

Sinmag Equipment Corporation
Minutes 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)

Attendance: A total of 33,755,289 shares attended in person, by proxy and electronically (including 5,706,327 shares attended electronically), accounting for 67.20% of the total number of 50,230,242 shares issued by the Company.

Attending Directors: Hsieh, Shun-Ho, Wu, Yao-Tsung, Chang, Jui-Jung, Chang, Yu-Chuan ,
Hsieh, Ming-Ching

Attending Independent Directors: Tu, San-Chien, Huang, Huei-Wang

Participants without voting rights: CPA Chen, Chiang-Hsun, Deloitte & Touche, Attorney
Lo, Yuan-Hsiu, Primordial Law Firm

Chairman: Hsieh, Shun-Ho

Minute taker: Chen, Yi-Wen

I. Called to order: When the total number of shares attending exceeds the quorum, the Chairperson calls the meeting to order in accordance with the law.

II. Chairman Remarks: (omitted)

III. Report Items

1. For the 2021 Business Report, please refer to Attachment 1.
2. For the 2021 Audit Committee's Review Report, please refer to Attachment 2.
3. For the 2021 Employees' and Director's Compensation Distribution Report, please refer to the Meeting Handbook.

IV. Proposals

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 and Attachment 3.

3. Please proceed to the ratification of the proposal.

Resolution: The number of approval votes: 33,330,399, the number of votes against: 23,141, the number of disapproval votes: 401,749, the number of approval votes accounted for 98.74% of the 33,755,289 votes of attending shareholders. The motion was approved as proposed.

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 |
| Actuarial (losses) gains shall be included in retained earnings | | (5,548,954) |
| Net profit for the period plus adjustment | | 504,617,899 |
| Less: 10% appropriated as legal reserve | | 0 |
| Appropriated as special reserve | | (31,662,244) |
| Retained earnings available for distribution | | 1,235,867,069 |
| Item for distribution: | | |
| Dividends to shareholders | | |
| Cash Dividend (NT\$7 per share) | | (351,611,694) |
| Unappropriated retained earnings at the end of the period | | 884,255,375 |

Chairman: Hsieh, Shun- General Hsieh, Shun- Accounting Huang, Yu-
Ho Manager: Ho Manager: 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: The number of approval votes: 33,383,369, the number of votes against: 31,171, the number of disapproval votes: 340,749, the number of approval votes accounted for 98.89% of the 33,755,289 votes of attending shareholders. The motion was approved as proposed.

V. Discussions

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.

4. It is hereby submitted for discussion.

Resolution: The number of approval votes: 30,580,111, the number of votes against: 2,826,428, the number of disapproval votes: 348,750, the number of approval votes accounted for 90.59% of the 33,755,289 votes of attending shareholders. The motion was approved as proposed.

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.
4. It is hereby submitted for discussion.

Resolution: The number of approval votes: 33,376,967, the number of votes against: 32,143, the number of disapproval votes: 346,179, the number of approval votes accounted for 98.87% of the 33,755,289 votes of attending shareholders. The motion was approved as proposed.

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.
3. It is hereby submitted for discussion.

Resolution: The number of approval votes: 33,348,714, the number of votes against: 59,416, the number of disapproval votes: 347,159, the number of approval votes accounted for 98.79% of the 33,755,289 votes of attending shareholders. The motion was approved as proposed.

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: The number of approval votes: 33,341,566, the number of votes against: 77,965, the number of disapproval votes: 335,758, the number of approval votes accounted for 98.77% of the 33,755,289 votes of attending shareholders. The motion was approved as proposed.

VI. Election Matters

(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 of meeting handbook.
4. The relevant information for Directors and Independent Directors and the Candidates are listed below:

| No. | Director Candidate | Shareholding | 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, Sinmag Equipment (China) Co., Ltd. |

| No. | Director Candidate | Shareholding | Education | Experience | Current Position |
|-----|-----------------------|--------------|-----------|--|---|
| | | | | 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 Corporation 10. Director, PT. San Neng Bakeware Indonesia 11. Chairman, Greater Win Holdings Limited 12. Chairman, Ximai Enterprises Management (Wuxi) Co., Ltd. |

| No. | Director Candidate | Shareholding | Education | Experience | Current Position |
|-----|--------------------|------------------|-----------------------------------|---|--|
| 2 | Wu, Yao-Tsung | 1,788,616 shares | National Yilan Senior High School | Vice Chairman, Tehmag Foods Corporation Supervisor, Sinmag Equipment (China) Co., Ltd. | <ol style="list-style-type: none"> Supervisor, Sinmag Fitting Corporation Director, Tehmag Foods Corporation Director, Wuxi New Order Control Co., Ltd. Director, Zeelandia Bakery Ingredients (Wuxi) Co., Ltd. Director, Yangyu Foods Corporation Supervisor, Kingcraft Industrial Corp., Ltd. Chairman, Taiwan Lunchun Association Director, Bliss & Wisdom Senior High School Chairman, Purity New Materials Co., Ltd. Director, Taipei City Bliss & Wisdom Buddhism Foundation Chairman, AMRITA Translation Foundation Director, Zoom Foods (HK) Co., Ltd. Director, Tehmag Foods USA Corporation Director, PT. Tehmag Foods Corporation Indonesia |
| 3 | Chang, Jui-Jung | 380,981 shares | Master of Business | President, San Neng Bake Ware (Wuxi) Co., Ltd. | <ol style="list-style-type: none"> Chairman, San Neng Bake Ware (Wuxi) Co., Ltd. |

| No. | Director Candidate | Shareholding | Education | Experience | Current Position |
|-----|--------------------|------------------|--|---|--|
| | | | Administration, Asia University | President, San Neng Bakeware Corporation Supervisor, Sinmag Equipment Corporation | 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 the Management Senior Management, Peking University | Chairman's Special Assistant, Sinmag Equipment Corporation Chairman, Wuxi New Order Control Co., Ltd. Vice President of the Management Division, Sinmag Equipment Corporation | 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, Sinmag Equipment (China) Co., Ltd. 6. President and Vice President of Management Department, Sinmag Equipment (China) Co., Ltd. 7. Director, Wuxi New Order Control Co., Ltd. |

| No. | Director Candidate | Shareholding | Education | Experience | Current Position |
|-----|--------------------|----------------|---|---|---|
| 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 Candidate | Shareholding | 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, | 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 |

| No. | Independent Director Independent Director Candidate | Shareholding | Education | Experience | Current Position |
|-----|---|--------------|---|--|---|
| | | | | Argonne National Laboratory Chairman, New Energy Association of Taiwan Science and Technology Advisory Committee, Office of the President Republic of China (Taiwan) | |
| 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 | 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 |

| No. | Independent Director Independent Director Candidate | Shareholding | Education | Experience | Current Position |
|-----|---|--------------|---|---|---|
| | | | | China 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:

The list of directors elected is as follows:

| Shareholder's account number or ID card No. | Shareholder's account name or name of the natural person | Number of votes received |
|---|--|--------------------------|
| 6 | Hsieh, Shun-Ho | 61,792,879 |
| 9 | Hsieh, Ming-Ching | 42,598,312 |
| 15 | Wu, Yao-Tsung | 38,928,771 |
| 45 | Chang, Jui-Jung | 38,770,965 |
| 34 | Hsiao, Shu-Chuan | 29,224,690 |
| 214 | Chang, Yu-Chuan | 28,205,912 |

The list of independent directors elected is as follows:

| Shareholder's account number or ID card No. | Shareholder's account name or name of the natural person | Number of votes received |
|---|--|--------------------------|
| F10375**** | Huang, Huei-Wang | 16,079,558 |
| A10172**** | Tu, San-Chien | 15,994,837 |
| N12561**** | Chan, Shih-Hung | 8,965,982 |

VII. 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, Sinmag Equipment (China) Co., Ltd. Director, San Neng Group Holdings Co., Ltd. Chairman, Sinmag Fitting Corporation 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 |
| Director Wu, Yao-Tsung | Supervisor, Sinmag Fitting Corporation 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, Zoom Foods (HK) Co., Ltd. Director, Tehmag Foods USA Corporation Director, PT. Tehmag Foods Corporation Indonesia |
| 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 |
| Director Hsieh, Ming-Ching | Director, Sinmag Equipment (Thailand) Co., Ltd. Director and Vice President, LBC Bakery Equipment Inc. Director, Kingcraft Industrial Corp., Ltd. Director, Sinmag Equipment (China) Co., Ltd. President and Vice President of Management Department, Sinmag Equipment (China) Co., Ltd. Director, Wuxi New Order Control Co., Ltd. |
| 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: The number of approval votes: 33,230,332, the number of votes against: 95,866, the number of disapproval votes: 429,091, the number of approval votes accounted for 98.44% of the 33,755,289 votes of attending shareholders. The motion was approved as proposed.

VIII. Extempore Motion: No provisional motion was proposed after the chairperson solicits all attending shareholders.

IX. Adjournment: The meeting was adjourned by the Chairperson at 9:38 a.m. on the same day and was approved by all attending shareholders without objection.

【 Attachment 1 】

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) | <u>1,703</u> | - | <u>2,151</u> | - |
| Total current assets | <u>394,154</u> | <u>13</u> | <u>274,876</u> | <u>10</u> |
| 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) | <u>147</u> | - | <u>209</u> | - |
| Total non-current assets | <u>2,615,944</u> | <u>87</u> | <u>2,387,061</u> | <u>90</u> |
| TOTAL | <u>\$ 3,010,098</u> | <u>100</u> | <u>\$ 2,661,937</u> | <u>100</u> |
| 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) | <u>379</u> | - | <u>191</u> | - |
| Total current liabilities | <u>515,396</u> | <u>17</u> | <u>333,404</u> | <u>13</u> |
| 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) | <u>5,921</u> | - | <u>916</u> | - |
| Total non-current liabilities | <u>91,812</u> | <u>3</u> | <u>59,562</u> | <u>2</u> |
| Total liabilities | <u>607,208</u> | <u>20</u> | <u>392,966</u> | <u>15</u> |
| EQUITY (Notes 4 and 20) | | | | |
| Share capital | | | | |
| Ordinary shares | <u>502,302</u> | <u>17</u> | <u>502,302</u> | <u>19</u> |
| Capital surplus | <u>77,765</u> | <u>2</u> | <u>75,738</u> | <u>3</u> |
| Retained earnings | | | | |
| Legal reserve | 586,956 | 20 | 552,755 | 21 |
| Special reserve | 159,572 | 5 | 160,753 | 6 |
| Unappropriated earnings | <u>1,267,530</u> | <u>42</u> | <u>1,136,995</u> | <u>42</u> |
| Total retained earnings | <u>2,014,058</u> | <u>67</u> | <u>1,850,503</u> | <u>69</u> |
| Other equity | <u>(191,235)</u> | <u>(6)</u> | <u>(159,572)</u> | <u>(6)</u> |
| Total equity | <u>2,402,890</u> | <u>80</u> | <u>2,268,971</u> | <u>85</u> |
| TOTAL | <u>\$ 3,010,098</u> | <u>100</u> | <u>\$ 2,661,937</u> | <u>100</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 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 | | | Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations | Total Equity |
|--|-------------------|------------------|-------------------|-------------------|----------------------------|--|---------------------|
| | Share Capital | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | | |
| BALANCE AT JANUARY 1, 2020 | \$ 502,302 | \$ 75,738 | \$ 502,418 | \$ 101,655 | \$ 1,155,573 | \$ (160,753) | \$ 2,176,933 |
| Appropriation of 2019 earnings (Note 20) | | | | | | | |
| Legal reserve | - | - | 50,337 | - | (50,337) | - | - |
| Special reserve | - | - | - | 59,098 | (59,098) | - | - |
| Cash dividends distributed by the Company | - | - | - | - | (251,151) | - | (251,151) |
| Net profit for the year ended December 31, 2020 | - | - | - | - | 340,940 | - | 340,940 |
| Other comprehensive income for the year ended December 31, 2020, net of income tax | - | - | - | - | 1,068 | 1,181 | 2,249 |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | 342,008 | 1,181 | 343,189 |
| BALANCE AT DECEMBER 31, 2020 | 502,302 | 75,738 | 552,755 | 160,753 | 1,136,995 | (159,572) | 2,268,971 |
| Changes in percentage of ownership interests in subsidiaries | - | 2,027 | - | - | - | - | 2,027 |
| Appropriation of 2020 earnings (Note 20) | | | | | | | |
| Legal reserve | - | - | 34,201 | - | (34,201) | - | - |
| Special reserve | - | - | - | (1,181) | 1,181 | - | - |
| Cash dividends distributed by the Company | - | - | - | - | (341,063) | - | (341,063) |
| Net profit for the year ended December 31, 2021 | - | - | - | - | 510,167 | - | 510,167 |
| Other comprehensive loss for the year ended December 31, 2021, net of income tax | - | - | - | - | (5,549) | (31,663) | (37,212) |
| Total comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | 504,618 | (31,663) | 472,955 |
| BALANCE AT DECEMBER 31, 2021 | <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 | <u>(1,931)</u> | <u>(2,401)</u> |
| Cash generated from (used in) operations | 18,095 | (118,437) |
| Interest received | 59 | 170 |
| Income tax paid | <u>(52,292)</u> | <u>(2,719)</u> |
| Net cash used in operating activities | <u>(34,138)</u> | <u>(120,986)</u> |
| 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) | 12,679 | - | 23,266 | 1 |
| 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) | 67,160 | 2 | 114,715 | 3 |
| 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) | 19,980 | 1 | 4,155 | - |
| 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) | 5,921 | - | 916 | - |
| 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 | 502,302 | 14 | 502,302 | 15 |
| Capital surplus | 77,765 | 2 | 75,738 | 2 |
| Retained earnings | | | | |
| Legal reserve | 586,956 | 16 | 552,755 | 16 |
| Special reserve | 159,572 | 4 | 160,753 | 5 |
| Unappropriated earnings | 1,267,530 | 34 | 1,136,995 | 33 |
| Total retained earnings | 2,014,058 | 54 | 1,850,503 | 54 |
| Other equity | (191,235) | (5) | (159,572) | (5) |
| Total equity attributable to owners of the Company | 2,402,890 | 65 | 2,268,971 | 66 |
| NON-CONTROLLING INTERESTS (Notes 4 and 21) | 22,012 | - | 63,054 | 2 |
| Total equity | <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 | | Unappropriated Earnings | | | | | |
| | | | 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 | \$ 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 | 374,658 | 473,182 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (171,281) | (514,735) |
| Proceeds from sale of financial assets at amortized cost | 19,553 | 346,535 |
| Purchase of financial assets at fair value through profit or loss | (1,632,216) | (85,100) |
| Proceeds from sale of financial assets at fair value through profit or loss | 1,632,216 | 85,100 |
| Payments for property, plant and equipment | (88,729) | (36,296) |
| Proceeds from disposal of property, plant and equipment | 1,790 | 596 |
| Payments for intangible assets | (184) | (2,233) |
| Increase in other non-current assets | (23,465) | (59,153) |
| 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 | (138,967) | (24,347) |
| 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</p> |

| Article No. | Articles after the amendments | Articles before the amendments | Amendment Note |
|---------------------|---|---|--|
| | | | association were amended. |
| 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 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. <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</u></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 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>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 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</p> |

| Article No. | Articles after the amendments | Articles before the amendments | Amendment Note |
|-------------------|--|---|--|
| | <p><u>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 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.</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 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.</p> | the provisions are revised simultaneously. |
| 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; Sinmag Limited shall not waive its capital contribution to Sinmag Equipment (China) Co., Ltd. in the future years; <u>Sinmag Equipment (China) Co., Ltd. shall not waive its capital contribution to Sinmag Bakery Equipment Sdn. Bhd. (Malaysia) and Wuxi New Order Control Co., Ltd. in the future years.</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. 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. 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 <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: 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</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: 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</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 |

| Article No. | Articles after the amendments | Articles before the amendments | Amendment Note |
|------------------|---|--|---|
| | <p>personnel shall not be related parties to each other or have substantial relationship with 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>personnel shall not be related parties to each other or have substantial relationship with 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>have relevant regulations for their undertaking 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</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</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</p> |

| Article No. | Articles after the amendments | Articles before the amendments | Amendment Note |
|-------------------|--|--|---|
| | <p>appraisal report issued by the professional appraiser shall be obtained before the date of the fact, and the following procedures shall be followed:</p> <p>(I)~(II): Omitted.</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 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>appraisal report issued by the professional appraiser shall be obtained before the date of the fact, and the following procedures shall be followed:</p> <p>(I)~(II): Omitted.</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> | <p>the trade associations to which they belong, and the procedures for the issuance of opinions by accountants have been covered.</p> |
| Article 10 | <p>Acquisition or disposal of securities investment procedures</p> <p>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%</p> | <p>Acquisition or disposal of securities investment procedures</p> <p>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</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</p> |

| Article No. | Articles after the amendments | Articles before the amendments | Amendment Note |
|-------------------|--|--|---|
| | 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 not apply to any marketable securities with quoted prices in an active market or as otherwise provided by the Financial Supervisory Commission. | 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. | 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 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 ARDE. | 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, | 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 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>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.</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>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.</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</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</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 No. | Articles after the amendments | Articles before the amendments | Amendment Note |
|-------------------|---|--|--|
| | <u>shareholders' meeting</u> and board of directors for approval in accordance with the regulations, and shall not be included again. | Directors for approval. | |
| Article 15 | <p>Engaging in Derivatives Trading I~VII: Omitted.</p> <p>VIII. Regular evaluation methods</p> <p>(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 <u>7</u>, 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>Engaging in Derivatives Trading I~VII: Omitted.</p> <p>VIII. Regular evaluation methods</p> <p>(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 <u>10</u>, 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> | Edited as appropriate. |
| Article 17 | <p>Information Disclosure Procedures</p> <p>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)~(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> <p>1. Trading of domestic <u>government bonds or foreign government bonds with a rating</u></p> | <p>Information Disclosure Procedures</p> <p>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)~(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> <p>1. Trading of government bonds.</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. |

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| | <p><u>that is not lower than the sovereign rating of Taiwan.</u></p> <p>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.</p> <p>II~IV: Omitted.</p> | <p>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.</p> <p>II~IV: Omitted.</p> | |

【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 |
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| 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 |
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| | <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</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> |

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| | <p><u>platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.</u></p> <p><u>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>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> <ol style="list-style-type: none"> I. How shareholders attend the virtual meeting and exercise their rights. II. Actions to be taken if the virtual meeting platform or participation in | <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</p> |

| Article No. | Articles after the amendments | Articles before the amendments | Amendment Note |
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| | <p>the virtual meeting is obstructed due 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> | | shareholders' 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.</p> <p><u>Where a shareholders meeting is held online, this Corporation shall keep records</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'</p> |

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| | <p><u>of shareholder registration, sign-in, 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. 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> | | meetings by video. |
| 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> |

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| | <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.</p> <p>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.</p> <p>In order to respond to the opening of public offering companies to hold shareholders' meetings by video.</p> |

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| | <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. | <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 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> | <p>The amendments are made simultaneously in accordance with the</p> |

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| | <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> |

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| | | | 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> | <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' meetings by video.</p> |

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| | <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. 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> |

| Article No. | Articles after the amendments | Articles before the amendments | Amendment Note |
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| | <u>Article 23</u> These Rules shall be implemented after approval by the shareholders' meeting. The same procedure applies for amendments. | <u>Article19</u> These Rules shall be implemented after approval by the shareholders' meeting. The same procedure applies for amendments. | In line with this 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. |