk management
- Due to changes in various factors in the market, it is easy to cause operational risks of derivative financial products. Therefore, in market risk management, the following principles are followed:
1. Transaction object: Mainly renowned domestic and foreign financial institutions.
 2. Trading items: Limited to the commodities provided by renowned domestic and foreign financial institutions.
 3. Transaction amount: Trading amount: at least 2 domestic and foreign famous financial institutions shall be included in the outstanding trading amount.
- (II) Market risk management
- Based on the open foreign exchange market provided by banks, the futures market will not be considered for the time being.
- (III) Liquidity risk management
- To ensure market liquidity, more liquid derivative products (which can be cashed out in the market at any time) will be considered. Financial institutions entrusted for the transaction should have sufficient information and possess the capability to trade in any market at any time.
- (IV) Cash Flow Risk Management
- In order to ensure the stability of the company's working capital turnover, the company's source of funds for derivative commodity transactions is limited to its own funds, and its operating amount should consider the funding requirements for the cash revenue and expenditure forecast for the next three months.
- (V) Operational Risk Management
1. The Company's authorized transaction amount and operating procedures shall be fully complied, and internal audit shall be undertaken to avoid operational risk.
 2. The personnel that deal with the transaction of derivative products, make confirmation of these transactions and make settlements of these transactions shall not be the same group of people.
 3. Risk measurement, monitoring, and control personnel shall be assigned to personnel of different departments from the preceding subparagraph, and shall report to the Board of Directors or senior management personnel with no responsibility in trading or position decision-making.
- (VI) Risk Management of Financial Derivative Products
- Internal traders should have complete and correct professional knowledge of derivative products and require banks to fully expose risks to avoid derivative product risks.

(VII) Legal risk management

Documents signed with financial institutions can only be formally signed after being reviewed by legal advisers to avoid legal risks.

VII. Internal audit system

- (I) The internal auditor shall regularly review the appropriateness of the internal control of derivatives trading, and check the compliance of the trading department with the transaction procedures for derivative commodity transactions on a monthly basis and analyze the trading cycle and make an audit report. If major violations are discovered, the audit committee shall be notified in writing
- (II) Internal auditors shall file the auditing report and the implementing status of annual auditing plans of internal audits to the competent authority before the end of February of next year and also shall report the improvement situation for any abnormal affairs to the competent authority before the end of May of next year.

VIII. Regular evaluation methods

- (I) When engaging in derivative transactions, a memorandum book shall be established, detailing the type and amount of derivative transactions, the date of adoption by the board of directors, and the matters that shall be carefully evaluated in accordance with Paragraph 8, Subparagraph 2, Paragraph 9, Subparagraph 2, and Paragraph 10, Subparagraph 1 of this Article.
- (II) Positions held in derivatives transactions shall be assessed at least once weekly. If the hedging transaction is conducted for business needs, the assessment report shall be performed twice a month. The assessment report shall be submitted to senior managers authorized by the Board of Directors.

IX. When engaging in the trading of derivative commodities, the Board of Directors shall strictly supervise and manage according to the following principles:

- (I) Designate senior managers to pay attention to the supervision and control the risks of derivatives product transaction at all times.
- (II) Regularly evaluate whether the performance of derivatives product transaction meets the established operational strategies and whether the risks are within the Company's permitted scope.

X. Senior executives authorized by the Board of Directors shall manage transactions in accordance with the following principles:

- (I) Periodically evaluate whether the risk management measures currently used are appropriate and faithfully implemented according to the "Standards for the Processing of Assets Acquisition or Disposal by the Publicly Owned Corporation" and the Processing Procedures for Transactions of Derivative Goods formulated by the Company.
- (II) Supervising the transaction and profit/loss. When abnormality is found, necessary measures shall be taken. The incident shall also be immediately reported to the Audit Committee and the Board of Directors. The Board of Directors shall have independent directors present to express their opinions.

XI. The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 16

Processing procedures for merger, demerger, acquisition or transfer of shares

I. Appraisal and operating procedures

- (I) For the merger, demerger, acquisition or transfer of shares, before the resolution of the Board of Directors is convened, the Company shall invite accountants, lawyers or securities underwriters to express their opinions on the rationality of the share exchange ratio, the purchase price or the cash or other property of the allotted shareholders, and submit them to the audit committee and the Board of Directors for discussion and approval. However, if the Company merges its subsidiaries directly or indirectly holding 100% of the issued shares or total capital, or merges

between its subsidiaries directly or indirectly holding 100% of the issued shares or total capital, the reasonable opinions of the experts are not necessary.

- (II) The Company shall prepare a public document to shareholders before the shareholders' meeting, together with the expert opinions specified in Paragraph 1, Paragraph 1 of this Article, and the notice of the shareholders' meeting, together with the important agreed contents and related matters of merger, division or acquisition, and deliver it to shareholders. as a reference for whether to agree to the merger, division or acquisition. However, this restriction shall not apply to those who, according to other laws, are exempted from holding shareholders' meetings to decide on merger, demerger or acquisition matters.

In addition, if the shareholders' meeting of a company participating in merger, demerger or acquisition is unable to convene, resolve or reject a proposal due to insufficient attendance, voting rights or other legal restrictions, the Company participating in merger, demerger or acquisition shall immediately make public the reasons for the occurrence, subsequent processing operations and the expected date of holding the shareholders' meeting.

II. Other precautions

(I) Date of board of directors and shareholders' meeting

1. The company participating in the merger, demerger or acquisition of the Company shall hold a Board of Directors' meeting and shareholders' meeting on the same day to resolve matters related to the merger, demerger or acquisition, unless otherwise stipulated by other laws or subject to special factors that have been reported to the Financial Supervisory and Commission for approval in advance.
2. The company shall convene a Board of Directors' meeting on the day of the transfer of shares; unless otherwise stipulated by law or if special factors have been reported to the Financial Supervisory Commission in advance for consent.
3. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for five years for reference:
 - (1) Personnel basic information: including the title, name and identity No. (for foreigners, passport number) of all persons involved in the merger, demerger, acquisition or transfer of shares or the implementation of the plan before the disclosure of the information.
 - (2) Date of important matters: Including the date of signing letter of intent or memorandum, entrusting financial or legal adviser, signing contract and Board of Directors, etc.
 - (3) Important documents and proceedings: Including merger, demerger, acquisition, or transfer of shares, letter of intent or memorandum of understanding, important contracts and board proceedings.
4. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Items 3-1 and 3-2 of this Article to the FSC for recording.
5. Where a company participating in a merger, demerger, acquisition, or share transfer is not a listed company or a company whose shares are traded on the business premises of a securities firm, the Company shall enter into an agreement with it and handle the matter in accordance with Items 3 and 4 of this subparagraph.

(II) Prior Confidentiality Undertaking

All participants involved in the merger, demerger, acquisition, or transfer of shares shall be required to issue a written letter of confidentiality to commit not to disclose the contents of the plan before the information is made public, nor do they use their own names or under the names of other people to buy or sell shares and other marketable securities with equity property of all the companies related to the merger, demerger, acquisition, or transfer of shares of.

(III) Determination and alteration of shareholding ratio and acquisition price

The company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of corporate bonds, distribution of shares, issuance of corporate bonds, preferred shares with warrants, stock warrants, and other equity-based securities.
2. Disposal of the Company's major assets and other activities that affect the Company's financial business.
3. Major disasters, major technological changes and other events affecting the rights and interests of shareholders or securities prices.
4. Any adjustment to the Company's stock repurchase by any party participating in the merger, demerger, acquisition, or transfer of shares.
5. Changes in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other conditions stipulated in the contract change and have been disclosed publicly.

(IV) Contents of the contract

The company's participation in merger, demerger, acquisition or share transfer shall include the following:

1. Handling of breach of contract
2. Principles for handling equity-type securities previously issued or treasury stock previously bought back by a company that is extinguished in a merger or through a merger basis.
3. The number of treasury stock that shall be repurchased according to the law after calculating the base date of the exchange calculation ratio and their principles of disposal.
4. The method of handling changes in the number of participating entities or companies.
5. Expected execution progress and expected completion schedule.
6. The relevant procedures of the expected convening dates of shareholders' meeting based on laws when a plan is overdue and still undone

(V) When the number of companies participating in the merger, demerger, acquisition or share transfer changes After public disclosure of the information, if any company participating in a merger, demerger, acquisition, or transfer of shares intends further to carry out another merger, demerger, acquisition, or transfer of shares with another company, any procedure or legal action already completed for the original merger, split, acquisition, or transfer of shares shall be carried out anew, with exceptions for cases where the number of participating companies is decreased, and where the shareholders' meeting resolved to authorize the Board of Directors to alter the limits of authority, this company shall be exempt from re-convening of shareholders' meeting to generate another resolution.

(VI) If a company participating in the merger, demerger, acquisition or transfer of shares is not a publicly-issued company, the Company shall sign an agreement with it and handle it in accordance with Articles 25, 26 and 29.

I. Items Required for Public Announcement and Report and its Standards

If the Company acquires or disposes of assets in the following circumstances, it shall, by nature and in accordance with the prescribed format, declare the relevant information shall be submitted to the website designated by the Financial Supervisory Commission for public announcement within 2 days from the date of the occurrence of the facts:

- (I) Acquiring or disposing of immovable property from the related party, or acquiring or disposing of other assets other than the real property with the related person, and the transaction amount reaches 20% of the Company's paid-up capital, 10% of the total assets or more than NT\$300 million. However, this restriction does not apply to trading of government bonds, bonds under repurchase and resale agreements, or to issue or repurchase domestic money market funds issued by domestic securities investment trust enterprises.
- (II) Merger, demerger, acquisition, or transfer of shares.
- (III) The loss of transaction in derivative goods has reached the maximum amount of all or individual contract losses specified in the processing procedures.
- (IV) Where the type of asset acquired or disposed is equipment for business use, the transaction object is not a related party, and the transaction amount reaches NT\$500 million.
- (V) Acquisition of real property by engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, in which the amount the Company is expected to invest is NT\$500 million or above.
- (VI) Where an asset transaction other than any of those referred to in the preceding five Subparagraphs, a disposal of receivables by a financial institution, or an investment in Mainland China reaches 20% or more of paid-in capital or NT\$300 million; However, this does not apply to the following circumstances:
 - 1. Trading of government bonds.
 - 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises.

II. The term "within the preceding year" as used in the preceding paragraph shall be calculated as a basis for the year preceding the date of occurrence of the current transaction. The period when announcement has been made in accordance with the regulations shall be exempted from re-counting.

- (I) The amount of each transaction.
- (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same counterparty within the preceding year.
- (III) The cumulative transaction amount of real property acquisition and disposal (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
- (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same securities within the preceding year.

III. The provision of 10% of the total assets in this processing procedure is calculated based on the total assets in the most recent individual financial report as required by the securities issuer's financial reporting standards.

If the Company's shares have no nominal amount or the denomination per share is not NT\$10, the transaction amount of 20% of paid-in capital shall be set out in the Procedures shall be calculated based on 10% of the equity vested in the owner of the parent company.

IV. Announcement and Declaration Procedures

- (I) The company shall, on a monthly basis, input the information of the Company and

its non-domestic publicly issued subsidiaries engaging in derivative product transactions as of the end of last month into the information reporting website designated by the financial regulatory commission before the tenth day of each month in accordance with the prescribed format.

- (II) When the Company and its subsidiaries that are non-public companies domestically reach the maximum loss limit on all or individual contract established in the Regulations while engaging in derivatives trading, they shall publicly announce and report the relevant information on the website designated by the competent authority within two days from the occurrence in a prescribed format based on its nature.
- (III) When the Company is required to announce the project according to the regulations, if there is any error or omission at the time of the announcement, all items shall be re-announced and declared within 2 days from the date of notification.
- (IV) In the acquiring or disposing of its assets, the Company shall keep the relevant contracts, minute book, memorandum book, appraisal report, opinions of accountants, lawyers or securities underwriters in the Company for at least five years, unless otherwise stipulated by law.
- (V) After the transaction announcement and declaration by the Company in accordance with the provisions of the preceding paragraph, if one of the following circumstances occurs, the relevant information shall be submitted to the website designated by the Financial Supervisory Commission for public announcement within 2 days from the date of the occurrence of the facts:
 - 1. There are changes, terminations or rescission of relevant contracts signed in the original transaction.
 - 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - 3. There are changes in contents of the declaration in the original announcement.

Article 18 The Company's subsidiaries shall comply with the following provisions:

- I. Subsidiaries shall also formulate the "Procedures for Acquisition or Disposal of Assets" according to the Standards for the Processing of Assets Acquisition or Disposal by the Publicly Owned Corporation, and submit and report to the Board of Directors of the Company after being approved by the Board of Directors of the subsidiary. The same procedures shall be followed for its amendment.
- II. If a subsidiary is not a domestic publicly owned corporation, the Company shall handle the announcement and declaration when the assets acquired or disposed of by the subsidiary meet the announcement and declaration standards stipulated in the Standards for the Processing of Assets Acquisition or Disposal by the Publicly Owned Corporation.
- III. The provisions on the paid-in capital or total assets related to the subsidiaries' disclosure standards shall be based on the paid-in capital or total assets of the Company.

Article 19 Penalty provision

If it is verified that the employees of the Company engaging in the acquiring or disposing of assets violate the provisions of this procedure, they shall be punished according to the personnel management measures and related measures of the Company, depending on the seriousness of the circumstances.

Article 20 Implementation and Amendment

The company's "Procedures for Acquisition or Disposal of Assets" shall be approved by more than half of the members of the audit committee, submitted to the Board of Directors for resolution, and then reported to the shareholders' meeting for approval. The same procedure shall be followed for amendment.

If any matter has not been approved by more than one-half of all members of the audit committee, the consent of more than two-thirds of all directors shall be obtained, and

the resolution of the audit committee shall be set forth in the proceedings of the Board of Directors.

All audit committee members and all directors as used herein shall be counted as the actual number of persons currently holding those positions.

When the Company has submitted the “Procedures for Acquisition or Disposal of Assets” to the Board of Directors for discussion, the Company shall take into full consideration each independent director’s opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors’ meeting.

Article 21

Supplementary Provisions

Any matters not covered by the Procedures shall be governed by the relevant laws and regulations.

【Appendix 3】

Sinmag Equipment Corporation Rules of Procedure for Shareholders' Meetings

Article 1 Basis of the Rules

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

Article 2

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

Article 3 Convention of Shareholders' Meeting and meeting notice

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

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

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

Election/dismissal of Directors, changes in the Articles of Incorporation, capital reduction, application of halting public offering, permission for the Directors to compete with the Company, capitalization of retained earnings, capitalization of capital reserves, dissolution/merging/splitting of the Company, or all items pertaining to Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or items pertaining to Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions.

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

Shareholders holding 1% or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. If the circumstances in Article 172-1, Paragraph 4 of the Company Act are proposed by a shareholder, the Board

of Directors may not list it as a proposal. Shareholders shall submit proposals to urge the Company to promote public interests or fulfill its social responsibilities. From a procedural point of view, only one matter shall be allowed in each proposal pursuant to Article 172-1 of the Company Act. Where a proposal contains more than one matter, such proposal shall not be included in the agenda.

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

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

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

Article 4 Proxy Attendance and Delegation of Authority

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

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

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

Article 5 Principle of Convening Shareholders' Meeting

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

Article 6 Preparation of Sign-in Book and Other Documents

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

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

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

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

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

ballots shall also be furnished.

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

Article 7 Chairman and Chief Executive Officer

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

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

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

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

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

Article 8 Recording of the Shareholder's Meeting

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

The aforementioned video information shall be kept for at least one year. However, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be kept until the conclusion of the litigation.

Article 9 Calculation of number of shares present and meeting commencement

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

At the time scheduled for the meeting, the Chairman shall immediately announce the meeting, and at the same time announce the relevant information such as the number of non-voting rights and the number of shares present.

However, if no shareholders representing more than half of the total number of issued shares are present, the Chairman may announce a postponement of the meeting. However, there shall not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. If the quorum is not met after two postponements, the Chairman shall declare the meeting failed to be convened.

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

one month to convene a new meeting within one month.

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

Article 10 Proposal Discussion

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

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

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

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

Article 11 Shareholder's Speech

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

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

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

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

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

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

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

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

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

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

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

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

Article 13 Voting, Monitoring and Counting Methods

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

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

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

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

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

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

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

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

Article 14 Election

When there is a director election in the shareholders' meeting, the election shall be conducted in accordance with the applicable election and appointment rules of the Company. The results of the election shall be announced immediately at the meeting on

site, including the list of directors elected and the number of voting rights thereof, as well as the list of unelected directors and the number of voting rights thereof.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the controller of ballot and kept properly and safely for at least one year. However, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be kept until the conclusion of the litigation.

Article 15 Minutes and Signatures of Meetings

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

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

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

Article 16 Announcements

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

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

Article 17 Rank and Security

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

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

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

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

Article 18 Break and Resume of Meeting

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

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

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

Article 19

These Rules shall be implemented after approval by the shareholders' meeting. The same

procedure applies for amendments.

Article 20

The shareholders' meeting agreed to implement these Rules on April 30, 2003.

The 1st amendment was made on June 24, 2006.

The 2nd amendment was made on June 19, 2012.

The 3th amendment was made on June 28, 2013.

The 4th amendment was made on June 30, 2015.

The 5th amendment was made on June 6, 2016.

The 6th amendment was made on June 19, 2017.

The 7th amendment was made on June 20, 2020.

The 8th amendment was made on August 13, 2021.

【Appendix 4】

Sinmag Equipment Corporation
Procedures for Election of Directors

Article 1

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

Article 2

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

Article 3

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

- I. Basic conditions and values: Gender, age, nationality, and culture, etc.
- II. Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills and industry experience, and so on.

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

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

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

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

Article 4

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

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

Article 5

The Company's election of Directors shall adopt the candidate nomination system in accordance with Article 192-1 of the Company Act.

If the dismissal of a director results in a board with less than five directors, the Company shall hold a by-election at the next shareholders meeting. However, when the number of directors fall short by one third of the total number prescribed in the Company's Articles of Incorporation, the Company shall call a temporary shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

If the number of independent directors is less than that required by Article 14-2, Paragraph 1 of the Securities Exchange Act, new independent directors shall be elected at the most recent shareholders' meeting; When all the independent directors are dismissed,

Article 6

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

Article 7

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

Article 8

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

Article 9

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

Article 10

An election vote is invalid in the following circumstances:

- I. The ballot was not prepared by parties entitled to convene the meeting.
- II. A blank ballot is put into the ballot box.
- III. The writing is unclear and indecipherable or altered.
- IV. Where the name of candidate entered into the ballot is found not included in the candidate list.
- V. A ballot with other words or marks are entered in addition to the number of voting rights allocated.

Article 11

Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors including the list of directors elected and number of votes shall be announced by the Chairman.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the controller of ballot and kept properly and safely for at least one year. However, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be kept until the conclusion of the litigation.

Article 12

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

Article 13

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

Article 14

The shareholders' meeting agreed to implement these Rules on April 30, 2003.
The 1st amendment was made on June 24, 2006.

The 2nd amendment was made on June 30, 2015.
The 3rd amendment was made on June 6, 2016.
The 4th amendment was made on June 19, 2017.
The 5th amendment was made on August 13, 2021.

【Appendix 5】

Sinmag Equipment Corporation

Shareholding of Directors

- I. The Company's paid-in capital is NT\$502,302,420 and the total number of issued shares is 50,230,242 shares.
- II. According to Article 26 of the Securities and Exchange Act, the minimum number of shares required to be held by all Directors shall be 4,018,419 shares. As the Company has established an Audit Committee, there is no provision for the number of shares required by the Supervisors to be held. (Note)
- III. As of 2022 Annual Shareholders' Meeting (April 2, 2022), the number of shares held by individual and all directors recorded in the Shareholder Register is as follows, which meets the percentage standard specified in Article 26 of the Securities and Exchange Act.

Title	Name	Elected	Shares held when elected		Number of shares held recorded in the shareholder's roster book on the book closure date	
		Date	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Chairman	Hsieh, Shun-Ho	2019.6.14	2,211,267	4.40%	2,211,267	4.40%
Director	Wu, Yao-Tsung	2019.6.14	1,788,616	3.56%	1,788,616	3.56%
Director	Chang, Jui-Jung	2019.6.14	380,981	0.76%	380,981	0.76%
Director	Hsieh, Ming-Ching	2019.6.14	1,398,980	2.79%	2,112,980	4.21%
Director	Chen, Yung-Chen	2019.6.14	0	0.00%	0	0.00%
Director	Chang, Yu-Chuan	2019.6.14	6,517	0.01%	11,517	0.02%
Independent Director	Chan, Shih-Hung	2019.6.14	0	0.00%	0	0.00%
Independent Director	Tu, San-Chien	2019.6.14	0	0.00%	0	0.00%
Independent Director	Huang, Huei-Wang	2019.6.14	0	0.00%	0	0.00%
Number of Shares Held by all Directors and Shareholding ratio			5,786,361	11.52%	6,505,361	12.95%

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

【Appendix 6】

The effect of proposed stock dividends in this Shareholders' Meeting on the Company's operating performance, earnings per share, and return on equity: The Company did not have any proposed distribution of stock dividends in 2022, and the Company does not need to make any financial forecast according to regulations, therefore it is not applicable.

Thank you for attending the General Shareholders' Meeting!

Any comments or suggestions will be appreciated.