SINMAG

Security Code: 1580

Sinmag Equipment Corporation

2023
Annual Report

May 15, 2024

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

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

I. Contact Information of Spokesperson and Deputy Spokesperson

Spokesperson	Deputy Spokesperson
Name: Shu-Chuan Hsiao	Name: Li-Mien Weng
Title: Vice President	Title: Chief Accounting Officer
Tel: (02)2298-1148	Tel: (02)2298-1148
Email: sinmag.tw@sinmag.com.tw	

II. Contact Information of Headquarters, Branches, and Plants

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

III. Contact Information of Stock Transfer Agency

Name: Taishin Securities Co., Ltd. Stock Transfer Agency Department
Website: https://www.tssco.com.tw/
Address: B1F., No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City
Tel: (02)2504-8125

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

CPA Name: Chiang-Hsun Chen and Chao-Mei Chen
Website: https://www2.deloitte.com/tw/tc.html
CPA Firm: Deloitte & Touche
Tel: (02)2725-9988
Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City

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

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

Contents

Chapter I. Letter to Shareholders

I. 2023 Business Report

(I) Implementation Results of Business Plan

In 2023, the world grappled with a pervasive sense of weakness and fatigue. The global economy experienced a slowdown, while the geopolitical landscape grew increasingly turbulent. Confrontations between the United States and China, the war between Russia and Ukraine, and the Israeli-Palestinian conflict unfolded one after another. Regional conflicts erupted with alarming frequency, compounded by escalating natural and man-made disasters, all of which exacerbated global economic challenges and threatened social stability.

In 2023, the first year following the lifting of the three-year pandemic restrictions, initial expectations were for the Chinese economy to bottom out and begin its recovery. However, challenges such as real estate defaults, declining export momentum, and sluggish consumption may impede the pace of Mainland China's economic recovery, putting the resilience and responsiveness of companies to the test. Nevertheless, both the global and Chinese baking markets are anticipated to see growth throughout 2023.

While global inflation has significantly cooled down, eating habits have undergone notable changes across different regions. In Sinmag's overseas markets in 2023, there has been a rising demand for supermarket equipment in America and Australia, alongside substantial growth in Southeast Asian countries following the post-pandemic recovery. Despite facing a downward economic trend in the domestic market of Mainland China, where market growth has not yet rebounded to the scale seen in 2021, Sinmag has nonetheless achieved impressive results.

The consolidated operating income of the Group in 2023 was NT$4,498,686 thousand, an increase of 14.28% from NT$3,939,519 thousand in 2022. The consolidated net profit after tax was NT$603,037 thousand, an increase of 79.17% from NT$336,569 thousand in 2022. The after tax earnings per share was NT$12.01, an increase of 79.25% from that of 2022.

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

Comparison of operating results (combined profit and loss)

Unit: Thousand NT$

	2023	2022	Increase (Decrease) Rate (%)
Operating Revenue	4,498,686	3,936,519	14.28%
Operating Costs	2,593,232	2,469,414	5.01%
Gross Profit	1,905,454	1,467,105	29.88%
Operating Expenses	1,030,555	914,278	12.72%
Operating Profit	874,899	552,827	58.26%
Non-operating Income and Expenses	60,382	73,868	(18.26%)
Profit Before Income Tax	935,281	626,695	49.24%
Profit After Income Tax	603,037	336,569	79.17%

(II) Revenue Forecast and Realization

The Company did not have a public financial forecasting for 2023.

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

Item			2023	2022
Financial Structure Analysis	Debt-to-Asset Ratio		25.14%	27.26%
	Long-Term Funds to Fixed Assets Ratio (%)		253.61%	238.80%
Liquidity Analysis	Current Ratio		290.34%	249.00%
	Quick Ratio		200.21%	154.78%
Profitability Analysis	Return on Assets		16.55%	9.66%
	Return on Shareholders' Equity		22.37%	13.82%
	Ratio of Paid-In Capital	Operating Profit	174.17%	110.05%
		Pre-Tax income	186.19%	124.76%
	Profit Ratio		14.14%	9.01%
	Earnings per Share (NT$)		12.01	6.70

(IV) Research and Development

Sinmag possesses robust research and manufacturing capabilities and remains dedicated to enhancing the performance of commercial baking equipment continuously. This commitment aims to support bakers in crafting fashionable, nutritious, and healthy baked goods. In 2023, our Group invested a total of NT$156,045 thousand in research and development expenses. In addition to actively expanding our product line and venturing into new product areas, we also engaged in various process and technology developments. In addition, we have improved our product structure in response to environmental protection concepts, with the aim of continuously expanding our market share in Mainland China and creating new markets and business opportunities. This strategic positioning is crucial to the sustainable operation of our company.

II. Summary of the Company's Business Plan for 2024

(I) Operating Strategies

The market development goal for Sinmag in 2024 is to deeply cultivate the recovering demand segment market, increase sales volume, strengthen sales and after-sales service efficiency, enhance equipment competitiveness in the market, consolidate existing markets, develop new channel customers, and increase sales volume in the market.

1. Sales in China Market

(1) The emergence of new formats of baking (such as new Japanese, Korean, European baking, or Chinese pastry and cake combined with tea drinks, coffee, meals, mixed, fast food, light meals, etc.) has emerged like mushrooms after the rain in the post-pandemic era, necessitating corresponding equipment specifications and sales services.

(2) In addition to the traditional baking industry passing down and nurturing its expertise in the newer generation, and actively pursuing business visits and development, an increasing number of newcomers are entering the baking market through various channels. These individuals are acquiring baking knowledge through avenues such as exhibitions, baking competitions, baking academies, urban baking promotion activities, electronic online platforms, and internet celebrity platforms, where they also engage with equipment suppliers. In 2024, Sinmagplans to strategically layoutand participate in authoritative activity platforms in the market to explore more channels in the new baking market.

(3) To support the upgrade and transformation of our existing customers' businesses, we will provide appropriate and complementary equipment for mutual growth.

(4) Work with small and medium-sized wholesale bakeries to develop innovative bakery products and provide new production lines or increased automation equipment needs.

(5) Enhance collaboration within the online kitchenware market to sell equipment, provide support, and engage in platform development activities to bolster the credibility and reputation of the Sinmag brand in the e-commerce sector. This entails combating counterfeit brands,

fostering stable growth in e-commerce, and refining distribution and channel structures. Additionally, expand and cultivate further project sales collaborations to amplify sales volumes within the online baking market.

(6) To extend the successful cooperation between Sinmag and Pizza Hut in Mainland China, we will expand the development of efficient and energy-saving equipment, as well as remote control of equipment and other advantageous technologies. This will promote the use of crawler furnace equipment by major customers in Mainland China and other international markets, as well as in the food and beverage industry, thereby increasing sales.

(7) High-end bakery stores emphasize innovative, fashionable products, stylish décor and dining environments. Bakery equipment should move away from the traditional commercial kitchen model to an open front display that reflects the brand image and allows for on-site baking. Attention to aesthetics and consistent visual harmony between the appearance and layout of front-of-house and back-of-house equipment configurations is critical. Sinmag has commissioned an international industrial design company to redesign the high-end baking oven combination. The plan is to launch it in 2024 and compete in the high-end baking equipment market.

2. Overseas Market

(1) Optimize customer order acceptance, production planning, and shipping arrangements in high-demand markets (United States, Mexico, Central America, Thailand, Malaysia, Indonesia) to reduce overseas sales lead time and increase agent competitiveness.

(2) In 2023, visits or exchanges with national agents from Europe, Chile, Algeria, South Africa, South Korea, Vietnam, India and Kazakhstan were planned to discuss the development direction and work of markets and sales in each country. In 2024, we fully implemented these plans and initiatives to assist our agents in increasing sales.

(3) In 2024, there will be more frequent business team trips to visit markets in various countries, aiming to grasp the changes and development trends in each country. We will conduct comprehensive reviews and analysis of the market alongside agents, distributors, and subsidiaries, and formulate response strategies to support agents in driving market sales.

(4) In response to the increasing safety regulations for equipment use in various regions of the world, and in accordance with the requirements of

various countries, we have carried out design specification revisions to proactively meet international safety standards and enhance the quality and long-term competitiveness of our equipment brand. These revisions include:

— Stainless steel protection upgrades for equipment, food and clean environment contact parts

— In accordance with the continuously updated international equipment safety standards and certifications.

— Food safety and environmental certification for equipment in various countries

(5) Strengthen the professional training of sales and after-sale teams for branches and agents, improve the management and efficiency of work and process, and improve the level of pre-sale and after-sale service standards for market customers.

(6) Continue to promote equipment items that have not yet been sold in various countries, assist in promoting necessary equipment modifications and certifications, collaborate with agents and market feedback, and aid agents in promoting sales in local markets.

(II) Expected Sales Volume and Its Basis

The Company's main products are food machinery equipment. According to the expected growth rate of the food market and the estimated production capacity, the Company will continue to expand new customers and develop new products in 2024, other than sticking to the original market share and sales volume in Mainland China, and will continue to expand in the United States, India, Southeast Asia and other markets. The Company's sales volume is still expected to show a growing trend.

(III) Production and Sales Strategies

1. Continue to adjust product structure and sales mix, integrate equipment specifications and models for lean production to reduce costs and improve production efficiency, replace products with low gross profit and sales, and promote the sales of equipment products for mass production.

2. A comprehensive and regular training program for the business and engineering teams will be created in the national representative offices to strengthen the team's overall competence. This initiative aims to enhance the team's professional skills, and communication abilities, and foster mutual learning regarding sales, after-sales service work, and performance within

each region. At the same time, the management of customer visits will be strengthened, the coverage and visit efficiency of the sales team for new and existing customers and the market will be improved, customer follow-up will be strengthened, and price inquiries from various regions will be promptly grasped.

3. To improve the timeliness, repair level, and service attitude of the after-sales engineering team, to increase the proactive shop and factory service by the regional engineering team, and to improve the after-sales service level for market customers.

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

Overall, the domestic baking market in Mainland China has a certain development prospect, and the scale of the industry continues to expand and grow every year. In the past few years, there has been a capital focus on this track, with various high-end baking brands and Internet-famous baking brands springing up like mushrooms, opening stores on a large scale, and receiving continuous consumer acclaim. Today, however, due to the non-essential nature of baked goods and the lack of characteristics such as "high growth" and "fast replication," coupled with the rationalization of consumer behavior in the post-pandemic market, capital's attitude toward the baking industry has clearly returned to rationality. The baking industry is undergoing accelerated restructuring, with some brands slowing their expansion, even closing and retreating, or even going bankrupt. The baking industry is now more focused on innovative products that meet consumer demand and drive market growth. In recent years, consumers have become increasingly interested in fashion, quality, identity and wellness. This has led to innovation in baked goods with a focus on fashion, variety and personalization. And there are more investments from various non-baking aspects entering this market, bringing about a transformation in the diversified composite high-end decoration, catering and healthy food baking industry format, as well as changes in the supply chain and channels within the industry market.

Furthermore, the momentum behind sustainability is accelerating and becoming increasingly stringent. Sinmag will intensify its focus on sustainability indicators and information, striving towards sustainable goals.

Global economic growth is expected to slow, and the international economic environment is constantly changing. The recovery momentum is insufficient and geopolitical conflicts are intensifying. Mainland China is still facing significant downward pressure on its economy, and the outlook for real estate, employment, population and investment environment is not optimistic. Uncertainty and instability are on the rise. It is crucial to constantly monitor and take appropriate measures.

Sinmag Group will continue to strive to provide customers with high quality products and timely after-sales service, expand its global presence and enhance its competitiveness. Sinmag's management team and all employees will continue to work together towards common goals, creating more value for all shareholders, fulfilling corporate social responsibility and moving towards sustainable development.

Chairman: Hsieh, Shun-Ho

General Manager: Hsieh, Shun-Ho

Accounting Manager: Chen, Yi-Wen

Chapter II. Company Profile

I. Date of Incorporation:

Sep. 27, 1983

II. Company History:

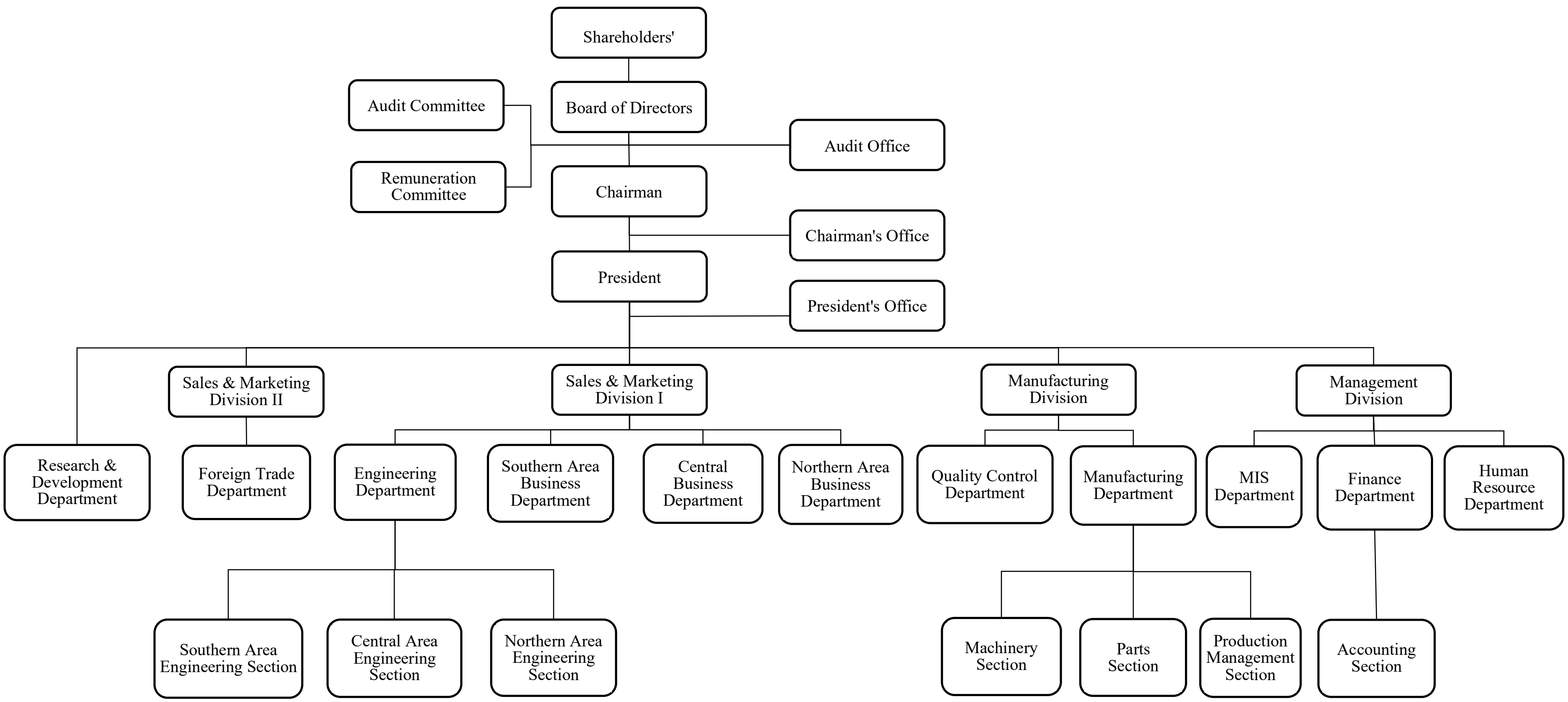
Year	Important chronicle
September 1983	The Company was incorporated with international trade and importing baking equipment and raw materials as principal activities. The paid-in capital was NT$4 million.
December 2003	Reinvested in Sinmag Equipment (Wuxi) Co., Ltd. and Wuxi Themag Bakery Equipment Co., Ltd. in mainland China, and Sinmag Bakery Equipment SDN.BHD. in Malaysia.
February 2004	Purchased the Wugu plant.
September 2004	Supplemental public issuance approved by the Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan.
October 2005	Reinvested in Macadams Baking Equipment (Wuxi) Co., Ltd. and Wuxi New Order Control Co., Ltd. in mainland China.
September 2006	The Group was reorganized. The third-tier subsidiaries including Sinmag Equipment (Wuxi) Co., Ltd., Wuxi Themag Bakery Equipment Co., Ltd., and Wuxi Schumacher Baking Equipment Co., Ltd. in mainland China merged and Sinmag Equipment (Wuxi) Co., Ltd. was the surviving company.
July 2007	Applied to the Taipei Exchange (TPEx) for stock listing and was approved by the Securities and Futures Bureau, Financial Supervisory Commission of the Ministry of Finance for listing in November 2007.
August 2007	Reinvested in Wuxi Nichmag Seiki Co., Ltd. and Lipang Mixing Equipment (Wuxi) Co., Ltd. in mainland China.
December 2007	The Company's stock was officially listed at the Taipei Exchange (TPEx) on December 10.
February 2008	Reinvested in Sinmag Holding Limited in Hong Kong.
July 2008	Reinvested in LBC Bakery Equipment Inc. in the US.
December 2008	Reinvested in Wuxi Sinco Refrigeration Equipment Co., Ltd. in mainland China.
March 2009	Reinvested in Sinmag Bakery Machine India Private Limited in India.
May 2009	The Group was reorganized. The third-tier subsidiaries including Sinmag Equipment (Wuxi) Co., Ltd., Wuxi Sinco Refrigeration Equipment Co., Ltd., and Wuxi Nichmag Seiki Co., Ltd. in mainland China merged and Sinmag Equipment (Wuxi) Co., Ltd. was the surviving company.
November 2009	Reinvested in Sinmag Equipment (Thailand) Co., Ltd. in Thailand.
September 2013	Withdrew the registration of Sinmag Holding Limited in Hong Kong.
March 2014	Reinvested in Societe Agro-Industrielle De Kinshasa, a bread factory in Congo.
October 2014	Won the second OTC "Golden Laurel Award" of Taipei Exchange (TPEx).

April 2016	Purchased 50% of the equity of Wuxi Lipang Mixing Equipment Co., Ltd. from Lipang Company Limited, which became a wholly-owned subsidiary of the Company.
December 2017	Withdrew the registration of third-tier subsidiary, Wuxi Lipang Mixing Equipment Co., Ltd. in mainland China. Disposed of all equity holding in Societe Agro-Industrielle De Kinshasa, a bread factory in Congo.
January 2018	The third-tier subsidiary in mainland China, Sinmag Equipment (Wuxi) Co., Ltd., was renamed Sinmag Equipment (China) Co., Ltd.
December 2018	Purchased 2.82% of the shares from the employees of LBC Bakery Equipment Inc. in the US, increasing the shareholding ratio to 82.82%.
June 2020	The Group's investment structure was adjusted. After the adjustment, the Company directly invested in Sinmag Equipment (Thailand) Co., Ltd. in Thailand.
June 2020	Reinvested in Benchmark Service Co., Ltd. in Thailand.
August 2021	Benchmark Service Co., Ltd. in Thailand completed the liquidation and deregistration.
February 2022	Reinvested in Ximai Enterprises Management (Wuxi) Co., Ltd. in China.
May 2022	After adjusting the investment structure of the Group, SINMAG BAKERY EQUIPMENT SDN.BHD is directly invested in SINMAG BAKERY EQUIPMENT (CHINA) CO., LTD. , SINMAG EQUIPMENT (THAILAND) CO., LTD., and LBC BAKERY EQUIPMENT INC.
June 2022	The third-tier subsidiary in Mainland China, Sinmag Equipment (China) Co., Ltd., was renamed Sinmag Equipment (China) Co., Ltd.
June 2022	The Group's investment structure was adjusted. After the adjustment, Sinmag Equipment (China) Co., Ltd., a third-tier subsidiary in mainland China, directly invests in Wuxi New Order Control Co., Ltd.

Chapter III. Corporate Governance Report

I. Organization

(I) Organization Chart



(II) Department Functions:

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

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

II. Information on the Company's Directors, President, Vice Presidents, Associate Managers, and the Supervisors of all the Company's Divisions and Branch Units

(I) Information on Directors

Information on Directors (I)

May 15, 2024

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Major experience (academic)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Chairman	R.O.C.	Shun-Ho Hsieh	Male 71~80	2022.5.31	3 years	1989.1.23	2,211,267	4.40%	2,211,267	4.40%	1,094,564	2.18%	0	0%	High School President, Sheng Chia Industrial Co., Ltd. CEO, Sinmag Equipment Corporation President, Sinmag Equipment (China) Co., Ltd.	Chairman and President, Sinmag Equipment Corporation Chairman, Sinmag Equipment (China) Co., Ltd. Chairman, Sinmag Fitting Corporation Chairman, Sinmag Bakery Machine India Private Limited Chairman, SINMAG BAKERY EQUIPMENT SDN BHD. Director, San Neng Group Holdings Co., Ltd. Director, San Neng Bakeware Corporation Director, PT. San Neng Bakeware Indonesia Director, PT. Sanneng Asia Industry Indonesia Chairman, Greater Win Holdings Limited Chairman, Ximai Enterprises Management (Wuxi) Co., Ltd. Chairman, Sinmag Limited Chairman, Lucky Union Limited	Director	Ming-Ching Hsieh	Father and son	(Note)

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Major experience (academic)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Director	R.O.C.	Yao-Tsung Wu	Male 71~80	2022.5.31	3 years	1989.1.23	1,788,616	3.56%	1,788,616	3.56%	1,459,555	2.91%	0	0%	National Yilan Senior High School Vice Chairman, Tehmag Foods Corporation Supervisor, Sinmag Equipment (China) Co., Ltd. Chairman, Taiwan Lunchun Association Director, Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	Supervisor, Sinmag Fitting Corporation Director, Tehmag Foods Corporation Director, Wuxi New Order Control Co., Ltd. Director, Yangyu Foods Corporation Supervisor, Kingcraft Industrial Corp., Ltd. Director, 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, Tehmag Foods (H.K.) Company Limited (formerly Zoom Foods (H.K.) Co., Ltd.) Director, Tehmag Foods USA Corporation Director, PT. Tehmag Foods Corporation Indonesia	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Major experience (academic)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Director	R.O.C.	Jui-Jung Chang	Male 71~80	2022.5.31	3 years	2016.6.6	380,981	0.76%	380,981	0.76%	3,105	0.01%	0	0%	Master of Business Administration, Asia University President, San Neng Group Holdings Co., Ltd. Chairman, San Neng Bakeware Corporation President, San Neng Bakeware Corporation President, San Neng Bake Ware (Wuxi) Co., Ltd. Supervisor, Sinmag Equipment Corporation	Chairman, San Neng Bake Ware (Wuxi) Co., Ltd. Chairman, San Neng Group Holdings Co., Ltd. Director, PT. San Neng Bakeware Indonesia Chairman, East Gain Investment Limited Chairman, San Neng Limited Chairman, Jui Jung International Limited Chairman, PT. Sanneng Asia Industry Indonesia	None	None	None	None
Director	R.O.C.	Ming-Ching Hsieh	Male 41~50	2022.5.31	3 years	2016.6.6	2,112,980	4.21%	2,112,980	4.21%	90,382	0.18%	0	0%	Bachelor of Economics, Fu Jen Catholic University Master of Financial Management, Azusa Pacific University Master of Senior Management, Peking University Chairman's Special Assistant, Sinmag Equipment Corporation Chairman, Wuxi New Order Control Co., Ltd. Director and Vice President of the Management Division, Sinmag Equipment Corporation	Director, Kingcraft Industrial Corp., Ltd. Director and Vice President, LBC Bakery Equipment Inc. Director, Sheng Chia Investment Co., Ltd. Director, Sinmag Equipment (Thailand) Co., Ltd. Director, Sinmag Equipment (China) Co., Ltd. President and Vice President of Management Department, Sinmag Equipment (China) Co., Ltd. Director, Wuxi New Order Control Co., Ltd. Independent Director, Thomas Dynamic Material (Jiangsu) Co., Ltd.	Chairman and President	Shun-Ho Hsieh	Father and son	None

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Major experience (academic)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Director	R.O.C.	Shu-Chuan Hsiao	Female 51~60	2022.5.31	3 years	2022.5.31	123,813	0.25%	125,813	0.25%	3,876	0.01%	0	0%	Department of Industrial Engineering and Management, Lunghwa University of Science and Technology Associate/Special Assistant to the Chairman, Sinmag Equipment Corporation	Vice president, Sinmag Equipment Corporation	None	None	None	None
Director	R.O.C.	Yu-Chuan Chang	Male 61~70	2022.5.31	3 years	2019.6.14	11,517	0.02%	11,517	0.02%	0	0%	0	0%	Mechanical Engineering of China Junior College of Technology Plant Manager, Chongjia Enterprise Co., Ltd.	Director and President, Sinmag Fitting Corporation Chairman, Kingcraft Industrial Corp., Ltd.	None	None	None	None
Independent Director	R.O.C.	Shih-Hung Chan	Male 81~90	2022.5.31	3 years	2005.6.25	0	0%	0	0%	0	0%	0	0%	Ph.D. in Mechanical Engineering, University of California, Berkeley Dean, University of Wisconsin Milwaukee Research Engineer, Argonne National Laboratory Chairman, New Energy Association of Taiwan President, Yuan Ze University Chair Professor of Far East Energy, Yuan Ze University University Professor, Yuan Ze University Science and Technology Advisory Committee, Office of the President Republic of China (Taiwan)	Emeritus Professor, Yuan Ze University Honorary President, New Energy Association of Taiwan Member of the Advisory Committee, College of Chemistry, University of California, Berkeley, USA Supervisor, Pu Lou Culture and Arts Foundation	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Major experience (academic)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Independent Director	R.O.C.	Huei-Wang Huang	Male 61~70	2022.5.31	3 years	2019.6.14	0	0%	0	0%	0	0%	0	0%	Bachelor of Business Administration at College of Law and Commerce, National Chung Hsing University Fintech Seminar, University of California, Berkeley, USA Professional Corporate Management Consultant (Unit) Chief Consultant/Corporate Appraiser Chief Representative, Shanghai Representative Office of Grand Cathay Securities Co., Ltd. Deputy Manager, Securities & Finance Department of China Development Industrial Bank Member of Remuneration Committee, Rotam Global Agrosciences Limited	Representative, Broad Think Tank Co., Ltd. Representative/Corporate Appraiser/FRM®, Broad Think Tank Corporate Appraiser Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	San-Chien Tu	Male 71~80	2022.5.31	3 years	2016.6.6	0	0%	0	0%	0	0%	0	0%	Master of Accounting, Louisiana State University, USA Bachelor of Accounting, National Chengchi University Chairman, Deloitte & Touche Partner, Deloitte & Touche Lecturer, College of Commerce, National Chengchi University Independent Director, Tehmag Foods Corporation	Director, Pang Kuei & Co., CPA Independent Director, Dah Chung Bills Finance Corp. Supervisor, Jorjin Technologies Inc. Independent Director, Lin Bioscience, Inc. Independent Director, Synmosa Biopharma Corporation	None	None	None	None

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

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

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

Information on Directors (II)

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

May 15, 2024

Qualification / Name	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
Shun-Ho Hsieh	As one of the founders of Sinmag Group, Mr. Shun-Ho Hsieh, the Chairman and President of the Company, has been deeply involved in the baking equipment field, leading Sinmag Group's marketing in more than 60 countries in the world for many years, and has repeatedly established new achievements. He has made Sinmag the largest baking equipment manufacturer in Asia. His professional ability, operating talents, and international vision are among the best in the industry. By his rich experience and professionalism, he has insight into the future development prospects and niches of the industry, and he not only has a stable effect on the operation of the Group at this stage but also remains the best choice for the helmsman for the future operation layout. Accordingly, he has operational planning and operational/managerial practices relating to financial accounting, business and marketing.	1. The President of the Company and is a director with the status of manager. 2. A director of the Company's affiliate. 3. One of the top ten natural-person shareholders of the Company. 4. A director of specific companies with which the Company has financial or business dealings. 5. A relative within the second degree of kinship of the Company's top 10 natural-person shareholders. 6. The rest of the qualifications all comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Yao-Tsung Wu	He once served as Vice Chairman of Tehmag Foods Corporation, provided services for more than 40 years in the food-related industry, specialised in the operation and strategic management of the food industry, and was able to give opinions on the management of the operation strategy to the Board of Directors in a timely manner and share the trends and views of the food industry. He has the ability to conduct marketing and the industry knowledge.	1. A director of the Company's affiliate. 2. One of the top ten natural-person shareholders of the Company. 3. The rest of the qualifications all comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Jui-Jung Chang	He holds a Master's degree in Business Administration from the University of Asia and is currently Chairman of the San Neng Group Holdings Co., Ltd. He has over 40 years of service in the food-related industry, with extensive industry experience and ability in corporate governance, operational judgment, marketing and industry knowledge, and the ability to timely put forward relevant	The qualifications all comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0

Qualification / Name	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
	corporate governance and operational management opinions and policies to require the operating team to formulate strategies for implementation.		
Ming-Ching Hsieh	He holds a dual master's degrees - Department of Financial Management of Azusa Pacific University, and Department of Senior Management of Peking University. He served as the Chairman's Special Assistant of the Company in 2003 and became the Vice President of the Group's Management Office in 2016. On April 11, 2022, he was reassigned to the position of President of the subsidiary Sinmag Equipment (China) Co., Ltd., and was responsible for executing the Group's strategies formulated by the Board of Directors, the Financial Management and Chairman's Office, and supervising and managing the operation of the Group. Mr. Ming-Ching Hsieh has served in the Company for more than 18 years, specializing in strategic management and financial planning of the food industry. He, as the manager, conducts strategic communications and interactions with all directors in relation to business management in the Board of Directors, and puts forward relevant business management opinions. He has the business and industry knowledge capabilities, corporate governance, accounting information and financial analysis capabilities.	1. The President of the Company's affiliate. 2. A director of the Company's affiliate. 3. One of the top ten natural-person shareholders of the Company. 4. A director holding a 5% of total issued shares of the Company or holding the top five shares - Sheng Chia Investment Co., Ltd. 5. A director of specific companies with which the Company has financial or business dealings. 6. A relative within the second degree of kinship of the Company's top 10 natural-person shareholders. 7. The rest of the qualifications all comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Shu-Chuan Hsiao	She joined the Company in 1986 and served in various positions for more than 30 years, among which she served as Associate Manager, the Special Assistant to the Chairman from 2016, and was promoted to Vice President in 2022. She has rich experience and specializes in operation management, and has capability in marketing, corporate governance, financial analysis and industry knowledge. The Company will continue to rely on the expertise of Ms. Shu-Chuan Hsiao to make various major decisions in the Company's Board of Directors with other directors.	1. The Vice President of the Company and has the status of a managerial officer. 2. A lineal relative within the third degree of kinship of a managerial officer of the Company. 3. The rest of the qualifications all comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Yu-Chuan Chang	As the President of Sinmag Fitting Corporation and the Chairman of Kingcraft Industrial Corp., Ltd., he is committed to the successful operation of pipe manufacturing in the food related industry and has operational management experience. In terms of	The qualifications all comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0

<table>
<tr><th>Qualification / Name</th><th>Professional qualifications and experience</th><th>Independence criteria</th><th>Number of other public companies where the individual concurrently serves as an independent director</th></tr>
<tr><td></td><td>operational management, he is able to provide industry analysis and integration, risk management, and management decision-making opinions. Therefore, the Company can rely on his industry management service experience and vision of different industries to provide diversified opinions on business management in a timely manner, so that the Company can be more diversified in the thinking of business management strategies to enhance the supervision and management quality of the Board of Directors.</td><td></td><td></td></tr>
<tr><td>Shih-Hung Chan (Independent Director)</td><td>As the Convenor of the Audit Committee of the Company, he holds a PhD in Mechanical Engineering from the University of California Berkeley. He holds the Emeritus Professor of Yuan Ze University, Honorary President of New Energy Association of Taiwan, and Member of the Advisory Committee, College of Chemistry, University of California, Berkeley, USA. He has professional knowledge and practical experience in electronics and machinery. He has the professional qualifications, ambitious international outlook and operational management experience necessary for the development of the Company's industry. During his tenure, he has made many suggestions on corporate governance and operational development. He has not been under any conditions stipulated in Article 30 of the Company Act.</td><td rowspan="2">In accordance with the Company's Articles of Association and the "Corporate Governance Best Practice Principles", the election of the Company's directors will adopt a candidate nomination system. At the time of the nomination and selection of the members of the Board of Directors, the Company has obtained written statements, work experience, current work certificates from each director, and verified the kinship forms provided, so as to confirm the independence of the spouse and his/her relatives within the third degree of kinship from the Company; it also verified that, in the two years prior to his/her election and during his/her term of office, the independent directors complied with the qualification requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" approved by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act, and that the independent directors have fully participated in the power to make decisions and express opinions in accordance Article 14-3 of the Securities and Exchange Act, so as to independently to exercise the relevant powers.</td><td>0</td></tr>
<tr><td>Huei-Wang Huang (Independent Director)</td><td>As a Member of the Company's Audit Committee, he holds a Bachelor's Degree in Business Administration at College of Law and Commerce of the National Chung Hsing University and a Member of Fintech Seminar at the University of California, Berkeley, USA.
He once worked as the Principal Consultant/Corporate Appraiser, Professional Actuary Management Consulting Co., Ltd., the Chief Representative, Shanghai Representative Office of Grand Cathay Securities Co., Ltd., and is currently the Representative, Broad Think Tank Co., Ltd.
He specializes in investment management with analytical capabilities in corporate governance, accounting information and finance. Therefore, he can improve the quality of corporate governance and the audit supervision function of the Board of Directors,</td><td>0</td></tr>
</table>

Qualification / Name	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
	and there is no circumstances in the subparagraphs of Article 30 of the Company Act.		
San-Chien Tu (Independent Director)	He is a member of the Company's Audit Committee, a Bachelor of Accounting from National Chengchi University, and a Master of Accounting from Louisiana State University, USA. Previously, he served as Chairman of the Board and Partner of Deloitte & Touche. He is currently the Director, Pang Kuei & Co., CPA. He also serves as an independent director of Lin Bioscience, Inc., an independent director of Dah Chung Bills Finance Corp., and an independent director of Synmosa Biopharma Corporation. He is familiar with accounting and tax-related laws and has corporate governance expertise. He can put forward accounting tax planning and corporate governance advice to the Board of Directors of the Company in a timely manner, and also can improve the quality of corporate governance of the Board of Directors of the Company and the supervision function of the Audit Committee. In addition, none of the circumstances in the subparagraphs of Article 30 of the Company Act apply.		3

2. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors

The Company has stipulated in Article 20 of the "Corporate Governance Practice Principles" that the composition of the Board of Directors shall be subject to diversification. In addition to the fact that the number of directors concurrently serving as the manager of the Company shall not exceed one-third of the number of directors, an appropriate diversification policy has been formulated for its operation, operation style, and development needs, which shall include but not limited to the following two major criteria:

1. Basic conditions and values: Gender, age, nationality, culture, etc.; the ratio of women directors is recommended to reach one-third of the total number of directors.

2. Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills and industry experience, and so on.

The members of the Board shall generally possess the knowledge, skills, and attainment necessary to perform their duties. To achieve the goals of corporate governance, the Board of Directors on the whole shall possess the ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead, and ability to make policy decisions.

All members of the Board of Directors of the Company are in compliance with the diversity background requirements, have the necessary knowledge, skills and education to perform their duties (see the aforementioned directors' education and experience). They also have abundant expertise in accounting, finance, commerce, law, marketing or industrial science and technology, etc.

The Company's Board of Directors has a total of 9 seats, of which 1 (accounting for 11.1%) is an employee, including 3 independent directors (accounting for 33.3%), of which two independent directors have been in office for 3 to 9 years; one independent director has been in office for more than 9 years. However, it is considered that he is equipped with the professionalism required for the Company's industrial development, insightful international perspectives and practical experience in operation and management, which are of great help to the Company's decision-making, and he will continue to serve as an independent director of the Company. There are 8 male directors (accounting for 88.9%) and 1 female director (accounting for 11.1%). The age ranges of directors are as follows: 1 director of 81-90 years old (11.1%, Shih-Hung Chan), 3 directors of 71-80 years old (33.4%, Shun-Ho Hsieh, Yao-Tsung Wu, San-Chien Tu), 3 directors of 61-70 years old (33.3%, Yu-Chuan Chang, Jui-Jung Chang, Huei-Wang Huang), 1 director of 51-60 years old (11.1%, Shu-Chuan Hsiao), and 1 director of 41-50 years old (11.1%, Ming-Ching Hsieh).

The specific management objectives and achievements of the Company's diversity policy are as follows:

Management objectives	Achievement
There is at least one female director in the Board of Directors	Achieved
The directors who concurrently serves as managerial officers of the Company shall not exceed one-third of the total number of directors.	Achieved

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

Diversified core capabilities / Name	Basic composition											Expertise							
	Nationality	Gender	An employee of the Company	Age					Length of service as independent directors			Operational judgment	Business management	Accounting and financial analysis	Crisis management	Industry knowledge	International market insight	Leadership	Decision-making
				41-50	51-60	61-70	71-80	81-90	Less than 3 years	3-9 years	Over 9 years								
Director Shun-Ho Hsieh	R.O.C.	Male	V				V					V	V	V	V	V	V	V	V
Director Yao-Tsung Wu	R.O.C.	Male					V					V	V		V	V	V	V	V
Director Ming-Ching Hsieh	R.O.C.	Male		V								V	V	V	V	V	V	V	V
Director Yu-Chuan Chang	R.O.C.	Male				V						V	V		V		V	V	V
Director Shu-Chuan Hsiao	R.O.C.	Female	V		V							V	V		V	V	V	V	V
Director Jui-Jung Chang	R.O.C.	Male				V						V	V		V	V	V	V	V
Independent Director Huei-Wang Huang	R.O.C.	Male				V				V		V	V	V	V		V	V	V
Independent Director Shih-Hung Chan	R.O.C.	Male						V			V	V	V		V	V	V	V	V
Independent Director San-Chien Tu	R.O.C.	Male					V			V		V	V	V	V		V	V	V

(2) Independence of the Board of Directors:

Among the 9 directors of the Company, Shun-Ho Hsieh and Ming-Ching Hsieh are related to each other within the second degree of kinship, which is in compliance with the independence requirement of Article 26-3 of the Securities and Exchange Act that not more than half of the directors being spouses or relatives within the second degree of kinship. There are 3 independent directors of the Company, accounting for 33.3% of all 9 directors.

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

(II) Information on the Company's President, Vice Presidents, Associate Managers, and the Supervisors of all the Company's Divisions and Branch Units

May 15, 2024

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Managers who are spouses or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
President	R.O.C.	Shun-Ho Hsieh	Male	2022.5	2,211,267	4.40%	1,094,564	2.18%	0	0%	High School President, Sheng Chia Industrial Co., Ltd. CEO, Sinmag Equipment Corporation President, Sinmag Equipment (China) Co., Ltd.	Chairman and President, Sinmag Equipment Corporation Chairman, Sinmag Equipment (China) Co., Ltd. Chairman, Sinmag Fitting Corporation Chairman, Sinmag Bakery Machine India Private Limited Chairman, SINMAG BAKERY EQUIPMENT SDN BHD. Director, San Neng Group Holdings Co., Ltd. Director, San Neng Bakeware Corporation Chairman, PT. San Neng Bakeware Indonesia Chairman, PT. Sanneng Asia Industry Indonesia Chairman, Greater Win Holdings Limited Ximai Enterprises Management (Wuxi) Co., Ltd. Chairman Chairman, Sinmag Limited Chairman, Lucky Union Limited	Director	Ming-Ching Hsieh	Father and son	(Note 2)
Vice President	R.O.C.	Shu-Chuan Hsiao	Female	2022.03	125,813	0.25%	3,876	0.01%	0	0%	Department of Industrial Engineering and Management, Lunghwa University of Science and Technology Associate Manager, Sinmag Equipment Corporation Chairman's Special Assistant, Sinmag Equipment Corporation	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Managers who are spouses or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Director, Sales & Marketing Division I	R.O.C.	Chih-Hsien Chen (Note 1)	Male	2015.11	0	0%	0	0%	0	0%	Bachelor of Business, National Taiwan University Vice President of Sales & Marketing Division, Sinmag Equipment Corporation	None	None	None	None	None
Manager of Finance Department	R.O.C.	Yi-Wen Chen	Female	2022.08	0	0%	0	0%	0	0%	Bachelor of Finance, National Taiwan University Associate Manager, Deloitte & Touche	None	None	None	None	None
Director, R&D Department	R.O.C.	Shiu-Tu Chen	Male	2009.05	0	0%	0	0%	0	0%	Long Yan Elementary School Plant Manager, Sheng Chia Industry Co., Ltd.	None	None	None	None	None
Manager, Manufacturing Department	R.O.C.	Tsai-Wang Huang	Male	2009.05	0	0%	0	0%	0	0%	National Tung-Shih Senior High School	None	None	None	None	None
Manager, Engineering Department	R.O.C.	Tai-Sheng Wang	Male	2009.05	0	0%	0	0%	0	0%	National Tung-Shih Senior High School	None	None	None	None	None
Audit Manager	R.O.C.	Shu-Yuan Li	Female	2019.06	0	0 %	0	0%	0	0%	Bachelor of Accounting, Hsing Wu University Audit Specialist, Everspring Industry Co., Ltd. Audit Specialist, Quanxun Technology Co., Ltd.	None	None	None	None	None

Note 1: The Director of Sales & Marketing Division I, Chih-Hsien Chen, departed on March 31, 2024.

Note 2: Where the chairperson of the Board of Directors and the president or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

1. As one of the founders of Sinmag Group, Mr. Shun-Ho Hsieh has been deeply involved in the baking equipment field, leading Sinmag Group's marketing in more than 60 countries in the world for many years, and has repeatedly established new achievements. He has made Sinmag the largest baking equipment manufacturer in Asia. His professional ability, operating talents, and international vision are among the best in the industry.
2. The competition in the baking industry has always been fierce, but Sinmag continues to take the leading position in the Asian market led by mainland China, mainly relying on the accumulated years of professional R&D and manufacturing capabilities, maintenance and service resources, and market acumen. Facing the bottleneck of business development encountered by major markets in recent years, Mr. Shun-Ho Hsieh is well aware of the problems in the Group's operation and has insight into the future development prospects and niches of the industry. Therefore, at this stage, he serves as the Chairman and concurrently as the President. By virtue of his rich experience and professionalism, he not only has a stable effect on the operation of the Group at this stage but also remains the best choice for the helmsman for the future operation layout.

3. Although Sinmag Group has actively promoted the succession plan, the current operation planning still must rely on the leadership of Mr. Shun-Ho Hsieh. However, to establish a good corporate governance structure, more than half of the directors have not concurrently served as employees or managers, and the Company has planned to increase the number of independent directors in the next election of directors to strengthen the effectiveness of the Board of Directors and play the role of the highest decision-making body and substantive supervision function. To sum up, it should be reasonable and necessary for Chairman Shun-Ho Hsieh to concurrently serve as the President at this stage.

(III) Remuneration Paid during the Most Recent Fiscal Year (2023) to Directors, President, and Vice Presidents:

1. Remuneration to Directors and Independent Directors

Unit: NT$ Thousand

Title	Name	Remuneration to directors								Total amount of A, B, C and D and percentage of net income after tax		Relevant remuneration received by directors who are also employees								Total amount of seven items A, B, C, D, E, F and G and the proportion to net income after tax		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company
		Base compensation (A)		Severance pay and pensio (B)		Directors' compensation (C)		Business execution expenses (D)				Salary, bonuses and allowances (E)		Severance pay and pensio (F)		Employee compensation (G)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	TheCompany		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Shun-Ho Hsieh	360	360	0	0	6,331	6,331	240	240	6,931 1.15%	6,931 1.15%	5,028	10,706	91	91	5,337	0	5,337	0	17,387 2.88%	23,065 3.82%	None
Director	Yao-Tsung Wu																					
Director	Ming-Ching Hsieh																					
Director	Shu-Chuan Hsiao																					
Director	Yu-Chuan Chang																					
Director	Jui-Jung Chang																					
Independent Director	Shih-Hung Chan	180	180	0	0	3,352	3,352	120	120	3,652 0.60%	3,652 0.60%	0	0	0	0	0	0	0	0	3,652 0.60%	3,652 0.60%	None
Independent Director	Huei-Wang Huang																					
Independent Director	San-Chien Tu																					

(1) Please state the policies, systems, standards, and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to their responsibilities, risks, time of investment, and other factors:
The remuneration of the Company's Directors shall be distributed by the Board of Directors according to the degree of directors' participation in the Company's operation and their contribution following the authorization of the Articles of Incorporation, and shall be handled by reference to the "Remuneration Measures for Directors and Functional Committee Members." If the Company has a surplus, the Board of Directors shall determine the amount of directors' remuneration under the Articles of Incorporation. Independent directors are ex officio members of the Audit Committee and, in addition to paying remunerations for general directors, taking into account their responsibilities, risks and working time, different reasonable remunerations may be awarded.

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

Range of Remuneration for Directors

Remuneration level distance paid to all directors of the company	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements H	The Company	All companies in the consolidated financial statements I
Under $1,000,000	Yao-Tsung Wu Ming-Ching Hsieh Shu-Chuan Hsiao Yu-Chuan Chang Jui-Jung Chang	Yao-Tsung Wu Ming-Ching Hsieh Shu-Chuan Hsiao Yu-Chuan Chang Jui-Jung Chang	Yao-Tsung Wu Ming-Ching Hsieh Yu-Chuan Chang Jui-Jung Chang	Yao-Tsung Wu Yu-Chuan Chang Jui-Jung Chang
$1,000,000 (inclusive) - $2,000,000 (exclusive)	Shih-Hung Chan Huei-Wang Huang San-Chien Tu	Shih-Hung Chan Huei-Wang Huang San-Chien Tu	Shih-Hung Chan Huei-Wang Huang San-Chien Tu	Shih-Hung Chan Huei-Wang Huang San-Chien Tu
$2,000,000 (inclusive) - $3,500,000 (exclusive)	Shun-Ho Hsieh	Shun-Ho Hsieh	0	0
$3,500,000 (inclusive) - $5,000,000 (exclusive)	0	0	Shu-Chuan Hsiao	Shu-Chuan Hsiao
$5,000,000 (inclusive) - $10,000,000 (exclusive)	0	0	0	Ming-Ching Hsieh
$10,000,000 (inclusive) - $15,000,000 (exclusive)	0	0	Shun-Ho Hsieh	Shun-Ho Hsieh
$15,000,000 (inclusive) - $30,000,000 (exclusive)	0	0	0	0
$30,000,000 (inclusive) - $50,000,000 (exclusive)	0	0	0	0
$50,000,000 (inclusive) - $100,000,000 (exclusive)	0	0	0	0
Over $100,000,000	0	0	0	0
Total	9	9	9	9

2. Remuneration to the President and Vice Presidents

Unit: NT$ Thousand

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employee compensation (D)(Note)				Total amount of A, B, C and D and percentage of net income after tax (%)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Shun-Ho Hsieh	4,649	8,071	91	91	664	664	5,337	0	5,337	0	10,741 1.78%	14,163 2.35%	None
Vice President	Shu-Chuan Hsiao													

Range of Remuneration for President and Vice Presidents

Pay to all presidents and vice presidents of the company	Name of president and vice president	
	The Company	All companies in the consolidated financial statements (E)
Under $1,000,000	0	0
$1,000,000 (inclusive) - $2,000,000 (exclusive)	0	0
$2,000,000 (inclusive) - $3,500,000 (exclusive)	Shu-Chuan Hsiao	Shu-Chuan Hsiao
$3,500,000 (inclusive) - $5,000,000 (exclusive)	0	0
$5,000,000 (inclusive) - $10,000,000 (exclusive)	Shun-Ho Hsieh	0
$10,000,000 (inclusive) - $15,000,000 (exclusive)	0	Shun-Ho Hsieh
$15,000,000 (inclusive) - $30,000,000 (exclusive)	0	0
$30,000,000 (inclusive) - $50,000,000 (exclusive)	0	0
$50,000,000 (inclusive) - $100,000,000 (exclusive)	0	0
Over $100,000,000	0	0
Total	2	2

3. Remuneration to Managerial Officers

May 15, 2024/Unit: NT$thousand

	Title	Name	Stock	Cash	Total	The ratio of total amount to net income (%)
Managerial personnel	President	Shun-Ho Hsieh	0	8,237	8,237	1.37%
	Vice President	Shu-Chuan Hsiao				
	Director, Sales & Marketing Division I	Chih-Hsien Chen (Note)				
	Manager of Finance Department	Yi-Wen Chen				
	Director, R&D Department	Shiu-Tu Chen				
	Manager, Manufacturing Department	Tsai-Wang Huang				
	Manager, Engineering Department	Tai-Sheng Wang				
	Manager, Audit Office	Shu-Yuan Li				

Note: The Director of Sales & Marketing Division I, Chih-Hsien Chen, departed on March 31, 2024.

(IV) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements during the Last Two Fiscal Years to Directors, Supervisors, President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage thereof to Operating Performance and Future Risk Exposure:

Title	2023		2022	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	3.48%	4.42%	4.67%	7.16%
President and Vice President	1.78%	2.35%	2.45%	3.32%

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

   Directors’ base compensation: According to Article 24-1 of the Company's Articles of Incorporation, "The remuneration of all directors shall be determined by the Board of Directors according to the degree of directors' participation in the operation of the Company and their contribution, and shall be determined by reference to the standard of the industry. 」

   Directors’ compensation: According to Article 29 of the Company's Articles of Incorporation, "The Company shall appropriate 2% to 10% of the net income before tax of the fiscal year as employees' compensation and no more than 5% of the bonus to director from the current pre-tax profit before the appropriation of employee bonus and directors' bonus. 」

   The 2023 directors' compensation was proposed by the Remuneration Committee held on March 13, 2024, and resolved by the Board of Directors. Directors' compensation is mainly associated with the Company's profit and operating performance (the target items include the revenue, the net profit achievement rate, etc.) combined with considerations for the future prosperity of the industry and the long-term operating strategy to mitigate future operating risks.

Business execution expenses: Mainly travel expenses and attendance fees, which are paid under the "Remuneration Payment Measures for Directors and Functional Committee Members" stipulated by the Company.

2. The manager's salary consists of fixed salary and variable salary. The fixed salary is the monthly salary. The variable salary includes the employee remuneration and year-end bonus. It is mainly paid based on the performance of the individual's annual assessment. The annual assessment includes qualitative indicators (such as key core competencies of the job, future development potential, etc.) and quantitative indicators (such as the achievement of personal goals, achievement rate or execution ability, etc.).

   Employee remuneration is based on Article 29 of the Articles of Association “The Company's annual pre-tax benefits before deducting employees' remuneration and directors' remuneration shall be allocated to 2% to 10% of employee remuneration”.

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

   In 2023, the ratio of remuneration paid to directors, president, and vice presidents of the Company to the net income of the financial report decreased, mainly due to the increase in net income after tax.

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

III. Implementation of Corporate Governance

(I) Implementation of the Board of Directors

From January 1 to May 15, 2024, the Company held two meetings of the Board of Directors.

The Board of Directors of the Company held eight meetings in 2023, and all independent directors attended the meetings.

The attendance of directors is as follows:

Title	Name	Attendance in person	By proxy	Attendance rate (%)	Remarks
Chairman	Shun-Ho Hsieh	8	0	100%	Re-elected on May 31, 2022
Director	Yao-Tsung Wu	8	0	100%	Re-elected on May 31, 2022
Director	Jui-Jung Chang	8	0	100%	Re-elected on May 31, 2022
Director	Ming-Ching Hsieh	8	0	100%	Re-elected on May 31, 2022
Director	Shu-Chuan Hsiao	8	0	100%	Newly elected on May 31, 2022
Director	Yu-Chuan Chang	8	0	100%	Re-elected on May 31, 2022
Independent Director	Shih-Hung Chan	8	0	100%	Re-elected on May 31, 2022
Independent Director	Huei-Wang Huang	8	0	100%	Re-elected on May 31, 2022
Independent Director	San-Chien Tu	8	0	100%	Re-elected on May 31, 2022

Other matters:

I. With regard to the implementation of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all independent directors' opinions, and the Company's handling of such opinions shall be specified:

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

(II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above:

The Company has established an Audit Committee and the provisions of Article 14-3 of the Securities and Exchange Act are not applicable. Please refer to the section of the Implementation of the Audit Committee in this annual report for related information.

As of the date of publication of this annual report, all directors present voted in favor of all the proposals in the Board of Directors meetings.

II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of the voting shall be specified.

(I) Board of Directors meeting on May 8, 2023:

With respect to the distribution of directors' individual remuneration and managers' remuneration in 2022, except for directors Mr. Shun-Ho Hsieh, Mr. Ming-Ching Hsieh, and Ms. Shu-Chuan Hsiao, who are the parties involved in this case and their relatives and second-degree relatives of the parties involved in this case and therefore avoided participating in the discussion and resolution in accordance with the law, the remaining directors present at the meeting did not object to the resolution and passed the resolution as presented.

(II) Board of Directors meeting on June 19, 2023:

With respect to the annual salary adjustment for managers for the year 2023, except for directors Mr. Shun-Ho Hsieh, Mr. Ming-Ching Hsieh, and Ms. Shu-Chuan Hsiao, who are the parties involved in this case and their relatives and second-degree relatives of the parties involved in this case and therefore avoided participating in the discussion and resolution in accordance with the law, the remaining directors present at the meeting did not object to the resolution and passed the resolution as presented.

(III) Board of Directors meeting on December 20, 2023:

With respect to the Company's 2023 manager's year-end bonus plan, except for directors Shun-Ho Hsieh, Ming-Ching Hsieh, and Shu-Chuan Hsiao, who are the parties involved in this case and their relatives and second-degree relatives of the parties involved in this case and therefore avoided participating in the discussion and resolution in accordance with the law, the remaining directors present at the meeting did not object to the resolution and passed the resolution as presented.

III. TWSE/TPEx listed companies shall disclose the information on the evaluation cycle and period, evaluation scope, methods, and evaluation contents of Board of Directors' self (or peer) evaluation, and fill in the following table "Implementation of Board of Directors Evaluation."

Implementation of Board of Directors Evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Conduct regular internal board performance assessment on an annual basis	Conduct the performance assessment of the Board of Directors from January 1, 2023 to December 31, 2023.	The scope of evaluation includes 1. The overall Board of Directors 2. Individual Board members 3. Functional Committee (Including Audit Committee and Remuneration Committee)	Including internal self-evaluation of the Board of Directors, self-evaluation of the Board members, peer evaluation, or other appropriate methods for performance evaluation.	**The measurement items of the performance assessment of the Board of Directors include the following five aspects** 1. Involvement in the Company's operations 2. Enhancement to the Board's decision quality 3. Composition and structure of the Board 4. Election of directors and continuous improvement 5. Internal control **The measurement items of the performance assessment of Board members include the following six aspects** 1. Control over the Company's goals and tasks 2. Recognition of director duties 3. Involvement in the Company's operations 4. Internal relationship management and communication 5. Directors' professional and continuing education and training 6. Internal control **The measurement items of the performance assessment of the Audit Committee include the following five aspects** 1. Involvement in the Company's operations 2. Recognition of the Audit Committee's duties 3. Enhancement to the Audit Committee's decision quality 4. Composition of the Audit Committee and appointment of Committee members 5. Internal control **The measurement items of the performance assessment of the Remuneration Committee include the following five aspects** 1. Involvement in the Company's operations 2. Recognition of the Remuneration Committee's duties 3. Enhancement to the Remuneration Committee's decision quality 4. Composition of the Remuneration Committee and appointment of Committee members 5. Other items

IV. Measures taken to strengthen the functionality of the Board (such as establishing the Audit Committee and increasing information transparency) and results thereof:

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

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

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

C. For the relevant proposals passed by the Audit Committee and the Remuneration Committee of the Company in 2023, please refer to (II) Implementation of the Audit Committee and (IV) Implementation of the Remuneration Committee.

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

A. The Company's Board of Directors meets at least once a quarter to discuss important business strategy issues and review operational performance. In 2023, the Company held eight Board meetings, with the directors' attendance rate of 100%. Immediately after the Board meeting, the directors' attendance at the Board is disclosed on the Market Observation Post System (MOPS), and the important Board resolutions are posted on the Company website, so as to protect the interests of shareholders, and regular investor conferences are held to enhance investors' recognition of the Company.

B. Continuing to pursue the transparency of corporate governance and financial information, the 10th Corporate Governance Evaluation organized by the Securities and Futures Development Fund (SADF) was listed as “Top 36% - 50% of TPEx Companies”.

(3) To implement corporate governance, enhance the functions of the Board, and establish performance objectives to intensify the operational efficiency of the Board, where the performance evaluation of the Board of Directors and its members shall be carried out at least once a year. The results of the Board of Directors' performance evaluation in 2023 were submitted to the Board of Directors on March 13, 2024, and disclosed on the Company website for investors' reference.

(II) Implementation of the Audit Committee

The Company held two Audit Committees meetings from January 1 to May 15, 2024.

A total of seven Audit Committee meetings were held in 2023. The attendance of independent directors is as follows:

Title	Name	Attendance in Person	By proxy	Attendance rate (%)	Remarks
Independent Director	Shih-Hung Chan	7	0	100%	Re-elected on May 31, 2022
Independent Director	Huei-Wang Huang	7	0	100%	Re-elected on May 31, 2022
Independent Director	San-Chien Tu	7	0	100%	Re-elected on May 31, 2022

The focus of the Audit Committee in 2023

The Company’s Audit Committee is composed of three independent directors and it aims to assist the Board of Directors in supervising the quality and integrity of the Company's implementation of relevant accounting, auditing, financial reporting procedures, and financial control. The Audit Committee held seven meetings in 2023, and the major matters reviewed include:

1. The establishment or amendment of an internal control system under Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The establishment or amendment of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loans to others, and endorsements or guarantees for others following Article 36-1 of the Securities and Exchange Act.

4. Matters involving the director's own interests.
5. Material asset or derivatives transaction.
6. Material monetary loans, endorsements, or provision of guarantees.
7. The appointment, dismissal, or remuneration of the CPAs.
8. The appointment and dismissal of finance, accounting or internal audit managers.
9. Annual financial reports and quarterly financial reports.
10. Any other material matter stipulated by the Company or the competent authority.
11. Evaluation of the qualifications, independence, and performance of the CPAs.
12. Performance of Audit Committee's Duties.
13. Self-evaluation questionnaire for the Audit Committee performance evaluation.
14. Legal compliance.

Review of Annual Financial Report

Review of Annual Financial Report The Board of Directors has prepared the Company's 2023 business report, financial statements, and earnings distribution proposal. Of which, the financial statements have been audited by Deloitte & Touche, by whom an audit report has been issued accordingly. The aforesaid business report, financial statements, and earnings distribution proposals have been reviewed and approved by the Audit Committee and found that there is no discrepancy.

Assess the Effectiveness of Internal Control

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

Appointment of CPA

In order to ensure the independence of the attesting CPA firm, the Audit Committee evaluates the independence, professionalism, and competency of the CPA by referring to Article 47 of the Certified Public Accountant Act and the content system independence evaluation form of "Integrity, Objectivity, and Independence" in the Bulletin No. 10 of the Code of Professional Ethics for Certified Public Accountant to evaluate the independence, professionalism and suitability of the CPAs, and to assess whether they are related parties, or have business or financial interests with the Company. Before the meeting of the Audit Committee on March 13, 2024, the certified public accountants have conducted the financial report inspection results and other matters to the members of the Audit Committee, and have fully communicated the implementation status, results and suggestions.

Other matters:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, independent directors' dissenting opinions, reservations or significant recommendation items and contents, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act.

(II) Other matters were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

<table>
<tr><th>Audit Committee</th><th>Contents of motions and follow-up actions</th><th>Matters referred to in Article 14-5 of the Securities and Exchange Act</th><th>Other matters were not approved by the Audit Committee but were approved by two-thirds or more of all directors.</th></tr>
<tr><td rowspan="3">2023.03.15
7th meeting of the 3rd term
(1st meeting of 2023)</td><td>Supplemental draft of undertaking to be issued by Sinmag Equipment (China) Co., Ltd., a subsidiary of the Company, in relation to its application for initial public offering of ordinary shares denominated in CNY (A shares) and listing on the ChiNext of Shenzhen Stock Exchange.</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.</td></tr>
<tr><td colspan="3">The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.</td></tr>
</table>

Audit Committee	Contents of motions and follow-up actions	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
2023.03.27 8th meeting of the 3rd term (2nd meeting of 2023)	1. The Company's 2022 business report, financial statements, and consolidated financial statements.	V	None
	2. The Company's 2022 annual earnings distribution case.	V	None
	3. The proposed fund lending by the Company to its subsidiaries.	V	None
	4. New plant construction of the Company's subsidiary, Sinmag Equipment (China) Co., Ltd.	V	None
	5. The assessment of independence and competence of CPAs and the appointment and compensation of the CPAs for 2023.	V	None
	6. Amendments to the Procedures for Acquisition or Disposal of Assets	V	None
	7. The effectiveness assessment of the Company's internal control system design and implementation for 2022.	V	None
	Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.		
	The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.		
2023.04.14 9th meeting of the 3rd term (3rd meeting of 2023)	Amendments to the undertakings to be issued by Sinmag Equipment (China) Co., Ltd., a subsidiary of the Company, in relation to its application for initial public offering of ordinary shares denominated in CNY (A shares) and listing on the ChiNext of Shenzhen Stock Exchange.	V	None
	Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.		
	The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.		

<table>
<tr><th>Audit Committee</th><th>Contents of motions and follow-up actions</th><th>Matters referred to in Article 14-5 of the Securities and Exchange Act</th><th>Other matters were not approved by the Audit Committee but were approved by two-thirds or more of all directors.</th></tr>
<tr><td rowspan="4">2023.05.08
10th meeting of the 3rd term
(4th meeting of 2023)</td><td>1. The Company's consolidated financial statements for the first quarter of 2023.</td><td>V</td><td>None</td></tr>
<tr><td>2. The lease of plant premises from a related party by the Company's subsidiary, Sinmag Equipment (China) Co., Ltd.</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.</td></tr>
<tr><td colspan="3">The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.</td></tr>
<tr><td rowspan="3">2023.08.11
11th meeting of the 3rd term
(5th meeting of 2023)</td><td>The Company's consolidated financial statements for the second quarter of 2023.</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.</td></tr>
<tr><td colspan="3">The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.</td></tr>
<tr><td rowspan="3">2023.11.11
12th meeting of the 3rd term
(6th meeting of 2023)</td><td>The Company's consolidated financial statements for the third quarter of 2023.</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.</td></tr>
<tr><td colspan="3">The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.</td></tr>
<tr><td rowspan="3">2023.12.20
13th meeting of the 3rd term
(7th meeting of 2023)</td><td>Amendment to the "Regulations on Procedures for Handling Loans of Funds to Others" of the subsidiary, Sinmag Equipment (China) Co., Ltd.</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.</td></tr>
<tr><td colspan="3">The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.</td></tr>
</table>

II. Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of the voting shall be specified.

There is no proposal of independent directors to interested parties in the 2023 Audit Committee meetings of the Company, so there are no recusals due to conflicts of interests.

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

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

1. The chief internal auditor regularly conducts audit reports and discussions with the Audit Committee members quarterly and immediately discusses and communicates on issues raised by the Committee members after the monthly audit report is issued.

   The chief internal auditor of the Company reports the audit plan of the next year to the Audit Committee composed of all independent directors every year and attends each Board meeting and Audit Committee meeting to report on the implementation of the auditing internal control system. In case of special circumstances, the chief internal auditor will report to the Audit Committee immediately; the Audit Committee may also make inquiries directly to the chief internal auditor or CPA.

2. In the quarterly Audit Committee meetings, the CPA communicates with the Committee members regarding the results of the audit or review of the quarterly financial statements and other matters required by relevant laws and regulations.

   In addition, the findings and suggestions of the quarterly or annual audit are well communicated and interacted with.

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

1. The Company's chief internal auditor regularly presents audit reports to independent directors at the Audit Committee meeting at least four times a year and communicates with the Committee members the results of the audit report and the implementation of the follow-up report.

2. The Company's independent directors have good communications regarding the implementation and effectiveness of the audits. The summary of the major communications in 2023 is as follows:

Date	Communication	Implementation
2023.03.27	1. Evaluation report on the design and effectiveness of the internal control system for 2022.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
	2. 2022 "Statement of Internal Control System".	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
	3. Implementation report of internal audit from November 11, 2022 to February 28, 2023.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
2023.05.08	1. Implementation report of internal audit from March 27, 2023 to April 30, 2023.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
	2. Report on the status of supervision and management of auditing and management of subsidiaries.	The audit reports of the subsidiaries' audit units are provided monthly for each member's reference without objection.
2023.08.11	1. Implementation report of internal audit from May 8, 2023 to July 31, 2023.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
2023.11.11	1. Implementation report of internal audit from August 11, 2023 to October 31, 2023.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
2023.12.20	1. The review of the 2024 audit plan compilation principles.	After each member reviewed the principle of preparing the annual audit plan, the audit supervisor prepared the 2024 audit plan according to this principle without any objection.

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

1. The Company's CPAs presents review or audit results of the financial statements of the Company and its subsidiaries at home and abroad to independent directors during the quarterly Audit Committee meetings, as well as communicating whether financial adjustment entries or legal amendments affect the accounting method.

2. The Company's independent directors have good communications with the CPAs. The summary of the major communications in 2023 is as follows:

Date	Communication	Implementation
2023.03.27	Report on the audit results of consolidated and individual financial reports for 2022.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
2023.05.08	The review process and situation report of the consolidated financial statements for the first quarter of 2023.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
2023.08.11	The review process and situation report of the consolidated financial statements for the second quarter of 2023.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
2023.11.11	The review process and situation report of the consolidated financial statements for the third quarter of 2023.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
2023.12.20	The CPA communicates with the corporate governance unit for the planning matters of the 2023 audit operations and the key audit matters in the new audit report.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.

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

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

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

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>III. Composition and responsibilities of the Board of Directors
(I) Does the Board of Directors have a diversification policy, and what are the specific management objectives and implementation plan?</td><td>✓</td><td></td><td>(I) 1. Please refer to Information on Directors (II) 2. Diversity and Independence of the Board of Directors on page 22 for the Company's policy on board diversity, specific management objectives and their implementation.
2. Regarding the diversified policy on the Board members has been disclosed on the Company website and Market Observation Post System (MOPS).</td><td>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td>(II) In addition to the legally required Remuneration Committee and Audit Committee, does the Company voluntarily establish other functional committees?</td><td>✓</td><td></td><td>(II) In addition to setting up the Remuneration Committee and Audit Committee, the Company's corporate governance is implemented under the responsibility of each department. Other functional committees will be set up as required after discussion by the Board of Directors.</td><td>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(III) Does the Company establish standards to measure the performance of the Board and implement such annually, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	✓		(III) The Company has formulated the "Performance Evaluation Method of the Board of Directors" on Mar. 9, 2012, which was implemented after discussion and approval by the Board of Directors. It is stipulated that the Board of Directors shall perform performance evaluations of the Board of Directors and the Board members at least once a year. The scope of the Company's Board evaluation includes the performance evaluation of the overall Board of Directors, individual Board members, Audit Committee. and Remuneration Committee. According to the method, the performance evaluation of the Board of Directors will be conducted at the end of each year, and the performance self-evaluation questionnaire will be issued to all board members at the end of December of that year. Through regular Board performance evaluation every year, after each director completes the evaluation on the operation, culture, internal and external relationship management, self-evaluation, and other aspects of the Board of Directors for the current year, the deliberating units of the Board of Directors will compile the statistics and make a report at the first Board meeting of the following year. 1. The performance evaluation of the Company's "Board of Directors" covers five aspects: (1) Involvement in the Company's operations (2) Enhancement to the Board's decision quality (3) Composition and structure of the Board	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			(4) Elections and continuous training of the directors (5) Internal control There are a total of 45 measurement indicators 2. The performance evaluation of the "Board members" covers six aspects: (1) Control over the Company's goals and tasks (2) Recognition of director duties (3) Involvement in the Company's operations (4) Internal relationship management and communication (5) Directors' professional and continuing education and training (6) Internal control There are a total of 23 measurement indicators 3. The performance evaluation of the "Audit Committee" covers five aspects: (1) Involvement in the Company's operations (2) Recognition of the Audit Committee's duties (3) Enhancement to the Audit Committee's decision quality (4) Composition of the Audit Committee and appointment of Committee members (5) Internal control There are a total of 22 measurement indicators 4. The performance evaluation of the "Remuneration Committee" covers	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			five aspects: (1) Involvement in the Company's operations (2) Recognition of the Remuneration Committee's duties (3) Enhancement to the Remuneration Committee's decision quality (4) Composition of the Remuneration Committee and appointment of Committee members (5) Other items There are a total of 19 measurement indicators 5. The Company's 2023 Board performance self-evaluation began at the end of December 2023. The deliberative unit of the Finance Department provided the questionnaires according to the Rules. The questionnaire was distributed at the end of December 2023 and analyzed by the above methods. The 2023 Board performance evaluation results are as follows: (1) The average self-evaluation score of the Board of Directors' performance evaluation is 91.62 points (2) The average self-evaluation score of the Board members' performance evaluation is 93.33 points (3) The average self-evaluation score of the Audit Committee's performance evaluation is 98.16 points (4) The average self-evaluation score of the Remuneration Committee's performance evaluation is 98.51 points	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			6. There are no significant improvement items in the performance evaluation of the Company's "Board of Directors," "Board Members," "Audit Committee" and "Remuneration Committee" in 2023. Future optimization direction: Plan directors' professional development courses according to the overall needs of the Company to assist directors in fulfilling their functions. 7. The performance evaluation results were reported on the Board of Directors and functional committees on March 13, 2024. After the report by the Board of Directors, the method and the results of the evaluation were disclosed to the investor area of the Company's website (http://www.sinmag.com.tw/). The results of the performance evaluation of the Company's Board of Directors will be used as a reference for the remuneration and nomination for renewal of individual directors.	
(IV) Does the Company regularly evaluate the independence of the CPAs?	✓		(IV) In accordance with the "Measures for the Examination of the Appointment of Certified Public Accountants" and the "Corporate Governance Practice Principles," the Finance Department of the Company periodically evaluates the independence and appropriateness of the CPAs on an annual basis with reference to the Audit Quality Indicators (AQIs). It is evaluated that the personal qualifications of the two CPAs of Deloitte & Touche, Keng-Hsi Chang and Chao-Mei Chen, are in line with the practice of CPAs, and there	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			is no direct or indirect financial interest relationship with the Company or the directors. In terms of audit, tax service quality, and timeliness of the CPAs, all the evaluation items meet the standards and they are qualified to serve as the Company's CPAs. The results of the evaluation were approved on March 13, 2024 after consideration by the Audit Committee and the Board of Directors.	Listed Companies.
IV. Does the listed company have a suitable and appropriate number of corporate governance personnel and designate a head of corporate governance to be responsible for corporate governance-related matters (including, but not limited to, providing directors and supervisors with information necessary for the execution of their business, assisting directors and supervisors in	✓		In order to protect shareholders' rights and interests and to strengthen the functions of the Board of Directors, the Company's Board of Directors resolved on March 15, 2022 to establish a Head of Corporate Governance; and then on August 12, 2022, the Board of Directors resolved to reassign the position to the Head of Finance Department, Li-Mien Weng. As a result of internal duty adjustments, effective December 20, 2023, the head of corporate governance has been appointed by Yi-Wen Chen, the manager of the Finance Department, who has more than three years of experience as a financial controller in a public company and meets the legal qualifications for the position of head of corporate governance. The main duties of the head of corporate governance are to handle matters related to the Board of Directors' and shareholders' meetings in accordance with the law, prepare minutes of the Board of Directors' and shareholders' meetings, assist the directors in taking office and continuing education, provide the directors with information necessary for the execution of their business, assist the directors in complying with the laws and regulations, report the results of the	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>complying with the laws and regulations, handling matters related to the meetings of the board of directors and shareholders in accordance with the laws and regulations, and preparing minutes of the board of directors' and shareholders' meetings, etc.)?</td><td></td><td></td><td>Board of Directors' review on the compliance with the relevant laws and regulations regarding the qualifications of the independent directors at the time of their nomination, election and during their term of office, and handle matters related to the change in the directors. etc.
In accordance with law, the head of corporate governance should undertake at least twelve hours of study per year (continuing education). As of the end of 2023, the courses are as follows:
<table>
<tr><th colspan="2">Training date</th><th rowspan="2">Organizer</th><th rowspan="2">Course name</th><th rowspan="2">Training hours</th></tr>
<tr><th>Start</th><th>End</th></tr>
<tr><td>2023/04/27</td><td>2023/04/27</td><td>Taipei Exchange</td><td>Seminar on the Action Plan for the Sustainable Development of TWSE/TPEx Listed Companies</td><td>3</td></tr>
<tr><td>2023/09/13</td><td>2023/09/13</td><td>Securities & Futures Institute</td><td>Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Executives - Analysis of Key Points of</td><td>3</td></tr>
</table></td><td></td></tr>
</table>

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<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td></td><td>Corporate Governance Assessment for Directors and Supervisors</td><td></td></tr>
<tr><td>2023/10/06</td><td>2023/10/06</td><td>Taipei Exchange</td><td>New Vision Forum on Sustainable Investment and Financing</td><td>3</td></tr>
<tr><td>2023/11/16</td><td>2023/11/16</td><td>Accounting Research and Development Foundation</td><td>ESG Summit 2023 - Green Finance and Sustainable Transformation</td><td>3</td></tr>
</table></td><td></td></tr>
<tr><td>V. Does the Company establish communication channels and build a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?</td><td>✓</td><td></td><td>The Company values the balance of rights and obligations between stakeholders (including investors, employees, customers, suppliers, banks, creditors, etc.). Aside from maintaining good communications with all stakeholders, contact windows are set up for all stakeholders on the Company website to understand the important issues of their concerns and respond accordingly.<table>
<tr><th>Stakeholders</th><th>Important issues of concern</th><th>Communication channels and response methods</th></tr>
<tr><td>Shareholders</td><td>Corporate image/business performance /industry</td><td>Contact person: Shu-Chuan Hsiao, Spokesperson
TEL：(02)2298-1148</td></tr>
</table></td><td>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			<table><tr><td></td><td>overview/product and services/investment</td><td>1. Annual Shareholders' Meeting. 2. Conduct regular investor conferences. 3. Simultaneously publish real-time material information on the Market Observation Post System and the corporate website. 4. Disclose important events on the Market Observation Post System and the corporate website. 5. Set up an e-mail box and contact number on the corporate website to establish smooth communication channels between investors and the Company. 6. Set up a dedicated window for institutional investors. 7. Hold regular face-to-face communication meetings and teleconferences with domestic and foreign institutional investors.</td></tr></table>	

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Employees</td><td>Labor relations/occupational health and safety/non-discrimination/equality</td><td>Contact person: Ms. Wang, Human Resource Department
TEL：(02)2298-1147
1. Hold regular labor-management meetings and Employee Welfare Committee meetings.
2. Formulate gender work equality regulations to safeguard female employees' rights and interests.
3. Set up a hotline and e-mail box for complaints of sexual harassment in the workplace.
4. The Company website has a contact number and e-mail box for employees' inquiries and assistance.
5. Regularly assign employees to attend the safety and health seminars, conduct staff pre-employment education and training, and regularly arrange health checkups for all staff in order to provide employees with a comfortable and safe working</td></tr></table></td><td></td></tr>
</table>

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	

		environment. 6. Company information is communicated and published through bulletin boards, emails, and the Company's internal website.
Customers	Corporate image/product and services	Contact person: Ms. Yeh, Business Department TEL：(02)2298-1147 1. R&D innovation and improve product quality. 2. In response to customer complaints, communicate with customers immediately, understand customer needs to facilitate the interaction between the Company and customers, and review and improve in production and sales meetings from time to time. 3. The sales personnel frequently conduct customer interviews to understand customer product line requirements and provide customers

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>with comprehensive business services.
4. Regularly participate in food exhibitions and baking and equipment exhibitions at home and abroad every year to let customers know more about the Company's products.
5. Conduct customer satisfaction surveys every year.
6. Strengthen employees' awareness of confidentiality in regard to customer information to keep trade secrets.
7. There is a customer service contact person, phone number, and e-mail box on the Company webpage as the contact channel for customer communication, complaints, and suggestions.</td></tr>
<tr><td>Suppliers</td><td>Corporate image/business</td><td>Contact person: Ms. Hsieh, Production Management Section</td></tr>
</table></td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td>performance/product needs</td><td>TEL：(02)2298-1147
1. From time to time, evaluate the manufacturer's service quality, delivery, and price, give praise to good manufacturers, and grant priority to quoting and contracting; manufacturers with poor quality and delivery time will give advice and assistance to enhance the quality of their products.
2. Strengthen employees' awareness of confidentiality in regard to manufacturer information to keep trade secrets.
3. There is a supplier service contact person, phone number, and e-mail box on the Company webpage as the contact channel for supplier communication, complaints, and suggestions.</td></tr></table></td><td></td></tr>
<tr><td>VI. Does the Company appoint a professional stock affairs agency to deal with the</td><td>✓</td><td></td><td>The Company has appointed the Taishin Securities Co., Ltd. Stock Transfer Agency Department as the Company's stock affairs agency to assist the Company in carrying out tasks relevant to Shareholders' Meetings.</td><td>In compliance with the Corporate</td></tr>
</table>

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
affairs of the Shareholders Meeting?				Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VII. Information disclosure (I) Does the Company have a corporate website to disclose both the Company's financial standing and corporate governance status?	✓		(I) The Company discloses relevant financial, business, and stock affairs information in the investor area of the Company website and has a corporate governance area to explain the relevant regulations and implementation. Website: http://www.sinmag.com.tw/	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing	✓		(II) In addition to appointing a dedicated person to collect and disclose the Company's information, the Company also assigns a spokesperson and a deputy spokesperson who comprehensively understand the Company's finance and business as well as being able to coordinate various departments to provide relevant information and speak on behalf of the	In compliance with the Corporate Governance Best Practice

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
designated people to handle information collection and disclosure, creating a spokesperson system, and webcasting investor conferences)?			Company in a unified manner to ensure that information that may affect the decision-making of shareholders and stakeholders can be disclosed in a timely and appropriate manner. When an investor conference is held, the relevant information is also uploaded to the investor area of the Company website and Market Observation Post System (MOPS) for investors' inquiries.	Principles for TWSE/TPEx Listed Companies.
(III) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and file the financial reports for the first, second, and third quarter and the operating conditions of each month before the specified period?		✓	(III) The Company has announced the first, second, and third quarter and annual financial reports and the operating conditions of each month within the specified period.	After evaluating the cooperation between the internal operation time and the CPAs, it is not possible to make an announcement and file the annual financial report within two months after

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
				the end of the fiscal year and to make an announcement and file the financial report of the first, second and third quarter and the operation of each month prior to the specified period.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee	✓		(I) Employee rights and employee wellness 1. Adhering to the business philosophy of integrity, harmony, innovation and excellence, continuous growth, and sustainable development, the Company attaches great importance to employee welfare by setting up the Employee Welfare Committee and allocate monthly welfare funds for the Committee to organize activities, such as various tourism activities, club activities, and other welfare matters.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance for directors and supervisors)?			2. Provide various welfare subsidies for weddings and funerals, grants and emergency relief, annual health checks, group life insurance, and accident insurance. 3. The labor retirement method is formulated according to the provisions of the Labor Standards Act, where a certain percentage of the total monthly salary is appropriated into the labor pension reserve fund and deposited at the special account of the Central Trust of China to be used as the future payment of the labor pension reserve fund. 4. According to the Labor Pension Act, there is a definite contribution retirement method, and for employees who choose the applicable Labor Pension Act, no less than 6% of the salary is appropriated to the employees' individual account every month at the Bureau of Labor Insurance. The employee's pension is paid based on the employee's individual pension account and the accumulated amount, and it can be claimed in the form of a monthly pension or lump-sum pension. 5. The Labor Committee has been set up in accordance with regulations on labor relations. Labor meetings are held regularly with good results. Any new or revised measures related to labor relations will be finalized after full agreement and communication between labor and management. 6. Regularly assign employees to attend the safety and health seminars, conduct staff pre-employment education and training, and regularly	Listed Companies.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			arrange health checkups for all staff in order to provide employees with a comfortable and safe working environment. 7. In order to pursue harmonious labor relations and to emphasize employees' right to express their opinions, we have set up a mailbox for employee opinions in the corporate information system, with designated personnel to understand and respond to the mailboxes, so as to open up channels for employees to communicate their opinions. We have also set up a "Measures for the Administration of the Reporting System" to establish channels for reporting and filing complaints by stakeholders, as well as a mechanism to protect them. Other measures include the establishment of a hotline for the prevention and control of sexual harassment. (II) Investor relations The Company upholds the principle of fairness and openness to all shareholders. In terms of Shareholders' Meetings, which is convened annually in accordance with the Company Act and relevant laws and regulations. All shareholders are notified to attend the Shareholders' Meeting under relevant regulations and encouraged to actively participate in the election of directors or the amendment to the Company's Articles of Incorporation and other proposals. Material financial business activities such as the disposal of assets, endorsements, and guarantees are also submitted to the Shareholders' Meeting. Moreover, the Company provides	

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

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			(III) Supplier relations The procurement personnel of the Company will evaluate the service quality, delivery, and price of the supplier with the requisitioning unit. A database of qualified manufacturers is established based on the evaluation results. Preferential quoting and contracting are given to excellent suppliers to ensure quality and reduce procurement costs. (IV) Respect stakeholders' rights and interests The Company attaches great importance to stakeholders (including shareholders, employees, customers, upstream and downstream manufacturers, banks, national society, and the natural environment), taking into account and balancing the interests of stakeholders has always been the Company’s goal. When discussing major issues of the internal proposal, the impact on the stakeholders must be considered to ensuring the balance of stakeholders' rights and interests. The Company has established a suggestion mailbox on the Company’s website to provide stakeholders with channels for feedback to safeguard their rights and interests.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			(V) Directors' continuing education	

Title Name	Training date	Organizer	Course	Training hours	Whether the course meets the requirements (Note)
Director Shun-Ho Hsieh	2023/11/11	Taiwan Corporate Governance Association	Responding to CFC for Business and Individuals	3	Yes
	2023/11/11	Taiwan Corporate Governance Association	Introduction to IFRS Sustainability Disclosure Standards	3	Yes
Director Yao-Tsung Wu	2023/11/11	Taiwan Corporate Governance Association	Responding to CFC for Business and Individuals	3	Yes
	2023/11/11	Taiwan Corporate Governance Association	Introduction to IFRS Sustainability Disclosure Standards	3	Yes
Director Ming-Ching Hsieh	2023/11/11	Taiwan Corporate Governance Association	Responding to CFC for Business and Individuals	3	Yes
	2023/11/11	Taiwan Corporate Governance Association	Introduction to IFRS Sustainability Disclosure Standards	3	Yes

Evaluation item	Implementation status								Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description						
			Director Yu-Chuan Chang	2023/11/11	Taiwan Corporate Governance Association	Responding to CFC for Business and Individuals	3	Yes	
			Director Yu-Chuan Chang	2023/11/11	Taiwan Corporate Governance Association	Introduction to IFRS Sustainability Disclosure Standards	3	Yes	
			Director Shu-Chuan Hsiao	2023/11/11	Taiwan Corporate Governance Association	Responding to CFC for Business and Individuals	3	Yes	
			Director Shu-Chuan Hsiao	2023/11/11	Taiwan Corporate Governance Association	Introduction to IFRS Sustainability Disclosure Standards	3	Yes	
			Director Jui-Jung Chang	2023/11/11	Taiwan Corporate Governance Association	Responding to CFC for Business and Individuals	3	Yes	
			Director Jui-Jung Chang	2023/11/11	Taiwan Corporate Governance Association	Introduction to IFRS Sustainability Disclosure Standards	3	Yes	

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<tr><td></td><td></td><td></td><td>
<table>
<tr><td rowspan="2">Independent Director Huei-Wang Huang</td><td>2023/11/11</td><td>Taiwan Corporate Governance Association</td><td>Responding to CFC for Business and Individuals</td><td>3</td><td>Yes</td></tr>
<tr><td>2023/11/11</td><td>Taiwan Corporate Governance Association</td><td>Introduction to IFRS Sustainability Disclosure Standards</td><td>3</td><td>Yes</td></tr>
<tr><td rowspan="2">Independent Director Shih-Hung Chan</td><td>2023/11/11</td><td>Taiwan Corporate Governance Association</td><td>Responding to CFC for Business and Individuals</td><td>3</td><td>Yes</td></tr>
<tr><td>2023/11/11</td><td>Taiwan Corporate Governance Association</td><td>Introduction to IFRS Sustainability Disclosure Standards</td><td>3</td><td>Yes</td></tr>
<tr><td rowspan="2">Independent Director San-Chien Tu</td><td>2023/11/11</td><td>Taiwan Corporate Governance Association</td><td>Responding to CFC for Business and Individuals</td><td>3</td><td>Yes</td></tr>
<tr><td>2023/11/11</td><td>Taiwan Corporate Governance Association</td><td>Introduction to IFRS Sustainability Disclosure Standards</td><td>3</td><td>Yes</td></tr>
</table>
Note: Refers to whether it complies with the hours, scope, system, arrangement, and information disclosure of continuing education specified in the "Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies."</td><td></td></tr>
</table>

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			(VI) Status of risk management policies and risk evaluation The Company has established various internal regulations in accordance with the law and conducted various risk management and assessments. In addition, the directors of the Company adhere to a high level of self-discipline. If the Board of Directors' proposals involves the director's own interests that may damage the Company's interests, the director is recused from the discussion and voting. (VII) Formulation of internal material information processing procedures To establish sound internal material information processing and disclosure mechanism of the Company, to prevent improper information leakage, and to ensure the consistency and accuracy of information released by the Company to the public, the Company has formulated "Internal Material Information Processing Procedures" following the template issued by the competent authority. The procedures are promoted to directors, employees, and managers promptly to avoid violations of regulations or inside trading. (VIII) Implementation of consumer and customer protection policies To provide customers with comprehensive services and assurance, the Company communicates with customers in a timely manner in response to customer complaints, understands customer needs to facilitate the interaction between the Company and its customers, and reviews and improves in production and sales meetings from time to time.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			(IX) Purchase of liability insurance for directors and supervisors The Company has taken out liability insurance for all directors with an insured amount of US$7 million. The insurance coverage period is from February 1, 2024 to February 1, 2025, and it has been submitted to the Board meeting on March 13, 2024 for an explanation.	

IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center and provide the priorities and plans for improvement with items yet to be improved. (Leave blank if the Company is not included in the evaluation)

Topic	Improvement	Description of Improved Situation and Priority Enhancement Issues and Measures
Does the Board of Directors of the Company regularly (at least once a year) assess the independence and suitability of the certified public accountants with reference to the Audit Quality Indicators (AQIs) and disclose the assessment process in detail in the annual report?	Yes	The Company has assessed the independence and suitability of the certified public accountants with reference to the Audit Quality Indicators (AQIs) during the year and the assessment process is disclosed in detail in the annual report.
Does the Company formulate policies and specific management programs for the protection of human rights with reference to international human rights treaties, and disclose the relevant policies and implementation status on the Company's website or annual report?	Yes	The Company has formulated policies and specific management programs for the protection of human rights with reference to international human rights treaties, and has disclosed the relevant policies and implementation status on the Company's website.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
Does the Company have a policy of appropriately reflecting operating performance or results in employee remuneration and disclosing it on the Company's website or in its annual report?	Yes		The Company has a policy of appropriately reflecting and disclosing operating performance or results in employee remuneration.	
Has the Company formulated a policy on workplace diversity or promotion of gender equality and revealed its implementation?	Yes		The Company has formulated policies on workplace diversity or the promotion of gender equality and has disclosed their implementation.	
Does the Company record the important contents of shareholders' questions and the Company's replies in the minutes of the shareholders' meetings?		No	The Company will record in the minutes of the 2024 Annual Meeting of Shareholders the key points of the shareholder questions and the Company's responses.	
Is the chairman of the Board of Directors of the Company not the same person as, or a spouse or consanguineous within one degree of consanguinity with, the president or other equivalent officer (top manager) of the Company?		No	The current Chairman of the Board of Directors and the President of the Company are the same person. In order to establish a good corporate governance structure, more than half of the directors are not employees or managers at present. In addition, the Company has planned to increase the number of independent directors in the next election of directors to strengthen the effectiveness of the Board of Directors.	
Does the Company establish an exclusively (or concurrently) dedicated unit to promote sustainable development, conduct a risk assessment of environmental, social, or corporate governance issues associated with its operations based on the principle of materiality,		No	The Company will establish a concurrent unit to promote sustainable development in 2024, with a related risk management policy.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
formulate relevant risk management policies or strategies, and the Board of Directors is in charge of supervising the promotion of sustainable development, and disclose them on the Company website and annual report?				

Note: Evaluation criteria of CPAs' independence and competence

	Item no.	Evaluation content	Result	Compliance with independence
Independence requirements	1	The CPA, or the spouse or a minor child thereof, has not invested in the Company, or shares in financial gains therewith.	Yes	Yes
	2	The CPA, or the spouse or a minor child thereof, has not lent or borrowed funds to or from the Company. However, the principal is a financial institution and a normal business entity shall not apply.	Yes	Yes
	3	The CPA has not submitted an assurance service report that is designed or assisted in the execution of the financial information system.	Yes	Yes
	4	The CPA or member of the audit service team has not served as a director, manager, or another position that has a significant impact on the audit case of the Company in the most recent two years.	Yes	Yes
	5	Non-audit services provided to the Company did not have a direct impact on the audit cases.	Yes	Yes
	6	The CPA or member of the audit service team does not promote or act as an intermediary for shares or other securities issued by the Company.	Yes	Yes
	7	The CPA or member of the audit service team has not represented the Company in third-party legal cases or other disputes except permitted by law.	Yes	Yes
	8	The CPA or member of the audit service team is not a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company.	Yes	Yes
	9	The co-practicing CPA who has been rescinded within one year does not hold any position as a director or manager of the Company or has a significant influence on the audit case.	Yes	Yes
	10	The CPA or member of the audit service team has not received gifts or special offers of value from the Company, directors, managers, or major shareholders.	Yes	Yes

	Item no.	Evaluation content	Result	Compliance with independence
	11	The CPA has not been engaged in regular work for the client or audited entity with a fixed salary or holds the position of director or supervisor	Yes	Yes
	12	After the Company's public offering:	Yes	Yes
		No CPA has provided audit service to the Company for seven consecutive years.		
		Before the Company's public offering:		
		No CPA has provided audit service to the Company for ten consecutive years.		
Independent operation	1	Has the CPA recused and refused to undertake matters if he/she has a direct or significant indirect interest that could impair his/her impartiality and independence?	Yes	Yes
	2	When the CPA provides audit, review, cross-review, or project review of a financial statement and submits an opinion, does he/she maintain independence in appearance in addition to independence in fact?	Yes	Yes
	3	Do members of the audit service team, other co-practicing CPAs or shareholders of legal-person accounting firms, accounting firms, firm-affiliated companies, and alliance firms also maintain their independence vis-a-vis the Company?	Yes	Yes
	4	Does CPA offer professional services with integrity in a rigorous manner?	Yes	Yes
	5	Does the CPA maintain a fair and objective position in the course of performing professional services to avoid prejudice, conflict of interest, or interest in affecting professional judgment?	Yes	Yes
	6	The CPA's integrity, fairness, and objectivity have not been impaired by the lack or loss of independence.	Yes	Yes
Competence	1	The CPA does not have disciplinary records from the disciplinary committee for the past two years.	Yes	Yes
	2	Does the CPA firm in charge of the Company's audit services have sufficient scale, resources, and regional coverage?	Yes	Yes

	Item no.	Evaluation content	Result	Compliance with independence
	3	Does the CPA firm have clear quality control procedures? Does the coverage include the level and key points of the audit procedure, how audit issues and judgments are handled, independent quality control review, and risk management?	Yes	Yes
	4	Does the CPA firm timely notify the Board of Directors (Audit Committee) of any significant problems and developments in risk management, corporate governance, financial accounting, and relevant risk control?	Yes	Yes

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

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

1. Establish and regularly review the policies, systems, standards, and structures of directors and managers' performance evaluation and remuneration.
2. Regularly evaluate and determine the remuneration of directors and managers.
3. Other matters that are assigned by the Board of Directors for discussion.

(1) Information on Members of the Remuneration Committee

May 15, 2024

Title (Qualification)	Name	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as a remuneration committee member
Independent Director (Convenor)	Shih-Hung Chan	Please refer to Information on Directors (II) on page 19.		0
Independent Director	Huei-Wang Huang			0
Independent Director	San-Chien Tu			0

(2) Implementation of the Remuneration Committee

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

B. The term of the current Committee members: May 31, 2022 - May 30, 2025.

In the most recent year (2023), the Remuneration Committee held four meetings (A). The attendance record of members is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A)	Remarks
Convener	Shih-Hung Chan	4	0	100%	Re-elected on May 31, 2022
Member	Huei-Wang Huang	4	0	100%	Re-elected on May 31, 2022
Member	San-Chien Tu	4	0	100%	Re-elected on May 31, 2022
(A) The Remuneration Committee held four meetings in 2023. (B) Attendance in person.					

Other matters:

(a) If the Board of Directors refuses to adopt or amend a recommendation of the Remuneration Committee, the date of the meeting, terms of meetings, the content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified.
None.

(b) If there were resolutions of the Remuneration Committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, terms of meetings, the content of the motion, all members' opinions, and the response to members' opinion shall be specified.
None.

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

Remuneration Committee	Contents of motions and follow-up actions	Resolution	The Company's response to the Remuneration Committee's opinion
2023.03.27 5th meeting of the 5th term (1st meeting of 2023)	The distribution proposal of the Company's 2022 employee compensation and director compensation.	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.
2023.05.08 6th meeting of the 5th term (2nd meeting of 2023)	The distribution proposal of the Company's individual director's compensation and managerial officers' employee compensation for 2022.	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.
2023.06.19 7th meeting of the 5th term (3rd meeting of 2023)	The Company's 2023 manager's annual salary adjustment.	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.
2023.12.20 8th meeting of the 5th term (4th meeting of 2023)	The Company's 2023 year-end bonus distribution proposal for the managerial officers.	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.

(3) Information on the member of Nominating Committee and its operation:

The Company does not have a Nominating Committee.

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

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description	
I. Does the Company have a governance structure that promotes sustainable development, and has a dedicated (part-time) job unit that promotes sustainable development, which is authorized by the Board of Directors to the senior management and supervised by the Board of Directors?	✓		On May 4, 2012, the Board of Directors approved the designation of the Human Resource Department as the unit for promoting corporate social responsibility. Since the approval, the Human Resource Department has gradually started the related work in accordance with the provisions of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the directions of the Board of Directors, and has reported to the Board of Directors at least once a year on the results of the implementation of the program and the future work plan.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
II. Does the Company conduct a risk assessment of environmental, social, or corporate governance (ESG) issues associated with its operations based on the principle of materiality and formulate relevant risk management policies or strategies?	✓		The Company conducts internal assessment on the major principles of sustainable development and formulates relevant risk management policies and strategies: (I) Environment 1. In order to fulfill the social responsibility of protecting the global environment, the Company does not use any environmentally polluting substances in the manufacturing process. The waste materials are also entrusted to the resource recycling company for disposal to make sure there is no impact on the environment.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description	
			2. The Company has obtained ISO 14001 environmental management system certification. 3. The Company conducts regular inventories of greenhouse gas emissions in accordance with ISO 14064-1 and continues to implement carbon reduction measures based on the results. (II) Society 1. Cultivate talented people who recognize the Company's culture, vision and core values, and work together for the Company's mission. 2. Provide a safe and secure workplace, promote various health promotion activities, reduce the rate of occupational accidents and construction risks, create a healthy workplace, and improve employee centripetal force. (III) Corporate governance 1. Through the establishment of a governance organization and the implementation of internal control mechanisms, the Company ensures that all personnel and operations comply with relevant laws and regulations. 2. Directors are covered by directors' liability insurance to protect them against lawsuits or claims.	
III. Environmental issues (I) Does the Company establish an appropriate environmental	✓		(I) The Company regularly propagates green energy-related knowledge to its employees to reinforce their attention and implementation of green environmental protection in work	In compliance with the Sustainable Development Best Practice Principles for

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description	
management system based on its industrial characteristics?	✓		and life. On Dec. 31, 2014, the Company has obtained the certification of ISO9001 quality management system and ISO14001 environmental management system. The validity period is from Dec. 31, 2023 to Dec. 30, 2026.	TWSE/TPEx Listed Companies.
(II) Is the Company committed to increasing energy efficiency and using recycled materials that have a low impact on the environment?	✓		(II) The Company promotes green procurement by gradually adopting environmentally-friendly materials, energy-saving & high-efficiency lamps, and inverter air conditioners, and continues to give impetus to water conservation plans and other measures. The Company also actively pursues comprehensive E-ization and green innovation service research and development, which effectively saves paper printing and greatly improves service efficiency.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company evaluate the current and future potential risks and opportunities of climate change, and take countermeasures to respond to climate-related issues?	✓		(III) When carrying out daily operation activities, the Company always pays attention to the relevant risks that may be caused by climate change and takes corresponding measures when necessary.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Has the Company compiled statistics on greenhouse gas	✓		(IV) The Company's past data on greenhouse gas emissions, water consumption, and total weight of waste 1. GHG	In compliance with the Sustainable Development Best Practice Principles for

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="3">Implementation status</th><th rowspan="2">Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>emissions, water consumption, and total weight of waste over the past two years, and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?</td><td></td><td></td><td>(1) In order to implement the greenhouse gas reduction work, starting from 2023, a greenhouse gas inventory committee was established in accordance with the "Greenhouse Gas Inventory Standard ISO 14064-1" to independently inventory the Company's greenhouse gas emissions and to effectively grasp the Company's greenhouse gas emission status in a timely manner.
(2) Greenhouse Gas Emissions in 2023 (Data Coverage: Sinmag Taiwan Taipei head office, Taichung Branch and Kaohsiung Branch)
<table><tr><th></th><th>Emissions metric tons of CO2e per year</th></tr><tr><td>Category 1</td><td>172.7305</td></tr><tr><td>Category 2</td><td>104.0531</td></tr><tr><td>Total emissions</td><td>276.7836</td></tr></table>2. Water Consumption and Waste (Data Coverage: Sinmag Taiwan Taipei head office, Taichung Branch and Kaohsiung Branch)
<table><tr><th>Item</th><th>2022</th><th>2023</th></tr><tr><td>Water consumption (in metric tons)</td><td>1,383</td><td>1,514</td></tr><tr><td>Hazardous waste (in metric</td><td>1.32</td><td>1.08</td></tr></table></td><td>TWSE/TPEx Listed Companies.</td></tr>
</table>

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="3">Implementation status</th><th rowspan="2">Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>tons)</td><td></td><td></td></tr><tr><td>Non-hazardous waste (in metric tons)</td><td>13.20</td><td>13.20</td></tr></table>In order to fulfill our corporate responsibility to protect the environment and reduce the impact of greenhouse gas emissions on the environment and climate caused by global warming, we are committed to continuing to promote energy conservation and carbon reduction measures, as well as implementing energy conservation and carbon reduction in our daily life, including: air-conditioning set at 25-28 degrees Celsius.</td><td></td></tr>
<tr><td>IV. Social issues
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>✓</td><td></td><td>(I) The Company recognizes and voluntarily complies with internationally recognized human rights standards, such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the United Nations International Labour Organization, and establishes human rights protections that are disclosed on the Company's website.</td><td>In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td>(II) Does the Company formulate and implement reasonable employee benefit measures (including</td><td>✓</td><td></td><td>(II) If the Company has any surplus in the current year, it shall allocate 2% to 10% for the employees' compensation and no more than 5% for the directors' compensation.
In addition to regular salaries, the Company also provides bonuses based on Company performance and individual</td><td>In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description	
remuneration, vacation, and other benefits) and appropriately reflect operating performance or results in employee compensation?			performance. This serves to motivate employees and share the results of our operations with them. Other leave-related and welfare matters shall be handled in accordance with relevant laws and regulations. The Company adheres to its people-oriented core values. In addition to providing basic protection in accordance with the law, the Company attaches great importance to the welfare of its employees, such as the establishment of an Employee Welfare Committee, which arranges for various travel activities and welfare subsidies, group life insurance, gender-equal parenting and childcare leave-behind measures, a maternal health protection program, health checkups, and 6% of the New Pension Fund contribution, among others.	
(III) Does the Company provide a healthy and safe work environment, and organize health and safety training for its employees on a regular basis?	✓		(III) The Company has taken out group insurance for employees in addition to the statutory labor and health insurance. In addition, regular free health checkups are provided, and personal and accidental disaster safety seminars are held regularly to build a safe workplace environment.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company establish effective career development and training plans for its employees?	✓		(IV) The Company provides employees with effective professional development training programs.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description	
(V) Does the Company comply with relevant regulations and international standards in issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant consumer or customer protection policies and complaint procedures?	✓		(V) In accordance with the internal "Ethical Corporate Management Principles," the Company follows relevant regulations and international standards in terms of customer health and safety, customer privacy, marketing and labeling of products and services, and formulates relevant consumer protection policies and complaint procedures.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(VI) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights and its implementation?	✓		(VI) The Company has established supplier management policies that require suppliers to comply with the relevant regulations on environmental protection, occupational safety and health, or labor rights.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="3">Implementation status</th><th rowspan="2">Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>V. Does the Company refer to the internationally accepted reporting standards or guidelines for the preparation of reports that disclose the Company's non-financial information, such as a sustainability report? Has the aforesaid report received assurance or certification opinion of the third-party accreditation institution?</td><td></td><td>✓</td><td>V. The Company has complied with the relevant code of practice on Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and requirements but has not prepared a sustainability report.</td><td>Not eligible for</td></tr>
<tr><td colspan="5">VI. If the company has established its own sustainable development principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe the implementation and any deviations from the Principles:
In order to implement corporate social responsibility and facilitate the balance and sustainable development of the economy, society, and environmental ecology, the Company has formulated the "Sustainable Development Practice Principles" to strengthen the implementation of corporate social responsibility and incorporate it into the the management and operation of the Company. The Company has regularly reviewed the implementation status by the principles and made improvements accordingly. There has been no difference in implementation so far.</td></tr>
<tr><td colspan="5">VII. Other important information that helps to understand the Company's facilitation of sustainable development implementation:
1. Community participation, social contribution, social services, and social welfare
The Company is enthusiastic about social welfare, and can immediately make donations to disadvantaged groups in need through professional institutions.
The Company's donations in 2023 are as follows:</td></tr>
</table>

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description	

Donated Unit	Donation Amount
Chung-Hua Foundation for Persons With Intellectual Disabilities, Eden Social Welfare Foundation (Eden Bakery & Cafe/Eden Canaan Garden), Children Are Us Foundation, Taitung Mind Farm Intellectual Development Center, Yu-Cheng Social Welfare Foundation (Zhongxiao Sheltered Workshop), Maria Social Welfare Foundation (Taichung Love Home), Children Are Us Foundation, and 1919 Food Bank (Chinese Christian Relief Association)	NT$331,041
Wuxi City Xishan District Yunlin Street Charity Association, Zhuo City Civil Affairs Bureau, Hualong Hui Autonomous County Red Cross Society	CNY 330,164

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

Climate-Related Information of TWSE/TPEx Listed Company

Implementation of Climate-Related Information

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.</td><td>The Company's Board of Directors is the highest decision-making unit for risk management and continues to pay attention to issues related to climate change and to recognize the risks and opportunities associated with climate change. The Company will establish a Sustainability Committee, with relevant members responsible for formulating, promoting, and strengthening action plans and capital expenditures for important policies on sustainable development (including climate-related issues), and reviewing, tracking, and revising the status of implementation and effectiveness of sustainable development, and will report them to the Board of Directors.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</td><td>
<table>
<tr><th>Risk Factors</th><th>Financial and Business Impact</th><th>Period and Response Strategy</th></tr>
<tr><td>Extreme weather events</td><td>• Increase in operating costs
• Decrease in revenue
• Loss of assets
• Disaster casualties</td><td>Short-term: Control meteorological information in real time and formulate emergency response plans for various types of extreme weather.
Medium-term: Evaluate production sites to address extreme weather risks and implement mitigation measures.
Long-term: When adding or rebuilding important sites such as factories, incorporate climate change factors into the construction process.</td></tr>
</table>
</td></tr>
</table>

Item	Implementation status
	(nested tables below)

Transition risks such as revision of environment-related laws and regulations	• Increase in R&D expenses • Increase in capital expenditure	Short-term: Greenhouse gas inventory and control, planning for low-carbon products and energy-saving equipment renewal programs. Medium-term: Invest in research and development of low-carbon products and purchase energy-saving equipment. Long-term: Develop in the direction of zero carbon emissions.

Opportunity Factors	Financial and Business Impact	Response Strategy
R&D and innovation of low-carbon products	• Increase in revenue due to higher demand for low-carbon products	Continue to invest in the research and development of low-carbon products, and evaluate the use of raw materials with a low-carbon footprint when purchasing raw materials.
Promotion of low-carbon production	• Reduction in operating costs due to savings in energy consumption	Purchase energy-saving equipment, formulate energy-saving policies and improve energy efficiency to reduce energy consumption and save operating costs.

Item	Implementation status
3. Describe the financial impact of extreme weather events and transformative actions.	Extreme weather events The Company has assessed that extreme weather events, such as water shortages, typhoons and heavy rainfall, may cause disruptions in plant operations, increase in operating costs, decrease in revenues and loss of assets in the financial aspect. The Company will formulate emergency contingency plans for various types of extreme weather events to avoid the risk of impacts, and will continue to pay attention to the impacts of the weather to respond to and review the situation in a timely manner. Transformative actions As environmental laws and regulations are becoming more stringent and low-carbon products are becoming a trend, low-carbon transformation has become an important goal. Among them, the control of carbon fees and total greenhouse gas emissions, the regulation of renewable energy, and changes in consumer preferences may increase production and research and development costs, or reduce sales volume. The Company will implement measures such as research and development of low-carbon products, formulating an energy policy, and upgrading energy-saving equipment, so as to comply with the regulations and move forward towards the goal of zero-emission.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company's Board of Directors is the highest decision-making body for risk control and directly supervises the Company's risk governance structure. For the purpose of sound risk assessment and strengthening the management function, the Company will set up a working group to identify and manage the risks of corporate operations, including physical and transition risks that may be brought about by climate change.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	As of the printing date of the annual report, the Company has not yet used the scenario analysis to evaluate the resilience to climate change risk, and the Company will disclose the implementation status in the annual report in the future.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	As of the printing date of the annual report, the Company does not have a restructuring plan to manage climate-related risks, which will be disclosed in the annual report based on the status of implementation in the future.

Item	Implementation status
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	As at the date of the annual report, the Company has not used internal carbon pricing as a planning tool.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	As of the printing date of the annual report, the Company has not yet set any climate-related targets, and the Company will disclose the status of implementation in the annual report in the future.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	The Company has conducted its own inventory of greenhouse gases for the year 2023, but has not yet confirmed the information, and will disclose the relevant information in accordance with the Sustainable Development Roadmap published by the Financial Supervisory Commission in the future.

(VI) The State of the Company's Performance in Ethical Corporate Management, any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason thereof

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs (I) Does the Company establish ethical corporate management policies passed by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the Board of Directors and management work proactively to implement their commitment to those management policies?	✓		(I) In order to deepen the corporate culture of ethical management and sound development, the Company has established the "Ethical Corporate Management Principles" as the basis for implementing ethical corporate management, formulated relevant internal operating standards and internal control systems, and regularly reviewed various operations and reported to the Board of Directors. The Board of Directors will make recommendations for the deficiencies and improve tracking.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the Company establish a risk assessment mechanism for unethical conduct, regularly analyze and assess operating activities with high-potential unethical conduct in the business scope, and formulate precautionary measures		✓	(II) The Company has not yet established a risk evaluation mechanism for unethical conduct.	The Company has not yet established a risk evaluation mechanism for unethical conduct.

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Description	
against unethical conducts, which at least cover the precautionary measures stated in Article 7, paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?" (III) Does the company clearly define operating procedures, conduct guidelines, and punishment and appeal systems for violations in precautionary measures against unethical conduct, implement them, and regularly review the measures above?	 ✓		 (III) The Company has established the "Code of Ethical Conduct," which has considerable penalties for the violation of social laws, public security management, corruption, collection of kickbacks, conflicts of interest, and other unethical conducts. The Code of Ethical Conduct is included in the content of employee induction and on-the-job training and will be included in the regular evaluation of the employee performance appraisal system to ensure the implementation of ethical corporate management, and there is also a smooth complaint channel. The one-hour education and training for departments with high operational risks and new employees include the relevant regulations of ethical corporate management and punishment for violations to strengthen and promote the concept of ethical corporate management to employees.	 In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><th>Course topic</th><th>Companies</th><th>Year</th><th>Number of participants</th></tr>
<tr><td>Ethical corporate management principles</td><td>Sinmag Equipment (China) Co., Ltd.</td><td>2023</td><td>100</td></tr>
<tr><td>Ethical corporate management principles</td><td>Sinmag Equipment Corporation</td><td>2023</td><td>3</td></tr>
</table></td><td></td></tr>
<tr><td>II. Fulfillment of ethical corporate management
(I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in the business contracts signed with the counterparties?
(II) Does the Company established an exclusively dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least once a year) about the ethical</td><td>✓

✓</td><td></td><td>(I) The Company carefully evaluates the ethical records of its business counterparts. Once they violate the Company's principle of good faith, the Company will terminate all activities.
(II) The audit unit is responsible for the formulation, supervision, and implementation of the ethical corporate management policy, and reports to the Board of Directors regularly. There was a total of four reports in 2023.</td><td>In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Description	
corporate management policies, precautionary measures against unethical conducts, as well as supervision of implementation?				
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Company has established the "Ethical Corporate Management Principles," "Code of Ethical Conduct," "Code of Business Ethics for Directors and Managers," and "Measures for the Administration of the Reporting System" to prevent conflicts of interest. These policies provide appropriate channels for reporting and are effectively implemented.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management and assign the internal audit unit to draw up relevant audit plans based on the assessment results of the unethical conduct risks, and verify compliance with the precautionary measures	✓		(IV) In order to ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system, and the internal auditors have formulated and implemented the annual audit plan according to the risk assessment results.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Implementation status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Description	
against unethical conducts, or entrust CPAs to perform the audit? (V) Does the Company regularly hold an internal and external educational training on ethical corporate management?	✓		(V) The Company has incorporated ethical management in the corporate culture and regularly conducts educational advocacy at various meetings for implementation.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
III. Operation of the whistle-blowing system (I) Does the Company establish both a reward and whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	✓		(I) The Company has implemented the "Measures for the Administration of the Reporting System" to establish channels for reporting whistleblowing incidents and designate a department responsible for receiving such reports.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the Company establish standard operating procedures for the reported matters, follow-up measures to be taken after the investigation is completed, and the relevant confidential mechanism?	✓		(II) The Company has implemented the "Measures for the Administration of the Reporting System" to govern the investigation standards and operational procedures for handling whistleblower cases. The personal information of complainants and whistleblowers will be treated as confidential, and the investigation will be carried out in compliance with personnel management regulations.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Description	
(III) Does the Company protect whistleblowers against receiving improper treatment?	✓		(III) The Company has implemented the "Measures for the Administration of the Reporting System" and strictly maintains confidentiality for the complainant or whistleblower of the complaint or whistleblowing matter to protect whistleblowers against receiving improper treatment.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
IV. Enhancing information disclosure (I) Does the Company disclose the content of its Ethical Corporate Management Principles and the results of implementation on its website and MOPS?	✓		(I) The Code of Conduct of Integrity established by the Company has disclosed the information observing station and the "Corporate Governance Area" of the Company's website (https://www.sinmag.com.tw/msg/message-重要公司內規-20.html).	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
V. If the Company has established its own ethical corporate management principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe the implementation and any deviations from the Principles: None.				
VI. Other important information for understanding the Company's integrity management: On December 7, 2023, the Company adopted the "Measures for the Administration of the Reporting System," which establishes a reporting channel and a unit to receive reports, standard operating procedures for the investigation of reported matters, and measures to protect the confidentiality of complainants' and whistleblowers' information in order to strengthen its integrity management operations. (e.g., the Company reviews and amends its ethical corporate management principles)				

(VII) If the Company has established corporate governance principles and related bylaws, the inquiry method shall be disclosed:
The relevant rules and regulations of the Company have been published on the Company's website under "Corporate Governance Area" (https://www.sinmag.com.tw/msg/message-重要公司內規-20.html) for public and shareholder enquiries.

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

(IX) Status of Internal Control System

1. Statement of Internal Control System

Sinmag Equipment Corporation
Statement of Internal Control System

Date: March 13, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 as follows:

I. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system is the responsibility of the Board of Directors and the managers, and the Company has established such system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals. In addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each constituent element includes a certain number of items. For more information on the aforementioned items, please refer to the Regulations.

IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.

V. Based on the results of the determination in the preceding paragraph, the Company believes that, as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on Mar. 13, 2024, and out of the nine directors in attendance, none objected to it and all consented to the content expressed in this statement.

Sinmag Equipment Corporation

Chairman: Shun-Ho Hsieh -

President: Shun-Ho Hsieh -

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

(X) During the most recent fiscal year up to the publication date of the annual report, penalties imposed upon the Company and its employees in accordance with the law, penalties imposed by the Company upon its employees for the violation of the internal control system policy, and its punishment results might have a significant influence on shareholders' equity or price of securities, the punishment, main deficiencies, and improvements shall be listed: None.

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

1. Major resolutions of the Board of Directors

Date	Major resolutions
2023.03.15 8th meeting of the 14th term (1st meeting of 2023)	Approved the application of the subsidiary Sinmag Equipment (China) Co., Ltd. for the initial public offering of ordinary shares denominated in CNY (A shares) and submission of supplement of items of undertaking for listing in ChiNext of Shenzhen Stock Exchange.
2023.03.27 9th meeting of the 14th term (2nd meeting of 2023)	(1) Approved the distribution proposal of the Company's 2022 employee compensation and director compensation. (2) Approved the Company's 2022 business report, financial statements, and consolidated financial statements. (3) Approved the Company's earnings distribution for 2022. (4) Approved the formulation of the estimated earnings distribution plan for the Company's subsidiaries in 2022. (5) Approved the lending of funds to subsidiaries by the Company. (6) Approved the newly constructed plants by the subsidiary Sinmag Equipment (China) Co., Ltd. (7) Approved the greenhouse gas inventory of the Group (including all subsidiaries) and planning of verification schedule. (8) Approved the acceptance of shareholders' proposal-related matters at the 2023 Annual Shareholders' Meeting for shareholders with more than 1% of the shareholding. (9) Approved the assessment of independence and

Date	Major resolutions
	competence of CPAs and the appointment and compensation of the CPAs for 2023. (10) Approved the formulation of the Company's "Pre-Approval Policy for Non-assuance Services Provided by Certified Public Accountants." (11) Approved the amendment to the Company's "Procedures for Acquisition or Disposal of Assets." (12) Approved the amendment to the Company's "Rules of Procedures for the Board of Directors' Meetings." (13) Approved the amendment of the Company's "Sustainable Development Best Practice Principles." (14) Approved the amendment of the Company's "Corporate Governance Practice Principles." (15) Approved the amendment to the Company's "Financial-related Operation Standards among Affiliated Companies." (16) Approved the effectiveness assessment of the Company's internal control system design and implementation for 2022. (17) Approved the 2022 Statement of Internal Control System. (18) Approved the related matters concerning the convening of the Company's 2023 Annual Shareholders' Meeting.
2023.04.14 10th meeting of the Fourteenth Term (3rd meeting of 2023)	Approved the application of the subsidiary Sinmag Equipment (China) Co., Ltd. for the initial public offering of ordinary shares denominated in CNY (A shares) and submission of amendment of items of undertaking for listing in ChiNext of Shenzhen Stock Exchange.
2023.05.08 11th meeting of the Fourteenth Term (4th meeting of 2023)	(1) Approved the Company's consolidated financial statements for the first quarter of 2023. (2) Approved the distribution proposal of the Company's individual director's compensation and managerial officers' employee compensation for 2022. (3) Approved the renewal of the financing line from Chang Hwa Commercial Bank. (4) Approved the amendment to the Company's "Regulations Governing the Supervision and Management of Subsidiaries." (5) Approved the lease of plant premises to a related party by the Company's subsidiary, Sinmag Equipment (China) Co., Ltd.
2023.06.19 12th meeting of the 14th term (5th meeting of 2023)	(1) Approved the distribution of the Company's cash dividends-related matters. (2) Approved the Company's 2023 manager's annual salary adjustment.

Date	Major resolutions
2023.08.11 (13th meeting of the 14th term) (6th meeting of 2023)	Approved the Company's consolidated financial statements for the second quarter of 2023.
2023.11.11 14th meeting of the 14th term (7th meeting of 2023)	Approved the Company's consolidated financial statements for the third quarter of 2023.
2023.12.20 15th meeting of the 14th term (8th meeting of 2023)	(1) Approved the Company's 2024 operating plan and budget. (2) Approved the Company's 2024 audit plan. (3) Approved the Company's 2023 year-end bonus distribution plan for managerial officers. (4) Approved the Company's 2024 donation budget. (5) Approved the formulation of the estimated earnings distribution plan for the Company's subsidiaries. (6) Approved the renewal of the financing line from E.SUN Bank. (7) Approved a change in the Company's head of corporate governance. (8) Approved the internal audit report of the auditor and authorized the director to sign the report. (9) Approved the amendment to the "Regulations on Procedures for Handling Loans of Funds to Others" of the subsidiary, Sinmag Equipment (China) Co., Ltd. (10) Approved the revision of the Company's "Operational Procedures for Transactions with Related Parties, Specific Companies, and Group Companies." (11) Approved the revision of the Company's "Standard Operating Procedures for Handling Requests from Directors."
2024.03.13 16th meeting of the 14th term (1st meeting of 2024)	(1) Approved the distribution proposal of the Company's 2023 employee compensation and director compensation. (2) Approved the Company's 2023 business report, financial statements, and consolidated financial statements. (3) Approved the Company's earnings distribution for 2023. (4) Approved the acceptance of shareholders' proposal-related matters at the 2024 Annual Shareholders' Meeting for shareholders with more than 1% of the shareholding. (5) Approved the replacement of the Company's appointed certified public accountants. (6) Approved the assessment of independence and competence of CPAs and the appointment and compensation of the CPAs for 2024. (7) Approved the amendment to the "Rules of

Date	Major resolutions
	Procedure for Shareholders' Meetings." (8) Approved the amendment to the Company's "Rules of Procedures for the Board of Directors' Meetings." (9) Approved the amendment to the Company's "Audit Committee Organization Rules." (10) Approved the amendment to the "Procedures for Acquisition or Disposal of Assets" of the subsidiary, Sinmag Equipment (China) Co., Ltd. (11) Approved the effectiveness assessment of the Company's internal control system design and implementation for 2023. (12) Approved the 2023 Statement of Internal Control System. (13) Approved the related matters concerning the convening of the Company's 2024 Annual Shareholders' Meeting.
2024.05.09 17th meeting of the 14th term (2nd meeting of 2024)	(1) Approved the Company's consolidated financial statements for the first quarter of 2024. (2) Approved the distribution proposal of the Company's individual director's compensation and managerial officers' employee compensation for 2023.

2. Major resolutions and implementation of the Shareholders' Meeting on Jun. 19, 2023
    (1) Major resolutions
        1. To approve the proposal for 2022 Earnings Distribution.
        2. To approve 2022 Business Report and Financial Statements.
        3. Approved the amendment to the Company's "Procedures for Acquisition or Disposal of Assets."
    (2) Status of implementation
        1. After the Company's earnings distribution proposal for 2022 was recognized by the Shareholders' Meeting, the Board of Directors convened a meeting on June 19, 2023 to set the ex-dividend record date. The shareholder's cash dividend of NT$301,381,452 was distributed on August 4, 2023.
        2. The Company has announced and uploaded the amended "Procedures for Acquisition or Disposal of Assets" to MOPS and handled them in accordance with the amended procedures.
3. Major resolutions and implementation status of the Shareholders' Meeting on May 31, 2022
    (1) Major resolutions

1. To approve the proposal for 2021 Earnings Distribution.
2. To approve 2021 Business Report and Financial Statements.
3. Approved the amendment to the Company's "Articles of Incorporation."
4. Approved comprehensive re-election of directors and independent directors.
5. Approved the amendment to the Company's "Procedures for Acquisition or Disposal of Assets."
6. Approved the amendment to the "Rules of Procedure for Shareholders' Meetings."
7. Approved the application of the subsidiary Sinmag Equipment (China) Co., Ltd. for the initial public offering of ordinary shares denominated in CNY and listing on an overseas stock exchange.
8. Approved the proposal to lift the restrictions on non-competition for newly appointed directors and their representatives.

(2) Status of implementation

1. After the Company's earnings distribution proposal for 2021 was recognized by the Shareholders' Meeting, the Board of Directors convened a meeting on June 10, 2022 to set the ex-dividend record date. The shareholder's cash dividend of NT$351,611,694 was distributed on July 22, 2022.
2. The Company's Articles of Incorporation and the registration of changes to the re-election of directors and independent directors were approved by Letter No. Jing-Shou-Shang-Zi 11101095440 on June 7, 2022.
3. The Company has announced and uploaded the amended "Rules of Procedure for Shareholders' Meetings" and "Procedures for Acquisition or Disposal of Assets" to MOPS and handled them in accordance with the amended procedures.
4. The application of the subsidiary Sinmag Equipment (China) Co., Ltd. for the initial public offering of ordinary shares denominated in CNY and listing on an overseas stock exchange has been implemented in accordance with the resolution.
5. An announcement regarding the lifting of restrictions on non-competition for directors Shun-Ho Hsieh, Yao-Tsung Wu, Jui-Jung Chang, Ming-Ching Hsieh, Yu-Chuan Chang, and San-Chien Tu have been uploaded and posted.

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

(XIII) A summary of resignations and dismissals of the Company's chairperson, president, accounting manager, financial manager, chief internal auditor, corporate governance supervisor, or research and development officer during the most recent fiscal year and up to the publication date of the Annual Report:

May 15, 2024

Title	Name	Date of appointment	Date of dismissal	Reasons for resignation or dismissal
Head of corporate governance	Li-Mien Weng	2022/8/12	2023/12/20	Duty adjustment

(XIV) The Company's personnel related to the transparency of financial information have obtained the relevant licenses as specified by the competent authorities: One CIA license for the Company's audit department and one CPA license for the financial accounting personnel of the Company's subsidiary in Thailand.

IV. Information on CPA Professional Fees

Unit: NT$ thousand

CPA Firm	Name of CPA	CPA audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Chiang-Hsun Chen	2023.01.01 ~ 2023.12.31	4,160	1,340	5,500	Note
	Chao-Mei Chen					

Note: The Company's audit fees for 2023 were NT$4,160 thousand, including NT$270 thousand for the issuance of the English financial statements reports. Other non-audit fees include NT$290 thousand for tax compliance audit, NT$805 thousand for transfer pricing reports, NT$30 thousand for tax consultation, and NT$215 thousand for financial typing and printing expenses, etc.

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

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

V. Information on Replacement of CPAs in the Last Two Years and thereafter

(I) Regarding the former CPAs

Date of Replacement	March 13, 2024
Reason for replacement and explanation	Deloitte & Touche, which was appointed by the Company, in accordance with the internal rotation mechanism of accountants, has replaced the certifying duties of financial report examination (review) from the first quarter of fiscal year 2024 onward from Chiang-Hsun Chen and Chao-Mei Chen to Keng-Hsi Chang and Chao-Mei Chen.
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Not applicable
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the two most recent years, specify the opinion and the reasons	None
Disagreement with the Company	None
Other disclosures	None

(II) Regarding the successor CPAs

CPA firm	Deloitte & Touche
Name of CPA	Keng-Hsi Chang and Chao-Mei Chen
Date of appointment	Approved by the Board of Directors on March 13, 2024
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

(III) The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: Not applicable.

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

VII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (during the Most Recent Fiscal Year or the Current Fiscal Year up to the Publication Date of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than Ten Percent.

(I) Share changes by directors, supervisors, managers, and major shareholders

April 23, 2024; Unit: Shares

Title	Name	2023		Current year as of April 23, 2024	
		Shareholding increase (decrease)	Pledged shares increase (decrease)	Shareholding increase (decrease)	Pledged shares increase (decrease)
Chairman and President	Shun-Ho Hsieh	0	0	0	0
Director	Yao-Tsung Wu	0	0	0	0
Director	Jui-Jung Chang	0	0	0	0
Director	Ming-Ching Hsieh	0	0	0	0
Director and Vice President	Shu-Chuan Hsiao	2,000	0	0	0
Director	Yu-Chuan Chang	0	0	0	0
Independent Director	Shih-Hung Chan	0	0	0	0
Independent Director	Huei-Wang Huang	0	0	0	0
Independent Director	San-Chien Tu	0	0	0	0
Manager of Finance Department	Yi-Wen Chen	0	0	0	0
Director, Sales & Marketing Division I	Chih-Hsien Chen (Note)	0	0	Not applicable	Not applicable
Director, R&D	Shiu-Tu	0	0	0	0

Title	Name	2023		Current year as of April 23, 2024	
		Shareholding increase (decrease)	Pledged shares increase (decrease)	Shareholding increase (decrease)	Pledged shares increase (decrease)
Department	Chen				
Manager, Manufacturing Department	Tsai-Wang Huang	0	0	0	0
Manager, Engineering Department	Tai-Sheng Wang	0	0	0	0
Audit Manager	Shu-Yuan Li	0	0	0	0

Note:The Director of Sales & Marketing Division I, Chih-Hsien Chen, departed on March 31, 2024.

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

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

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

April 23, 2024; Unit: Shares

Name	Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
Sheng Chia Investment Co., Ltd.	3,375,545	6.72%	0	0%	0	0%	Ming-Ching Hsieh	Director	None
							Ming-Feng Hsieh	Director	
							Li-Min Hsieh Chen	Supervisor	
							Ming-Hsiao Hsieh	Representative	
Representative of Sheng Chia Investment Co., Ltd.: Ming-Hsiao Hsieh	1,329,869	2.65%	113,645	0.22%	0	0%	Shun-Ho Hsieh	Father and son	None
							Ming-Ching Hsieh	Brother	
							Ming-Feng Hsieh	Brother	
							Li-Min Hsieh Chen	Mother and son	
Shun-Ho Hsieh	2,211,267	4.40%	1,094,564	2.18%	0	0%	Sheng Chia Investment Co., Ltd.	Invested companies	None
							Ming-Ching Hsieh	Father and son	
							Ming-Feng Hsieh	Father and son	
							Ming-Hsiao Hsieh	Father and son	
							Li-Min Hsieh Chen	Spouse	
Ming-Ching Hsieh	2,112,980	4.21%	90,382	0.18%	0	0%	Shun-Ho Hsieh	Father and son	None
							Li-Min Hsieh Chen	Mother and son	
							Ming-Feng Hsieh	Brother	
							Ming-Hsiao Hsieh	Brother	
							Sheng Chia Investment Co., Ltd.	Invested companies	
Yao-Tsung Wu	1,788,616	3.56%	1,459,555	2.91%	0	0%	Pi-Yu Jen	Spouse	None
Pi-Yu Jen	1,459,555	2.91%	1,788,616	3.56%	0	0%	Yao-Tsung Wu	Spouse	None
Ming-Feng Hsieh	1,343,680	2.68%	65,835	0.13%	0	0%	Shun-Ho Hsieh	Father and son	None
							Ming-Ching Hsieh	Brother	None
							Ming- Hsiao Hsieh	Brother	
							Li-Min Hsieh Chen	Mother and son	
							Sheng Chia Investment Co., Ltd.	Invested companies	
Ming-Hsiao Hsieh	1,329,869	2.65%	113,645	0.22%	0	0%	Shun-Ho Hsieh	Father and son	None
							Ming-Ching Hsieh	Brother	
							Ming- Feng Hsieh	Brother	
							Li-Min Hsieh Chen	Mother and son	
							Sheng Chia Investment Co., Ltd.	Invested companies	

Name	Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
Li-Min Hsieh Chen	1,094,564	2.18%	2,211,267	4.40%	0	0%	Shun-Ho Hsieh	Spouse	None
							Ming-Ching Hsieh	Mother and son	
							Ming-Feng Hsieh	Mother and son	
							Ming-Hsiao Hsieh	Mother and son	
							Sheng Chia Investment Co., Ltd.	Invested companies	
Ching-Sung Chen	727,000	1.45%	0	0%	0	0%	None	None	None
Kuo-Hung Lu	700,000	1.39%	0	0%	0	0%	None	None	None
Zimi Chemicals Co., Ltd.	700,000	1.39%	0	0%	0	0%	None	None	None
Representative of Zimi Chemicals Co., Ltd.: Yung-Sheng Kao	0	0%	180,000	0.36%	0	0%	None	None	None

IX. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, its Directors and Supervisors, Managers, and any Companies Controlled either Directly or Indirectly by the Company.

May 15, 2024; Unit: Shares ; %

Invested company	Investment by the Company		Investment by directors, managers, and by companies directly or indirectly controlled by the Company		Total investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
LUCKY UNION LIMITED	3,000,549	100%	0	0%	3,000,549	100%
SINMAG LIMITED	3,000,549	100%	0	0%	3,000,549	100%
Ximai Enterprises Management (Wuxi) Co., Ltd.	0	100%	0	0%	0	100%
Sinmag Equipment (China) Co., Ltd.	0	96.39%	0	0.43%	0	96.82%
SINMAG BAKERY MACHINE INDIA PRIVATE LIMITED	8,926,601	100%	0	0%	8,926,601	100%
Wuxi New Order Control Co., Ltd.	0	48.20%	0	0%	0	48.20%
LBC BAKERY EQUIPMENT INC.	910,682	93.82%	0	0%	910,682	93.82%
SINMAG BAKERY EQUIPMENT SDN. BHD.	300,000	96.39%	0	0%	300,000	96.39%
SINMAG EQUIPMENT (THAILAND)CO., LTD.	20,600,000	96.39%	0	0%	20,600,000	96.39%

Chapter IV. Capital Overview

I. Capital and Shares

(I) Sources of capital

May 15, 2024; Unit: NT$ thousands; thousand shares

Month/Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital increase by assets other than cash	Others
September 1983	$10	900	9,000	400	4,000	Cash investment	None	Note 1
November 1985	$10	1,000	10,000	1,000	10,000	600,000 shares offset by creditor's rights	Creditor's rights	Note 2
November 1991	$10	1,800	18,000	1,800	18,000	800,000 shares offset by creditor's rights	Creditor's rights	Note 3
September 1995	$10	2,300	23,000	2,300	23,000	500,000 shares of capital increase in connection with a merger	None	Note 4
June 1997	$10	4,000	40,000	4,000	40,000	800,000 shares of capital increase by cash, 350,000 shares of capital increase by capital surplus, 550,000 shares of capital increase by retained earnings	None	Note 5
December 2003	$10	42,000	420,000	21,000	210,000	17,000,000 shares of capital increase by cash	None	Note 6
January 2006	$18	42,000	420,000	24,500	245,000	3,500,000 shares of capital increase by cash	None	Note 7
September 2006	$10	42,000	420,000	27,110	271,100	2,450,000 shares of capital increase by retained earnings and 160,000 shares of employee stock dividends	None	Note 8
October 2007	$10	42,000	420,000	31,350	313,500	4,066,500 shares of capital increase by retained earnings and 173,500 shares of employee stock dividends	None	Note 9
January 2008	$10	42,000	420,000	35,170	351,700	3,820,000 shares of capital increase by cash	None	Note 10
August 2009	$10	42,000	420,000	36,928.5	369,285	1,758,500 shares of capital increase by capital surplus	None	Note 11
September 2010	$10	60,000	600,000	38,774.9	387,749	1,846,400 shares of capital increase by capital surplus	None	Note 12
August 2011	$10	60,000	600,000	40,713.7	407,137	1,938,700 shares of capital increase by retained earnings	None	Note 13
September 2012	$10	60,000	600,000	42,749.4	427,494	2,035,700 shares of capital increase by retained earnings	None	Note 14
August 2013	$10	60,000	600,000	44,886.8	448,868	2,137,400 shares of capital increase by retained earnings	None	Note 15
September 2014	$10	60,000	600,000	47,580.0	475,800	2,693,200 shares of capital increase by retained earnings	None	Note 16
September 2015	$10	60,000	600,000	48,531.6	485,316	951,600 shares of capital increase by retained earnings	None	Note 17
August 2018	$10	60,000	600,000	50,230.2	502,302	1,698,600 shares of capital increase by retained earnings	None	Note 18

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

May 15, 2024; Unit: Shares

Share type	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	50,230,242	9,769,758	60,000,000	TPEx listed stock

(II) Shareholder structure

April 23, 2024; Unit: Shares; Persons

Shareholder structure / Quantity	Government agencies	Financial institutions	Other institutional shareholders	Domestic natural persons	Foreign institutions and natural persons	Total
Number of participants	0	14	206	16,637	114	16,971
Shareholdings	0	940,213	6,664,545	38,515,837	4,109,647	50,230,242
Shareholding ratio	0.00%	1.87%	13.27%	76.68%	8.18%	100.00%

(III) Shareholding Distribution Status

1. Ordinary Shares:$10 per share

April 23, 2024; Unit: Shares; Persons

Range of shareholding	Number of shareholders	Shareholdings	Shareholding ratio (%)
1～999	12,073	391,119	0.78%
1,000～5,000	3,947	7,280,752	14.48%
5,001～10,000	415	3,118,356	6.21%
10,001～15,000	167	2,110,686	4.20%
15,001～20,000	105	1,880,836	3.74%
20,001～30,000	88	2,212,969	4.41%
30,001～40,000	40	1,399,173	2.79%
40,001～50,000	25	1,118,407	2.23%
50,001～100,000	60	4,293,536	8.55%
100,001～200,000	21	2,906,905	5.79%
200,001～400,000	13	3,466,427	6.90%
400,001～600,000	5	2,538,000	5.05%
600,001～800,000	4	2,797,000	5.57%
800,001～1,000,000	0	0	0%
Over 1,000,001	8	14,716,076	29.30%
Total	16,971	50,230,242	100.00%

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

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

April 23, 2024; Unit: Shares; %

Shares / Name of major shareholder	Shareholdings (shares)	Shareholding ratio (%)
Sheng Chia Investment Co., Ltd.	3,375,545	6.72%
Shun-Ho Hsieh	2,211,267	4.40%
Ming-Ching Hsieh	2,112,980	4.21%
Yao-Tsung Wu	1,788,616	3.56%
Pi-Yu Jen	1,459,555	2.91%
Ming-Feng Hsieh	1,343,680	2.68%
Ming-Hsiao Hsieh	1,329,869	2.65%
Li-Min Hsieh Chen	1,094,564	2.18%
Ching-Sung Chen	727,000	1.45%
Kuo-Hung Lu	700,000	1.39%
Zimi Chemicals Co., Ltd.	700,000	1.39%

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

Unit: NT$

Item \ Year			2022	2023	As of May 15, 2024 (Note 2)
Market price per share	Highest		110.00	160.50	165.50
	Lowest		82.10	87.50	145.00
	Average		97.25	125.28	154.64
Net worth per share	Before distribution		51.55	56.87	51.30
	After distribution		45.55	47.87 Note 1	-
Earnings per share	Weighted average shares	Before retroactive adjustment	50,230,242	50,230,242	50,230,242
		After retroactive adjustment	50,230,242	50,230,242 Note1	50,230,242
	Earnings per share	Before retroactive adjustment	6.70	12.01	2.73
		After retroactive adjustment	6.70	12.01 Note 1	2.73
Dividends per share	Cash dividends ($)		6.00	9.00 Note 1	-
	Stock dividends	Dividends from retained earnings (share)	0	0	-
		Dividends from capital surplus	0	0	-
	Accumulated undistributed dividends		0	0	-
Return on Investment	Price/earnings ratio		14.51	10.43	-
	Price/dividend ratio		16.21	13.92	-
	Cash dividend yield rate		6.17%	7.18%	-

Note 1: The distribution of cash dividends from the 2023 earnings was approved by the Board of Directors on March 13, 2024.

Note 2: Net worth per share and earnings per share are the data reviewed by CPAs for the first quarter of 2024, and the remaining fields are the data for the year as of May 15, 2024.

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

1. Dividend policy

According to the dividend policy stipulated in the Articles of Incorporation, if there is net profit after tax in the annual final accounts of the Company for the current period, the Company shall make up the accumulated loss first (including adjustments to the undistributed earnings amount), and then allocate 10% as the legal reserve according to law, except when the legal reserve has reached the amount of the paid-in capital of the Company. Then, the Company shall set aside or reverse special reserve according to the regulations or the competent authority; the remaining 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.

When the Company sets aside the special surplus reserve according to the law, the amount of the "net increase in the fair value of investment real estate accumulated in the previous period" and the "net decrease in other equity accumulated in the previous period" shall be deducted prior to the distribution of earnings. The special surplus reserve of the same amount is withdrawn from the undistributed surplus of the previous period. If there is still insufficient, the current after-tax net profit is added to the current after-tax net profit and the items other than the current after-tax net profit are included in the undistributed surplus of the current period.

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.

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

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

The Company's earnings distribution proposal for 2023 was proposed and approved by the Board of Directors on March 13, 2024 to distribute NT$452,072,178 as cash dividends at NT$9 per share, all distributed in cash. The proposal will be submitted to the Shareholders' Meeting for ratification on June 21, 2024.

3. Expected major changes in dividend policy: None.

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

(VIII) Compensation of employees and directors

1. The percentages or ranges of compensation of employees and directors as stipulated in the Company's Articles of Incorporation:
In accordance with the Articles of Incorporation of the Company, if the Company has any profit in the year, the Company shall allocate 2% to 10% of the pre-tax profit of the current period before deducting the distribution of employee and director compensation in the current year as the employee compensation. The Board of Directors shall resolve to distribute the profit by shares or cash, and the distributed parties may include the subordinate company's employees meeting certain conditions. The Company may, by resolution of the Board of Directors, allocate not more than 5% of the pre-tax profits of the current period before deducting the distribution of employee and director compensation in the current year as the director compensation. The distribution proposal of employee and director compensation shall be submitted to the Shareholder’s Meeting.
However, if the Company still has accumulated losses, it shall reserve the amount to make up for the losses first, then allocate employee and director compensation in proportion to the preceding paragraph.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
The Company estimates the employee and director compensation on a pro-rata basis based on the net profit before tax before deduction of the employee and director compensation in the current year. When there is a difference between the actual distributed amount and the estimated amount, it shall be accounted as the profit and loss of the following year.

3. Information on any approval by the Board of Directors of distribution of compensation:
   (1) The amount of any compensation distributed to employees and directors in cash or stocks:
   On March 13, 2024, the Company's Board of Directors passed a resolution to distribute employee compensation of NT$15,687,232 and director compensation of NT$9,682,784, which is no different from the annual estimated amount of recognized expenses.
   (2) The amount of any employee compensation distributed in stocks, and its proportion to net income of the Parent Company-only financial reports and total employee compensation for the current period:
   In 2023, the Company did not propose to distribute employee compensation in stocks.

4. The actual distribution of employee and director compensation for the previous fiscal year:
   The Company's Board of Directors resolved to distribute cash compensation of NT$11,092,246 to employees and NT$6,758,702 to directors for 2022 on March 27, 2023. There is no discrepancy between that actual distribution amount and the recognized amount.

(IX) Share repurchases: None.

II. Corporate Bonds: None.

III. Preferred Share: None.

IV. Global Depository Receipts: None.

V. Employee Stock Options: None.

VI. New Restricted Employee Shares: None.

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

VIII. Implementation of the Company's Capital Allocation Plans

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

Chapter V. Operational Highlights

I. Business Activities

1. Business scope

(1) Main business content

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

(2) Operating proportion

Unit: NT$ Thousand

Main product	2023	Percentage of annual sales %
Mixer	838,146	18.63%
Divider Rounder and Moulder	250,318	5.56%
Sheeter	195,781	4.35%
Proofer	500,041	11.12%
Oven	1,651,730	36.72%
Slicer	94,241	2.10%
Fryer	3,096	0.07%
Refrigerator	55,011	1.22%
Show Case	43,409	0.96%
Food Service Equipment	284,637	6.33%
Other Machines	57,187	1.27%
Other Parts (Note)	439,231	9.76%
Bakeware	85,858	1.91%
Total	4,498,686	100.00%

Note: Includes service revenue

(3) The Company's current products and services

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

Service items of main products:

A. Bakery mixer series:

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

a. Mix all ingredients thoroughly to create a completely even mixture.
b. Allow the dry ingredients including flour to achieve complete hydration and accelerate the formation of gluten.
c. Expand the gluten to make the dough flexible, stretchable, and viscous.

B. Cake mixer series:

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

a. Wire Whip: Used for mixing and whisking the cake batter of the cake. Whisking is to use egg white to form a film, beat the air into the film, and be wrapped by the film to form bubbles.
b. Flat Beater: Used for mixing fillings and cookie dough.
c. Dough Hook: Used for mixing bread dough.

C. Divider rounder series:

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

a. Dividing is to divide the dough by volume to make smaller dough of a certain weight.
b. The divided dough cannot be shaped immediately but should be rounded so that a thin layer of skin is formed on the surface of the dough to retain the newly generated gas and expand the dough.
c. Divider rounder or chunker divides weight by volume. The effect of rounding is related to the proficiency of operating the machine.

D. Moulder series:

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

E. Sheeter series:

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

F. Proofer Series:

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

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

The last fermentation machine is used for the final fermentation of bread before entering the oven. The fermentation cabinet provides the suitable temperature and humidity to the yeast in the dough for fermentation, reproduction and production of CO_2gas, while providing the right humidity to protect the dough from dry crust.

G. Oven series:

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

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

The types of oven are as follows:

a. According to the energy source, ovens are divided into electric, gas, and diesel ones.
b. According to the form and capacity, the ovens are divided into deck oven, convection oven, rack oven, cradle oven, and tunnel oven.

H. Slicer series:

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

(4) New products and services in development

1. Quartz Tube Infrared Electric Toaster Oven: Install multiple quartz tube radiation heaters in the upper part of the oven cavity to heat the bread by radiation, and install traditional metal type electric heaters in the bottom part of the oven cavity to heat the bread by heat conduction and convection.
2. Infrared Chicken Roaster with Cleaning Function: For the upper part of the roaster, 2-4 transparent quartz tubes are installed, and the inner part of the tubes is made of tungsten wire or carbon fiber wire, which is used for roasting by radiant heating and convection of hot air.
3. New Pizza Mixer: It is a reinforced mixer which can mix 10kg of flour, and its small size can satisfy the needs of special customers.
4. Ice and water machine hydrodynamic research: The use of reduced-speed motor synchronization with the transmission of water mixing, instead of the original two-stage motor direct transmission method, to extend the life of the equipment.
5. Pure Stainless Steel Mixer: In order to respond to the government's environmental protection requirements, the demand for stainless steel mixers has been increasing year by year, and the structure has been improved.
6. Shaping Machine Roller Facing: To investigate the interaction between the shape, material and number of facing rollers on the facing, and to improve the quality.
7. Upgrading of existing bakery combinations: Conducting design studies and revisions in order to beautify existing bakery combinations and increase product competitiveness.
8. Humidifier structure upgrade: Traditional evaporator float structure is easy to use in the process of scale and stuck, resulting in shortening the life of the product, to improve the structure of the research.

2. Industry overview

(1) Industry status and development

With the rapid development of the economy and the continuous increase of national income, the pursuit of diet has gone from being full and progressing to eating well. Coupled with frequent international contacts and exchanges, the prevalence of the internet has facilitated the circulation of information, making the temptation of exquisite cuisine easier and faster to spread to every consumer. Under such an environmental background, the catering industry has flourished, and the baking industry has naturally benefited a lot. In addition, due to changes in work style and the popularity of fitness and dieting concepts, bread, which was originally a supporting role for orientals, has gradually become the main choice for many urban men and women. With the rise of exquisite cuisine culture, pastries have become immensely popular with the help of the internet. Moreover, the substantial opening of cross-strait interactions has also led to the vigorous development of the souvenir market, which has brought the baking industry to a significant peak in recent years.

In the development of the baking industry, the baking equipment industry is one of the most closely related industries. Countries in Europe and America take bread as the traditional staple food, and the flour processing and baking industry are relatively developed. Therefore, the bread machinery manufacturing industry has existed for a long time. Its product performance and quality are excellent, but the price is relatively expensive. As far as the bread machine market is concerned, Europe, America, and Japan are mature markets, and the emphasis is on replacing old ones with new ones. While rice-based countries in Asia, the consumption of bread, cakes, and pastry continues to rise with the increase in income and the advancement of production standards. Therefore, the demand for various bread machines is increasing. However, there is a significant gap in the technical level of the Chinese food machinery industry in comparison with major international manufacturers. There are disadvantages such as lower production efficiency, higher energy consumption, and lack of stability. As a result, China will still rely on imported machinery, and competition among brands is keen.

A. Baking Market in Taiwan

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

The baking industry in Taiwan is a sporadic type, with a large number of small-scale bakeries. The customer base is usually neighbors and residents because of geographic relations. Small bakery adopts the front store and back factory self-production and self-sale single store business model, the highest proportion of small bakery emphasizes freshly baked, fresh products and bread is convenient and versatile, has surpassed the Chinese breakfast, to become one of the first choice of the Chinese breakfast, snacks; buy bread focus on the product's delicious, delicious, fresh, healthy, and access to the convenience of the road.

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

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

"Anything you don't eat for a regular meal is considered casual food." Bread is one of the most popular snack foods and used to be categorized as a snack, but with the change in dietary habits, bread has changed from a snack to a staple for breakfast and then to an option for all three meals because of its deliciousness, hunger-relief, and convenience. Because of the change in work patterns, everyone's daily time is almost cut short, so the snacking of food is taking shape, especially in the state of living at home due to the pandemic, which highlights the importance of leisure food and accelerates the expansion of its market.

Benefiting from changes in traditional eating habits and Taiwan's economic development, the annual output value of Taiwan's bakery products, including bread, gifts, desserts and cakes, coffee and pastries, and other bakery industry categories, is estimated to have exceeded a hundred billion dollars in output value of Taiwan's bakery industry. This demonstrates that Taiwan’s baking industry is booming.

B. Baking Market in China

After years of development, China has formed a relatively complete industrial chain of commercial bakery equipment, with some leading enterprises possessing more mature technologies and products, and China has also developed into a major country in the production and use of commercial bakery equipment. At present, commercial bakery equipment has been widely used in bakery stores (bakery, Chinese pastry store, new tea and beverage store, etc.), supermarkets, convenience stores, hotels, western restaurants, fast food stores, coffee shops and other types of food and beverage retail outlets, as well as central bakery factories, central kitchens, food cooking training schools and other non-retail outlets. Compared with bakery equipment for home use, commercial bakery equipment has more specifications and types of products, more stringent requirements on product parameters and technical indexes, and a wider range of product applications, which can work reliably for a long time.

In addition, the growth in the number of bakery stores in China, the increase in the penetration rate of commercial bakery equipment in bakery stores, the increase in demand for commercial bakery equipment in centralized bakery factories, the technological advancement in the commercial bakery equipment industry and the increase in the recognition of commercial bakery equipment produced in China in the international market will also collectively propel the continuous progress of the commercial bakery equipment industry in China.

From the perspective of production area, commercial bakery equipment industry in China presents certain regional characteristics, forming three major production centers in East China centered on Zhejiang, South China centered on Guangdong and North China centered on Shandong. There are fewer large-scale enterprises in the industry, the market is relatively scattered, the vast majority of small enterprises and workshop-type factories, the number of thousands, most of them do not have the technology accumulation, lack of innovation. Overall, the level of industry development still needs to be improved, the number of standardized enterprises is limited, and there is still a certain gap between the technical level and the advanced enterprises abroad.

C. Development Trends of Chinese Baking Industry

a. Diversified sales channels and richer consumption scenarios

In the past, prepackaged products were mainly sold through supermarkets and convenience stores, while freshly baked products were sold in bakeries. With the upgrading of consumption, consumers are more inclined to ready-to-bake products, and ready-to-bake bakery products can not only create a good atmosphere for the stores, but also bring considerable profits, which are more and more favored by supermarkets; the penetration rate of bakery products in staple food consumption has been increasing, which has led to the provision of bakery products in catering and hotels, etc.; and with the emergence of the model of "Beverage + Bakery", beverage stores have become an important sales channel for bakery products. The sales channels of bakery products have gradually developed from bakery stores to bakery stores, supermarkets, catering and beverage stores.

b. Focus on health, environment, innovation and intelligence

The future trend of bakery will focus more on health and environmental protection. As people are more and more concerned about their health, the bakery industry will continue to introduce healthier food products, such as using natural ingredients, low sugar, low fat, etc. At the same time, environmental protection will also become an important development direction for the bakery industry, such as the use of biodegradable materials and the reduction of waste.

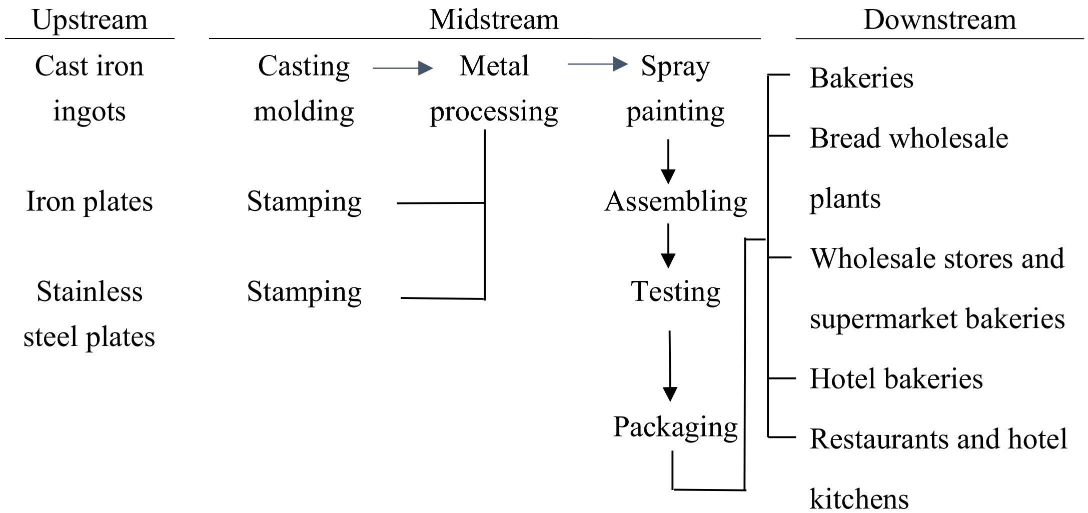
Secondly, future baking trends will focus more on personalization and innovation. With the ever-changing needs of consumers, the baking industry will continue to innovate and introduce more personalized and innovative products. For example, customized cakes, creative baking design.

Finally, the future trend of baking will focus more on digitalization and intelligence. As technology continues to evolve, the baking industry will continue to introduce digital and smart technologies, such as the use of smart ovens and digitized baking recipes.

The industry still has a promising future. Grasping the new consumer trend, product design and store modeling to better meet the needs of consumers for "tasty but not expensive" and "tasty and healthy" may be the way to break through in the new year.

(2) Correlation between upstream, midstream, and downstream of the industry

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



(3) Various development trends of products

A. Increase in automation of production

With the advancement of science and technology and the promotion of "Industry 4.0", positioning and welding robots, transportation robots and other cutting-edge technologies have begun to mature, China's commercial bakery equipment industry has embraced the era of automation to reduce the level of intervention by production line operators. A higher degree of automation can effectively help commercial bakery equipment manufacturers to stabilize product quality, improve production efficiency, lower personnel costs and reduce raw material losses.

B. Internet of Things, cloud computing and other technologies to help improve product intelligence

With the maturity and application of the Internet of Things, cloud computing and other cutting-edge technologies, commercial bakery equipment in China will develop in a more intelligent direction in the future. Currently, leading foreign companies have already launched solutions in product intellectualization. Customers can transfer customized recipes and operation procedures to the equipment with a single click, and they can also know the maintenance status, cleaning status, and operation data of all connected equipment through remote system management.

C. Increase in market concentration

At present, the commercial bakery equipment industry in China has a relatively low degree of concentration, with less than 25% of CR5 enterprises, which refers to the top 5 enterprises in terms of market share. Except for a few leading enterprises, most of them are small in scale, lack R&D capability, and their products are mainly oriented to the middle and low-end markets, with varying quality and serious homogenization competition. With increasing competition and technological upgrading, high-quality enterprises with advanced technology and perfect marketing and service networks will stand out and gradually eliminate low-end and backward enterprises, thus increasing market concentration.

Compared with China, the commercial bakery equipment industry in Europe and the United States is well developed, with numerous mergers and acquisitions among large enterprises, further increasing market concentration.

D. Increase in global competitiveness of China enterprises

At present, commercial bakery equipment from China has been exported to the world. With the continuous improvement of product quality through technological research and development, increasing brand awareness through participation in international exhibitions, and perfecting after-sales service through cooperation with overseas traders, the export amount of commercial bakery equipment from China will maintain high growth, and the global competitiveness of enterprises in China will continue to improve.

(4) Competition

Among the CR5 companies in the China market, Sinmag has the largest market share, has a complete commercial bakery equipment product matrix and a comprehensive after-sales service network, has patented technology ahead of its competitors, and has positioned its brand as a high-end brand with affordable products. As a result, Sinmag's products are in the top position in China.

In terms of price and quality, global enterprises related to the commercial bakery equipment industry have excellent material and high quality products, but the price is often very high, so the price/performance ratio is not as good as that of Sinmag. In terms of sales and service, large foreign enterprises have many branches around the world, but very few branches in China. They lack comprehensive direct sales channels and after-sales service teams, and have to rely on middlemen for marketing and after-sales service, which results in after-sales service efficiency and quality being inferior to that of Sinmag. In addition, the product matrices of global companies in the commercial bakery equipment sector are usually not rich and complete enough to satisfy customers' needs for one-stop shopping. As a result, global companies are not as competitive as Sinmag and their market share in China is lower than that of Sinmag. In addition, although some of the global enterprises are capable of producing products such as ovens, their main products are various types of catering equipment, hotel equipment and food processing machinery, which are different from the commercial bakery equipment that is the main focus of Sinmag, and therefore the competition between these enterprises and Sinmag in the field of commercial bakery equipment is not intense.

In summary, in China, Sinmag has developed certain product and brand advantages, sales and service advantages, price-performance advantages and one-stop shopping advantages in the competition with global enterprises, and Sinmag has its own market share and market space.

Sinmag's global market share is relatively low, and its global market position is not prominent for the time being. This is mainly due to the fact that in the global market, large foreign enterprises have a long history of development of several decades or even hundreds of years, and are more powerful, with a large number of brands and greater brand influence. However, Sinmag has made certain progress in market expansion, product quality, product price, brand influence and product matrix through decades of accumulation in the field of commercial bakery equipment, and has a certain market position in the global market, and there is still much room for development in the future.

3. Technology and R&D Overview

(1) Technical level of the business

Sinmag's industry involves a wide range of technologies, technicians need to master the industry's sheet metal processing, mold making, heating, refrigeration, electrical technology, but also need to fully understand the characteristics of the customer's goods and needs and be familiar with the corresponding technology to achieve the customer's desired products. For example, in the process of producing short- and long-term bread, due to the difference in the added moisture content, the mixing force of the dough is not the same, so we should provide different mixer products with different performance and specifications for customers producing different bakery products. In addition, with the increasing requirements of the industry on energy consumption and environmental protection, Sinmag needs to have stronger design and development capabilities.

After years of development, Sinmag has accumulated rich production experience and technical capability, and the products produced are of high quality and good appearance, and have passed the product quality certification and environmental protection and energy consumption index certification of many countries. Sinmag has always attached great importance to scientific and technological innovation, continuously invested funds and personnel to carry out technological research and development, and vigorously promote the transformation of R&D results and their application in production practice, with a rich reserve of research and development projects. Sinmag's R&D projects are based on industrial policies, market demands and its own strategic planning, and have a certain degree of foresight.

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

Unit: NT$ Thousand

Item	2023	Current year as of March 31, 2024
R&D expenses	156,045	31,080
Net operating revenue	4,498,686	942,562
R&D expenses to net operating revenue ratio (%)	3.47%	3.30%

(3) Technology or products successfully developed

Thekey technologies currently mastered include mixing hook manufacturing technology, the technology that can accurately measure whether the dough mixing is completed, the application of hydraulic technology to split and roll machine, and more than the peers to save baking time and improve the quality of the oven, the company has always pay considerable attention to the research and development work, and strive to make progress Leading edge with the industry.

The models that have been developed and officially mass-produced are:

1. Bakery Mixer Series.
2. Cake Mixer Series.
3. Divider Series.
4. Sheeter Series.
5. Proofer Series.
6. Oven Series.
7. Toast Producing Machine Series.
8. Burger Producing Machine Series.
9. Slicer Series.
10. Donut Producing Machine Series.
11. Pizza Producing Machine Series.
12. Air Cooling Refrigerator Series.
13. Show Case Series.
14. Freezer Producing Machine Series.
15. Freezing and Refrigerating Working Table Series.
16. Danish Automatic Oil Wrapping Machine Series.
17. Sheeting Make Up Line Series.
18. Combi Oven Series.
19. Cake Machine Series.

The expected R&D equipment is as follows:

1. Quartz Tube Infrared Electric Toaster Oven: Install multiple quartz tube radiation heaters in the upper part of the oven cavity to heat the bread by radiation, and install traditional metal type electric heaters in the bottom part of the oven cavity to heat the bread by heat conduction and convection.
2. Infrared Chicken Roaster with Cleaning Function: For the upper part of the roaster, 2-4 transparent quartz tubes are installed, and the inner part of the tubes is made of tungsten wire or carbon fiber wire, which is used for roasting by radiant heating and convection of hot air.
3. New Pizza Mixer: It is a reinforced mixer which can mix 10kg of flour, and its small size can satisfy the needs of special customers.
4. Ice and water machine hydrodynamic research: The use of reduced-speed motor synchronization with the transmission of water mixing, instead of the original two-stage motor direct transmission method, to extend the life of the equipment.
5. Pure Stainless Steel Mixer: In order to respond to the government's environmental protection requirements, the demand for stainless steel mixers has been increasing year by year, and the structure has been improved.
6. Shaping Machine Roller Facing: To investigate the interaction between the shape, material and number of facing rollers on the facing, and to improve the quality.
7. Upgrading of existing bakery combinations: Conducting design studies and revisions in order to beautify existing bakery combinations and increase product competitiveness.
8. Humidifier structure upgrade: Traditional evaporator float structure is easy to use in the process of scale and stuck, resulting in shortening the life of the product, to improve the structure of the research.

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

(1) Short-term business development plans

A. Planning and arranging regular training programs for the business and engineering after-sales team of the permanent office, foreign branches and foreign agents to enhance the team's business and service capabilities.

B. Arranging and planning for the headquarters to visit each important development area to visit customers and assist in marketing and sales.

C. Replenish and train the shortage of manpower in the business and after-sales engineering organizations, expand the coverage and frequency of market visits and services, increase the number of inquiry cases, and follow up the recovery and development of the market in each region after the pandemic.

D. Promote the new appearance design combination equipment and refrigeration equipment to the market to expand sales.

E. Follow up to grasp the emerging bakery markets and online market platforms, actively participate in activities to promote the brand recognition of Sinmag, build up new customer relationships, and strive for new customer orders in the market.

F. Strengthen customer service, shorten product delivery time, ensure competitive advantage, and provide quality services to differentiate from other competitors and increase the company's value.

(2) Long-term business development plans

A. Promote food safety and certification of equipment specifications and popularize the use of stainless steel.

B. To develop new equipment to meet the needs of the international market in each country, to expand the sales area and equipment items, and to utilize the global synergy of resource sharing and cost reduction in product production, design, technology and sales channels.

C. Assisting agents in various countries to promote sales, including resuming support for bakery equipment exhibitions in various places, increasing visits to various places, providing professional technical and sales information, and assisting in increasing sales.

D. Integrate equipment specifications with production and adjust product mix to improve production efficiency, reduce cost and increase sales profit.

E. Continuously upgrade and improve the organization of sales and after-sales service, support resource investment, strengthen management and training according to the actual sales situation in each region to improve market competitiveness and increase sales.

F. Continuous R&D and innovation of equipment, creation of differentiated services, enhancement of customer satisfaction, and then increase the added value of products.

II. Market, Production, and Sales Overview

1. Market Analysis

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

Unit: NT$ Thousand

Region \ Year		2022 Consolidated sales	2022 Ratio	2023 Consolidated sales	2023 Ratio
Domestic sales		113,037	2.87%	105,577	2.35%
Export	America	1,052,439	26.74%	1,335,784	29.69%
	Asia	2,363,953	60.05%	2,707,566	60.19%
	Africa	154,434	3.92%	123,938	2.75%
	Europe	174,816	4.44%	153,228	3.41%
	Others	77,840	1.98%	72,593	1.61%
	Subtotal	3,823,482	97.13%	4,393,109	97.65%
Total		3,936,519	100.00%	4,498,686	100.00%

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

A. Market share

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

B. The future supply, demand, and growth of the market

In recent years, with the accelerated pace of people's life and the penetration of western food culture, bakery products have gradually emerged in the breakfast market, showing a certain trend of regular meals, and the market scale of the industry has further increased under the dual impetus of the demand for regular meals and leisure demand for bakery products. According to the data, the market size of China's bakery industry was RMB265.7 billion in 2021, and the growth rate of the industry's market size from 2015 to 2019 was over 9%, much higher than the growth rate of the global bakery industry's market size, which is estimated to maintain at a growth rate of around 7% in the next five years as well. The market size of China's bakery products industry reached RMB285.3 billion in 2022, representing a year-on-year growth of 9.7%. The market size is expected to reach RMB351.8 billion in 2025. Bakery products are basic consumer goods and are expected to continue to show steady growth after the lifting of the ban on bakery products.

Growth of China's baked goods market

a. Low per capita consumption, huge room for improvement

Although the bakery products industry in China has been growing rapidly in recent years, according to the data of China Chain Store Association, the annual per capita consumption of bakery products in China is 6.9 kilograms, 7.4 kilograms and 7.8 kilograms respectively from 2017 to 2019, and the annual per capita consumption has been improved, but the per capita consumption level is still a big gap compared with that of developed countries in Europe and the United States, and there is room for improvement in the future. From the perspective of volume, due to the late entry of bakery products in China, consumers are still in the process of acceptance, with the changes in dietary habits in the future, there is still room for improvement in per capita consumption. From the price point of view, the current bakery industry has a large number of small and medium-sized enterprises, individuals operating artisanal workshops are more common, so the quality of bakery products varies, the price of the product is relatively low, the future with the upgrading of consumer spending, consumer demand for product quality and consumer experience to improve, the unit price to enhance the bakery industry will also lead to the scale of the upward movement of the bakery industry.

b. Westernized dietary habits of the young generation drive the development of the industry

In recent years, with the accelerated pace of people's life and the penetration of western food culture, bakery products have gradually emerged in the breakfast market, showing a certain trend of regular meals, and the market scale of the industry has further increased under the dual impetus of the demand for regular meals and leisure demand for bakery products.

At present, the young generation is constantly pursuing a rich, convenient and fast lifestyle, and their dietary habits are gradually westernized, which in turn promotes the development of the baking industry. First of all, in terms of staple food structure, Western-style meals are more convenient to preserve and carry than traditional Chinese meals such as soybean milk and oil sticks, noodles and buns, etc., and there are a variety of flavors and varieties, which is in line with the young generation's fast-paced and diversified life style. As a result, bakery products are expected to increase their penetration rate in staple food consumption. Secondly, cafes and cake and dessert stores are gradually becoming the main places for leisure and relaxation, and "beverage + bakery" has become the mainstream of afternoon tea, while cakes and breads will grow steadily as leisure consumption. Finally, the prevalence of Western festivals and the pursuit of rituals by young people have also led to the rapid growth of baked goods as holiday consumption.

(3) Competitive niche

A. Emphasis on product technology research and development, with a complete product matrix of commercial bakery equipment, to meet the needs of one-stop shopping for customers

The Company emphasizes on product research and development, actively expands product series and lays out new product areas, and has formed 17 patents for invention, 91 patents for utility models, and 12 patents for design, which is far more than the number of patents of the same industry enterprises in China. Continuous investment in technology research and development has helped Sinmag to form a relatively complete product matrix of commercial bakery equipment. At present, Sinmag has nearly 300 product categories, covering almost all bakery equipment needs of bakery stores, supermarkets, restaurants and hotels, and central bakery factories, etc., and providing customers with personalized customized services.

As a leading company in China's commercial bakery equipment industry, Sinmag has grown into one of the most complete companies in the global commercial bakery equipment industry in terms of product line (product matrix), and one of the earliest companies in China to implement the full process of bakery equipment coverage. Currently, the Company's commercial bakery equipment includes mixers, egg beaters, splitters, rounders, shapers, baking boxes, freezer baking boxes, layer ovens, rotary ovens, hot air ovens, slicers, cake cabinets, etc., which are able to be used in the entire production process of bread, toast, cakes, cookies, pizzas, pastry and other types of bakery products, and cover the production, storage, display and other aspects. Based on the complete product line, the Company has launched the strategy of "one-stop shopping", which on one hand promotes cross-selling and enhances the customer unit price, and on the other hand helps customers to purchase all the commercial bakery equipment required for opening a store in one-stop shopping, improves the efficiency of customers' procurement and acceptance, and ensures that the complete set of bakery equipment will be in place quickly when the basic renovation of the store is completed, thus shortening the time of procurement and preparation time for opening a store, and avoiding the need of purchasing and preparing for the opening of the store.

B. We provide quality and timely after-sales service to our customers through our direct sales model in China

Sinmag is one of the few manufacturers in the commercial bakery equipment industry that focuses on direct sales in China. Currently, Sinmag has 39 offices or branches in China, which are managed by 13 sales regions, providing customers with quality and timely after-sales services.

Sinmag equips its branches or offices with bakers and engineers. Among them, the bakers are mainly responsible for the front-end sales of the products, such as providing customers with commercial bakery equipment product mix and matching suggestions, production area route planning, and commercial bakery equipment usage guidance based on the customer's production scale, store size, and bakery products sold. The engineers are a professional technical maintenance team, responsible for providing timely service after receiving the customer's maintenance demand, solving the after-sale problems of the products, and minimizing the economic loss caused by the equipment failure of the customer as much as possible.

C. Internationalization ahead of other companies, global sales presence

Since its establishment, Sinmag has been aggressively expanding into overseas markets, and now has subsidiaries in the United States, Malaysia and Thailand. The Company employs local personnel who are familiar with overseas markets for business development, in order to quickly collect market information and grasp sales opportunities. In recent years, the Company's products have been sold to the United States, Europe, Japan and other countries and regions around the world nearly 60 countries and regions.

D. Good brand reputation and a large number of quality customer base

Since its inception, Sinmag has been committed to the principle of "Service to Customers", believing that "Quality" and "Reputation" are the most important intangible assets of the Company, as well as the guarantee of developing customers and competing for business. In addition to continuous investment in research and development to ensure that customers can purchase advanced commercial bakery equipment, Sinmag insists on using high-standard raw materials and brand-name electronic components such as motors and compressors on the production side, as well as implementing refined production and processing techniques to ensure that each piece of equipment leaves the factory with high product quality. On the after-sales side, Sinmag has a service team of more than 250 people in China, which is able to handle the after-sales repair and maintenance issues for customers in a timely manner.

With a complete product matrix, excellent product quality, and timely after-sales service, after years of development, Sinmag has accumulated a good reputation and a large number of quality customers in the industry, with tens of thousands of orders for new stores or replacement of old equipment every year.

E. Leading position in China

According to the research report, in 2021, the market size of commercial bakery equipment in China is RMB4.08 billion, and enterprises other than the top five commercial bakery equipment manufacturers are overwhelmingly small enterprises and workshop-type factories, amounting to thousands, most of which do not have technological accumulations, lack of innovation capability, limited scale and standardization, and there is still a gap between the technological level and that of the advanced enterprises abroad.

Although the products of global enterprises participating in the China market are of high quality and made of good materials, they are overpriced and often do not have well-developed sales channels and after-sales service teams, and their reliance on intermediaries has resulted in mediocre after-sales services, which has led to limited competitiveness of global enterprises in the China market.

Therefore, although Sinmag is facing certain competition in the China market, the Company has a clear competitive advantage by virtue of its large-scale production capacity as well as its well-established sales channel and after-sales service team.

(4) Favorable and unfavorable factors of development prospect and countermeasures

A. Favorable factors

a. Bakery market growth in China

According to the data,the bakery products market in China grew from $278.38 billion in 2017 to $377.90 billion in 2021, at a CAGR of 7.9%, and is expected to continue to grow at a rate of 8.3% over the next five years, and is expected to reach $562.05 billion in 2026. Driving factors include higher per capita spending on bakery products, increased consumption of bakery products in more scenarios (e.g., pre-dinner, afternoon tea, tea breaks, celebratory events, etc.), gradual substitution of bakery products for rice and noodles as an important part of the daily diet, and continuous product innovations by bakery stores.

b. Growth in the number of bakery stores in China

The purchasing channels of bakery products include bakery stores (bakeries, Chinese pastry stores, new-style tea stores, etc.), supermarkets, convenience stores, hotels, western-style restaurants, quick-service restaurants, coffee shops, etc., with bakery stores being the most important sales channel for bakery products, accounting for 60% of the overall bakery products sales.

According to the data, the number of bakery stores in China grew continuously at a CAGR of 8.3% from 2017 to 2019, reaching 463,000 in 2019. In 2020, the number of offline bakery stores decreased by more than 10% compared to 2019 due to the impact of the global economic downturn, and despite the recovery in 2021 with the number growing to 461,000, it was still lower than the overall level in 2019. It is expected that in the next five years, as the global economy and market sentiment gradually rebound, consumers' enthusiasm for offline consumption will be restored, which will drive further growth in the number of offline bakery stores.

c. Increase in commercial bakery equipment penetration in bakery stores

On the one hand, automated and intelligent commercial bakery equipment can help bakeries improve production efficiency, realize less manned and unmanned bakery food processing, improve bakery production efficiency and reduce operating costs.

On the other hand, bakeries have increased the proportion of freshly baked baked goods supplied to cater to consumer demand for fresh, healthy baked goods, rather than buying mainly from centralized factories as they have done in the past, resulting in increased demand for the purchase of commercial bakery equipment.

d. Increase in demand for commercial bakery equipment in centralized bakery plants

In addition to bakery stores, western restaurants, fast food restaurants, hotels and other food and beverage establishments, consumers also purchase packaged bakery products from retail channels such as supermarkets, hypermarkets, convenience stores and e-commerce, which are often supplied through centralized factories. Over the past five years, the e-commerce channel has been the fastest-growing channel for baked goods sales in China, increasing from $11.07 billion in 2017 to $29.55 billion in 2021, with a CAGR of 27.8% (Source: China Insights Consultancy). The rapid growth in e-commerce channel sales is driving a rapid rise in demand for commercial bakery equipment from centralized bakery factories.

In addition, with the popularization of frozen dough technology in China and the increase in the chainization rate of bakery stores, the production model of purchasing frozen dough or semi-finished dough from centralized bakery factories for rising and baking in stores is gradually maturing, which is also driving the demand for commercial bakery equipment from centralized factories.

e. Commercial bakery equipment industry continues to make technological advances

After years of development, China has formed a relatively complete commercial bakery equipment industry chain, and some leading enterprises have mastered more mature production technology. Currently, new technologies promoted for commercial bakery equipment include nanoceramics, rapid freezing and infrared heat conduction, etc. For example, nanoceramics have good toughness and abrasion resistance, can be used in various parts of the baking equipment, thereby improving its corrosion and abrasion resistance, and extend the service life of the equipment; rapid freezing technology applied in the rapid freezing cabinet, can realize the rapid cooling so that the yeast in the dough into a short period of time into a dormant state, which is conducive to the production of high-quality frozen dough. In addition, intelligent and automated technologies are gradually being used in commercial bakery equipment.

f. China's commercial bakery equipment gradually recognized in international markets

With the gradual improvement of production technology and manufacturing process of commercial bakery equipment manufacturers in China, the commercial bakery equipment produced in China is recognized by more and more customers in the international market.

B. Unfavorable factors

a. Low industry concentration with a large number of small and medium-sized commercial bakery equipment manufacturers

After years of development, China's commercial bakery equipment industry has formed three major production centers in East China centered on Zhejiang, South China centered on Guangdong, and North China centered on Shandong, but there are still fewer large-scale enterprises in the industry, and the market is flooded with a large number of small-scale enterprises and workshop-type factories, and the number of these factories is as high as thousands.

Most of these small enterprises do not have R&D platform, through imitation or other channels to obtain technical information and production of related products at low prices, the lack of uniform standards of production and processing technology, equipment precision, materials, accessories and other aspects of the large-scale enterprises compared with the existence of large gaps, to the commercial bakery equipment industry has brought a low level, homogenization, disorderly market competition, affecting the industry's overall technological level and the large-scale enterprises on the research and development of new products proactively.

Countermeasures:

With increasing competition and technological upgrades, the Company continues to invest funds and personnel to carry out technological research and development, and strives to upgrade its technology and improve its marketing and service network.

b. Rising operating costs

The main operating costs in the commercial bakery equipment industry are raw material costs and labor costs. Among them, the most significant raw material is stainless steel sheet metal parts. According to the information of the Shanghai Futures Exchange, the closing price of the main stainless steel contract rose from $15,575/tonne when it was listed on September 25, 2019 to $16,820/tonne on December 31, 2022, with a cumulative increase of 7.99%, during which it reached a high of $22,125/tonne in March 2022, which is nearly double the price of the main stainless steel contract compared to the low of $11, 800/tonne in March 2020, which is the lowest point of the main stainless steel contract.

In addition, labor costs in China are also on an upward trend. According to the National Bureau of Statistics of China, the average annual wages of employed persons in urban units in China increased from $74,318 in 2017 to $106,837 in 2021, representing a compound annual growth rate of 9.5%. With the continuous increase in the cost of raw materials and labor costs, as well as other costs such as factory rent, equipment additions, sales network layout, marketing campaign expenses, etc., the production costs of commercial bakery equipment manufacturers in China continued to rise, which restrained the further development of the industry.

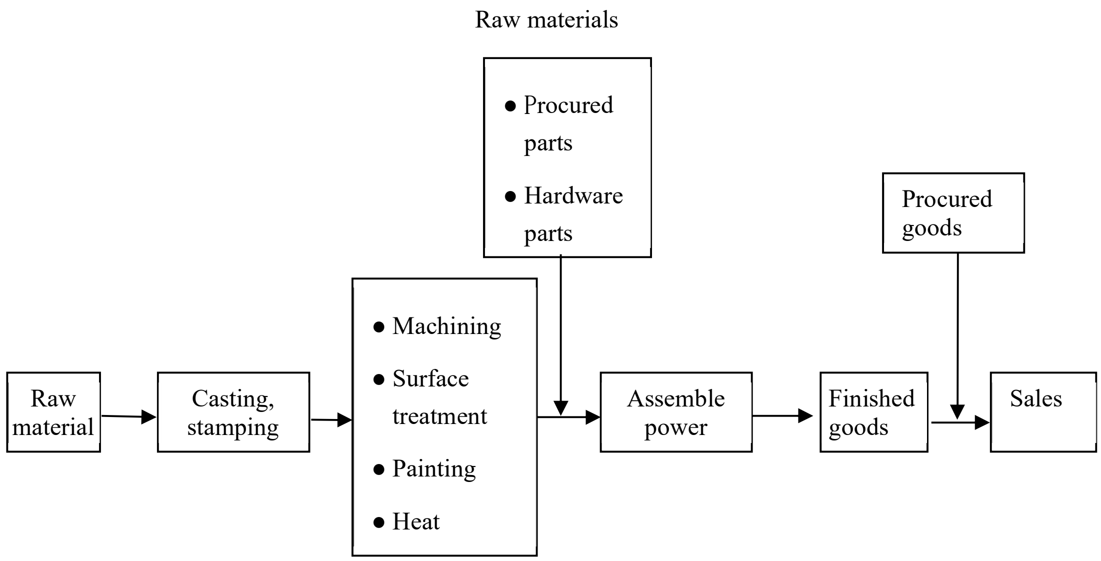
Countermeasures:

In addition to monitoring international raw material prices, the Company has strengthened its raw material inventory management in order to minimize the risk of loss on raw material prices. Moreover, the Company continuously improves and optimizes production processes to achieve the effect of saving materials and reducing production costs.

In terms of product design, the Company will continue to introduce new automated products in line with the concept of modern baking life. At the same time, the Company will keep up with the trend of intelligence and popularize the application of intelligent devices on the basis of further perfecting the core functions of the products, so as to further improve and optimize the baking experience.

2. Major applications and manufacturing process of main products
   (1) Major applications: The Company's baking equipment is used for the production of bread, toast, cake, mooncakes, and pizza, etc.

   (2) Manufacturing process:



3. Supply of main raw materials

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

4. The names of the customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent two years, as well as the amount and proportion of purchases (sales), and the reasons for the increase or decrease.
   (1) The Company has no supplier with more than 10% of the purchases in 2022 and 2023.
   (2) The Company has no customers with more than 10% of the sales in 2022 and 2023.

5. The Group's production volume and value for the past two years:

Unit: NT$ thousands/unit

Year / Production volume / Main product	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Mixer	21,900	17,094	548,204	17,248	15,824	541,019
Divider Rounder and Moulder	3,991	3,070	177,118	2,799	2,527	172,790
Sheeter	3,260	2,504	95,452	2,589	2,365	107,683
Proofer	7,547	5,834	262,940	7,120	6,563	275,847
Oven	24,439	19,114	800,632	15,005	13,837	817,914
Slicer	17,297	13,679	58,738	2,325	2,106	53,129
Fryer	140	110	1,996	99	91	1,445
Refrigerator	2,148	1,721	56,613	2,502	2,322	73,274
Show Case	686	548	42,634	516	479	36,179
Food Service Equipment	3,361	2,664	96,768	4,367	4,049	144,064
Other Machines	146	111	6,308	166	147	12,340
Other Parts	Note	Note	286,394	Note 1	Note 1	185,105
Bakeware	Note	Note	0	Note 1	Note 1	0
Total	84,915	66,449	2,433,797	54,736	50,310	2,420,789

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

6. The Group's sales volume and value for the past two years:

Unit: NT$ thousands/unit

Year / Sales volume / Main product	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
Mixer	195	16,882	17,516	760,808	169	13,322	16,713	824,824
Divider Rounder and Moulder	68	12,543	3,004	241,930	66	9,704	2,441	240,614
Sheeter	23	2,646	2,431	168,647	29	3,356	2,540	192,425
Proofer	119	15,586	5,148	457,148	96	12,333	5,490	487,708
Oven	271	39,113	13,217	1,437,111	211	37,255	11,948	1,614,475
Slicer	40	1,679	2,922	101,600	60	2,671	2,463	91,570
Fryer	0	0	88	3,286	1	40	101	3,056
Refrigerator	7	374	1,034	48,649	4	204	1,169	54,807
Show Case	0	0	460	42,973	0	0	428	43,409
Food Service Equipment	0	0	1,619	183,795	3	539	2,341	284,098
Other Machines	69	1,019	2,373	53,644	82	1,381	2,837	55,806

Year / Sales volume / Main product	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
Other parts (Note 2)	Note 1	23,004	Note 1	240,966	Note 1	24,035	Note 1	415,196
Bakeware	Note 1	191	Note 1	82,925	Note 1	738	Note 1	85,120
Total	792	113,037	49,812	3,823,482	721	105,578	48,471	4,393,108

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

Note 2: Includes service revenue.

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

Unit: Person

Year		2022	2023	As of May 15, 2024
Number of employees	Administration personnel	871	869	866
	Direct labor	541	523	524
	Total	1,412	1,392	1,390
Average age		41.36	42.09	41.39
Average year of services		11.77	12.38	11.82
Academic distribution ratio	Ph.D.	0.07%	0.07%	0.07%
	Master’s degree	0.50%	0.50%	0.50%
	Bachelor's degree	42.14%	43.11%	43.10%
	Senior high school	35.05%	34.34%	34.32%
	Below senior high school	22.24%	21.98%	22.01%

IV. Environmental Protection Expenditure

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

V. Labor Relations

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

1. Various employee welfare measures and implementation status

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

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

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

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

   -

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

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

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

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

2. Continuing education, training, and implementation status

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

   The Group's employee training in 2023 is as follows:

Unit: NT$

Item	Total number of employees	Total hours	Total expenses
Orientation training	38	520	0
Professional competency training	866	3603	501,226
Management skills training	2	24	16,000
Safety and health training	844	1765	24,844
Fire marshaling training	942	2727	2,857
Total	2692	8639	544,927

3. Retirement system and implementation status

   In accordance with the law, the Company contributes 6% of the monthly wages to the pension account of the Bureau of Labor Insurance for the new employees who joined the Company after July 2005 and the existing employees who chose to be subject to the New Pension Act.

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

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

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

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

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

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

(III) Code of Employee Conduct or Ethics:

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

1. Hierarchical responsibility:

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

2. Specify the work duties of each unit:

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

3. Reward and punishment specification:

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

4. Performance management:

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

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

6. Maintenance of trade secrets:
To ensure business interests and enhance the Company's competitiveness, employees have the obligation to strictly keep confidential Company business secrets. In order to avoid damage to the Company due to leaks, aside from expressly stipulated in the Regulations Governing Personnel Management, employees must sign labor contracts with specifications in the content to protect the Company's business secrets more comprehensively.

7. Sexual harassment prevention:
The Company has established sexual harassment prevention and complaint channels to provide a work and service environment free of sexual harassment.

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

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

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

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

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

VI. Information security management

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

In order to fully implement the information security system, the Company has established an information security policy implementation team in 2023, and has assigned an information security supervisor and an information security specialist to ensure the operation of the information security management system, and to identify the requirements and expectations of the Company's information security management system from internal and external issues as well as from stakeholder groups.

(1) Information security risk management

A. The information security management team is set up by the information officer of the Company. The information department is responsible for leading and planning, and each business-related unit cooperates in the execution to ensure the effectiveness of the Company's information security management operation.

B. This team is responsible for formulating the policy on information security management and reviewing and amending it periodically.

C. The team meets regularly to review implementation and reports regularly to the Board of Directors on implementation and review on an annual basis.

(2) Targets and scope of information security

Target: Includes employees, customers, suppliers and shareholders as well as operationally relevant information software and hardware equipment.

Scope: In order to ensure the security of the Company's information, relevant rules and regulations, application technology and data security standards are formulated and incorporated into the management and operation system to protect the privacy and security of information of employees, suppliers and customers in the course of their business dealings.

(3) Information security policy

A. The Company has established an information security policy and information security management measures to manage information security risks.

B. Computer equipment security management

a. The Company's application servers and other equipment are located in a dedicated server room, and records of access to and from the server room are kept for inspection.

b. The mainframe of the server room is equipped with uninterruptible power supply and voltage stabilizing equipment to avoid system crashes caused by unexpected power outages, or to ensure that the operation of computer applications will not be interrupted in the event of a temporary power failure.

C. Network security management

a. The entrance to the external network is equipped with a firewall to prevent hackers from illegally invading the system.

b. To access the system remotely from the Company's intranet, colleagues must apply for a VPN account and use the VPN security method to log in and use the system.

D. Virus protection and management

a. Endpoint protection software is installed on servers and colleagues' terminal computers. The virus code is automatically updated to ensure that the latest viruses can be blocked, and at the same time, potential threats can be detected and prevented from installing system executable files.

b. Spam filtering mechanism is built in to prevent viruses or spam from entering the user's computer.

E. System access control

a. The use of the application system by employees is subject to the Company's internal system privilege application procedure, which is approved by the supervisor in charge and the system account is created by the Information Department, and the access is authorized by the system administrator in accordance with the functional privileges applied for.

b. The password of the account is set with appropriate strength.

c. The Information Department will delete the system accounts when the employees leave the Company.

F. Ensure the operation of the system

a. System backup: A backup management system has been established with a daily backup mechanism and off-site backup.

b. Disaster recovery drills: Implement disaster recovery drills twice a year.

G. Information security promotion and training

a. Regularly promote the program. We ask our employees to change their system passwords on a quarterly basis to maintain account security.

b. Regularly implement information security education and training, information security policy and related implementation regulations.

(4) Information security specific management program

A. Firewall protection

a. The firewall sets the connection rules.

b. Additional openings are required for special connectivity needs.

B. User access control mechanism

a. Use an automated web site protection system to control users' online behavior.

b. Automatically filter users' Internet access to sites that may be linked to Trojan horse, ransomware or malware programs.

C. Anti-virus software: Use anti-virus software and automatically update the virus code to reduce the chance of virus infection.

D. Mail security control

a. There is automatic email scanning threat protection to prevent unsafe attachments, phishing emails, and spam before users receive emails, as well as expanded protection against malicious links.

b. When a PC receives an email, the antivirus software also scans it for unsafe attachments.

E. Data backup mechanism

a. Critical information system databases are set to be backed up on a daily basis.

b. Build off-site backup.

(5) Resources for information security

Information security is the responsibility of the Information Department of the Company, with a total of two people, and is reviewed in quarterly meetings. For important information security work such as upgrading the operating system or important software of the system host, disaster recovery drills, and other important information security work, the Information Department conducts quarterly reviews and planning, and determines whether there are any loopholes in the investment of resources in information equipment and system configuration through unscheduled information security inspections, and then executes them after compiling the budget for information security.

(6) Emergency notification procedures

When an information security incident occurs, the unit in which it occurs notifies the Information Department, determines the type of incident, identifies the problem, handles the incident immediately, and leaves a record of the incident.

(II) Specify the loss, potential impact and countermeasures caused by material information security incidents during the latest year and up to the printing date of this annual report. If they cannot be reasonably estimated, the reasons for not being able to be estimated shall also be specified.

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

VII. Important Contracts

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

Contract nature	Party	Contract period	Main content	Restriction clause
Construction contract	Jiangsu Zhihuiyou Construction Engineering Co., Ltd.	2023.04.30-2023.11.18	Sinmag Equipment (China) Co., Ltd., a third-tier subsidiary of the Company, appointed Jiangsu Zhihuiyou Construction Engineering Co., Ltd. to construct an assembly center.	None
Construction contract	Tong Yuan Construction Company Kuo-Chen Lin	2024.03.25-2024.06.30	Appointed Tong Yuan Construction Co., Ltd. and Kuo-Chen Lin to contract for the main entrance staircase podium, toilets and related refurbishment works.	None
Loan contract	Hua Nan Commercial Bank Ltd.	2019.03.09-Construction completed	The Company participated in "Urban Renewal Rights Conversion Plan for No. 316 and 316-2 of Sec 2, Huaisheng Section, Da'an Dist. Taipei City", which was self renewed and reconstructed by the original owner of the land and the legal building at his own expense, and approved to establish the "Urban Renewal Association No. 316 and 316-2 of Sec 2, Huaisheng Section, Da'an Dist. Taipei City" (hereinafter referred to as "URA"). URA and the Trust Department of Hua Nan Commercial Bank Ltd. jointly signed the real estate trust contract, and URA also served as the Loan Applicant to apply for construction financing to Hua Nan Commercial Bank Ltd., and the relevant funds were delivered to the trust account of Hua Nan Commercial Bank Ltd. for management. The co-payment costs incurred in this case will, upon completion of the plan update, be apportioned to the original land and legal building owner participating in this case according to the proportion of the land rights value within the scope of the renewal unit, who will become the loan debtor of Hua Nan Commercial Bank Ltd. at the same time.	None

Chapter VI. Financial Information

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

(I) Condensed balance sheet for the past five years

(1) Consolidated Financial Statements

Unit: NT$ Thousand

Item \ Year		Financial information for the past five years (Note 2)					Current year financial information as at March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		2,022,326	1,939,183	2,095,792	2,249,974	2,403,227	2,454,509
Property, plant, and equipment		1,065,760	1,020,344	1,070,009	1,137,526	1,180,795	1,203,762
Intangible assets		5,433	6,586	5,704	6,264	8,231	8,751
Other assets		207,928	480,622	546,358	326,833	389,865	451,555
Total assets		3,301,447	3,446,735	3,717,863	3,720,597	3,982,118	4,118,577
Current liabilities	Before distribution	871,996	1,014,838	1,196,797	903,572	827,702	1,251,491
	After distribution	1,123,147	1,355,901	1,548,409	1,204,953	1,279,774 (Note 1)	(Note 1)
Non-current liabilities		194,073	99,872	96,164	110,679	173,591	179,478
Total liabilities	Before distribution	1,066,069	1,114,710	1,292,961	1,014,251	1,001,293	1,430,969
	After distribution	1,317,220	1,455,773	1,644,573	1,315,632	1,453,365 (Note 1)	(Note 1)
Equity attributable to owners of the parent company		2,176,933	2,268,971	2,402,890	2,589,495	2,856,738	2,576,876
Share capital		502,302	502,302	502,302	502,302	502,302	502,302
Capital surplus		75,738	75,738	77,765	206,827	206,827	206,827
Retained earnings	Before distribution	1,759,646	1,850,503	2,014,058	2,004,543	2,302,847	1,988,030
	After distribution	1,508,495	1,509,440	1,662,446	1,703,162	1,850,775 (Note 1)	(Note 1)
Other equity		(160,753)	(159,572)	(191,235)	(124,177)	(155,238)	(120,283)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		58,445	63,054	22,012	116,851	124,087	110,732
Total equity	Before distribution	2,235,378	2,332,025	2,424,902	2,706,346	2,980,825	2,687,608
	After distribution	1,984,227	1,990,962	2,073,290	2,404,965	2,528,753 (Note 1)	(Note 1)

Note 1: The distribution of cash dividends from the 2023 earnings was approved by the Board of Directors on March 13, 2024.

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

(2) Parent Company-only Financial Statements

Unit: NT$ Thousand

Item \ Year		Financial information for the past five years (Note 2)				
		2019	2020	2021	2022	2023
Current assets		333,617	274,876	394,154	379,119	272,896
Property, plant, and equipment		111,894	108,683	104,631	110,915	114,969
Intangible assets		238	134	64	48	31
Other assets		2,245,849	2,278,244	2,511,249	2,497,170	2,747,692
Total assets		2,691,598	2,661,937	3,010,098	2,987,252	3,135,588
Current liabilities	Before distribution	421,931	333,404	515,396	294,388	147,867
	After distribution	673,082	674,467	867,008	595,769	599,939 (Note 1)
Non-current liabilities		92,734	59,562	91,812	103,369	130,983
Total liabilities	Before distribution	514,665	392,966	607,208	397,757	278,850
	After distribution	765,816	734,029	958,820	699,138	730,922 (Note 1)
Share capital		502,302	502,302	502,302	502,302	502,302
Capital surplus		75,738	75,738	77,765	206,827	206,827
Retained earnings	Before distribution	1,759,646	1,850,503	2,014,058	2,004,543	2,302,847
	After distribution	1,508,495	1,509,440	1,662,446	1,703,162	1,850,775 (Note 1)
Other equity		(160,753)	(159,572)	(191,235)	(124,177)	(155,238)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	2,176,933	2,268,971	2,402,890	2,589,495	2,856,738
	After distribution	1,925,782	1,927,908	2,051,278	2,288,114	2,404,666 (Note 1)

Note 1: The distribution of cash dividends from the 2023 earnings was approved by the Board of Directors on March 13, 2024.

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

(II) Comprehensive income statements for the past five years

(1) Consolidated Financial Statements

Unit: NT$ Thousand

Item \ Year	Financial information for the past five years (Note)					Current year financial information as at March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	4,164,628	3,300,489	4,294,503	3,936,519	4,498,686	942,562
Gross profit	1,705,525	1,339,739	1,583,271	1,467,105	1,905,454	414,058
Operating profit (loss)	662,080	488,841	692,414	552,827	874,899	201,703
Non-operating income and expenses	25,471	3,949	9,852	73,868	60,382	11,992
Net income before tax	687,551	492,790	702,266	626,695	935,281	213,695
Continuing operations net income	515,502	353,546	519,458	354,686	636,359	146,745
Loss from discontinued operations	0	0	0	0	0	0
Net income	515,502	353,546	519,458	354,686	636,359	146,745
Other comprehensive income (net value after tax)	(64,266)	(193)	(37,985)	72,786	(36,111)	37,028
Total comprehensive income	451,236	353,353	481,473	427,472	600,248	183,773
Net income attributable to owners of the parent company	503,361	340,940	510,167	336,569	603,037	137,255
Net income attributable to non-controlling interest	12,141	12,606	9,291	18,117	33,322	9,490
Total comprehensive income attributable to owners of the parent company	440,751	343,189	472,955	413,405	568,624	172,210
Total comprehensive income attributable to non-controlling interests	10,485	10,164	8,518	14,067	31,624	11,563
Earnings per share	10.02	6.79	10.16	6.70	12.01	2.73

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

(2) Parent Company-only Financial Statements

Unit: NT$ Thousand

Item \ Year	Financial information for the past five years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	981,102	736,660	1,123,231	467,828	387,085
Gross profit	150,503	111,643	143,286	115,920	95,939
Operating profit (loss)	11,597	2,679	13,126	23,555	(6,708)
Non-operating income and expenses	531,787	363,567	557,376	462,787	681,089
Net income before tax	543,384	366,246	570,502	486,342	674,381
Continuing operations net income	503,361	340,940	510,167	336,569	603,037
Loss from discontinued operations	0	0	0	0	0
Net income	503,361	340,940	510,167	336,569	603,037
Other comprehensive income (net value after tax)	(62,610)	2,249	(37,212)	76,836	(34,413)
Total comprehensive income	440,751	343,189	472,955	413,405	568,624
Earnings per share	10.02	6.79	10.16	6.70	12.01

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

(III) Financial analysis for the past five years

(1) Consolidated Financial Statements

Item		Financial analysis for the past five years (Note) 2019	2020	2021	2022	2023	Current year as of March 31, 2024
Financial structure (%)	Ratio of liabilities to assets	32.29	32.34	34.77	27.26	25.14	34.74
	Ratio of long-term capital to property, plant, and equipment	217.98	231.05	228.74	238.80	253.61	223.26
Solvency (%)	Current ratio	231.91	191.08	175.11	249.00	290.34	196.12
	Quick ratio	156.60	127.24	104.73	154.78	200.21	129.60
	Times interest earned ratio	9,621.54	9,433.14	19,793.38	10,611.48	54,382.12	83,901.96
Operation performance	Accounts receivable turnover rate (times)	7.11	6.60	8.18	7.80	9.52	8.21
	Average days for cash receipts	51	55	45	47	38	44
	Inventory turnover rate (times)	3.78	3.12	3.72	2.96	3.30	2.73
	Payables turnover rate (times)	8.67	7.02	8.91	9.37	11.85	9.52
	Average days for sale of goods	97	117	98	123	110	133
	Turnover rate for property, plant, and equipment (times)	4.36	3.16	4.10	3.56	3.88	3.16
	Total asset turnover rate (times)	1.27	0.97	1.19	1.05	1.16	0.93
Profitability	Asset return ratio (%)	15.95	10.60	14.58	9.66	16.55	14.51
	Equity return ratio (%)	23.68	15.48	21.84	13.82	22.37	20.71
	Ratio of income before tax to paid-in capital (%)	136.88	98.10	139.80	124.76	186.19	170.17
	Net profit ratio (%)	12.37	10.71	12.09	9.01	14.14	15.56
	Earnings per share (NT$)	10.02	6.79	10.16	6.70	12.01	2.73
Cash flow	Cash flow ratio (%)	85.09	47.36	31.30	65.88	98.77	8.25
	Cash flow sufficiency ratio (%)	119.38	130.46	101.97	109.85	120.26	119.80
	Cash reinvestment ratio (%)	14.51	7.77	0.92	6.98	13.00	2.91
Leverage	Operating leverage	1.11	1.16	1.12	1.18	1.13	1.14
	Financial leverage	1.01	1.01	1.00	1.01	1.00	1.00

Explain changes in financial ratios over the past two fiscal years: (Not required if the difference does not exceed 20%) 1. The increase in quick ratio was mainly due to the repayment of short-term loans. 2. The increase in times interest earned ratio was mainly due to the increase in net income before tax and the decrease in interest expense on repayment of borrowings. 3. The increase in accounts receivable turnover rate was mainly due to the increase in operating revenues as a result of higher market demand. 4. The increase in payables turnover rate was mainly due to the increase in operating revenues, which resulted in higher costs. 5. The increases in asset return ratio, equity return ratio, ratio of income before tax to paid-in capital, net profit ratio and earnings per share were mainly due to the increase in profitability as a result of the increase in demand in overseas markets. 6. Cash flow: The increase in cash flow ratio was mainly due to the increase in net cash inflow from operating activities as a result of good profit for the year. The increase in cash reinvestment ratio was mainly due to the increase in net cash inflow from operating activities and the decrease in cash dividends paid compared to last year.

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

(2) Parent Company-only Financial Statements

Item		Financial analysis for the past five years (Note) 2019	2020	2021	2022	2023
Financial structure (%)	Ratio of liabilities to assets	19.12	14.76	20.17	13.31	8.89
	Ratio of long-term capital to property, plant, and equipment	1,945.53	2,087.69	2,299.09	2,343.78	2,496.84
Solvency (%)	Current ratio	79.06	82.44	76.47	128.78	184.55
	Quick ratio	62.42	61.91	60.70	106.10	139.73
	Times interest earned ratio	38,665.22	28,425.29	44,120.21	22,615.83	446,709.93
Operation performance	Accounts receivable turnover rate (times)	4.71	4.16	5.69	3.19	7.87
	Average days for cash receipts	77	88	64	114	46
	Inventory turnover rate (times)	9.81	9.29	13.36	5.01	4.45
	Payables turnover rate (times)	3.78	3.66	7.19	3.30	7.29
	Average days for sale of goods	37	39	27	73	82
	Turnover rate for property, plant, and equipment (times)	8.49	6.67	10.53	4.34	3.42
	Total asset turnover rate (times)	0.37	0.27	0.39	0.15	0.12
Profitability	Asset return ratio (%)	19.22	12.77	18.02	11.28	19.70
	Equity return ratio (%)	23.74	15.33	21.84	13.48	22.14
	Ratio of income before tax to paid-in capital (%)	108.17	72.91	113.57	96.82	134.25
	Net profit ratio (%)	51.3	46.28	45.41	71.94	155.78
	Earnings per share (NT$)	10.02	6.79	10.16	6.70	12.01
Cash flow	Cash flow ratio (%)	20.46	(36.28)	(6.62)	13.47	(80.17)
	Cash flow sufficiency ratio (%)	0.90	(4.73)	(6.97)	(3.93)	(7.62)
	Cash reinvestment ratio (%)	(10.56)	(15.94)	(15.10)	(11.54)	(14.02)
Leverage	Operating leverage	1.34	2.48	1.25	1.11	0.43
	Financial leverage	1.13	1.93	1.10	1.10	0.97

Explain changes in financial ratios over the past two fiscal years: (Not required if the difference does not exceed 20%) 1. Financial structure: The decrease in the ratio of liabilities to assets was mainly due to the repayment of short-term borrowings and the decrease in income tax liabilities during the period. 2. Solvency: The increase in current ratio and quick ratio was mainly due to the repayment of short-term loans and the decrease in income tax liabilities. The increase in times interest earned ratio was mainly due to the decrease in interest expense resulting from the repayment of short-term loans and the increase in profits from overseas reinvestment. 3. Operating ability: The decrease in operating revenues and operating costs was mainly due to the adjustment of the Group's sales policy. 4. Profitability: Mainly due to the increase in profit from overseas reinvestment. 5. Cash flow: The decrease in cash flow ratio was mainly due to the decrease in the ability to offset current liabilities as a result of net cash outflows from operating activities. The decreases in cash flow sufficiency ratio and cash reinvestment ratio were mainly due to net cash outflows from operating activities. 6. Leverage: Decrease in operating leverage and adjustments to the Group's sales policy resulted in a decrease in net operating profit.

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

Note: Formulas of the analysis item are as follows:

1. Financial structure
(1) Debt ratio = Total liabilities/Total assets.
(2) The ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment.

2. Solvency
(1) Current ratio = Current assets/Current liabilities.
(2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
(3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses.

3. Operation performance
(1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities).
(2) Average days for cash receipts = 365/Accounts receivable turnover.
(3) Inventory turnover rate= Cost of sales/Average inventory.
(4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities).
(5) Average days for sale of goods = 365/Inventory turnover.
(6) Turnover rate for property, plant, and equipment = Net sales/Average net property, plant, and equipment.
(7) Total asset turnover rate = Net sales/Average total assets.

4. Profitability
(1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.

(2) Equity return ratio = Profit or loss after tax/Average total equity.
(3) Net profit ratio = Profit or loss after tax/Net sales.
(4) Earnings per share = (Income attributable to owners of the parent company - Preferred shares dividends)/Weighted average number of shares issued.

5. Cash flow

(1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
(2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital).

6. Leverage:

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income.
(2) Financial leverage = Operating income/(Operating income - Interest expenses).

(IV) Names of CPA and audit opinions for the past five years

Year	CPA Firm	CPA	Audit Opinion
2019	Deloitte & Touche	Chao-Mei Chen Chiang-Hsun Chen	Unqualified opinion with other matters paragraph
2020	Deloitte & Touche	Chiang-Hsun Chen Chao-Mei Chen	Unqualified opinion with other matters paragraph
2021	Deloitte & Touche	Chiang-Hsun Chen Chao-Mei Chen	Unqualified opinion with other matters paragraph
2022	Deloitte & Touche	Chiang-Hsun Chen Chao-Mei Chen	Unqualified opinion
2023	Deloitte & Touche	Chiang-Hsun Chen Chao-Mei Chen	Unqualified opinion

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

Sinmag Equipment Corporation
Audit Committee’s Review Report

Hereby approved.

The Board of Directors has submitted the 2023 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,

2024 Annual Shareholders’ Meeting of Sinmag Equipment Corporation

Sinmag Equipment Corporation

Convener of the Audit Committee _______________

13 March, 2024

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

For the Company's 2023 parent company-only financial report, please refer to pages 195 to 256 of this annual report.

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

For the 2023 consolidated financial report of the parent company and the subsidiary company, please refer to pages 257 to 331 of this annual report.

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

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

I. Financial Position

(I) Comparative analysis of the financial position

(1) Consolidated Financial Statements

Unit: NT$ Thousand

Item \ Year	December 31, 2023	December 31, 2022	Difference	
			Increases (decreases)	%
Current assets	2,403,227	2,249,974	153,253	7%
Property, plant, and equipment	1,180,795	1,137,526	43,269	4%
Intangible assets	8,231	6,264	1,967	31%
Other assets	389,865	326,833	63,032	19%
Total assets	3,982,118	3,720,597	261,521	7%
Current liabilities	827,702	903,572	(75,870)	-8%
Non-current liabilities	173,591	110,679	62,912	57%
Total liabilities	1,001,293	1,014,251	(12,958)	-1%
Equity attributable to owners of the parent company	2,856,738	2,589,495	267,243	10%
Share capital	502,302	502,302	0	0%
Capital surplus	206,827	206,827	0	0%
Retained earnings	2,302,847	2,004,543	298,304	15%
Other equity	(155,238)	(124,177)	(31,061)	25%
Treasury stock	0	0	0	0%
Non-controlling interest	124,087	116,851	7,236	6%
Total equity	2,980,825	2,706,346	274,479	10%

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

1. The increase in non-current liabilities was mainly due to the increase in deferred income tax liabilities.
2. Decrease in other equity: The decrease was mainly due to the decrease in exchange differences on the translation of the financial statements of foreign operations as a result of exchange rate fluctuations.

(2) Parent Company-only Financial Statements

Unit: NT$ Thousand

Item \ Year	December 31, 2023	December 31, 2022	Difference	
			Increases (decreases)	%
Current assets	272,896	379,119	(106,223)	-28%
Property, plant, and equipment	114,969	110,915	4,054	4%
Intangible assets	31	48	(17)	-35%
Other assets	2,747,692	2,497,170	250,522	10%
Total assets	3,135,588	2,987,252	148,336	5%
Current liabilities	147,867	294,388	(146,521)	-50%
Non-current liabilities	130,983	103,369	27,614	27%
Total liabilities	278,850	397,757	(118,907)	-30%
Share capital	502,302	502,302	0	0%
Capital surplus	206,827	206,827	0	0%
Retained earnings	2,302,847	2,004,543	298,304	15%
Other equity	(155,238)	(124,177)	(31,061)	25%
Treasury stock	0	0	0	0%
Non-controlling interest	0	0	0	0%
Total equity	2,856,738	2,589,495	267,243	10%

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

1. Decrease in current assets: Mainly due to decrease in cash and cash equivalents.
2. Decrease in current liabilities: Mainly due to repayment of short-term loans and decrease in income tax liabilities.
3. The increase in non-current liabilities was mainly due to the increase in deferred income tax liabilities.
4. Decrease in total liabilities: Mainly due to repayment of short-term loans and decrease in current income tax liabilities.
5. Decrease in other equity: The decrease was mainly due to the decrease in exchange differences on the translation of the financial statements of foreign operations as a result of exchange rate fluctuations.

II. Financial Performance

(I) Analysis of financial performance

(1) Consolidated Financial Statements

Unit: NT$ Thousand

Item \ Year	2023	2022	Difference	
			Increases (decreases)	%
Operating revenue	4,498,686	3,936,519	562,167	14%
Operating costs	(2,593,232)	(2,469,414)	123,818	5%
Gross profit	1,905,454	1,467,105	438,349	30%
Operating expenses	(1,030,555)	(914,278)	116,277	13%
Operating profit	874,899	552,827	322,072	58%
Non-operating income and (expenses)	60,382	73,868	(13,486)	-18%
Net income before tax	935,281	626,695	308,586	49%
Income tax expenses	(298,922)	(272,009)	26,913	10%
Net income after tax	636,359	354,686	281,673	79%

Analysis of the increase and decrease ratio:

1. Increase in gross profit and net profit from operations: Mainly due to the increase in demand in overseas markets and increase in operating income.
2. Increase in net income before tax and net income after tax: Mainly attributable to the increase in operating revenues, which resulted in an increase in profit.

(2) Parent Company-only Financial Statements

Unit: NT$ Thousand

Item \ Year	2023	2022	Difference	
			Increases (decreases)	%
Operating revenue	387,085	467,828	(80,743)	-17%
Operating costs	(291,701)	(364,216)	(72,515)	-20%
Gross profit	95,384	103,612	(8,228)	-8%
Operating expenses	(102,647)	(92,365)	10,282	11%
Operating (loss) profit	(6,708)	23,555	(30,263)	-128%
Non-operating income and (expenses)	681,089	462,787	218,302	47%
Net income before tax	674,381	486,342	188,039	39%
Income tax expenses	(71,344)	(149,773)	(78,429)	-52%
Net income after tax	603,037	336,569	266,468	79%

Analysis of the increase and decrease ratio:

1. Decrease in operating costs and operating net income: Mainly attributable to the adjustment of the Group's sales policy.
2. Increase in non-operating income, net income before tax and net income after tax: Mainly attributable to the increase in profit due to the increase in demand in overseas markets.
3. Decrease in income tax expense: The decrease was mainly due to the adjustments to the Group's structure in the prior period, but not in the current period, resulting in a decrease in income tax expense.

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

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

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

III. Cash Flow

(I) Analysis of cash flow changes in the previous year:

(1) Consolidated Financial Statements

Item \ Year	2023	2022	Increase (decrease) ratio
Cash flow ratio %	98.77	65.88	49.92%
Cash flow sufficiency ratio %	120.26	109.85	9.48%
Cash reinvestment ratio %	13.00	6.98	86.25%
Change ratio analysis: The increase in cash flow ratio and cash reinvestment ratio was mainly due to the increase in net cash inflow from operating activities as a result of good profit for the year, which resulted in an increase in the ability of cash flows from operating activities to cover current liabilities.			

(2) Parent Company-only Financial Statements

Item \ Year	2023	2022	Increase (decrease) ratio
Cash flow ratio %	(80.17)	13.47	-695.17%
Cash flow sufficiency ratio %	(7.62)	(3.93)	-93.89%
Cash reinvestment ratio %	(14.02)	(11.54)	-21.49%
Change ratio analysis: 1. The decrease in cash flow ratio was mainly due to the net cash outflow from operating activities, which resulted in a decrease in the ability of cash flows from operating activities to cover current liabilities. 2. The decreases in cash flow sufficiency ratio and cash reinvestment ratio were mainly due to the increase in net cash outflows from operating activities.			

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

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

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

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

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

1. Reinvestment policy for the most recent fiscal year:

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

2. The main reasons for the profit or loss of reinvestment, the improvement plan, and the investment plan for the coming year:

   The Company's reinvestment using the equity method all focuses on long-term strategic purposes. In 2023, the profit from reinvestment under the equity method is NT$683,894 thousand. In the future, the reinvestment plan will proceed with careful evaluation based on the principle of long-term strategic investment.

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

(I) The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

(1) Risk of interest rate changes

Unit: NT$ Thousand

Item of the year	2023	2022
Interest income	27,273	21,681
Interest expenses	1,723	5,962
Net operating revenue	4,498,686	3,936,519
Operating profit	874,899	552,827
Interest income/net operating revenue (%)	0.61%	0.55%
Interest income/operating profit (%)	3.12%	3.92%
Interest expense/net operating revenue (%)	0.04%	0.15%
Interest expense/operating profit (%)	0.20%	1.08%

The Company's interest expense for 2023 is NT$1,723 thousand, which accounts for 0.04% and 0.20% of the year's net operating income and operating profit respectively. To avoid the impact of interest rate changes, the Company will take the following countermeasures as appropriate:

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

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

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

(2) Risk of exchange rate changes

Unit: NT$ Thousand

Item of the year	2023	2022
Net exchange (loss) gain	13,465	54,750
Net operating revenue	4,498,686	3,936,519
Operating profit	874,899	552,827
Net exchange (loss) gain/net operating revenue (%)	0.30%	1.39%
Net exchange (loss) gain/operating profit (%)	1.54%	9.90%

The Company is mainly for export and mostly quotes and receives payments in US dollars. Therefore, exchange rate changes have a certain impact on the Company's profit and loss. The net exchange profit for 2023 is NT$13,465 thousand. In the future, we will strengthen the management of foreign exchange risk and continue to implement the following measures to cope with the impact of exchange rate fluctuations:

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

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

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

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

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

(3) Risk of inflation

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

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

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

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

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

1. The Company and its subsidiaries did not engage in high-risk, high-leverage investments in 2023 and as of the publication date of the annual report.

2. The Company and its subsidiaries have no loan to others in 2023 and as of the publication date of the annual report.

3. Sinmag Equipment (China) Co., Ltd. engaged in derivative transactions with a written-off amount of RMB100 million and a realized profit of RMB316,783.55 in 2023, and engaged in derivative transactions with a written-off amount of RMB 90 million and an un-written-off amount of RMB0 with a realized profit of RMB 386,027.40 as at 30 April 2024, respectively. The derivative financial commodity traded is the use of the Company's idle funds for financial planning. The products traded are all structured deposit commodities with guaranteed capital and income. The banks dealing with transactions are the banks that the Company deals with, which can avoid system and credit risks without incurring losses.

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

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

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

Expected future R&D project

Project name	Mass production schedule	Explanation	Project content	Main factors of success	Current progress	Expected future expenditure
Quartz Tube Infrared Oven	The test is scheduled for September 2024, and a sample machine is expected to be manufactured in December 2024.	The upper part of the oven cavity is equipped with quartz tube heaters to heat the bread by radiation, while the bottom part of the oven cavity is equipped with conventional metal type electric heaters to heat the bread by heat conduction and convection.	To study the characteristics of quartz tube heating tubes, the installation and fixing method in the oven.	1. Reduction of operating time and optimization of the uniformity of food heating. 2. Infrared quartz heating modules and furnaces are smaller in size and volume than conventional hot air heating equipment.	Tests have been conducted.	Depends on the project execution status.
Infrared Chicken Oven with Washout	The test is scheduled for September 2024, and a sample machine is expected to be manufactured in December 2024.	The upper part of this roaster is equipped with 2-4 transparent quartz tubes with electric heaters, the inner part of the electric heaters is made of tungsten wire or carbon fiber wire, which is radiantly heated with hot air convection for roasting.	To study the installation and fixation of quartz electric heaters in chicken roasters, the effect of quartz electric heaters' radiation and hot air convection patterns on food roasting; to study the cleaning structure.	The medium wave infrared emitted by this type of heaters can realize the maximum energy transmission, which can better penetrate the food and improve the baking efficiency. However, its power consumption is lower than that of traditional metal heaters, and it has a certain energy-saving effect.	Tests have been conducted.	Depends on the project execution status.

Project name	Mass production schedule	Explanation	Project content	Main factors of success	Current progress	Expected future expenditure
Pizza Mixer	The test is scheduled for October 2024, and a sample machine is expected to be manufactured in December 2024.	Enhanced whisk, can mix 10kg of flour, equivalent to a small machine to realize the function of a large machine.	To study the stress state of the main components and carry out strength calibration; to study the gearbox transmission mechanism.	It can mix up to 10kg of flour but with small volume to satisfy the needs of special customers.	Tests have been conducted using similar machines.	Depends on the project execution status.
Fluid Dynamics of Ice and Water Dispensers	The test is scheduled for August 2024, and the research is expected to finish in November 2024.	The water is stirred by using a speed-reducing motor with synchronous belt transmission, instead of the original two-stage motor direct transmission, in order to prolong the service life of the equipment.	To study the structure of water mixing blade, to study the relationship between rotational speed and the size of water texture, and to study the control of mixing noise.	Extend the life of the chiller to meet the basic needs of customers.	Tests have been conducted.	Depends on the project execution status.
Pure Stainless Steel Blender Study	The test is scheduled for May 2024, and the research is expected to finish in November 2024.	In response to the requirements of environmental protection, the market demand for stainless steel mixers is increasing year by year, and it is necessary to conduct research.	To study the craftsmanship of stainless steel mixer, surface treatment.	To meet the requirements of environmental protection and satisfy the needs of our customers.	Structural research in progress.	Depends on the project execution status.
Shaping Machine Roller Pressure Surface Study	The test is scheduled for October 2024, and a sample machine is expected to be manufactured in December 2024.	The shape of embossing rollers, the material of the rollers, and the number of rollers have different effects on the embossing, so it is important to investigate the relationship and develop a shaping machine with the best performance.	To study the material of rollers suitable for pressing and shaping, the material and installation method of flexible scraper, and to carry out pressing and shaping test.	It can enhance the quality of the shaping machine and increase the competitiveness in the market.	Data is currently being collected.	Depends on the project execution status.

Project name	Mass production schedule	Explanation	Project content	Main factors of success	Current progress	Expected future expenditure
Upgraded grill combinations	The test is scheduled for April 2024, and a sample machine is expected to be manufactured in May 2024.	The aesthetic design of the existing bakery combinations is crucial and directly affects their sales volume, so it is necessary to carry out an upgrade study in response to the market demand.	Study of the exterior design of each equipment of the present baking combination, and the exterior design of the combination.	It can beautify the existing baking combination and improve the competitiveness of the products in the market.	Modeling design in progress.	Depends on the project execution status.
Humidifier Upgrade Study	The test is scheduled for August 2024, and a sample machine is expected to be manufactured in September 2024.	Conventional evaporator float structure is prone to jamming due to scale and needs to be researched and upgraded.	The rational float structure is studied to prevent jamming during use and shorten the life span.	It can prolong the service life of the equipment and increase the competitiveness in the market.	Tests have been conducted.	Depends on the project execution status.

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

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

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

The Company maintains good cooperative relations with domestic research institutions through close contact with domestic and foreign manufacturers and can keep abreast of industry changes and future technological development trends. The Company has the ability to develop its technology and is confident that it can expeditiously respond to the needs of new processes and technology ahead of the peers and can further enhance the Company's competitive niche. In the future, the Company will continue to closely monitor the market trend in order to respond to the evolution and changes in the related industries. Information security risks are increasing as a result of the development of information technology, and the Company attaches great importance to information security and the protection of confidential information. In order to enhance the vertical defense and overall protection of information security, the Company has upgraded the network partition protection to prevent and block malicious attack activities and minimize the risk of attack and the scope of damage. In addition to setting up an information security risk framework, the Company has also strengthened the protection of trend anti-virus software and file encryption mechanism internally. The Audit Office also conducts information security audits from time to time to ensure the security of the Company's information, and at the same time promotes and enhances employees' awareness of information security risks and awareness from time to time.

For the most recent year and up to the printing date of the annual report, the Company and its subsidiaries did not have any significant impact on the financial operations due to technological changes (including the risk of information security) and industry changes.

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

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

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and measures to be taken in response: None.

(VIII) Expected benefits and possible risks associated with any plant expansion and measures to be taken in response:

In order to effectively resolve the limitation of production capacity expansion of Sinmag China due to the limitation of the site, and to enhance the operational efficiency so as to enable the Company's business scale to continue to grow, the Group has the need to expand its plants, and the related expected benefits, possible risks and measures are set out as follows:

1. Anticipated benefits: Enhance production efficiency, reduce operating costs, and maximize production capacity.
2. Possible risks:
    (1) The challenges of capital utilization and the significant increase in the size of assets and staff.
    (2) Utilization rates may not be as expected.
3. Measures: Gradual transfer of production capacity replacement.

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

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

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

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

(XIII) Other important risks and measures to be taken in response: None.

VII. Other Important Matters: None.

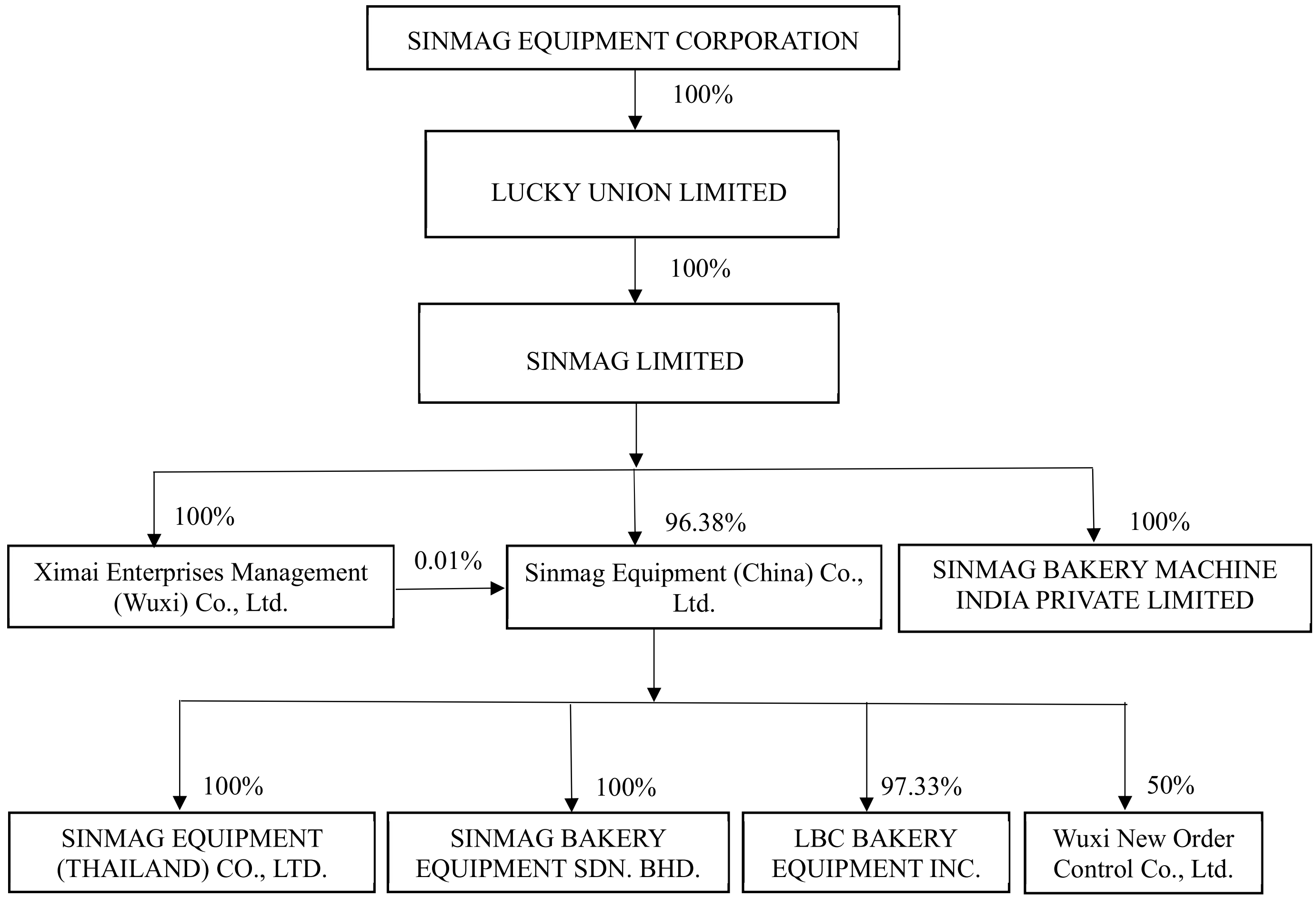
Chapter VIII. Special Disclosure

I. Information on the Company's Affiliates

(I) Consolidated business report of affiliated companies

1. Overview of affiliated companies

(1) Organizational Structure of Affiliated Companies



(2) Basic information on affiliates

December 31, 2023

Name	Date of incorporation	Address	Paid-in capital	Main business or production items
LUCKY UNION LIMITED	2002.01.10	Portcullis Chambers, P.O.Box 1225 Apia, Samoa	US$1,000,001	Holding company
SINMAG LIMITED	2003.04.01	Portcullis Chambers, P.O.Box 1225 Apia, Samoa	US$1,500,001	Holding company
Ximai Enterprises Management (Wuxi) Co., Ltd.	2022.02.24	No.312, Youyi North Road, Xishan Economic Development Zone, Wuxi, Jiangsu Province, China	CNY 300,000	Corporate management and investment
Sinmag Equipment (China) Co., Ltd.	1994.12.28	No.312, Youyi North Road, Xishan Economic Development Zone, Wuxi, Jiangsu Province, China	CNY 362,055,090	Manufacturing and sales of food machinery and equipment
SINMAG BAKERY MACHINE INDIA PRIVATE LIMITED	2009.03.16	204, Anand Estates, 189, Arthur Road, Chinchpokli, Mumbai city-400011.Dist, Maharashtra.	US$720,000	Manufacturing and sales of food machinery and equipment
SINMAG BAKERY EQUIPMENT SDN. BHD.	1990.06.25	No.32, Jalan TPP5, Taman Perindustrian Putra, 47130 Puchong, Selangor, Malaysia.	MYR 300,000	Sales of food machinery and equipment
LBC BAKERY EQUIPMENT INC.	2005.07.26	6026 31St Ave NE, Tulalip, WA 98271,U.S	US$1,789,527	Sales of food machinery and equipment
SINMAG EQUIPMENT (THAILAND)CO., LTD.	2009.11.20	21 Soi Phokrew 1 Yek 5,Sub District Klongjan, District Bangkapi Bangkok 10240 Thailand	US$3,303,734.19	Sales of food machinery and equipment
Wuxi New Order Control Co., Ltd.	2002.05.31	No.312, Youyi North Road, Xishan Economic Development Zone, Wuxi, Jiangsu Province, China	US$150,000	Manufacturing and sales of control instruments and electromechanical control system

(3) Where there is considered to be a controlled and subordinate relation, the information of the same shareholders: None.

(4) The industries covered by the overall affiliates business and the division of labor:

The scope of the Company's overall affiliates business includes investment holding, manufacturing and sales of food machinery and equipment, and manufacturing and sales of baked goods.

a. Investment holding: Lucky Union Limited, Sinmag Limited and Ximai Enterprises Management (Wuxi) Co., Ltd.

b. Manufacturing and sales of food machinery and equipment: Sinmag Equipment (China) Co., Ltd., Wuxi New Order Control Co., Ltd. and SINMAG BAKERY MACHINE INDIA PRIVATE LIMITED.

c. Sales of food machinery and equipment: LBC BAKERY EQUIPMENT INC., SINMAG BAKERY EQUIPMENT SDN. BHD. and SINMAG EQUIPMENT (THAILAND) CO., LTD .

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

December 31, 2023; Unit: NT$

Name	Title	Name or representative	Shareholding	
			Number of shares or capital contribution	Shareholding %
LUCKY UNION LIMITED	Director	Sinmag Equipment Corporation Representative: Shun-Ho Hsieh	$88,735 thousand	100%
SINMAG LIMITED	Director	Lucky Union Limited Representative: Shun-Ho Hsieh	$103,987 thousand	100%
Ximai Enterprises Management (Wuxi) Co., Ltd.	Chairman	Shun-Ho Hsieh	$1,340 thousand	100%
	Supervisor	Yung-Chen Chen		
Sinmag Equipment (China) Co., Ltd.	Chairman	Shun-Ho Hsieh	$349,938 thousand	96.39%
	Director	Ming-Ching Hsieh		
	Director	Yung-Chen Chen		
	Independent Director	Yin-Chia Li		
	Independent Director	Shu-Chiung Yang		
	Supervisor	Tseng-Wen Lee		
	Supervisor	Ming-Chang Chiang		
	President	Ming-Ching Hsieh		

Name	Title	Name or representative	Shareholding	
			Number of shares or capital contribution	Shareholding %
SINMAG BAKERY MACHINE INDIA PRIVATE LIMITED	Chairman	Shun-Ho Hsieh	$54,748 thousand	100%
	Director	Yung-Chen Chen		
	Director	Fusen Chung		
SINMAG BAKERY EQUIPMENT SDN. BHD.	Chairman	Shun-Ho Hsieh	$110,297 thousand	100%
	Director	Yung-Chen Chen		
	Director	Lian Choy Seng		
	Director	Lim Kang Cheng		
	President	Lian Choy Seng		
LBC BAKERY EQUIPMENT INC.	Director	Steve Hegge	$298,686 thousand	93.82%
	Director	Tzu-Chien Chang		
	Director	Ming-Ching Hsieh		
	Director	Brian Smith		
	President	Brian Smith		
SINMAG EQUIPMENT (THAILAND)CO., LTD.	Director	Tzu-Chien Chang	$84,759 thousand	100%
	Director	Ming-Ching Hsieh		
	Director	Ming-Hsiung Kuo		
Wuxi New Order Control Co., Ltd.	Chairman	Tseng-Wen Lee	$3,348 thousand	48.20%
	Director	Ming-Ching Hsieh		
	Director	Yao-Tsung Wu		
	Supervisor	Sheng-Huei Yang		
	President	Tseng-Wen Lee		

2. Operational overview of affiliated companies

(I) Financial status and operating results of affiliated companies

December 31, 2023

Name	Currency	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Current net income	Earnings per share
LUCKY UNION LIMITED	NTD	101,279,033	2,716,428,217	-	2,716,428,217	-	(338,178)	645,067,941	-
SINMAG LIMITED	NTD	116,525,855	2,713,467,705	125,667	2,713,342,038	-	(112,814)	645,368,408	-
Ximai Enterprises Management (Wuxi) Co., Ltd.	CNY	300,000	325,994.02	-	325,994.02	-	(780.00)	17,119.97	-
Sinmag Equipment (China) Co., Ltd.	CNY	362,055,090.00	799,254,328.27	148,922,046.24	650,332,282.03	827,606,170.09	150,865,619.74	177,084,575.07	-
SINMAG BAKERY MACHINE INDIA PRIVATE LIMITED	INR	35,706,404.00	7,382,452.63	638,831.60	6,743,621.03	10,392,293.58	501,978.12	542,028.92	-
SINMAG BAKERY EQUIPMENT SDN.BHD.	MYR	300,000.00	27,245,563.26	3,309,700.36	23,935,862.90	28,202,401.18	5,057,516.30	4,127,003.76	-
LBC BAKERY EQUIPMENT INC.	USD	1,789,527.00	17,413,291.35	3,014,894.77	14,398,396.58	31,570,907.89	5,243,707.19	3,997,973.67	-
SINMAG EQUIPMENT (THAILAND) CO., LTD.	THB	103,000,000.00	127,506,336.26	20,912,942.99	106,593,393.27	152,308,445.78	12,336,286.91	9,154,891.42	-
Wuxi New Order Control Co., Ltd.	CNY	1,241,565.00	9,060,990.11	4,105,941.24	4,955,048.87	23,336,451.24	2,658,555.80	998,878.71	-

(II) Consolidated financial statements of affiliated companies

The companies that must be included in preparing the consolidated financial statements covering affiliated companies are entirely the same as those included in preparing the consolidated financial report comprising the parent and its subsidiaries, and if the required disclosures to be made in the consolidated financial statements covering affiliated companies are already made in the consolidated financial report comprising the parent and its subsidiaries, then the consolidated financial reports covering affiliated companies need not be prepared. Please refer to pages 257 to 331.

(III) Report of the affiliated companies: None.

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

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

IV. Other Supplementary Information

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

Sinmag Equipment Corporation

Code of Business Ethics for Directors and Managers

Article 1 (The purpose and basis of the formation)

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

Article 2 (Scope of application)

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

Article 3 (Due diligence of good managers)

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

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

Article 4 (Preventing conflicts of interest)

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

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

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

Article 5 (Non-competition)

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

Article 6 (Avoidance of opportunities for self-interest)

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

Article 7 (Fair trade)

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

Article 8 (Insider trading)

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

Article 9 (Confidentiality)

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

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

Article 10 (Protection and appropriate use of Company assets)

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

Article 11 (Compliance with laws and regulations)

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

Article 12 (Political donations and activities)

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

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

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

Article 14 (Handling of violations of this Code)
Directors and managers who violate this Code shall report to the Board of Directors for resolution.

Article 15 (Procedure for exemption)
If the directors and managers have legitimate reasons, they can be exempted from the application of specific provisions of this Code by the resolution of the Board of Directors. However, they must immediately disclose information such as the date of the Board's approval of the exemption, independent directors' objections or reservations, the period during which the exemption applies, the reasons for the exemption, and the criteria for the exemption at the Public Observation Post System (MOPS). So that shareholders can evaluate whether the resolution of the Board is appropriate, to restrain the occurrence of arbitrary or suspicious exemptions from complying with the Code, and ensure that any exemption from following the Code has an appropriate control mechanism to protect the Company.

Article 16 (Implementation and disclosure methods)
The stipulations of this Code are approved by the Audit Committee and submitted to the Board of Directors for resolution and then submitted to the Shareholders' Meeting for approval of implementation. The same applies to the amendment.
This Code shall be disclosed on the Company's website, annual report, prospectuses, and MOPS. The same applies to the amendment.

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

Sinmag Equipment Corporation

Code of Ethical Conduct for Employees

Article 1 The purpose and basis of the formation
To align the conduct of the Company's personnel with ethical standards and to make the Company's stakeholders better understand the Company's ethical standards, this Code is formulated for compliance.

Article 2 Scope
The Company's managers and employees at all levels.
The term "manager" in this Code refers to the Company's president and person of an equivalent post, the vice president and person of an equivalent post, the associate manager and person of an equivalent post, the head of the finance department, the head of the accounting department, and others who are responsible for the Company's management affairs and have the authorization to sign.

Article 3 Code of Ethical Conduct

(I) Preventing conflicts of interest:

The Company's personnel shall not engage in loaning funds, major asset transactions, providing guarantees, or other transactions that conflict with the Company's interests in the name of themselves or others.

The Company's personnel should uphold a high degree of self-discipline. If there is a personal stake that will damage the interests of the Company, one shall recuse oneself. If the Company's personnel believe that they cannot handle the affairs in an objective or beneficial manner, or when the relevant transaction or relationship may cause a conflict of interest, they should take the initiative to notify their supervisor in writing and deal with or recuse processing in a legally acceptable manner.

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

(II) Avoidance of opportunities for self-interest:

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

(1) opportunity for personal gain through the use of Company property, information, or convenience of one's position;

(2) obtaining personal gain through the use of Company property, information, or convenience of one's position;

(3) competing with the Company.

When the Company has a chance of making a profit, its personnel shall be responsible for increasing the legitimate interests that the Company can obtain.

(III) Confidentiality:

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

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

(IV) Fair trade:

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

(V) Protection and appropriate use of Company assets:

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

(VI) Compliance with laws and regulations:

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

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

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

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

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

(VIII) Disciplinary measures:

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

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

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

Article 4 Procedure for exemption

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

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

Article 5 Disclosure methods

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

Article 6 Implementation

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

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

Sinmag Equipment Corporation

Procedures for Handling Internal Material Information

Article 1 (Purpose)

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

Article 2 (Internal material information shall be handled in accordance with applicable laws and regulations and these Procedures)

The processing and disclosure of internal material information by each department shall follow the relevant laws and orders and Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEx Listed Securities for the verification and public handling of materials, the relevant FAQs and these Procedures to ensure the timeliness, accuracy and completeness of the information.

Article 3 (Applicable objects)

The applicable objects of this operating procedure are as follows:

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

V. Any person who has learned the information from any of the persons named in the preceding four subparagraphs.

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

Article 4 (Prevention of prohibited insider trading practices)

When the personnel listed in Article 3 has actual knowledge of information that significantly affects the price of the Company's shares, they shall not buy or sell, on their own or in the name of another person, the Company's shares or other marketable securities of an equity nature which are listed on the stock exchange or traded at the securities dealer's office before or within 18 hours of such information is released to the general public.

Article 5 (Scope of internal material information)

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

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

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

III. Material information as defined in the Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEx Listed Securities.

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

Article 6 (Procedures for evaluation and approval of material information)

If the Company's material decisions or events are in compliance with the material information as defined in the Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEx Listed Securities, or if, after further assessment of materiality, the decisions or events have a significant impact on the Company's finances, business, shareholders' equity or prices of securities, the Company shall promptly disseminate the material information in accordance with the aforementioned provisions within the time limit prescribed by laws and regulations.

The handling personnel of each unit shall fill out the "Application for Release of Material Information (Attachment 1)" and "Material Information Evaluation Checklist (Attachment 2)" on the date of occurrence of the event, submit them to the Company's spokesperson for approval after being approved by the unit supervisor, and release the material information before the time limit stipulated by laws and regulations.

Article 7 (Disclosure methods of internal material information)

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

I. Publicly announces the information on the Market Information System website of Taiwan Stock Exchange Corporation (TWSE).
II. Publicly announces the information on the Market Information System website of Taipei Exchange (TPEx).
III. Coverage of the information by two or more daily national newspapers on non-local news pages, national television news, or electronic newspapers issued by any the aforesaid media.

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

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

Article 8 (Date of existence of internal material information)

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

Article 9 (Responsible unit in charge of the handling of internal material information)
The internal material information is handled exclusively by the spokesperson, Finance Department, Human Resource Department and Audit Office, with the following powers:

I. Draft and amend this operating procedure.
II. Accept the internal material information processing operations and consultation, review and advice related to these Procedures.
III. Accept the report on the leakage of internal material information and formulate countermeasures.
IV. Draw up a system to preserve all documents, files, and electronic records related to this operating procedure.
V. Other business related to this operating procedure.

Article 10 (Confidentiality firewall operations - Personnel)
The Company's directors, managers, and employees shall perform the care and duties of good managers, the principle of good faith, and be responsible for confidentiality. Directors, managers, and employees who are aware of the Company’s internal material information shall not disclose it to others.

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

Article 11 (Confidentiality firewall operations - Documents and information)

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

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

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

Article 12 (Operation of confidentiality firewalls)

The Company shall ensure that the firewalls specified in the preceding two articles are established, and take the following additional steps:

I. Adopt adequate control measures for the firewalls and perform periodic testing.

II. Enhance measures for custody and maintaining the secrecy of files and documents containing non-public internal material information of the Company pursuant to "Regulations for the Management of Financial and Non-financial Information."

Article 13 (Confidentiality obligations of external organizations and persons)

Institutions or personnel outside the company involved in the Company's mergers and acquisitions, important memorandums, strategic alliances, other business cooperation plans, or the signing of important contracts should sign confidentiality agreements, and they shall not disclose the Company's internal material information to others.

Article 14 (Principles of disclosure of internal material information)

The Company shall comply with the following principles when making external disclosures of internal material information:

I. The information disclosed shall be accurate, complete, and timely.

II. There shall be a well-founded basis for the information disclosure.

III. The information shall be disclosed fairly.

Article 15 (Implementation of the spokesperson system)

Any disclosure of the Company's internal material information, except as otherwise provided by law or regulation, shall be made by the Company's spokesperson, or by a deputy spokesperson acting in such capacity in a confirmed sequential order. When necessary, the disclosure may be made directly by the person in charge of the Company.

The Company's spokesperson or deputy spokesperson shall communicate to external parties only information within the scope authorized by the Company, and no personnel of the Company other than those serving as the Company's person in charge, spokesperson, or deputy spokesperson may disclose any internal material information of the Company to external parties without authorization.

Article 16 (Record of disclosure of internal material information)

Except for emergency situations or at non-working time, the Company may evaluate or submit for approval electronically when releasing material information, the relevant material information documents handled in accordance with Article 6 shall be in writing. In the case of electronic evaluation or submission, the relevant documents shall be archived afterwards.

The following records shall be kept by the Company for the information disclosed to external parties:

I. The person, date, and time of the information disclosure.

II. Information disclosure method.

III. Disclosure of information content and attachments.

IV. The contents of delivered written material shall include:
   (I) Evaluation content.
   (II) Evaluation, review, and decision maker's signature or seal and date.
   (III) The content of the material information published and the applicable laws and regulations.

V. Other relevant information.

Article 17 (Response to false media coverage)

If a media agency releases information that is in any respect inconsistent with material information disclosed by the Company, the Company shall promptly issue a clarification on the Market Observation Post System (MOPS) and request the media agency to correct the information.

Article 18 (Reporting of unusual events)

Directors, managers, and employees of the Company shall promptly report to the spokesperson and the internal audit department if they are aware of any unauthorized disclosure of internal material information.

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

Article 19 (Disciplinary measures)

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

I. Unauthorized disclosure of internal material information or violation of this operating procedure or other laws and regulations.

II. The content of the spokesperson or deputy spokesperson's external statements exceeds the scope of the Company's authorization or violates this operating procedure or other laws and regulations.

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

Article 20 (Awareness campaigns)

The Company is advised to conduct educational campaigns at least once a year to promote awareness among all directors, managerial officers, and employees with respect to these Procedures and related laws and regulations.

The Company shall also provide educational campaigns to new directors, managerial officers, and employees in a timely manner.

Article 21 This operating procedure shall be implemented after the Board of Directors' approval. The same applies to the amendment.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinmag Equipment Corporation

Opinion

We have audited the accompanying financial statements of Sinmag Equipment Corporation (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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.

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, 2023. 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, 2023 is stated as follows:

Occurrence of Sales Revenue of Investment in Subsidiaries Accounted for Using the Equity Method

Due to Sinmag Equipment Corporation being a publicly listed company, it is anticipated that there is pressure on the management to achieve projected financial goals. Among these goals, revenue is considered a key indicator of profitability and operational performance. Additionally, revenue recognition inherently carries higher risks. In fiscal year 2023, the subsidiary's sales revenue saw a significant increase. Some of the major customers had a 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 the occurrence of sales revenue coming from major customers with a high level of volatility in operating revenue a key audit matter.

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

1. We obtained an understanding of the design and implementation of the internal controls related to the recognition of sales revenue, and we designed the appropriate audit procedures of internal controls related to the occurrence of sales revenue and confirmed and evaluated the effectiveness of the design and implementation of the Subsidiaries' internal controls.

2. We selected samples of sales transactions, reviewed sales orders, bills of lading or signed documents, invoices and receipts, and confirmed 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 the previous year, and we evaluated the reasonableness of the changes.

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 Standards on Auditing of 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 Standards on Auditing of 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, 2023 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 13, 2024

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

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

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

SINMAG EQUIPMENT CORPORATION

BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 157,549	5	$ 262,075	9
Notes receivable (Notes 4, 9 and 21)	6,750	-	7,654	1
Trade receivables (Notes 4, 9 and 21)	32,904	1	36,112	1
Trade receivables from related parties (Notes 4, 21 and 29)	8,769	1	6,154	-
Other receivables (Notes 4 and 9)	655	-	353	-
Inventories (Notes 4 and 10)	65,061	2	65,824	2
Prepayments (Note 15)	1,208	-	947	-
Total current assets	272,896	9	379,119	13
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7, 8 and 30)	50	-	50	-
Investments accounted for using the equity method (Notes 4, 11, 25 and 29)	2,712,589	86	2,462,614	82
Property, plant and equipment (Notes 4, 12, 16, 26 and 30)	114,969	4	110,915	4
Right-of-use assets (Notes 4 and 13)	959	-	158	-
Other intangible assets (Notes 4 and 14)	31	-	48	-
Deferred tax assets (Notes 4 and 23)	30,988	1	26,220	1
Net defined benefit assets - non-current (Notes 4 and 19)	-	-	6,154	-
Other non-current assets (Notes 4 and 15)	3,106	-	1,974	-
Total non-current assets	2,862,692	91	2,608,133	87
TOTAL	$ 3,135,588	100	$ 2,987,252	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 30)	$ -	-	$ 76,500	3
Contract liabilities (Notes 4 and 21)	2,585	-	4,681	-
Notes payable	-	-	704	-
Trade payables	21,514	1	26,316	1
Trade payables to related parties (Note 29)	16,557	-	14,846	1
Other payables (Note 17)	49,754	2	38,523	1
Current tax liabilities (Notes 4 and 23)	56,932	2	132,528	4
Provisions - current (Notes 4 and 18)	131	-	131	-
Lease liabilities - current (Notes 4 and 13)	394	-	159	-
Total current liabilities	147,867	5	294,388	10
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16, 26 and 30)	13,861	-	10,119	-
Deferred tax liabilities (Notes 4 and 23)	116,552	4	93,250	3
Lease liabilities - non-current (Notes 4 and 13)	570	-	-	-
Total non-current liabilities	130,983	4	103,369	3
Total liabilities	278,850	9	397,757	13
EQUITY (Notes 4 and 20)				
Share capital				
Ordinary shares	502,302	16	502,302	17
Capital surplus	206,827	7	206,827	7
Retained earnings				
Legal reserve	586,956	18	586,956	20
Special reserve	124,177	4	191,235	6
Unappropriated earnings	1,591,714	51	1,226,352	41
Total retained earnings	2,302,847	73	2,004,543	67
Other equity	(155,238)	(5)	(124,177)	(4)
Total equity	2,856,738	91	2,589,495	87
TOTAL	$ 3,135,588	100	$ 2,987,252	100

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

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 21 and 29)				
Sales	$ 363,633	94	$ 446,208	95
Service revenue	23,452	6	21,620	5
Total operating revenue	387,085	100	467,828	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 22 and 29)	(288,291)	(74)	(360,868)	(77)
Service cost	(3,410)	(1)	(3,348)	(1)
Total operating costs	(291,701)	(75)	(364,216)	(78)
GROSS PROFIT	95,384	25	103,612	22
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(3,839)	(1)	(4,394)	(1)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	4,394	1	16,702	4
REALIZED GROSS PROFIT	95,939	25	115,920	25
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	(49,588)	(13)	(50,151)	(11)
General and administrative expenses	(48,507)	(13)	(44,549)	(10)
Research and development expenses	(7,170)	(2)	(6,690)	(1)
Expected credit gain (Notes 4 and 9)	2,618	1	9,025	2
Total operating expenses	(102,647)	(27)	(92,365)	(20)
(LOSS)/PROFIT FROM OPERATIONS	(6,708)	(2)	23,555	5
NON-OPERATING INCOME AND EXPENSES (Notes 4, 22 and 29)				
Interest income	3,306	1	2,663	1
Other income	808	-	139	-
Other gains and losses	(6,768)	(2)	15,420	3
Finance costs	(151)	-	(2,160)	-
Share of profit or loss of subsidiaries, associates and joint ventures	683,894	177	446,725	95
Total non-operating income and expenses	681,089	176	462,787	99

(Continued)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	$ 674,381	174	$ 486,342	104
INCOME TAX EXPENSE (Notes 4 and 23)	(71,344)	(18)	(149,773)	(32)
NET PROFIT FOR THE YEAR	603,037	156	336,569	72
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	(411)	-	12,222	3
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,941)	(1)	(2,444)	(1)
	(3,352)	(1)	9,778	2
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(38,826)	(10)	83,823	18
Income tax relating to items that may be reclassified subsequently to profit or loss	7,765	2	(16,765)	(4)
	(31,061)	(8)	67,058	14
Other comprehensive income (loss) for the year, net of income tax	(34,413)	(9)	76,836	16
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 568,624	147	$ 413,405	88
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	$ 12.01		$ 6.70	
Diluted	$ 11.98		$ 6.68	

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

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2022	$ 502,302	$ 77,765	$ 586,956	$ 159,572	$ 1,267,530	$ (191,235)	$ 2,402,890
Changes in percentage of ownership interests in subsidiaries (Notes 20 and 25)	-	129,062	-	-	-	-	129,062
Appropriation of 2021 earnings (Note 20)							
Special reserve	-	-	-	31,663	(31,663)	-	-
Cash dividends distributed by the Company	-	-	-	-	(351,612)	-	(351,612)
Net profit for the year ended December 31, 2022	-	-	-	-	336,569	-	336,569
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	9,778	67,058	76,836
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	346,347	67,058	413,405
Other (Note 29)	-	-	-	-	(4,250)	-	(4,250)
BALANCE AT DECEMBER 31, 2022	502,302	206,827	586,956	191,235	1,226,352	(124,177)	2,589,495
Appropriation of 2022 earnings (Note 20)							
Reversal of special reserve	-	-	-	(67,058)	67,058	-	-
Cash dividends distributed by the Company	-	-	-	-	(301,381)	-	(301,381)
Net profit for the year ended December 31, 2023	-	-	-	-	603,037	-	603,037
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(3,352)	(31,061)	(34,413)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	599,685	(31,061)	568,624
BALANCE AT DECEMBER 31, 2023	$ 502,302	$ 206,827	$ 586,956	$ 124,177	$ 1,591,714	$ (155,238)	$ 2,856,738

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

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 674,381	$ 486,342
Adjustments for:		
Depreciation expense	3,769	2,809
Amortization expense	17	16
Expected credit gain on receivables	(2,618)	(9,025)
Finance costs	151	2,160
Interest income	(3,306)	(2,663)
Share of profit of subsidiaries, associates and joint ventures	(683,894)	(446,725)
Write-downs of inventories	2,358	728
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	3,839	4,394
Realized gain on the transactions with subsidiaries associates and joint ventures	(4,394)	(16,702)
Net gain on foreign currency exchange	(894)	(7,569)
Recognition of provisions	85	113
Changes in operating assets and liabilities		
Notes receivable	904	(2,871)
Trade receivables	5,183	112,154
Trade receivables from related parties	(2,895)	92,927
Other receivables	(272)	206
Inventories	(1,895)	13,024
Prepayments	(261)	756
Contract liabilities	(2,096)	(4,739)
Notes payable	(704)	(31,041)
Notes payable from related parties	-	(570)
Trade payables	(4,802)	19,363
Trade payables from related parties	2,162	(124,364)
Other payables	11,273	(12,654)
Provisions	(85)	(113)
Net defined benefit liabilities - non-current	5,743	147
Cash generated from operations	1,749	76,103
Interest received	3,276	2,574
Income tax paid	(123,582)	(38,994)
Net cash (used in)/generated from operating activities	(118,557)	39,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	-	66
Acquisition of investments accounted for using the equity method	-	(1,340)
Net cash inflow on disposal of subsidiary	-	374,019
Proceeds from the capital reduction on investments accounted for using the equity method	-	60,882
Payments for property, plant and equipment	(1,791)	(1,269)

(Continued)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Increase in other non-current assets	$ (2,732)	$ (1,827)
Dividends received from subsidiaries	395,648	232,765
Net cash generated from investing activities	391,125	663,296
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	111,810	793,372
Repayments of short-term borrowings	(188,310)	(956,872)
Repayment of the principal portion of lease liabilities	(386)	(379)
Dividends paid	(301,381)	(351,612)
Interest paid	(193)	(2,234)
Net cash used in financing activities	(378,460)	(517,725)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	1,366	7,828
NET (DECREASE)/INCREASE IN CASH	(104,526)	193,082
CASH AT THE BEGINNING OF THE YEAR	262,075	68,993
CASH AT THE END OF THE YEAR	$ 157,549	$ 262,075

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

SINMAG EQUIPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sinmag Equipment Corporation (the "Company") was incorporated in the Republic of China (ROC) in September 1983, and the paid-in capital was $502,302 thousand as of December 31, 2023. The Company is primarily engaged in the following businesses:

a. Wholesale of machinery;

b. Retail sale of machinery and equipment;

c. Machinery and equipment manufacturing;

d. International trade; and

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 13, 2024.

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

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

   Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

   Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

   The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company applied the amendments and recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The Company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after

January 1, 2022. Upon initial application of the amendments to IAS 12, the Company recognized the cumulative effect of retrospective application on January 1, 2022, and restated comparative information.

Had the Company applied the original IAS 12 in the current year, the following adjustments should be made to reflect the line items and balances under the original IAS 12.

Impact on assets, liabilities and equity for the current year

	December 31, 2023
Decrease in investments accounted for using the equity method	$ (21)
Decrease in assets	$ (21)
Decrease in retained earnings	$ (21)
Decrease in equity	$ (21)

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 financial statements shall prevail.

a. Statement of compliance

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

b. Basis of preparation

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period; and
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

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

e. Inventories

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

f. Investments in subsidiaries

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

A subsidiary is an entity that is controlled by the Company.

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

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

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

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

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

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

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified as financial assets at amortized cost.

- Financial assets at amortized cost

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

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

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

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

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

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

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

  ii. Breach of contract, such as a default;

  iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

  iv. The disappearance of an active market for that financial asset because of financial difficulties.

  Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers that the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. Financial asset's aging is more than 210 days unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method except for situations where interest recognized for short-term payables is considered immaterial.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

<u>Warranties</u>

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of bakery equipment. Sales of bakery equipment are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the maintenance services of equipment.

As the Company provides maintenance services, customers simultaneously receive and consume the benefits provided by the Company's performance. Consequently, the related revenue is recognized when services are rendered.

m. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The management evaluated that major accounting policies, estimates and basic assumptions applied by the Company had no significant uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 153	$ 159
Checking accounts	824	1,833
Demand deposits	74,772	59,243
Cash equivalents		
Time deposits with original maturities of less than 3 months	81,800	200,840
	$ 157,549	$ 262,075

The market rate intervals of cash in the bank at the end of the year were as follows:

	December 31	
	2023	2022
Bank balance (including time deposits)	0.001%-1.45%	0.001%-4.15%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Non-current		
Restricted assets - time deposits with original maturities of more than 3 months	$ 50	$ 50

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.575% and 1.2% per annum as of December 31, 2023 and 2022, respectively.

b. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

c. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Financial Assets at Amortized Cost

	December 31	
	2023	2022
Gross carrying amount	$ 50	$ 50
Less: Allowance for impairment loss	-	-
	$ 50	$ 50

The Company only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2023 and 2022, the Company evaluated the expected credit loss rates of its debt instrument investments as 0%.

9. NOTES RECEIVABLE, TRADE RECEIVABLES, OVERDUE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable		
At amortized cost		
Gross carrying amount	$ 6,750	$ 7,654
Less: Allowance for impairment loss	-	-
	$ 6,750	$ 7,654
Trade receivables		
At amortized cost		
Gross carrying amount	$ 34,266	$ 37,474
Less: Allowance for impairment loss	(1,362)	(1,362)
	$ 32,904	$ 36,112
Overdue receivables		
At amortized cost		
Gross carrying amount	$ 21	$ 2,710
Less: Allowance for impairment loss	(21)	(2,710)
	$ -	$ -
Other receivables		
Tax refund receivables	$ -	$ 76
Interest receivables	119	89
Others	536	188
	$ 655	$ 353

a. Notes receivable

The average credit period for notes receivable is 60-120 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2023 and 2022, the rate of expected credit loss of notes receivable was 0%.

The overdue aging analysis of the Company's notes receivable is as follows:

	December 31	
	2023	**2022**
Not past due	$ 6,750	$ 7,654

b. Trade receivables

The average credit period of sales of goods was 90 days. No interest was charged on trade receivables that were past due. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2023

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	Over 241 Days	Total
Expected credit loss rate	3.15%	6.66%	20.89%	92.39%	100%	
Gross carrying amount	$ 27,746	$ 6,273	$ 225	$ 9	$ 13	$ 34,266
Loss allowance (Lifetime ECLs)	(876)	(418)	(47)	(8)	(13)	(1,362)
Amortized cost	$ 26,870	$ 5,855	$ 178	$ 1	$ -	$ 32,904

December 31, 2022

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	Over 241 Days	Total
Expected credit loss rate	3.42%	4.46%	21.31%	-	-	
Gross carrying amount	$ 29,715	$ 7,751	$ 8	$ -	$ -	$ 37,474
Loss allowance (Lifetime ECLs)	(1,015)	(345)	(2)	-	-	(1,362)
Amortized cost	$ 28,700	$ 7,406	$ 6	$ -	$ -	$ 36,112

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 1,362	$ 7,395
Less: Net remeasurement of loss allowance	-	(6,027)
Less: Amounts written off	-	(6)
Balance at December 31	$ 1,362	$ 1,362

c. Overdue receivables

The Company measures the loss allowance for overdue receivables at an amount equal to lifetime ECLs. The expected credit losses on overdue receivable are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2023 and 2022, the rate of expected credit loss of overdue receivables was 100%.

The movements of the loss allowance of overdue receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 2,710	$ 5,708
Less: Net remeasurement of loss allowance	(2,618)	(2,998)
Less: Amounts written off	(71)	-
Balance at December 31	$ 21	$ 2,710

d. Other receivables

Other receivables consist of tax refund receivables, Interest receivables, advances to employees, etc. The Company adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company considers the current financial condition of debtors in order to assess, whether there has been a significant increase in credit risk on other receivables since initial recognition and measures the expected credit loss. As of December 31, 2023 and 2022, the rate of expected credit loss of other receivables was 0%.

10. INVENTORIES

	December 31	
	2023	2022
Merchandise	$ 5,546	$ 7,652
Finished goods	20,301	14,323
Work in progress	14,661	17,338
Raw materials	23,401	25,201
Inventory in transit	1,152	1,310
	$ 65,061	$ 65,824

The nature of the cost of goods sold was as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 285,700	$ 360,054
Inventory write-downs	2,358	728
Unallocated production overhead	233	86
	$ 288,291	$ 360,868

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2023	2022
Lucky Union Limited	$ 2,712,589	$ 2,462,614
Sinmag Equipment (Thailand) Co., Ltd. (Note 2)	-	-
LBC Bakery Equipment Inc. (Note 1)	-	-
	$ 2,712,589	$ 2,462,614

Name of Subsidiary	Proportion of Ownership and Voting Rights December 31 2023	2022
Lucky Union Limited	100.00%	100.00%
Sinmag Equipment (Thailand) Co., Ltd. (Note 2)	-	-
LBC Bakery Equipment Inc. (Note 1)	-	-

Note 1: Sinmag Limited converted the preference shares into ordinary shares in January 2022, and the shares of LBC Bakery Equipment Inc. held by the Company decreased from 97.24% to 94.26%, the shares of LBC Bakery Equipment Inc. held by Sinmag Limited increased from 0% to 3.07%. Refer to Note 25 for further information on partial acquisition or disposal of subsidiaries. In addition, after undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held LBC Bakery Equipment Inc, refer to Note 29.

Note 2: After undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held Sinmag Equipment (Thailand) Co., Ltd, refer to Note 29.

Refer to Tables 3 and 4 for the details of the subsidiaries indirectly held by the Company.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transpor-tation Equipment	Office Equipment	Property Under Construction (Notes 16 and 26)	Total
Cost							
Balance at January 1, 2023	$ 71,915	$ 48,053	$ 19,663	$ 428	$ 2,474	$ 10,119	$ 152,652
Additions	-	933	403	-	455	3,742	5,533
Disposals	-	-	(5,325)	(428)	(1,422)	-	(7,175)
Reclassification (Note)	-	1,600	300	-	-	-	1,900
Balance at December 31, 2023	$ 71,915	$ 50,586	$ 15,041	$ -	$ 1,507	$ 13,861	$ 152,910
Accumulated depreciation							
Balance at January 1, 2023	$ -	$ 22,441	$ 17,195	$ 428	$ 1,673	$ -	$ 41,737
Disposals	-	-	(5,325)	(428)	(1,422)	-	(7,175)
Depreciation expense	-	1,856	1,247	-	276	-	3,379
Balance at December 31, 2023	$ -	$ 24,297	$ 13,117	$ -	$ 527	$ -	$ 37,941
Carrying amount at December 31, 2023	$ 71,915	$ 26,289	$ 1,924	$ -	$ 980	$ 13,861	$ 114,969
Cost							
Balance at January 1, 2022	$ 71,915	$ 48,053	$ 19,122	$ 428	$ 1,746	$ 2,674	$ 143,938
Additions	-	-	541	-	728	7,445	8,714
Balance at December 31, 2022	$ 71,915	$ 48,053	$ 19,663	$ 428	$ 2,474	$ 10,119	$ 152,652
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 20,799	$ 16,550	$ 385	$ 1,573	$ -	$ 39,307
Depreciation expense	-	1,642	645	43	100	-	2,430
Balance at December 31, 2022	$ -	$ 22,441	$ 17,195	$ 428	$ 1,673	$ -	$ 41,737
Carrying amount at December 31, 2022	$ 71,915	$ 25,612	$ 2,468	$ -	$ 801	$ 10,119	$ 110,915

Note: Reclassified from other non-current assets - prepayments for equipment and inventories to property, plant and equipment.

The property, plant and equipment used by the Company are not leased under operating leases.

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-50 years
Others	10-15 years
Machinery and equipment	8 years
Transportation equipment	5 years
Office equipment	5 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 959	$ 158
Additions to right-of-use assets	$ 1,191	$ -
Depreciation charge for right-of-use assets		
Buildings	$ 390	$ 379

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 394	$ 159
Non-current	$ 570	$ -

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.65%	1.00%

c. Material lease-in activities and terms

The Company leases buildings for the use of offices with lease term of 2-3 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 178	$ 249
Expenses relating to low-value asset leases	$ 245	$ 266
Total cash outflow for leases	$ (821)	$ (968)

The Company leases buildings which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2023	$ 1,760
Additions	-
Disposal	(1,677)
Balance at December 31, 2023	$ 83
Accumulated amortization and impairment	
Balance at January 1, 2023	$ 1,712
Amortization expense	17
Disposal	(1,677)
Balance at December 31, 2023	$ 52
Carrying amount at December 31, 2023	$ 31
Cost	
Balance at January 1, 2022	$ 2,790
Additions	-
Disposal	(1,030)
Balance at December 31, 2022	$ 1,760

(Continued)

	Computer Software
Accumulated amortization and impairment	
Balance at January 1, 2022	$ 2,726
Amortization expense	16
Disposal	(1,030)
Balance at December 31, 2022	$ 1,712
Carrying amount at December 31, 2022	$ 48

(Concluded)

Computer software is amortized on a straight-line basis over its estimated useful life of 5 years.

15. OTHER ASSETS

	December 31 2023	December 31 2022
Current		
Other prepayments		
Prepaid expenses	$ 1,208	$ 947
Non-current		
Other assets		
Refundable deposits (Note)	$ 306	$ 374
Prepayments for equipment	2,800	1,600
	$ 3,106	$ 1,974

Note: The Company considers the historical default rates of each credit rating supplied by external rating agencies and the current financial condition of debtors to estimate 12-month or lifetime expected credit losses. As of December 31, 2023 and 2022, the Company evaluated the expected credit loss rates of its refundable deposits as 0%.

16. BORROWINGS

a. Short-term borrowings

	December 31 2023	December 31 2022
Secured borrowings (Note 30)		
Bank loans	$ -	$ -
Unsecured borrowings		
Line of credit borrowings	$ -	$ 76,500

The range of weighted average effective interest rates on bank line of credit borrowings was 1.43% per annum as of December 31, 2022.

b. Long-term borrowings

	December 31	
	2023	2022
Secured borrowings (Note 30)		
Long-term borrowings - Urban regeneration (Note 26)	$ 13,861	$ 10,119

The Company participated in the "Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Urban Renewal Plan" (the "Plan"). The Plan, which was implemented by the original landowner and legal building owner with "Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Association" (the "Association"), was approved by the municipal authority. To assure that the Plan would be carried out as expected, the Association signed the property trust contract with the Trust Department of Hua Nan Commercial Bank (Note 30), and the Association applied the property financing arrangement to Hua Nan Commercial Bank which states that the borrowings are managed by the trust account of Hua Nan Commercial Bank. Upon completion of the project, the expense accrued from the project will be allocated proportionately to the original landowner and legal building owner based on the value of the property rights. As of December 31, 2023 and 2022, the expense allocated to the Company was $13,861 thousand and $10,119 thousand, and the borrowing rate was 2.705%-2.83% and 2.33%-2.705%, respectively.

17. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries or bonuses	$ 38,590	$ 30,833
Payables for professional service fees	1,745	1,389
Payables for business tax	20	-
Payables for interests	-	42
Others	9,399	6,259
	$ 49,754	$ 38,523

18. PROVISIONS

	December 31	
	2023	2022
Current		
Warranties	$ 131	$ 131

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 131	$ 131
Additional provisions recognized	85	113
Amount used	(85)	(113)
Balance at December 31	$ 131	$ 131

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties in sale of goods contracts. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 6.57% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

In March 2023, the Company, in accordance with the Labor Standards Act and the LPA, reached a consensus on closing the tenure record in the defined benefit plans with the employees. In May 2023, the account cancellation, in accordance with the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds, was approved by the New Taipei City Government with Letter No. 1120765206, and the remaining $4,899 thousand in the labor pension reserve account was collected in June 2023.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	$ -	$ 32,381
Fair value of plan assets	-	(38,535)
Surplus	-	(6,154)
Asset ceiling	-	-
Net defined benefit assets	$ -	$ (6,154)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	$ 48,210	$ (42,289)	$ 5,921
Service cost			
Current service cost	110	-	110
Net interest expense (income)	301	(264)	37
Recognized in profit or loss	411	(264)	147
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,885)	(3,885)
Actuarial (gain) - changes in financial assumptions	(2,774)	-	(2,774)
Actuarial (gain) - experience adjustments	(5,563)	-	(5,563)
Recognized in other comprehensive income	(8,337)	(3,885)	(12,222)
Benefits paid	(7,903)	7,903	-
Balance at December 31, 2022	$ 32,381	$ (38,535)	$ (6,154)
Balance at January 1, 2023	$ 32,381	$ (38,535)	$ (6,154)
Net interest expense (income)	243	(289)	(46)
Loss on settlements	890	-	890
Recognized in profit or loss	1,133	(289)	844
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(224)	(224)
Actuarial loss - experience adjustments	635	-	635
Recognized in other comprehensive income	635	(224)	411
Benefits paid	(30,071)	30,071	-
Liabilities extinguished on settlement	(4,078)	4,078	-
Refund of overfunding	-	4,899	4,899
Balance at December 31, 2023	$ -	$ -	$ -

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	**2022**
Discount rate(s)	1.500%	1.500%
Expected rate(s) of salary increase	2.500%	2.500%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	**2022**
Discount rate(s)		
0.25% increase	$ -	$ (732)
0.25% decrease	$ -	$ 758
Expected rate(s) of salary increase		
0.25% increase	$ -	$ 737
0.25% decrease	$ -	$ (716)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	**2022**
Expected contributions to the plans for the next year	$ -	$ -
Average duration of the defined benefit obligation	-	9.2 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31 2023	December 31 2022
Number of shares authorized (in thousands)	60,000	60,000
Shares authorized	$ 600,000	$ 600,000
Number of shares issued and fully paid (in thousands)	50,230	50,230
Shares issued	$ 502,302	$ 502,302

The Company reserved 2,100 thousand ordinary shares authorized for employee share options.

b. Capital surplus

	December 31 2023	December 31 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Arising from issuance of ordinary shares	$ 74,811	$ 74,811
Arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	927	927
	75,738	75,738
May only be used to offset a deficit**		
Changes in percentage of ownership interests in subsidiaries (Note 25)	131,089	131,089
	$ 206,827	$ 206,827

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

** Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on May 31, 2022 and resolved the amendments to the Company's Articles of Incorporation (the "Articles").

Under the dividends policy as set forth in the amended Articles, where the Company made a profit after considering taxes expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including the adjustment of unappropriated profit), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with beginning undistributed retained earnings (including the adjustment of unappropriated profit) shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

In the event of a shortfall in "cumulative net increases in fair value measurement of investment properties from the prior period" and "cumulative net debit balance reserves from the prior period" when the Company sets aside a portion of distributable earnings for special reserve, it shall first set aside an equal amount of special reserve from undistributed earnings from the previous period. If any shortfall remains, the Company shall make an allocation from the undistributed earnings of the current period that also take account of net profit plus other items of the current period.

In accordance with Article 240 of the Company Law or Article 241 of the Company Law, if the Company used dividend bonus, legal reserve, capital surplus to distribute as cash dividends, the board of directors shall be authorized to resolve the proposal by the vote of at least half of the directors present, provided the number of directors present shall be at least two-thirds of the entire board of directors, and report the distribution to the shareholders' meeting.

As the Company is in the growing stage, in determining the Company's dividend distribution policy, the Company's board of directors considers the current and future investment environment, capital needs for future expansions, domestic and international competition and capital budget, and also takes into account shareholder's benefits and the balance between dividend distributions and the Company's long-term financial plans. A dividend distribution plan is proposed annually by the board of directors and passed for resolution in the shareholders' meeting.

The Company shall, considering financial, operational and managerial factors, distribute no less than 20% of unappropriated earnings to shareholders as dividends and bonuses, in the form of cash or share dividends, whilst cash dividends should not be lower than 20% of total bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 22(g).

Under Article 237 of the Company Law, an appropriation of 10% of the amount of net income plus the items other than net income are included in the unappropriated earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	**2021**
(Reversal) drawdown of the special reserve	$ (67,058)	$ 31,663
Cash dividends	$ 301,381	$ 351,612
Cash dividends per share (NT$)	$ 6	$ 7

The above appropriation for cash dividends for 2022 was resolved by the Company's board of directors on March 27, 2023; the other proposed appropriation was resolved by the shareholders in their meeting on June 19, 2023. The appropriation of earnings for 2021 which was approved in the shareholders' meetings on May 31, 2022.

The appropriation of earnings for 2023, was proposed by the Company's board of directors on March 13, 2024. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2023
Drawdown of the special reserve	$ 31,061
Cash dividends	$ 452,072
Cash dividends per share (NT$)	$ 9

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 21, 2024.

d. Special reserve

	December 31	
	2023	2022
Appropriation in respect of:		
Debit to other equity items	$ 69,844	$ 136,902
First-time adoption of IFRSs	54,333	54,333
	$ 124,177	$ 191,235

e. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (124,177)	$ (191,235)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(38,826)	79,573
Related income tax	7,765	(15,915)
Reclassification adjustments		
Disposal of foreign operations (Notes 29)	-	4,250
Related income tax	-	(850)
Other comprehensive income recognized for the year	(31,061)	67,058
Balance at December 31	$ (155,238)	$ (124,177)

21. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	$ 363,633	$ 446,208
Revenue from the rendering of services	23,452	21,620
	$ 387,085	$ 467,828

a. Contract information

1) Revenue from the sale of goods

The main operating revenue of the Company was from sales of bakery equipment. Goods are sold at their respective fixed amounts as agreed in the contracts.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing the maintenance services of equipment.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 9)	$ 6,750	$ 7,654	$ 4,783
Trade receivables (Note 9)	32,904	36,112	139,482
Trade receivables from related parties (Note 29)	8,769	6,154	99,081
	$ 48,423	$ 49,920	$ 243,346
Contract liabilities			
Sale of goods	$ 2,585	$ 4,681	$ 9,420

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the start of the year		
Sale of goods	$ 4,681	$ 8,466

c. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Type of goods or services		
Sale of goods	$ 363,633	$ 446,208
Rendering of services	23,452	21,620
	$ 387,085	$ 467,828

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 3,290	$ 2,663
Financing provided to others (Note 29)	16	-
	$ 3,306	$ 2,663

b. Other income

	For the Year Ended December 31	
	2023	2022
Others	$ 808	$ 139

c. Other gains and (losses)

	For the Year Ended December 31	
	2023	2022
Net foreign exchange (losses)/gains	$ (2,872)	$ 15,425
Others	(3,896)	(5)
	$ (6,768)	$ 15,420

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 439	$ 2,298
Interest on lease liabilities	10	3
Less: Capitalized interest amount	(298)	(141)
	$ 151	$ 2,160

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	$ 298	$ 141
Capitalization rate	2.705%-2.83%	2.33%-2.705%

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 1,891	$ 1,211
Operating expenses	1,878	1,598
	$ 3,769	$ 2,809
An analysis of amortization by function		
Selling and marketing expenses	$ 15	$ 14
General and administrative expenses	2	2
	$ 17	$ 16

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	$ 107,252	$ 102,512
Post-employment benefits		
Defined contribution plans	3,567	3,475
Defined benefit plans (Note 19)	844	147
	4,411	3,622
Total employee benefits expense	$ 111,663	$ 106,134
An analysis of employee benefits expense by function		
Operating costs	$ 37,779	$ 36,724
Operating expenses	73,884	69,410
	$ 111,663	$ 106,134

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at rates of 2%-10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which have been approved by the Company's board of directors on March 13, 2024 and March 27, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	2.24%	2.20%
Remuneration of directors	1.38%	1.34%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	$ 15,687	$ 11,092
Remuneration of directors	9,683	6,759

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or (losses) on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	$ 10,456	$ 36,942
Foreign exchange losses	(13,328)	(21,517)
Net foreign exchange (losses)/gains	$ (2,872)	$ 15,425

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 95,891	$ 143,562
Income tax on unappropriated earnings	5,389	6,067
Adjustments for prior years	(9,107)	2,517
Withholding tax credits from overseas profits of the current year	(44,187)	(16,379)
	47,986	135,767
Deferred tax		
In respect of the current year	23,358	14,006
Income tax expense recognized in profit or loss	$ 71,344	$ 149,773

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 674,381	$ 486,342
Income tax expense calculated at the statutory rate	$ 134,876	$ 97,268
Unrecognized deductible temporary differences - share of profit of subsidiaries accounted for equity method	(29,166)	(19,078)
Nondeductible expenses in determining taxable income	1,759	-
Tax effect of earnings of subsidiaries	11,780	79,378
Income tax on unappropriated earnings	5,389	6,067
Adjustments for prior years' tax	(9,107)	2,517
Withholding tax credits from overseas profits of the current year	(44,187)	(16,379)
Income tax expense recognized in profit or loss	$ 71,344	$ 149,773

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Current tax	$ -	$ -
Deferred tax		
In respect of the current year		
Translation of foreign operations	(7,765)	15,915
Remeasurement of defined benefit plans	2,941	2,444
Arising from income and expenses reclassified from equity to profit or loss		
On disposal of foreign operations	-	850
Total income tax recognized in other comprehensive income	$ (4,824)	$ 19,209

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	$ 56,932	$ 132,528

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized loss on inventories	$ 5,707	$ 472	$ -	$ 6,179
Allowance for impairment loss	725	(529)	-	196
Unrealized gain on the transactions with subsidiaries	879	(111)	-	768
Exchange differences on translating the financial statements of foreign operations	15,824	-	7,765	23,589
Defined benefit obligations	2,941	-	(2,941)	-
Others	144	112	-	256
	$ 26,220	$ (56)	$ 4,824	$ 30,988
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	$ 88,162	$ 28,293	$ -	$ 116,455
Pensions	5,088	(5,088)	-	-
Others	-	97	-	97
	$ 93,250	$ 23,302	$ -	$ 116,552

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized loss on inventories	$ 5,560	$ 147	$ -	$ 5,707
Allowance for impairment loss	2,127	(1,402)	-	725
Unrealized gain on the transactions with subsidiaries	3,341	(2,462)	-	879
Exchange differences on translating the financial statements of foreign operations	32,589	-	(16,765)	15,824
Defined benefit obligations	5,385	-	(2,444)	2,941
Others	241	(97)	-	144
	$ 49,243	$ (3,814)	$ (19,209)	$ 26,220
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	$ 77,753	$ 10,409	$ -	$ 88,162
Pensions	5,118	(30)	-	5,088
Others	187	(187)	-	-
	$ 83,058	$ 10,192	$ -	$ 93,250

e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $1,045,357 thousand and $899,524 thousand, respectively.

f. Income tax assessments

The tax returns through 2020 have been assessed by the tax authorities, and there is no litigation or claim regarding tax assessments against the Company.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share		
From continuing operations	$ 12.01	$ 6.70
Diluted earnings per share		
From continuing operations	$ 11.98	$ 6.68

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2023	**2022**
Profit for the year attributable to owners of the Company	$ 603,037	$ 336,569
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 603,037	$ 336,569

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic earnings per share	50,230	50,230
Effect of potentially dilutive ordinary shares:		
Compensation of employees	128	156
Weighted average number of ordinary shares used in the computation of diluted earnings per share	50,358	50,386

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

Sinmag Limited converted the preference shares into ordinary shares in January 2022. The shares of LBC Bakery Equipment Inc. held by the Company decreased from 97.24% to 94.26%, and the shares of LBC Bakery Equipment Inc. held by Sinmag Limited increased from 0% to 3.07%.

The above transactions were accounted for as equity transactions since the Company did not cease to have control over these subsidiaries. For details on the partial acquisition or disposal of LBC Bakery Equipment Inc., refer to Note 27 to the Company's consolidated financial statements for the year ended December 31, 2023.

26. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2023 and 2022:

The Company proportioned and capitalized the construction fees from the urban regeneration project, which was conducted through the Association's application for construction loan to the Hua Nan Commercial Bank. As of December 31, 2023 and 2022, the amounts which were accounted as property under construction and long-term borrowings - Urban regeneration were $13,861 thousand and $10,119 thousand, respectively.

b. Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2023

		Cash Flows		Non-cash Changes			
	Opening Balance	Increase in Principal (Repayment)	Finance Costs	Urban Regeneration /New Leases	Finance Costs	Exchange Differences on Translating the Financial Statements	Closing Balance
Short-term borrowings	$ 76,500	$ (76,500)	$ -	$ -	$ -	$ -	$ -
Long-term borrowings	10,119	-	-	3,742	-	-	13,861
Lease liabilities	159	(386)	(10)	1,191	10	-	964
	$ 86,778	$ (76,886)	$ (10)	$ 4,933	$ 10	$ -	$ 14,825

For the year ended December 31, 2022

		Cash Flows		Non-cash Changes			
	Opening Balance	Increase in Principal (Repayment)	Finance Costs	Urban Regeneration /New Leases	Finance Costs	Exchange Differences on Translating the Financial Statements	Closing Balance
Short-term borrowings	$ 240,000	$ (163,500)	$ -	$ -	$ -	$ -	$ 76,500
Long-term borrowings	2,674	-	-	7,445	-	-	10,119
Lease liabilities	538	(379)	(3)	-	3	-	159
	$ 243,212	$ (163,879)	$ (3)	$ 7,445	$ 3	$ -	$ 86,778

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Company considered that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2023	**2022**
Financial assets		
Amortized cost (1)	$ 206,983	$ 312,696
Financial liabilities		
Amortized cost (2)	63,076	136,175

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables (including related parties) and other receivables (excluding tax refund receivables) and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, long-term borrowings and payables (including related parties, excluding payables for salaries or bonuses and payables for business tax).

c. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, notes receivable, trade receivables (including related parties) and other receivables (excluding tax refund receivables), debt instruments, payables (including related parties, excluding payables for salaries or bonuses and payables for business tax), short-term borrowings, long-term borrowings and lease liabilities. Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company had foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk. The Company assesses the net risk position of non-functional currency denominated sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Company was mainly exposed to the exchange movements in the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan Dollars (functional currency) against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan Dollars weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan Dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	$ 427	$ 2,262

This was mainly attributable to the exposure outstanding on USD cash and cash equivalents, receivables and payables which were not hedged at the end of the reporting period.

The Company's sensitivity to the USD decreased during the current year mainly due to a decrease in USD denominated cash and cash equivalents.

b) Interest rate risk

The Company was exposed to interest rate risk because its deposits, bank loans and lease liabilities are at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	$ 81,850	$ 200,890
Financial liabilities	964	76,659
Cash flow interest rate risk		
Financial assets	74,772	59,243
Financial liabilities	13,861	10,119

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $152 thousand and $123 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposits.

The Company's sensitivity to interest rates increased during the current period mainly due to the increase in floating interest rate bank deposits.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount of the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company rated its major customers based on the information supplied by independent rating agencies where available and, if not available, other publicly available financial information and its own trading records. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company's concentration of credit risk of 66% and 72% in total trade receivables as of December 31, 2023 and 2022, respectively, was related to the Company's ten largest customers.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise this rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2023

	Within 3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	$ 48,965	$ 250	$ -
Lease liabilities	102	305	576
Long-term borrowings	-	-	13,861
	$ 49,067	$ 555	$ 14,437

December 31, 2022

	Within 3 Months	3 Months to 1 Year	1-5 Years
Short-term borrowings	$ 76,568	$ -	$ -
Non-interest bearing liabilities	49,556	-	-
Lease liabilities	96	63	-
Long-term borrowings	-	-	10,119
	$ 126,220	$ 63	$ 10,119

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank loan facilities, reviewed annually and payable on demand:		
Amount used	$ -	$ 76,500
Amount unused	316,167	240,250
	$ 316,167	$ 316,750
Secured bank loan facilities:		
Amount used	$ -	$ -
Amount unused	140,000	140,000
	$ 140,000	$ 140,000

29. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Category
Lucky Union Limited	Subsidiary
Sinmag Limited	Subsidiary
Sinmag Equipment (China) Co., Ltd.	Subsidiary
LBC Bakery Equipment Inc.	Subsidiary
Sinmag Bakery Equipment Sdn. Bhd.	Subsidiary
Sinmag Equipment (Thailand) Co., Ltd.	Subsidiary
Sinmag Bakery Machine India Private Limited	Subsidiary
Tehmag Foods Corporation	Associate
San Neng Bakeware Corporation	Associate
New Order Enterprise Co., Ltd.	Associate

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2023	2022
Sales	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	$ 50,200	$ 44,618
	Others	47	41,443
		50,247	86,061
	Associates	1,111	641
		$ 51,358	$ 86,702

The sales prices to related parties were determined based on their costs with a margin and negotiated on a case-by-case basis, and the collection terms to related parties were 60 to 180 days within receiving the bills of lading. The sales prices to third parties were determined in accordance with mutual agreements, and the collection terms to third parties were 90 days.

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Purchases	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	$ 160,902	$ 212,123
	Associates	2,405	2,017
		$ 163,307	$ 214,140

The cost of purchases from related parties was determined based on their costs with a margin. The payment terms to related parties were 30 days to 120 days or 45 days within receiving the bills of lading. The cost of purchases from third parties were determined in accordance with mutual agreements, and the payment terms were 90 days.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2023	2022
Trade receivables	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	$ 8,761	$ 6,154
	Associates	8	-
		$ 8,769	$ 6,154

The outstanding trade receivables from related parties are unsecured. As of December 31, 2023 and 2022, all receivables from related parties were not past due. And for the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2023	2022
Trade payables	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	$ 16,472	$ 14,577
	Associates	85	269
		$ 16,557	$ 14,846

The outstanding trade payables from related parties are unsecured.

f. The Company received cash dividends from Sinmag Equipment (Thailand) Co., Ltd. for the years ended December 31, 2022, which amounted to $10,882 thousand.

g. The Company received cash dividends from Lucky Union Limited for the years ended December 31, 2023 and 2022, which amounted to $395,648 thousand and $221,883 thousand, respectively.

h. The Company received the refund of capital reduction from Lucky Union Limited in the amount of $60,882 thousand in 2022.

i. Sinmag Limited converted the preference shares into ordinary shares in January 2022. The shares of LBC Bakery Equipment Inc. held by the Company decreased from 97.24% to 94.26%, and the shares of LBC Bakery Equipment Inc. held by Sinmag Limited increased from 0% to 3.07%. In addition, after undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held LBC Bakery Equipment Inc. The Company disposed of investments accounted for using the equity method in the amount of $289,264 thousand. The transaction was a structural reorganization within the Group, and the relevant disposal gains and losses were transferred to capital surplus of $(11,472) thousand and retained earnings of $5,663 thousand.

j. Ximai Enterprises Management (Wuxi) Co., Ltd. was incorporated through an existing company established in a third region (Lucky Union Limited and Sinmag Limited) in February 2022 with a capital of $1,340 thousand.

k. After undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held Sinmag Equipment (Thailand) Co., Ltd. The Company disposed of investments accounted for using the equity method in the amount of $84,755 thousand. The transaction was a structural reorganization within the Group, and the relevant disposal gains and losses were transferred to a capital surplus of $3,648 thousand and retained earnings of $(9,913) thousand.

l. Loans to related parties

Interest revenue

Related Party Category/Name	For the Year Ended December 31 2023	2022
Subsidiaries	$ 16	$ -

The Company provided subsidiaries with unsecured short-term loans at an interest rate of 2%. These loans are expected to be recovered within one year; therefore, no expected credit loss was recognized.

m. Other transactions from related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Selling and marketing expenses - other expenses	Associates	$ 1	$ 2
General and administrative expenses - other expenses	Sinmag Bakery Machine India Private Limited	$ 4,728	$ 4,546
	Associates	-	2
		$ 4,728	$ 4,548

n. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 19,190	$ 13,992

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and the tariffs of imported raw material guarantees:

	December 31	
	2023	2022
Financial assets at amortized cost - non-current		
Pledged time deposits	$ 50	$ 50
Others		
Freehold land	58,715	58,715
Building	23,686	22,850
Property under construction	13,861	10,119
	$ 96,312	$ 91,734

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,057	30.65 (USD:NTD)	$ 63,054
Non-monetary items			
Investments accounted for using the equity method			
USD	88,502	30.65 (USD:NTD)	$ 2,712,589
Financial liabilities			
Monetary items			
USD	663	30.65 (USD:NTD)	$ 20,330

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 7,861	30.70 (USD:NTD)	$ 241,341
Non-monetary items			
Investments accounted for using the equity method			
USD	80,215	30.70 (USD:NTD)	$ 2,462,614
Financial liabilities			
Monetary items			
USD	495	30.70 (USD:NTD)	$ 15,181

The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	30.958 (USD:NTD)	$ (2,908)	29.7194 (USD:NTD)	$ 15,578

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (none)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (none)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (none)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (none)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (none)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 2)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (none)

9) Trading in derivative instruments (none)

b. Information on investees (Table 3)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 4)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 5):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

TABLE 1

SINMAG EQUIPMENT CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 2)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	Sinmag Equipment Corporation	Sinmag Limited	Other receivables from related parties	Yes	$ 3,678 (US$ 120)	$ 3,678 (US$ 120)	$ - (US$ -)	2	Short-term financing	$ -	Working capital	$ -	-	-	$ 1,142,695	$ 1,142,695	-

Note 1: a. For subsidiaries with direct or indirect ownership stakes granting the Company 50% or more of the voting rights and with whom the Company has business dealings, the total amount of loans provided shall not exceed 40% of the Company's most recent audited or reviewed financial statements' net worth. Individual loan amounts shall not exceed the total annual business dealings between the parties for the most recent fiscal year. Business dealings refer to the higher of either party's purchase or sales amount within the past year.

b. For subsidiaries with direct or indirect ownership stakes granting the Company 50% or more of the voting rights and requiring short-term financing, the total amount of loans provided shall not exceed 40% of the Company's most recent audited or reviewed financial statements' net worth. Individual financing amounts and total financing amounts shall not exceed 40% of the Company's most recent audited or reviewed financial statements' net worth.

c. The Company engages in providing funds to foreign subsidiaries in which it holds direct or indirect ownership of 100% of the voting rights. The total amount of such loans shall not exceed 60% of the Company's most recent audited or reviewed financial statements' net worth.

d. The Company engages in providing funds to foreign subsidiaries, in which it holds direct or indirect ownership of 100% of the voting rights, with the total amount of such loans not exceeding 60% of the Company's most recent audited or reviewed financial statements' net worth.

Note 2: The highest balance for the period, ending balance and actual borrowed amount converted at the spot exchange rate as of December 31, 2023.

SINMAG EQUIPMENT CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transactions		Notes/Accounts Receivable (Payable)		Note
			Purchase/ (Sale)	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	Subsidiary	Purchase	$ 160,902	67	B/L 45 day	Note 1	Note 2	$ (16,472)	(43)	-
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment Corporation	The ultimate parent company	(Sale)	(160,902)	(4)	B/L 45 day	〃	〃	16,472	5	-
LBC Bakery Equipment Inc.	Sinmag Equipment (China) Co., Ltd.	Parent company	Purchase	449,194	90	B/L 90 day	〃	〃	(20,422)	(71)	-
Sinmag Equipment (China) Co., Ltd.	LBC Bakery Equipment Inc.	Subsidiary	(Sale)	(449,194)	(12)	B/L 90 day	〃	〃	20,422	6	-
	Wuxi New Order Control Co., Ltd.	Subsidiary	Purchase	102,587	6	Monthly payment: 30 days	〃	〃	(7,591)	(3)	
Wuxi New Order Control Co., Ltd.	Sinmag Equipment (China) Co., Ltd.	Parent company	(Sale)	(102,587)	(100)	Monthly payment: 30 days	〃	〃	7,591	100	-

Note 1: Unit prices for related parties were determined based on their costs with a margin, unit prices for non-related parties were determined in accordance with mutual agreements.

Note 2: Open account of 90 days for non-related parties.

SINMAG EQUIPMENT CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Sinmag Equipment Corporation	Lucky Union Limited	Samoa	Holding company	$ 88,735	$ 88,735	-	100.00	$ 2,712,589	$ 683,894	$ 683,894	Note 2
Lucky Union Limited	Sinmag Limited	Samoa	Holding company	103,987	103,987	-	100.00	2,713,342	684,194	684,194	Note 2
Sinmag Limited	Sinmag Bakery Machine India Private Limited	India	Manufacturing and selling of bakery equipment	54,748	54,748	-	100.00	2,469	204	204	Note 2
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment (Thailand) Co., Ltd.	Thailand	Selling of bakery equipment	84,759	84,759	20,600,000	100.00	78,664	8,178	7,883	Note 2
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment	298,686	298,686	910,682	97.33	367,649	123,769	116,114	Note 2
	Sinmag Bakery Equipment Sdn. Bhd.	Malaysia	Selling of bakery equipment	110,297	110,297	300,000	100.00	148,330	28,050	27,037	Note 2

Note 1: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transaction.

Note 2: The share of profit (loss) was recognized according to the financial statements audited by R.O.C parent company’s CPA of investees for the same year.

Note 3: For information on investments in mainland China, refer to Table 4.

TABLE 4

SINMAG EQUIPMENT CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Sinmag Equipment (China) Co., Ltd. (Note 3)	Manufacturing and selling of bakery equipment	$ 1,626,034 (RMB 362,055)	b	$ 349,938 (US$ 10,594)	$ -	$ -	$ 349,938 (US$ 10,594)	$ 770,597	96.39	$ 740,485 (Note 2 b.(2))	$ 2,701,907	$ 4,848,112 (US$ 158,908)	Note 5
Wuxi New Order Control Co., Ltd.	Manufacturing and selling of control panel and electromechanical control system	4,961 (US$ 150)	c	3,348 (US$ 104)	-	-	3,348 (US$ 104)	4,391	48.20	2,398 (Note 2 b.(2))	7,102	67,543 (US$ 2,232)	Note 5
Ximai Enterprises Management (Wuxi) Co., Ltd.	Corporate management and investment	1,340 (US$ 47)	b	1,340 (US$ 47)	-	-	1,340 (US$ 47)	74	100.00	74 (Note 2 b.(2))	1,411	- (US$ -)	-
Qingdao Sheng Mai Enterprises Management Co., Ltd.	Corporate management and investment	- (RMB -)	c	- (US$ -)	-	-	- (US$ -)	-	96.39	- (Note 2 a.)	-	- (US$ -)	Note 6
Xiamen Sinmag Enterprises Management Co., Ltd.	Corporate management and investment	- (RMB -)	c	- (US$ -)	-	-	- (US$ -)	-	96.39	- (Note 2 a.)	-	- (US$ -)	Note 6

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
$354,626 (Note 4)	$1,676,146	$1,788,495

Note 1: The three methods of investing in mainland China are as follows:

a. Direct investments in mainland China.
b. Investment in mainland China through an existing company established in a third region (Lucky Union Limited and Sinmag Limited).
c. Investment through a subsidiary established in China (Sinmag Equipment (China) Co., Ltd.).

Note 2: In the column of investment gain (loss)

a. If the investment is still in preparation and there is no investment gain (loss), it will be specified.

b. The basis for recognizing investment gain (loss) is as follows:

1) Based on financial statements audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
2) Based on financial statements audited by the accounting firm of the parent company in Taiwan.
3) Others.

Note 3: Part of the amount reinvested in a third region.

Note 4: Repatriation of investments of $4,915,655 thousand was not deducted from the amount.

Note 5: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transaction.

Note 6: The registrations for the establishment of Qingdao Sheng Mai Enterprises Management Co., Ltd. and Xiamen Sinmag Enterprises Management Co., Ltd. were completed in May 2022, but no capital has been injected as of December 31, 2023.

SINMAG EQUIPMENT CORPORATION

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

2. The amount and percentage of sales and the balance and percentage of the related payables at the end of the period:

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
Sinmag Equipment (China) Co., Ltd.	Purchase	$ 160,902	67	Cost with a margin	B/L 45 days	Note 1	$ (16,472)	(43)	$ 10,496	Note 2
	Sales	(50,200)	(14)	Cost with a margin	B/L 90 days	〃	8,761	18	3,839	Note 3
	Purchase	67,304	70	Cost with a margin	B/L 60 days	〃	-	-	11,505	Note 4
	Purchase	449,194	90	Cost with a margin	B/L 90 days	〃	(20,422)	(71)	62,821	Note 5
	Purchase	82,977	87	Cost with a margin	B/L 90 days	〃	(8,228)	(94)	17,266	Note 6
	Sales	(102,587)	(100)	Negotiated case by case	Monthly payment: 30 days	〃	7,591	100	3,406	Note 7
	Sales	(21,039)	(2)	Negotiated case by case	Monthly payment: 60 days	〃	11,836	10	-	Note 8
Wuxi New Order Control Co., Ltd.	Purchase	102,587	6	Negotiated case by case	Monthly payment: 30 days	〃	(7,591)	(3)	-	Note 9

Note 1: The payment terms for non-related parties are negotiated on a case-by-case basis, which is 90 days from end of the month of sale or purchase of goods.

Note 2: Sinmag Equipment Corporation purchased from Sinmag Equipment (China) Co., Ltd.

Note 3: Sinmag Equipment Corporation sold to Sinmag Equipment (China) Co., Ltd.

Note 4: Sinmag Bakery Equipment Sdn. Bhd. purchased from Sinmag Equipment (China) Co., Ltd.

Note 5: LBC Bakery Equipment Inc. purchased from Sinmag Equipment (China) Co., Ltd.

Note 6: Sinmag Equipment (Thailand) Co., Ltd. purchased from Sinmag Equipment (China) Co., Ltd.

Note 7: Wuxi New Order Control Co., Ltd. sold to Sinmag Equipment (China) Co., Ltd.

Note 8: LBC Bakery Equipment Inc. sold to Sinmag Equipment (China) Co., Ltd.

Note 9: Sinmag Equipment (China) Co., Ltd. purchased from Wuxi New Order Control Co., Ltd.

3. The amount of property transactions and the amount of the resultant gains or losses: None.

4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

5. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

TABLE 6

SINMAG EQUIPMENT CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng Chia Investment Co., Ltd.	3,375,545	6.72

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Thus, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SINMAG EQUIPMENT CORPORATION

By:

HSIEH, SHUN-HO
Chairman

March 13, 2024

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, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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.

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, 2023. 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, 2023 is stated as follows:

Occurrence of Sales Revenue

The Group has thousands of customers. The total revenue of major customers accounted for 36% of the total consolidated operating revenue. Some of the major customers have a 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 the occurrence of sales revenue coming from the above customers 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 obtained an understanding of the design and implementation of the internal controls related to the recognition of sales revenue, and we designed the appropriate audit procedures of internal controls related to the occurrence of sales revenue and confirmed and evaluated the effectiveness of the design and implementation of the Group's internal controls.

2. We selected samples of sales transactions, reviewed sales orders, bills of lading or signed documents, invoices and receipts, and confirmed 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 the previous year, and we evaluated the reasonableness of the changes.

Other Matter

We have also audited the parent company only financial statements of Sinmag Equipment Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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 Standards on Auditing of 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 Standards on Auditing of 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, 2023 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 13, 2024

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022 (Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 989,384	25	$ 742,389	20
Financial assets at amortized cost - current (Notes 4, 7, 8 and 32)	151,846	4	176,792	5
Notes receivable (Notes 4, 9 and 22)	14,055	-	14,264	-
Trade receivables (Notes 4, 9 and 22)	474,611	12	440,182	12
Trade receivables from related parties (Notes 4, 22 and 31)	811	-	490	-
Other receivables (Notes 4 and 9)	22,770	1	24,320	1
Current tax assets (Notes 4 and 24)	3,739	-	114	-
Inventories (Notes 4 and 10)	729,617	18	838,442	22
Prepayments (Note 16)	16,394	-	12,981	-
Total current assets	2,403,227	60	2,249,974	60
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7, 8 and 32)	216,400	6	154,330	4
Property, plant and equipment (Notes 4, 12, 17, 28 and 32)	1,180,795	30	1,137,526	31
Right-of-use assets (Notes 4 and 13)	110,724	3	87,110	3
Goodwill (Notes 4 and 14)	3,254	-	3,254	-
Other intangible assets (Notes 4 and 15)	4,977	-	3,010	-
Deferred tax assets (Notes 4 and 24)	53,188	1	45,381	1
Net defined benefit assets - non-current (Notes 4 and 20)	-	-	6,154	-
Other non-current assets (Notes 4 and 16)	9,553	-	33,858	1
Total non-current assets	1,578,891	40	1,470,623	40
TOTAL	$ 3,982,118	100	$ 3,720,597	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 32)	$ -	-	$ 76,500	2
Contract liabilities (Notes 4 and 22)	135,844	3	177,735	5
Notes payable	-	-	704	-
Trade payables	227,912	6	202,895	6
Trade payables to related parties (Note 31)	3,521	-	2,562	-
Other payables (Notes 18 and 28)	257,865	7	220,285	6
Current tax liabilities (Notes 4 and 24)	170,805	4	201,942	5
Provisions - current (Notes 4 and 19)	20,966	1	16,245	-
Lease liabilities - current (Notes 4, 13 and 31)	10,789	-	4,704	-
Total current liabilities	827,702	21	903,572	24
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17, 28 and 32)	13,861	-	10,119	-
Deferred tax liabilities (Notes 4 and 24)	135,557	3	97,744	3
Lease liabilities - non-current (Notes 4, 13 and 31)	24,173	1	2,816	-
Total non-current liabilities	173,591	4	110,679	3
Total liabilities	1,001,293	25	1,014,251	27
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital				
Ordinary shares	502,302	13	502,302	13
Capital surplus	206,827	5	206,827	6
Retained earnings				
Legal reserve	586,956	15	586,956	16
Special reserve	124,177	3	191,235	5
Unappropriated earnings	1,591,714	40	1,226,352	33
Total retained earnings	2,302,847	58	2,004,543	54
Other equity	(155,238)	(4)	(124,177)	(3)
Total equity attributable to owners of the Company	2,856,738	72	2,589,495	70
NON-CONTROLLING INTERESTS (Notes 4 and 21)	124,087	3	116,851	3
Total equity	2,980,825	75	2,706,346	73
TOTAL	$ 3,982,118	100	$ 3,720,597	100

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

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 31)				
Sales	$ 4,475,232	99	$ 3,914,888	99
Service revenue	23,454	1	21,631	1
Total operating revenue	4,498,686	100	3,936,519	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 31)	(2,589,822)	(57)	(2,466,066)	(63)
Service cost	(3,410)	-	(3,348)	-
Total operating costs	(2,593,232)	(57)	(2,469,414)	(63)
GROSS PROFIT	1,905,454	43	1,467,105	37
OPERATING EXPENSES (Notes 23 and 31)				
Selling and marketing expenses	(540,537)	(12)	(485,300)	(12)
General and administrative expenses	(332,836)	(7)	(289,922)	(7)
Research and development expenses	(156,045)	(4)	(143,872)	(4)
Expected credit (loss)/gain (Notes 4 and 9)	(1,137)	-	4,816	-
Total operating expenses	(1,030,555)	(23)	(914,278)	(23)
PROFIT FROM OPERATIONS	874,899	20	552,827	14
NON-OPERATING INCOME AND EXPENSES (Notes 4, 23 and 31)				
Interest income	27,273	-	21,681	1
Other income	33,615	1	8,235	-
Other gains and losses	1,217	-	49,914	1
Finance costs	(1,723)	-	(5,962)	-
Total non-operating income and expenses	60,382	1	73,868	2
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	935,281	21	626,695	16
INCOME TAX EXPENSE (Notes 4 and 24)	(298,922)	(7)	(272,009)	(7)
NET PROFIT FOR THE YEAR	636,359	14	354,686	9

(Continued)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (411)	-	$ 12,222	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,941)	-	(2,444)	-
	(3,352)	-	9,778	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(40,524)	(1)	79,773	2
Income tax relating to items that may be reclassified subsequently to profit or loss	7,765	-	(16,765)	-
	(32,759)	(1)	63,008	2
Other comprehensive income (loss) for the year, net of income tax	(36,111)	(1)	72,786	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 600,248	13	$ 427,472	11
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 603,037	13	$ 336,569	9
Non-controlling interests	33,322	1	18,117	-
	$ 636,359	14	$ 354,686	9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 568,624	12	$ 413,405	11
Non-controlling interests	31,624	1	14,067	-
	$ 600,248	13	$ 427,472	11
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	$ 12.01		$ 6.70	
Diluted	$ 11.98		$ 6.68	

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

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	$ 502,302	$ 77,765	$ 586,956	$ 159,572	$ 1,267,530	$ (191,235)	$ 2,402,890	$ 22,012	$ 2,424,902
Changes in percentage of ownership interests in subsidiaries (Notes 21 and 27)	-	127,526	-	-	-	-	127,526	86,605	214,131
Share-based payment (Notes 4 and 26)	-	1,536	-	-	-	-	1,536	58	1,594
Appropriation of 2021 earnings (Note 21)									
Special reserve	-	-	-	31,663	(31,663)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(351,612)	-	(351,612)	-	(351,612)
Net profit for the year ended December 31, 2022	-	-	-	-	336,569	-	336,569	18,117	354,686
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	9,778	67,058	76,836	(4,050)	72,786
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	346,347	67,058	413,405	14,067	427,472
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	(5,891)	(5,891)
Others (Note 21)	-	-	-	-	(4,250)	-	(4,250)	-	(4,250)
BALANCE AT DECEMBER 31, 2022	502,302	206,827	586,956	191,235	1,226,352	(124,177)	2,589,495	116,851	2,706,346
Appropriation of 2022 earnings (Note 21)									
Reversal of special reserve	-	-	-	(67,058)	67,058	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(301,381)	-	(301,381)	-	(301,381)
Net profit for the year ended December 31, 2023	-	-	-	-	603,037	-	603,037	33,322	636,359
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(3,352)	(31,061)	(34,413)	(1,698)	(36,111)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	599,685	(31,061)	568,624	31,624	600,248
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	(24,388)	(24,388)
BALANCE AT DECEMBER 31, 2023	$ 502,302	$ 206,827	$ 586,956	$ 124,177	$ 1,591,714	$ (155,238)	$ 2,856,738	$ 124,087	$ 2,980,825

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

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 935,281	$ 626,695
Adjustments for:		
Expected credit loss recognized/(reversed) on trade receivables	1,137	(4,816)
Depreciation expense	114,317	103,632
Amortization expense	1,434	1,071
Finance costs	1,723	5,962
Interest income	(27,273)	(21,681)
Cost of share-based remuneration	-	1,594
Loss on disposal of property, plant and equipment	821	2,533
Write-downs of inventories	14,841	7,872
Recognition of provisions	20,251	18,763
Gain on lease modification	(16)	(5)
Net (gain) loss on foreign currency exchange	(3,451)	9,707
Changes in operating assets and liabilities		
Notes receivable	(66)	(4,884)
Trade receivables	(42,621)	119,604
Trade receivables from related parties	(316)	1,580
Other receivables	1,195	3,737
Inventories	79,547	10,440
Prepayments	(3,607)	124
Notes payable	(704)	(31,041)
Notes payable from related parties	-	(570)
Trade payables	28,683	(76,307)
Trade payables from related parties	1,015	(11,856)
Other payables	41,396	(14,158)
Contract liabilities	(39,441)	22,549
Provisions	(15,295)	(26,457)
Net defined benefit liabilities - non-current	5,743	147
Cash generated from operations	1,114,594	744,235
Income tax paid	(297,001)	(148,899)
Net cash generated from operating activities	817,593	595,336
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(245,666)	(16,202)
Proceeds from sale of financial assets at amortized cost	201,774	55,109
Purchase of financial assets at fair value through profit or loss	(439,600)	(717,012)
Proceeds from sale of financial assets at fair value through profit or loss	439,600	717,012
Payments for property, plant and equipment	(144,352)	(86,859)
Proceeds from disposal of property, plant and equipment	1,402	105
Payments for intangible assets	(3,488)	(1,596)

(Continued)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Increase in other non-current assets	$ (2,732)	$ (2,249)
Decrease in other non-current assets	4,275	-
Interest received	35,985	7,426
Net cash used in investing activities	(152,802)	(44,266)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	282,553	1,035,723
Repayments of short-term borrowings	(359,053)	(1,318,220)
Repayments of long-term borrowings	-	(21,164)
Repayment of the principal portion of lease liabilities	(12,698)	(5,076)
Dividends paid to owners of the Company	(301,381)	(351,612)
Interests paid	(1,765)	(6,232)
Dividends paid to non-controlling interests	(24,388)	(5,891)
Changes in non-controlling interest	-	214,131
Net cash used in financing activities	(416,732)	(458,341)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(1,064)	14,999
NET INCREASE IN CASH AND CASH EQUIVALENTS	246,995	107,728
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	742,389	634,661
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 989,384	$ 742,389

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

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sinmag Equipment Corporation (the "Company") was incorporated in the Republic of China (ROC) in September 1983, and the paid-in capital was $502,302 thousand as of December 31, 2023. The Company is primarily engaged in the following businesses:

a. Wholesale of machinery;

b. Retail sale of machinery and equipment;

c. Machinery and equipment manufacturing;

d. International trade; and

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 13, 2024.

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

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

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group applied the amendments and recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. Upon initial application of the amendments to IAS 12, the Group recognized the cumulative effect of retrospective application on January 1, 2022, and restated comparative information.

Had the Group applied the original IAS 12 in the current year, the following adjustments should be made to reflect the line items and balances under the amendments to IAS 12.

Impact on assets, liabilities and equity for the current year

	December 31, 2023
Increase in deferred tax assets	$ 5,206
Increase in assets	$ 5,206
Increase in deferred tax liabilities	$ 5,228
Increase in liabilities	$ 5,228
Decrease in retained earnings	$ (21)
Decrease in non-controlling interests	(1)
Decrease in equity	$ (22)

Impact on total comprehensive income for the current year

	For the Year Ended December 31, 2023
Increase in income tax expense	$ (21)
Decrease in net profit for the year	(21)
Items that may be reclassified subsequently to profit or loss:	
Decrease in exchange differences on translation of the financial statements of foreign operations	(1)
Decrease in other comprehensive income for the year, net of income tax	$ (22)

Upon initial application of the amendments to IAS 12, the impact for the prior year is summarized below:

Impact on assets and liabilities for the prior year

	As Originally Stated	Adjustments Arising from Initial Application	Restated
December 31, 2022			
Deferred tax assets	$ 44,089	$ 1,292	$ 45,381
Total effect on assets	$ 44,089	$ 1,292	$ 45,381
Deferred tax liabilities	$ 96,452	$ 1,292	$ 97,744
Total effect on liabilities	$ 96,452	$ 1,292	$ 97,744
January 1, 2022			
Deferred tax assets	$ 65,705	$ 1,390	$ 67,095
Total effect on assets	$ 65,704	$ 1,390	$ 67,095
Deferred tax liabilities	$ 83,053	$ 1,390	$ 84,443
Total effect on liabilities	$ 83,053	$ 1,390	$ 84,443

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 financial statements shall prevail.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11 and Tables 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use assets and other intangible assets other than goodwill

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

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

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

k. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and interest earned on such financial assets are recognized in interest income.

ii. Financial assets at amortized cost.

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime ECLs for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset's aging is more than 300 days (depending on individual circumstances) unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method except for situations where interest recognized for short-term payables is considered immaterial.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of bakery equipment. Sales of bakery equipment are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the maintenance services of equipment.

As the Group provides maintenance services, customers simultaneously receive and consume the benefits provided by the Group's performance. Consequently, the related revenue is recognized when services are rendered.

n. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

<u>The Group as lessee</u>

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Share-based payment arrangements

<u>Employee share options granted to employees</u>

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The management evaluated that major accounting policies, estimates and basic assumptions applied by the Group had no significant uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 3,131	$ 3,803
Checking accounts	60,299	110,243
Demand deposits	844,154	366,103
Cash equivalents		
Time deposits with original maturities of less than 3 months	81,800	262,240
	$ 989,384	$ 742,389

The market rate intervals of cash in the bank at the end of the year were as follows:

	December 31	
	2023	2022
Bank balance (including time deposits)	0.001%-3.5%	0.001%-4.7%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Time deposits with original maturities over 3 months from the date of acquisition (a)	$ 151,625	$ 176,498
Restricted assets - bank deposits (c)	221	294
	$ 151,846	$ 176,792
Non-current		
Restricted assets - time deposits with original maturities over 3 months from the date of acquisition (a and c)	$ 50	$ 50
Time deposits with original maturities over 3 months from the date of acquisition (a)	216,350	154,280
	$ 216,400	$ 154,330

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.2%-3.9% and 0.6%-3.9% per annum as of December 31, 2023 and 2022, respectively.

b. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

c. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Financial Assets at Amortized Cost

	December 31	
	2023	2022
Gross carrying amount	$ 368,246	$ 331,122
Less: Allowance for impairment loss	-	-
	$ 368,246	$ 331,122

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2023 and 2022, the Group evaluated the expected credit loss rates of its debt instrument investments as 0%.

9. NOTES RECEIVABLE, TRADE RECEIVABLES, OVERDUE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	**2022**
Notes receivable		
At amortized cost		
Gross carrying amount	$ 14,143	$ 14,356
Less: Allowance for impairment loss	(88)	(92)
	$ 14,055	$ 14,264
Trade receivables		
At amortized cost		
Gross carrying amount	$ 497,622	$ 464,008
Less: Allowance for impairment loss	(23,011)	(23,826)
	$ 474,611	$ 440,182
Overdue receivables		
At amortized cost		
Gross carrying amount	$ 6,101	$ 4,996
Less: Allowance for impairment loss	(6,101)	(4,996)
	$ -	$ -
Other receivables		
Tax refund receivables	$ -	$ 462
Interest receivables	16,277	16,625
Others	6,493	7,233
	$ 22,770	$ 24,320

a. Notes receivable

The average credit period for notes receivable is 60-120 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual notes receivable at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to the past default experience of the debtor, the debtor's current financial position and economic conditions of the industry in which the debtors operate.

The following table details the loss allowance of notes receivable based on the Group's past default experience of the debtor:

	December 31	
	2023	**2022**
Expected credit loss rate	0%-1.19%	0%-1.45%
Gross carrying amount	$ 14,143	$ 14,356
Loss allowance (Lifetime ECLs)	(88)	(92)
Amortized cost	$ 14,055	$ 14,264

The movements of the loss allowance of notes receivable were as follows:

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ 92	$ 84
Foreign exchange gains and losses	(4)	8
Balance at December 31	$ 88	$ 92

b. Trade receivables

The average credit period for sales of goods is 60-150 days. No interest was charged on trade receivables that were past due. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2023

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	241 to 300 Days	301 Days Above	Total
Expected credit loss rate	0.32%-7.19%	2.67%-11.97%	4.81%-28.55%	9.86%-92.39%	6.45%-100%	7.64%-100%	
Gross carrying amount	$ 370,128	$ 106,545	$ 10,713	$ 3,747	$ 1,008	$ 5,481	$ 497,622
Loss allowance (Lifetime ECLs)	(11,295)	(4,876)	(1,902)	(531)	(248)	(4,159)	(23,011)
Amortized cost	$ 358,833	$ 101,669	$ 8,811	$ 3,216	$ 760	$ 1,322	$ 474,611

December 31, 2022

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	241 to 300 Days	301 Days Above	Total
Expected credit loss rate	0.06%-6.19%	0.24%-11.77%	2.63%-26.16%	5.83%-100%	9.35%-80.79%	13.84%-100%	
Gross carrying amount	$ 347,438	$ 75,247	$ 22,509	$ 3,638	$ 3,615	$ 11,561	$ 464,008
Loss allowance (Lifetime ECLs)	(10,162)	(2,768)	(1,301)	(427)	(1,637)	(7,531)	(23,826)
Amortized cost	$ 337,276	$ 72,479	$ 21,208	$ 3,211	$ 1,978	$ 4,030	$ 440,182

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 23,826	$ 25,484
Less: Net remeasurement of loss allowance reversed	(141)	(2,236)
Less: Amounts written off	(220)	(53)
Foreign exchange gains and losses	(454)	631
Balance at December 31	$ 23,011	$ 23,826

c. Overdue receivables

The Group measures the loss allowance for overdue receivables at an amount equal to lifetime ECLs. The expected credit losses on overdue receivables are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2023 and 2022, the rate of expected credit loss of overdue receivables was 100%.

The movements of the loss allowance of overdue receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 4,996	$ 7,550
Add: Net remeasurement of loss allowance	1,278	-
Less: Net remeasurement of loss allowance reversed	-	(2,580)
Less: Amounts written off	(71)	-
Foreign exchange gains and losses	(102)	26
Balance at December 31	$ 6,101	$ 4,996

d. Other receivables

Other receivables consist of tax refund receivables, interest receivables, advances to employees, etc. The Group adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group considers the current financial condition of debtors in order to assess whether there has been a significant increase in credit risk on other receivables since initial recognition and measures the expected credit loss. As of December 31, 2023 and 2022, the rate of expected credit loss of other receivables was 0%.

10. INVENTORIES

	December 31	
	2023	2022
Merchandise	$ 141,570	$ 167,830
Finished goods	123,251	177,710
Work in progress	175,296	184,441
Raw materials	223,496	251,270
Inventory in transit	66,004	57,191
	$ 729,617	$ 838,442

The nature of the cost of goods sold was as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 2,574,748	$ 2,458,108
Inventory write-downs	14,841	7,872
Unallocated production overhead	233	86
	$ 2,589,822	$ 2,466,066

11. SUBSIDIARIES

a. Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2023	Proportion of Ownership (%) December 31 2022	Remark
Sinmag Equipment Corporation	Lucky Union Limited	Holding company	100.00	100.00	-
	Sinmag Equipment (Thailand) Co., Ltd. (Note 4)	Selling of bakery equipment	-	-	Main operating risk is exchange rate risk
	LBC Bakery Equipment Inc. (Note 1)	Selling of bakery equipment	-	-	Main operating risk is exchange rate risk
Lucky Union Limited	Sinmag Limited	Holding company	100.00	100.00	-
Sinmag Limited	Sinmag Equipment (China) Co., Ltd. (Note 3)	Manufacturing and selling of bakery equipment	96.38	96.38	Main operating risk is political risk, exchange rate risk and interest rate risk
	Wuxi New Order Control Co., Ltd. (Note 5)	Manufacturing and selling of control panel and electromechanical control system	-	-	Main operating risk is political risk, exchange rate risk and interest rate risk
	Sinmag Bakery Equipment Sdn. Bhd. (Note 4)	Selling of bakery equipment	-	-	Main operating risk is exchange rate risk
	LBC Bakery Equipment Inc. (Note 1)	Selling of bakery equipment	-	-	Main operating risk is exchange rate risk
	Sinmag Bakery Machine India Private Limited	Manufacturing and selling of bakery equipment	100.00	100.00	Main operating risk is exchange rate risk
	Ximai Enterprises Management (Wuxi) Co., Ltd. (Note 2)	Corporate management and investment	100.00	100.00	Main operating risk is political risk and exchange rate risk
Ximai Enterprises Management (Wuxi) Co., Ltd.	Sinmag Equipment (China) Co., Ltd. (Note 3)	Manufacturing and selling of bakery equipment	0.01	0.01	Main operating risk is political risk, exchange rate risk and interest rate risk
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment (Thailand) Co., Ltd. (Note 4)	Selling of bakery equipment	100.00	100.00	Main operating risk is exchange rate risk
	Wuxi New Order Control Co., Ltd. (Note 5)	Manufacturing and selling of control panel and electromechanical control system	50.00	50.00	Main operating risk is political risk, exchange rate risk and interest rate risk
	Sinmag Bakery Equipment Sdn. Bhd. (Note 4)	Selling of bakery equipment	100.00	100.00	Main operating risk is exchange rate risk
	LBC Bakery Equipment Inc. (Note 1)	Selling of bakery equipment	97.33	97.33	Main operating risk is exchange rate risk
	Qingdao Sheng Mai Enterprises Management Co., Ltd. (Note 6)	Corporate management and investment	Note 6	Note 6	-
	Xiamen Sinmag Enterprises Management Co., Ltd. (Note 6)	Corporate management and investment	Note 6	Note 6	-

Note 1: Sinmag Limited converted the preference shares into ordinary shares in January 2022, and the shares of LBC Bakery Equipment Inc. held by the Group increased from 97.24% to 97.33%. Refer to Note 27 for further information on equity transactions with non-controlling interests. In addition, after undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held LBC Bakery Equipment Inc.

Note 2: In February 2022, Ximai Enterprises Management (Wuxi) Co., Ltd. was incorporated in China.

Note 3: The board of directors resolved on March 15, 2022, Sinmag Limited transferred 0.01% shares of Sinmag Equipment (China) Co., Ltd. to Ximai Enterprises Management (Wuxi) Co., Ltd., and the equity transfer procedures were completed in April 2022. Sinmag Equipment (China) Co., Ltd. successfully transformed into a limited corporation on June 13, 2022. In addition, The Group subscribed for additional new shares of Sinmag Equipment (China) Co., Ltd. at a percentage different from its existing ownership percentage in June 2022, reducing its continuing interest from 100% to 96.39%. Among the continuing interest of 96.39%, the shares of Sinmag Equipment (China) Co., Ltd. held by Ximai Enterprises Management (Wuxi) Co., Ltd. remained at 0.01%. Refer to Note 27 for further information on equity transactions with non-controlling interests.

Note 4: After undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held Sinmag Equipment (Thailand) Co., Ltd. and Sinmag Bakery Equipment Sdn. Bhd.

Note 5: After undertaking structural reorganization in June 2022, Sinmag Equipment (China) Co., Ltd. directly held Wuxi New Order Control Co., Ltd. And the Group did not cease to have control over Wuxi New Order Control Co., Ltd. Refer to Note 27 for further information on equity transactions with non-controlling interests.

Note 6: The registrations for the establishment of Qingdao Sheng Mai Enterprises Management Co., Ltd. and Xiamen Sinmag Enterprises Management Co., Ltd. were completed in May 2022, but no capital has been injected as of December 31, 2023.

b. Details of subsidiaries that have material non-controlling interests

	Proportion Of Non-Controlling Interests Ownership And Voting Rights	
	December 31	
Name of Subsidiary	**2023**	**2022**
Sinmag Equipment (China) Co., Ltd.	3.61%	3.61%

Refer to Table 5 for the information on the places of incorporation and principal places of business.

	Profit (Loss) Allocated to Non-controlling Interests		**Non-Controlling Interests**	
	For the Year Ended December 31		**December 31**	
Name of Subsidiary	**2023**	**2022**	**2023**	**2022**
Sinmag Equipment (China) Co., Ltd.	$ 27,820	$ 10,889	$ 101,585	$ 92,336

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Sinmag Equipment (China) Co., Ltd.

	December 31	
	2023	2022
Current assets	$ 1,623,740	$ 1,380,136
Non-current assets	1,834,633	1,708,200
Current liabilities	(602,665)	(526,703)
Non-current liabilities	(41,720)	(3,843)
Equity	$ 2,813,988	$ 2,557,790
Equity attributable to:		
Owners of the Sinmag Equipment (China) Co., Ltd.	$ 2,712,403	$ 2,465,454
Non-controlling interests of Sinmag Equipment (China) Co., Ltd.	101,585	92,336
	$ 2,813,988	$ 2,557,790

	For the Year Ended December 31	
	2023	2022
Revenue	$ 3,638,157	$ 3,164,676
Profit for the year	$ 770,597	$ 438,993
Other comprehensive income (loss) for the year	(40,223)	55,024
Total comprehensive income for the year	$ 730,374	$ 494,017
Profit attributable to:		
Owners of the Sinmag Equipment (China) Co., Ltd.	$ 742,777	$ 428,104
Non-controlling interests of Sinmag Equipment (China) Co., Ltd.	27,820	10,889
	$ 770,597	$ 438,993
Total comprehensive income attributable to:		
Owners of the Sinmag Equipment (China) Co., Ltd.	$ 704,008	$ 488,324
Non-controlling interests of Sinmag Equipment (China) Co., Ltd.	26,366	5,693
	$ 730,374	$ 494,017
Cash inflow/(outflow) from:		
Operating activities	$ 962,522	$ 528,290
Investing activities	(166,426)	(595,755)
Financing activities	(482,457)	(64,759)
Effects of exchange rate changes	(6,839)	1,116
Net cash inflow (outflow)	$ 306,800	$ (131,108)

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction (Notes 17 and 28)	Total
Cost									
Balance at January 1, 2023	$ 96,293	$ 994,513	$ 457,139	$ 15,054	$ 15,729	$ 66,500	$ 214,861	$ 12,042	$ 1,872,131
Additions	-	11,318	13,231	-	2,288	7,419	14,935	98,427	147,618
Disposals	-	(2,731)	(11,827)	-	(2,174)	(2,754)	(4,741)	-	(24,227)
Effects of foreign currency exchange differences	(42)	(17,006)	(8,188)	(277)	(212)	(664)	(4,207)	(1,522)	(32,188)
Reclassification (Note)	-	1,500	11,846	-	78	(156)	3,107	-	16,375
Balance at December 31, 2023	$ 96,251	$ 987,594	$ 462,201	$ 14,777	$ 15,709	$ 70,345	$ 223,955	$ 108,947	$ 1,979,779
Accumulated depreciation									
Balance at January 1, 2023	$ -	$ 300,243	$ 269,891	$ 1,235	$ 12,608	$ 50,055	$ 100,573	$ -	$ 734,605
Disposals	-	(2,175)	(11,100)	-	(1,999)	(2,591)	(4,139)	-	(22,004)
Depreciation expense	-	36,345	25,628	3,002	998	5,725	27,947	-	99,645
Effect of foreign currency exchange differences	-	(5,434)	(4,842)	(70)	(147)	(490)	(2,279)	-	(13,262)
Balance at December 31, 2023	$ -	$ 328,979	$ 279,577	$ 4,167	$ 11,460	$ 52,699	$ 122,102	$ -	$ 798,984
Carrying amount at December 31, 2023	$ 96,251	$ 658,615	$ 182,624	$ 10,610	$ 4,249	$ 17,646	$ 101,853	$ 108,947	$ 1,180,795
Cost									
Balance at January 1, 2022	$ 93,895	$ 970,564	$ 409,840	$ -	$ 16,614	$ 62,252	$ 163,363	$ 2,674	$ 1,719,202
Additions	-	613	26,266	15,101	218	6,001	34,953	9,375	92,527
Disposals	-	(1,282)	(14,785)	-	(1,467)	(5,760)	(4,757)	-	(28,051)
Effects of foreign currency exchange differences	2,398	24,618	6,484	(47)	364	3,916	3,108	(7)	40,834
Reclassification (Note)	-	-	29,334	-	-	91	18,194	-	47,619
Balance at December 31, 2022	$ 96,293	$ 994,513	$ 457,139	$ 15,054	$ 15,729	$ 66,500	$ 214,861	$ 12,042	$ 1,872,131
Accumulated depreciation									
Balance at January 1, 2022	$ -	$ 255,997	$ 255,467	$ -	$ 12,383	$ 47,227	$ 78,119	$ -	$ 649,193
Disposals	-	(697)	(13,374)	-	(1,315)	(5,609)	(4,418)	-	(25,413)
Depreciation expense	-	39,820	23,520	1,239	1,264	5,433	25,550	-	96,826
Effect of foreign currency exchange differences	-	5,123	4,278	(4)	276	3,004	1,322	-	13,999
Balance at December 31, 2022	$ -	$ 300,243	$ 269,891	$ 1,235	$ 12,608	$ 50,055	$ 100,573	$ -	$ 734,605
Carrying amount at December 31, 2022	$ 96,293	$ 694,270	$ 187,248	$ 13,819	$ 3,121	$ 16,445	$ 114,288	$ 12,042	$ 1,137,526

Note: Reclassified from other non-current assets - prepayments for equipment and inventories to property, plant and equipment.

The property, plant and equipment used by the Group are not leased under operating leases.

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	3-50 years
Machinery and equipment	3-10 years
Leasehold improvements	5 years
Transportation equipment	5 years
Office equipment	3-10 years
Other equipment	3-10 years

The significant part of the Group's buildings includes main buildings, mechanical and electrical power equipment and construction system etc., and are depreciated over their estimated useful lives of 20 to 50 years, 10 to 15 years and 3 to 20 years, respectively.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 75,592	$ 79,134
Buildings	35,132	7,976
	$ 110,724	$ 87,110

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 41,433	$ 2,307
Depreciation charge for right-of-use assets		
Land	$ 1,679	$ 1,687
Buildings	12,993	5,119
	$ 14,672	$ 6,806

As of December 31, 2023, the Group acquired the land use rights certificates, which are for land located in mainland China.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current (Note 31)	$ 10,789	$ 4,704
Non-current (Note 31)	$ 24,173	$ 2,816

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.65%-5.30%	1.00%-5.30%

c. Material lease-in activities and terms

The Group leases certain land use rights and buildings for the use of offices, dormitories, warehouses and parking lots with lease terms of 2 to 99 years. The Group does not have bargain purchase options to acquire the land use rights and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 7,324	$ 6,539
Expenses relating to low-value asset leases	$ 438	$ 450
Total cash outflow for leases	$ (20,857)	$ (12,629)

The Group leases certain buildings which qualify as short-term leases, and transportation equipment and certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. GOODWILL

	For the Year Ended December 31	
	2023	2022
Cost		
Balance at January 1	$ 3,254	$ 3,254
Additions (deductions)	-	-
Balance at December 31	$ 3,254	$ 3,254

15. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2023	$ 13,195
Additions	3,488
Disposals	(1,677)
Effect of foreign currency exchange differences	(265)
Balance at December 31, 2023	$ 14,741
Accumulated amortization and impairment	
Balance at January 1, 2023	$ 10,185
Amortization expense	1,434
Disposals	(1,677)
Effect of foreign currency exchange differences	(178)
Balance at December 31, 2023	$ 9,764
Carrying amount at December 31, 2023	$ 4,977

(Continued)

	Computer Software
Cost	
Balance at January 1, 2022	$ 18,345
Additions	1,596
Disposals	(6,885)
Effect of foreign currency exchange differences	139
Balance at December 31, 2022	$ 13,195
Accumulated amortization and impairment	
Balance at January 1, 2022	$ 15,895
Amortization expense	1,071
Disposals	(6,885)
Effect of foreign currency exchange differences	104
Balance at December 31, 2022	$ 10,185
Carrying amount at December 31, 2022	$ 3,010

(Concluded)

Computer software is amortized on a straight-line basis over its estimated useful life of 5 years.

16. OTHER ASSETS

	December 31	
	2023	2022
Current		
Other prepayments		
Prepayments for purchase	$ 4,999	$ 2,524
Prepaid expenses	11,395	10,457
	$ 16,394	$ 12,981
Non-current		
Other assets		
Refundable deposits (Note)	$ 3,037	$ 5,706
Prepayments for equipment	4,330	16,323
Prepayments - non-current	13	1,292
Interest receivables	2,173	10,537
	$ 9,553	$ 33,858

Note: The Group considers the historical default rates of each credit rating supplied by external rating agencies and the current financial condition of debtors to estimate 12-month or lifetime expected credit losses. As of December 31, 2023 and 2022, the Group evaluated the expected credit loss rates of its refundable deposits as 0%.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Secured borrowings (Note 32)		
Bank loans	$ -	$ -
Unsecured borrowings		
Line of credit borrowings	-	76,500
	$ -	$ 76,500

The range of weighted average effective interest rates on line of credit borrowings was 1.43% per annum as of December 31, 2022.

b. Long-term borrowings

	December 31	
	2023	2022
Secured borrowings (Note 32)		
Long-term borrowings - Urban Regeneration (Note 28)	$ 13,861	$ 10,119

The Group participated in the "Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Urban Renewal Plan" (the "Plan"). The Plan, which was implemented by the original landowner and legal building owner with "Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Association" (the "Association"), was approved by the municipal authority. To assure that the Plan would be carried out as expected, the Association signed the property trust contract with the Trust Department of Hua Nan Commercial Bank (Note 32), and the Association applied the property financing arrangement to Hua Nan Commercial Bank which states that the borrowings are managed by the trust account of Hua Nan Commercial Bank. Upon completion of the project, the expense accrued from the project will be allocated proportionately to the original landowner and legal building owner based on the value of the property rights within the scope of the area as stated in the Plan. As of December 31, 2023 and 2022, the expense allocated to the Group was $13,861 thousand and $10,119 thousand, and the borrowing rate was 2.705%-2.83% and 2.33%-2.705%, respectively.

18. OTHER PAYABLES

	December 31 2023	December 31 2022
Payables for salaries or bonuses	$ 166,468	$ 138,243
Payables for professional service fees	8,430	5,093
Payables for employee welfare fund	6,655	5,791
Accrued interest payable	-	42
Payables for business tax	2,471	8,721
Payables for equipment (Note 28)	886	1,362
Others	72,955	61,033
	$ 257,865	$ 220,285

19. PROVISIONS

	December 31 2023	December 31 2022
Current		
Warranties	$ 20,966	$ 16,245

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Balance at January 1	$ 16,245	$ 22,905
Additional provisions recognized	20,251	18,763
Amount used	(15,295)	(26,457)
Effect of foreign currency exchange differences	(235)	1,034
Balance at December 31	$ 20,966	$ 16,245

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties in sale of goods contracts. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China, Malaysia, U.S.A., India and Thailand are members of a state-managed retirement benefit plan operated by the local governments. The subsidiaries are required to contribute specified percentages of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 6.57% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

In March 2023, the Company, in accordance with the Labor Standards Act and the LPA, reached a consensus on closing the tenure record in the defined benefit plans with the employees. In May 2023, the account cancellation, in accordance with the Regulations for the Allocation and Management of the Workers’ Retirement Reserve Funds, was approved by the New Taipei City Government with Letter No. 1120765206, and the remaining $4,899 thousand in the labor pension reserve account was collected in June 2023.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ -	$ 32,381
Fair value of plan assets	-	(38,535)
Surplus	-	(6,154)
Asset ceiling	-	-
Net defined benefit assets	$ -	$ (6,154)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2022	$ 48,210	$ (42,289)	$ 5,921
Service cost			
Current service cost	110	-	110
Net interest expense (income)	301	(264)	37
Recognized in profit or loss	411	(264)	147

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (3,885)	$ (3,885)
Actuarial (gain) - changes in financial assumptions	(2,774)	-	(2,774)
Actuarial (gain) - experience adjustments	(5,563)	-	(5,563)
Recognized in other comprehensive income	(8,337)	(3,885)	(12,222)
Benefits paid	(7,903)	7,903	-
Balance at December 31, 2022	$ 32,381	$ (38,535)	$ (6,154)
Balance at January 1, 2023	$ 32,381	$ (38,535)	$ (6,154)
Net interest expense (income)	243	(289)	(46)
Loss on settlements	890	-	890
Recognized in profit or loss	1,133	(289)	844
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(224)	(224)
Actuarial loss - experience adjustments	635	-	635
Recognized in other comprehensive income	635	(224)	411
Benefits paid	(30,071)	30,071	-
Liabilities extinguished on settlement	(4,078)	4,078	-
Refund of overfunding	-	4,899	4,899
Balance at December 31, 2023	$ -	$ -	$ -

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.500%	1.500%
Expected rate(s) of salary increase	2.500%	2.500%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	$ -	$ (732)
0.25% decrease	$ -	$ 758
Expected rate(s) of salary increase		
0.25% increase	$ -	$ 737
0.25% decrease	$ -	$ (716)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	$ -	$ -
Average duration of the defined benefit obligation	-	9.2 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	60,000	60,000
Shares authorized	$ 600,000	$ 600,000
Number of shares issued and fully paid (in thousands)	50,230	50,230
Shares issued	$ 502,302	$ 502,302

The Company reserved 2,100 thousand ordinary shares authorized for employee share options.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Arising from issuance of ordinary shares	$ 74,811	$ 74,811
Arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	927	927
	75,738	75,738
May only be used to offset a deficit**		
Changes in percentage of ownership interests in subsidiaries (Notes 26 and 27)	131,089	131,089
	$ 206,827	$ 206,827

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

** Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on May 31, 2022 and resolved the amendments to the Company's Articles of Incorporation (the "Articles").

Under the dividends policy as set forth in the amended Articles, where the Company made a profit after considering taxes expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including the adjustment of unappropriated profit), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with beginning undistributed retained earnings (including the adjustment of unappropriated profit) shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

In the event of a shortfall in "cumulative net increases in fair value measurement of investment properties from the prior period" and "cumulative net debit balance reserves from the prior period" when the Company sets aside a portion of distributable earnings for special reserve, it shall first set aside an equal amount of special reserve from undistributed earnings from the previous period. If any shortfall remains, the Company shall make an allocation from the undistributed earnings of the current period that also take account of net profit plus other items of the current period.

In accordance with Article 240 of the Company Law or Article 241 of the Company Law, if the Company used dividend bonus, legal reserve, capital surplus to distribute as cash dividends, the board of directors shall be authorized to resolve the proposal by the vote of at least half of the directors present, provided the number of directors present shall be at least two-thirds of the entire board of directors, and report the distribution to the shareholders' meeting.

As the Company is in the growing stage, in determining the Company's dividend distribution policy, the Company's board of directors considers the current and future investment environment, capital needs for future expansions, domestic and international competition and capital budget, and also takes into account shareholder's benefits and the balance between dividend distributions and the Company's long-term financial plans. A dividend distribution plan is proposed annually by the board of directors and passed for resolution in the shareholders' meeting.

The Company shall, considering financial, operational and managerial factors, distribute no less than 20% of unappropriated earnings to shareholders as dividends and bonuses, in the form of cash or share dividends, whilst cash dividends should not be lower than 20% of total bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 23(g).

Under Article 237 of the Company Law, an appropriation of 10% of the amount of net income plus the items other than net income are included in the unappropriated earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	**2021**
(Reversal) drawdown of the special reserve	$ (67,058)	$ 31,663
Cash dividends	$ 301,381	$ 351,612
Cash dividends per share (NT$)	$ 6	$ 7

The above appropriation for cash dividends for 2022 was resolved by the Company's board of directors on March 27, 2023; the other proposed appropriation was resolved by the shareholders in their meeting on June 19, 2023. The appropriation of earnings for 2021 which was approved in the shareholders' meetings on May 31, 2022.

The appropriation of earnings for 2023, was proposed by the Company's board of directors on March 13, 2024. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2023
Drawdown of the special reserve	$ 31,061
Cash dividends	$ 452,072
Cash dividends per share (NT$)	$ 9

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 21, 2024.

d. Special reserve

	December 31	
	2023	2022
Appropriation in respect of:		
Debit to other equity items	$ 69,844	$ 136,902
First-time adoption of IFRSs	54,333	54,333
	$ 124,177	$ 191,235

e. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31		
	2023	2022	
Balance at January 1	$ (124,177)	$ (191,235)	
Recognized for the year			
Exchange differences on the translation of the financial statements of foreign operations	(38,826)	79,573	
Related income tax	7,765	(15,915)	
Reclassification adjustments			
Disposal of foreign operations (Note 23)	-	4,250	(Note)
Related income tax	-	(850)	
Other comprehensive income recognized for the year	(31,061)	67,058	
Balance at December 31	$ (155,238)	$ (124,177)	

Note: The disposal of LBC Bakery Equipment Inc. and Sinmag Equipment (Thailand) Co., Ltd. was a structural reorganization within the Group, and the relevant losses on disposal were transferred to retained earnings.

f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 116,851	$ 22,012
Share in profit for the year	33,322	18,117
Other comprehensive income during the year		
Exchange differences on the translation of the financial statements of foreign operations	(1,698)	(4,050)
Cash dividend	(24,388)	(5,891)
Conversion of preference shares to ordinary shares by the subsidiary are calculated by proportion of equity transferring to non-controlling interests (Note 27)	-	19
Changes in non-controlling interest (Note 27)	-	86,586
Share-based payment of subsidiaries (Note 26)	-	58
Balance at December 31	$ 124,087	$ 116,851

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	$ 4,475,232	$ 3,914,888
Revenue from the rendering of services	23,454	21,631
	$ 4,498,686	$ 3,936,519

a. Contract information

1) Revenue from the sale of goods

The main operating revenue of the Group was from sales of bakery equipment. Goods are sold at their respective fixed amounts as agreed in the contracts.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing the maintenance services of equipment.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 9)	$ 14,055	$ 14,264	$ 8,928
Trade receivables (Note 9)	474,611	440,182	543,348
Trade receivables from related parties (Note 31)	811	490	2,051
	$ 489,477	$ 454,936	$ 554,327
Contract liabilities			
Sale of goods	$ 135,844	$ 177,735	$ 151,274

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the start of the year		
Sale of goods	$ 158,646	$ 133,820

c. Disaggregation of revenue

Refer to Note 36 for information on disaggregation of revenue.

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Interest income		
Bank deposits	$ 25,959	$ 19,422
Financial assets at FVTPL	1,314	2,259
	$ 27,273	$ 21,681

b. Other income

	For the Year Ended December 31	
	2023	2022
Others	$ 33,615	$ 8,235

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Loss on disposal of property, plant and equipment	$ (821)	$ (2,533)
Net foreign exchange gains	13,465	54,750
Gain on lease modification	16	5
Others	(11,443)	(2,308)
	$ 1,217	$ 49,914

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 799	$ 5,760
Interest on lease liabilities	1,222	343
Less: Capitalized interest amount	(298)	(141)
	$ 1,723	$ 5,962

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	$ 298	$ 141
Capitalization rate	2.705%-2.83%	2.33%-2.705%

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 58,400	$ 57,817
Operating expenses	55,917	45,815
	$ 114,317	$ 103,632
An analysis of amortization by function		
Operating costs	$ 16	$ 21
Selling and marketing expenses	140	72
General and administrative expenses	1,019	563
Research and development expenses	259	415
	$ 1,434	$ 1,071

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	$ 942,134	$ 868,220
Post-employment benefits		
Defined contribution plans	82,549	85,777
Defined benefit plans (Note 20)	844	147
	83,393	85,924
Share-based payment (Note 26)	-	1,594
Total employee benefits expense	$ 1,025,527	$ 955,738
An analysis of employee benefits expense by function		
Operating costs	429,305	$ 409,102
Operating expenses	596,222	546,636
	$ 1,025,527	$ 955,738

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at rates of 2%-10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which have been approved by the Company's board of directors on March 13, 2024 and March 27, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	2.24%	2.20%
Remuneration of directors	1.38%	1.34%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	$ 15,687	$ 11,092
Remuneration of directors	9,683	6,759

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	$ 69,787	$ 102,513
Foreign exchange losses	(56,322)	(47,763)
Net foreign exchange gains	$ 13,465	$ 54,750

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 424,204	$ 330,564
Income tax on unappropriated earnings	5,389	6,067
Adjustments for prior years	(14,647)	(1,142)
Withholding tax credits from overseas profits of the current year	(44,187)	(16,379)
Tax deduction	(106,690)	(63,799)
	264,069	255,311
Deferred tax		
In respect of the current year	34,853	16,698
Income tax expense recognized in profit or loss	$ 298,922	$ 272,009

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 935,281	$ 626,695
Income tax expense calculated at the statutory rate (20%)	$ 187,056	$ 125,339
Unrecognized deductible temporary differences - share of profit of subsidiaries accounted for using the equity method	(29,166)	(19,078)
Nondeductible expenses in determining taxable income	25,438	11,073
Repatriation of subsidiary's tax earnings	45,701	108,605
Income tax on unappropriated earnings	5,389	6,067
Withholding tax credits from overseas profits of the current year	(44,187)	(16,379)
Effect of different tax rates of entities in the Group operating in other jurisdictions	123,338	57,524
Adjustments for prior years' tax	(14,647)	(1,142)
Income tax expense recognized in profit or loss	$ 298,922	$ 272,009

The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

Under the corporate income tax law in mainland China, Sinmag Equipment (China) Co., Ltd. qualified as a high-tech enterprise from 2021 to 2023, resulting in a 15% corporate income tax rate.

Under the Preferential Income Tax Policies for Small and Low-Profit Enterprises in mainland China, Wuxi New Order Control Co., Ltd. applied an income tax rate of 20% on taxable income that constituted 25% and 12.5% of its revenue at less than RMB1,000 thousand, respectively, and 25% of its revenue was more than RMB1,000 thousand but less than RMB3,000 thousand in 2023 and 2022, respectively.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Current tax	$ -	$ -
Deferred tax		
In respect of the current year		
Translation of foreign operations	(7,765)	15,915
Remeasurement of defined benefit plans	2,941	2,444
Arising from income and expenses reclassified from equity to profit or loss		
On disposal of foreign operation	-	850
Total income tax recognized in other comprehensive income	$ (4,824)	$ 19,209

c. Current tax assets and liabilities

	December 31 2023	December 31 2022
Current tax assets		
Tax refund receivable	$ 3,739	$ 114
Current tax liabilities		
Income tax payable	$ 170,805	$ 201,942

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for impairment loss	$ 3,681	$ (306)	$ -	$ (56)	$ 3,319
Unrealized loss on inventories	11,441	1,514	-	(101)	12,854
Unrealized gain on transactions with subsidiaries	879	(111)	-	-	768
Provisions	3,392	743	-	(37)	4,098
Lease liabilities	1,292	3,985	-	(71)	5,206
Defined benefit obligations	2,941	-	(2,941)	-	-
Exchange differences on translating the financial statements of foreign operations	15,824	-	7,765	-	23,589
Others	5,931	(2,561)	-	(16)	3,354
	$ 45,381	$ 3,264	$ 4,824	$ (281)	$ 53,188
Deferred tax liabilities					
Temporary differences					
Share of profit or loss of subsidiaries accounted for using the equity method	$ 88,162	$ 39,431	$ -	$ (174)	$ 127,419
Pensions	5,088	(5,088)	-	-	-
Property, plant and equipment property tax difference	3,202	(331)	-	(58)	2,813
Right-of-use assets	1,292	4,008	-	(72)	5,228
Others	-	97	-	-	97
	$ 97,744	$ 38,117	$ -	$ (304)	$ 135,557

For the year ended December 31, 2022

	Opening Balance	Effect of Retrospective Application of Amendments to IAS 12	Opening Balance (As Restated)	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Closing Balance
Deferred tax assets							
Temporary differences							
Allowance for impairment loss	$ 4,572	$ -	$ 4,572	$ (939)	$ -	$ 48	$ 3,681
Unrealized loss on inventories	10,937	-	10,937	317	-	187	11,441
Unrealized gain on transactions with subsidiaries	3,341	-	3,341	(2,462)	-	-	879
Provisions	4,240	-	4,240	(1,243)	-	395	3,392
Lease liabilities	-	1,390	1,390	(154)	-	56	1,292
Defined benefit obligations	5,385	-	5,385	-	(2,444)	-	2,941
Exchange differences on translating the financial statements of foreign operations	32,589	-	32,589	-	(16,765)	-	15,824
Others	4,641	-	4,641	1,034	-	256	5,931
	$ 65,705	$ 1,390	$ 67,095	$ (3,447)	$(19,209)	$ 942	$ 45,381
Deferred tax liabilities							
Temporary differences							
Share of profit or loss of subsidiaries accounted for using the equity method	$ 77,753	$ -	$ 77,753	$ 10,409	$ -	$ -	$ 88,162
Pensions	5,118	-	5,118	(30)	-	-	5,088
Property, plant and equipment property tax difference	-	-	-	3,208	-	(6)	3,202
Right-of-use assets	-	1,390	1,390	(154)	-	56	1,292
Others	182	-	182	(182)	-	-	-
	$ 83,053	$ 1,390	$ 84,443	$ 13,251	$ -	$ 50	$ 97,744

e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $1,045,357 thousand and $899,524 thousand, respectively.

f. Income tax assessments

The Company’s tax returns through 2020 have been assessed by the tax authorities, and the Group had no litigation or claim regarding tax assessments as of December 31, 2023.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share		
From continuing operations	$ 12.01	$ 6.70
Diluted earnings per share		
From continuing operations	$ 11.98	$ 6.68

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2023	2022
Profit for the year attributable to owners of the Company	$ 603,037	$ 336,569
Effect of potentially dilutive ordinary shares		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	$ 603,037	$ 336,569

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	50,230	50,230
Effect of potentially dilutive ordinary shares		
Employees' compensation	128	156
Weighted average number of ordinary shares used in the computation of diluted earnings per share	50,358	50,386

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. SHARE-BASED PAYMENT ARRANGEMENTS

The issuance of ordinary shares for cash of Sinmag Equipment (China) Co., Ltd., the subsidiary of the Group, was approved by the board of directors in June 2022. The Company reserved a portion of shares for subscription by employees. The fair value was priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	June 2022
Grant-date share price	$16.45
Exercise price	$16.34
Expected volatility	14.76%
Expected life	1 day
Expected dividend yield	-
Risk-free interest rate	2.81%

Compensation costs recognized were $1,594 thousand for the year ended December 31, 2022.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Sinmag Limited converted the preference shares into ordinary shares in January 2022, and the shares of LBC Bakery Equipment Inc. held by the Group increased from 97.24% to 97.33%.

Sinmag Limited and Ximai Enterprises Management (Wuxi) Co., Ltd. subscribed for additional new shares of Sinmag Equipment (China) Co., Ltd. at a percentage different from its existing ownership percentage in June 2022, reducing The Group's continuing interest from 100% to 96.39%.

After undertaking structural reorganization in June 2022, Sinmag Equipment (China) Co., Ltd. directly held Wuxi New Order Control Co., Ltd. The shares of Wuxi New Order Control Co., Ltd. held by the Group decreased from 50% to 48.20%, and the Group did not cease to have control over Wuxi New Order Control Co., Ltd.

The transaction was recognized as investments accounted for using the equity method since there was no change of control in the subsidiaries.

	LBC Bakery Equipment Inc.	Sinmag Equipment (China) Co., Ltd.	Wuxi New Order Control Co., Ltd.
Consideration paid (Note)	$ (9,875)	$ -	$ -
Cash consideration received	-	214,131	-
Carrying value of actual acquisition of equity in subsidiaries	9,856	-	-
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (to) non-controlling interests	-	(86,712)	126
Differences recognized from equity transactions	$ (19)	$ 127,419	$ 126
Line items adjusted for equity transaction			
Capital surplus - changes in percentage of ownership interests in subsidiaries	$ (19)	$ 127,419	$ 126

Note: The consideration paid was converted from the preference shares; there was a cash outflow.

28. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2023 and 2022.

1) The Group acquired property, plant and equipment that had not yet paid in the amounts of $886 thousand and $1,362 thousand, which were recorded as other payables during the years ended December 31, 2023 and 2022, respectively.

2) The Group proportionately allocated and capitalized the expenses accrued from the urban regeneration project based on the value of the property rights within the scope of the area as stated in the Plan. In addition, the Association applied the property financing arrangement to Hua Nan Commercial Bank. As of December 31, 2023 and 2022, the amounts which were accounted as property under construction and long-term borrowings - Urban regeneration were $13,861 thousand and $10,119 thousand, respectively.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Opening Balance	Cash Flows: Increase (Decrease) in Principal	Cash Flows: Finance Costs	Non-cash Changes: Urban Regeneration/ New Leases	Non-cash Changes: Lease Modification	Non-cash Changes: Finance Costs	Non-cash Changes: Exchange Differences on Translating the Financial Statements	Closing Balance
Long-term borrowings	$ 10,119	$ -	$ -	$ 3,742	$ -	$ -	$ -	$ 13,861
Short-term borrowings	76,500	(76,500)	-	-	-	-	-	-
Lease liabilities	7,520	(12,698)	(1,222)	41,433	(364)	1,222	(929)	34,962
	$ 94,139	$ (89,198)	$ (1,222)	$ 45,175	$ (364)	$ 1,222	$ (929)	$ 48,823

For the year ended December 31, 2022

	Opening Balance	Cash Flows: Increase (Decrease) in Principal	Cash Flows: Finance Costs	Non-cash Changes: Urban Regeneration/ New Leases	Non-cash Changes: Lease Modification	Non-cash Changes: Finance Costs	Non-cash Changes: Exchange Differences on Translating the Financial Statements	Closing Balance
Long-term borrowings and current portion of long-term borrowings	$ 22,654	$ (21,164)	$ -	$ 7,445	$ -	$ -	$ 1,184	$ 10,119
Short-term borrowings	350,784	(282,497)	-	-	-	-	8,213	76,500
Lease liabilities	8,917	(5,076)	(343)	2,307	1,081	343	291	7,520
	$ 382,355	$ (308,737)	$ (343)	$ 9,752	$ 1,081	$ 343	$ 9,688	$ 94,139

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group considered that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2023	**2022**
Financial assets		
Amortized cost (1)	$ 1,875,087	$ 1,568,548
Financial liabilities		
Amortized cost (2)	327,565	360,310

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, receivables (including related parties and excluding tax refund receivables), interest receivables (account for other non-current assets) and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, long-term borrowings and payables (including related parties and excluding payables for salaries or bonuses, payables for employees' welfare fund and payables for business tax).

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, receivables, debt instruments, payables, short-term borrowings, long-term borrowings and lease liabilities. Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. The Group assesses the net risk position of non-functional currency denominated sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to exchange fluctuations of the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	$ 4,792	$ 5,943

This was mainly attributable to the exposure outstanding on USD cash and cash equivalents, receivables and payables which were not hedged at the end of the reporting period.

The Group's sensitivity to the USD decreased during the current year mainly due to a decrease in USD denominated cash and cash equivalents.

b) Interest rate risk

The Group was exposed to interest rate risk because its deposits, bank loans and lease liabilities are at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	$ 449,825	$ 593,068
Financial liabilities	34,962	84,020
Cash flow interest rate risk		
Financial assets	844,375	366,397
Financial liabilities	13,861	10,119

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,076 thousand and $891 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

The Group's sensitivity to the interest rate increased during the current year mainly due to an increase in floating interest rate bank deposits.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group rated its major customers based on the information supplied by independent rating agencies where available and, if not available, other publicly available financial information and its own trading records. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group continually evaluated its counterparties' financial status, and, if necessary, requested a guarantee deposit as a term of transaction to lower its exposure to the credit risk.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For the Group, bank loans are an important resource of liquidity to the Group. Refer to section (b) below for more information on unused amounts of financing facilities at December 31, 2023 and 2022.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table shows the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	Within 3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	$ 298,100	$ 15,604	$ -
Lease liabilities	4,667	6,988	25,067
Long-term borrowings	-	-	13,861
	$ 302,767	$ 22,592	$ 38,928

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 11,655	$ 25,067

December 31, 2022

	Within 3 Months	3 Months to 1 Year	1-5 Years
Short-term borrowings	$ 76,568	$ -	$ -
Non-interest bearing liabilities	262,081	11,610	-
Lease liabilities	1,786	3,092	2,869
Long-term borrowings	-	-	10,119
	$ 340,435	$ 14,702	$ 12,988

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 4,878	$ 2,869

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank loan facilities, reviewed annually and payable on demand:		
Amount used	$ -	$ 76,500
Amount unused	879,127	1,010,870
	$ 879,127	$ 1,087,370
Secured bank loan facilities:		
Amount used	$ -	$ -
Amount unused	140,000	140,000
	$ 140,000	$ 140,000

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Category
Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	Associate
Tehmag Foods Corporation	Associate
San Neng Bake Ware (Wuxi) Co., Ltd.	Associate
San Neng Bakeware Corporation	Associate
New Order Enterprise Co., Ltd.	Associate
Auto Control Co., Ltd.	Associate
Tehmag Foods Corporation Sdn. Bhd.	Associate
Wuxi Squires Kitchen Trading Co., Ltd. (Squires Kitchen Sugarcraft (Wuxi) Limited was renamed in July 2022)	Associate
Sinmag Fitting Corporation	Associate
San Neng Japan Bake Ware Corporation	Associate

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales	Associates	$ 12,825	$ 10,376

The sales prices to related parties were negotiated case by case, and the collection terms to related parties were 60 days or 90 days within receiving the bills of lading. The sales prices to third parties were determined in accordance with mutual agreements, and the collection terms from third parties were 90 days.

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Purchases	Associates	$ 60,052	$ 44,594

The purchase prices from related parties were determined based on their costs with a margin. The payment terms to related parties were 30 days to 120 days or 45 days within receiving the bill of lading. The prices and payment terms were determined in accordance with mutual agreements, and the payment terms to third parties were 90 days.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Associates	$ 811	$ 490

The outstanding trade receivables from related parties are unsecured. As of December 31, 2023 and 2022, all receivables from related parties were not past due. And for the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Trade payables	Associates	$ 3,521	$ 2,562

The outstanding trade payables from related parties are unsecured.

f. Lease arrangements - the Group is lessee

Related Party Category/Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Acquisition of right-of-use assets		
Associates - Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	$ 38,154	$ -

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Lease liabilities - current	Associates - Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	$ 7,196	$ -
Lease liabilities - non-current	Associates - Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	23,008	-
		$ 30,204	$ -

Related Party Category/Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Interest expense		
Associates - Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	$ 1,021	$ -
Depreciation		
Associates - Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	$ 7,553	$ -

The Group leased the right-of-use of buildings from its associates - Zeelandia Bakery Ingredients (Wuxi) Co., Ltd. in January 2023. The lease term of the contract was 5 years; the rental is based on prevailing market rates, and fixed lease payments are paid semi-annually.

g. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Production overhead	Associates	$ 31	$ -
Selling and marketing expenses - other expenses	Associates	$ 1	$ 2
General and administrative expenses - other expenses	Associates	$ -	$ 2
Research and development expenses - other expenses	Associates	$ 3	$ -
Other income	Associates	$ 4	$ -

h. Compensation of key management personnel

	For the Year Ended December 31 2023	2022
Short-term employee benefits	$ 68,430	$ 53,578
Post-employment benefits	1,018	1,138
	$ 69,448	$ 54,716

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank loans, taxpayer accounts and the tariffs of imported raw materials guarantees:

	December 31 2023	2022
Financial assets at amortized cost - current		
Taxpayer accounts	$ 221	$ 294
Financial assets at amortized cost - non-current		
Pledged time deposits	$ 50	$ 50
Others		
Freehold land	$ 58,715	$ 58,715
Buildings, net	23,686	22,850
Property under construction	13,861	10,119
	$ 96,262	$ 91,684

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments were as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	$ 32,840	$ 19,383

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,305	30.65 (USD:NTD)	$ 70,634
USD	15,022	7.08 (USD:RMB)	460,377
USD	4	4.59 (USD:MYR)	121
			$ 531,132
Financial liabilities			
Monetary items			
USD	667	30.65 (USD:NTD)	$ 20,456
USD	757	7.08 (USD:RMB)	23,207
USD	268	34.15 (USD:THB)	8,228
			$ 51,891

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 8,052	30.70 (USD:NTD)	$ 247,198
USD	12,481	6.96 (USD:RMB)	383,180
USD	32	4.42 (USD:MYR)	993
			$ 631,371
Financial liabilities			
Monetary items			
USD	494	30.70 (USD:NTD)	$ 15,181
USD	480	6.96 (USD:RMB)	14,752
USD	232	34.58 (USD:THB)	7,137
			$ 37,070

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were $13,465 thousand and $54,750 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group in the Group.

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (none)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (none)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (none)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (none)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (none)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 2)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (none)

9) Trading in derivative instruments (none)

10) Intercompany relationships and significant intercompany transactions (Table 3)

b. Information on investees (Table 4)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

e. Disclosure of the affiliates

1) Disclosures on the notes appended to the consolidated financial statements of the affiliates are as follows:

No.	Items	Reference
1	The names of subordinate companies, a description of their relationship with the controlling company, the nature of their business, and the controlling company's shareholding or capital contribution ratio in each company.	Note 11, Tables 4 and 5
2	Increases, decreases, or changes in the subordinate companies included in the current consolidated financial statements of the affiliates.	None
3	The names and shareholding or capital contribution ratios of subordinate companies not listed in the current consolidated financial statements for affiliates and the reasons why they are not included in the consolidated statements.	None
4	The adjustment method and treatment adopted if the opening and closing dates of the subordinate company's accounting year are different from those of the controlling company.	None
5	An explanation of any differences in accounting policies between the subordinate companies and the controlling company. The method and substance of adjustments adopted in the event of any non-conformity with the Generally Accepted Accounting Principles of the Republic of China.	None
6	Special operational risks of overseas subordinate companies, such as exchange rate fluctuations.	Note 11
7	Statutory or contractual restrictions on distribution of earnings by the various affiliates.	Note
8	Amortization methods and period for consolidated borrowings (loans).	None
9	Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliates.	None

2) Disclosures on the notes for subordinate company affiliates are as follows:

No.	Items	Reference
1	Transactions that have been eliminated between the controlling company and subordinate companies or between subordinate companies.	Table 3
2	Information regarding financing, endorsements, and guarantees.	Table 1
3	Information regarding trading in derivative products.	None
4	Significant contingent matters.	None
5	Significant subsequent events.	None
6	Names of bills and securities held, and their quantities, cost, market value (or net par value if a bill or security does not have a market value), shareholding or capital contribution ratio, description of any pledges, and the highest amount of shareholding or capital contribution during the period.	Tables 4 and 5
7	Other matters of significance or explanations that would contribute to a fair presentation of the consolidated financial statements of the affiliates.	None

Note: As set forth in the Articles, Sinmag Equipment (China) Co., Ltd. and Wuxi New Order Control Co., Ltd. shall allocate reserve funds, expansion funds and welfare funds for employees after payment of taxes, respectively. The reserve funds are accrued at rates of no less than 10% of net profit before income tax. When the accumulated withdrawal amount reaches 50% of the registered capital, it could be withdrawn. The proportion of allocation shall be decided by the board of directors.

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

- Manufacturing and selling of bakery equipment segment
- Manufacturing and selling of control panels and electromechanical control system segment

The manufacturing and selling of bakery equipment segment includes a number of direct sales operations in various cities, each of which is considered a separate operating segment by the chief operating decision maker. For financial statement presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

- The nature of the products and production processes is similar;
- The pricing strategy of the products is similar;

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue For the Year Ended December 31		Segment Profit or Loss For the Year Ended December 31	
	2023	2022	2023	2022
Manufacturing and selling of bakery equipment segment	$ 5,334,265	$ 4,672,684	$ 1,028,380	$ 693,926
Manufacturing and selling of control panel and electromechanical control system segment	102,587	103,300	(84,033)	(86,383)
Eliminations	(938,166)	(839,465)	-	-
Continuing operations	$ 4,498,686	$ 3,936,519	944,347	607,543
Interest income			27,273	21,681
Other income			33,615	8,235
Other gains and losses			1,217	49,914
Compensation of key management personnel			(69,448)	(54,716)
Finance costs			(1,723)	(5,962)
Profit before tax (continuing operations			$ 935,281	$ 626,695

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, interest income, other income, other gains and losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2023	2022 (Restated)
Segment assets		
Continuing operations		
Manufacturing and selling of bakery equipment segment	$ 3,526,108	$ 3,308,070
Manufacturing and selling of control panel and electromechanical control system segment	30,837	35,910
Unallocated assets	425,173	376,617
Consolidated total assets	$ 3,982,118	$ 3,720,597
Segment liabilities		
Continuing operations		
Manufacturing and selling of bakery equipment segment	$ 663,693	$ 612,149
Manufacturing and selling of control panel and electromechanical control system segment	17,377	15,797
Unallocated liabilities	320,223	386,305
Consolidated total liabilities	$ 1,001,293	$ 1,014,251

For the purpose of monitoring segment performance and allocating resources between segments:

1) All assets were allocated to reportable segments other than financial assets at amortized cost, and current and deferred tax assets. Goodwill was allocated to reportable segments. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and

2) All liabilities were allocated to reportable segments other than borrowings, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Other segment information

	Depreciation and Amortization For the Year Ended December 31		Non-current Assets (Note) For the Year Ended December 31	
	2023	2022	2023	2022
Manufacturing and selling of bakery equipment segment	$ 115,122	$ 103,770	$ 206,351	$ 142,963
Manufacturing and selling of control panel and electromechanical control system segment	629	933	467	734
	$ 115,751	$ 104,703	$ 206,818	$ 143,697

Note: Non-current assets include property, plant and equipment, other intangible assets, right-of-use assets and prepayments for equipment.

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2023	2022
Bakery equipment products	$ 4,475,232	$ 3,914,888
Services	23,454	21,631
	$ 4,498,686	$ 3,936,519

e. Geographical information

The Group operates in three principal geographical areas - Taiwan, China and the United States.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2023	2022	2023	2022
Taiwan	$ 336,838	$ 381,767	$ 119,065	$ 113,094
China	2,877,765	2,535,634	1,003,479	970,780
United States	956,332	762,627	114,359	102,782
Others	327,751	256,491	72,400	78,102
	$ 4,498,686	$ 3,936,519	$ 1,309,303	$ 1,264,758

Non-current assets exclude financial instruments, deferred tax assets, and post-employment benefit assets.

f. Information on major customers

No single customer contributed 10% or more to the Group's revenue for both 2023 and 2022.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 2)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	Sinmag Equipment Corporation	Sinmag Limited	Other receivables from related parties	Yes	$ 3,678 (US$ 120)	$ 3,678 (US$ 120)	$ - (US$ -)	2	Short-term financing	$ -	Working capital	$ -	-	-	$ 1,142,695	$ 1,142,695	-

Note 1: a. For subsidiaries with direct or indirect ownership stakes granting the Company 50% or more of the voting rights and with whom the Company has business dealings, the total amount of loans provided shall not exceed 40% of the Company's most recent audited or reviewed financial statements' net worth. Individual loan amounts shall not exceed the total annual business dealings between the parties for the most recent fiscal year. Business dealings refer to the higher of either party's purchase or sales amount within the past year.

b. For subsidiaries with direct or indirect ownership stakes granting the Company 50% or more of the voting rights and requiring short-term financing, the total amount of loans provided shall not exceed 40% of the Company's most recent audited or reviewed financial statements' net worth. Individual financing amounts and total financing amounts shall not exceed 40% of the Company's most recent audited or reviewed financial statements' net worth.

c. The Company engages in providing funds to foreign subsidiaries in which it holds direct or indirect ownership of 100% of the voting rights. The total amount of such loans shall not exceed 60% of the Company's most recent audited or reviewed financial statements' net worth.

d. The Company engages in providing funds to foreign subsidiaries, in which it holds direct or indirect ownership of 100% of the voting rights, with the total amount of such loans not exceeding 60% of the Company's most recent audited or reviewed financial statements' net worth.

Note 2: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation.

Note 3: The highest balance for the period, ending balance and actual borrowed amount converted at the spot exchange rate as of December 31, 2023.

TABLE 2

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transactions		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	Subsidiary	Purchase	$ 160,902	67	B/L 45 day	Note 1	Note 2	$ (16,472)	(43)	Note 3
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment Corporation	The ultimate parent company	(Sale)	(160,902)	(4)	B/L 45 day	〃	〃	16,472	5	〃
LBC Bakery Equipment Inc.	Sinmag Equipment (China) Co., Ltd.	Parent company	Purchase	449,194	90	B/L 90 day	〃	〃	(20,422)	(71)	〃
Sinmag Equipment (China) Co., Ltd.	LBC Bakery Equipment Inc.	Subsidiary	(Sale)	(449,194)	(12)	B/L 90 day	〃	〃	20,422	6	〃
	Wuxi New Order Control Co., Ltd.	Subsidiary	Purchase	102,587	6	Monthly payment: 30 days	〃	〃	(7,591)	(3)	〃
Wuxi New Order Control Co., Ltd.	Sinmag Equipment (China) Co., Ltd.	Parent company	(Sale)	(102,587)	(100)	Monthly payment: 30 days	〃	〃	7,591	100	〃

Note 1: Unit prices for related parties were determined based on their costs with a margin, unit prices for non-related parties were determined in accordance with mutual agreements.

Note 2: Open account of 90 days for non-related parties.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation.

TABLE 3

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount (Note 1)	Payment Terms	% of Total Sales or Assets (Note 2)
0	Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	From parent to subsidiary	Sales	$ 50,200	Cost with a margin, B/L 90 days	1
1	Lucky Union Limited	Sinmag Equipment Corporation	From subsidiary to parent	Surplus repatriation	395,648	-	10
2	Sinmag Limited	Lucky Union Limited	Between subsidiaries	Surplus repatriation	395,648	-	10
3	Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment Corporation	From subsidiary to parent	Sales	160,902	Cost with a margin, B/L 45 days	4
				Trade receivables	16,472	-	-
		Sinmag Limited	Between subsidiaries	Surplus repatriation	457,010	-	11
		Sinmag Bakery Equipment Sdn. Bhd.	Between subsidiaries	Sales	67,304	Cost with a margin, B/L 60 days	1
		LBC Bakery Equipment Inc.	Between subsidiaries	Sales	449,194	Cost with a margin, B/L 90 days	10
				Trade receivables	20,422	-	1
		Sinmag Equipment (Thailand) Co., Ltd.	Between subsidiaries	Sales	82,977	Cost with a margin, B/L 90 days	2
				Trade receivables	8,228	-	-
4	Wuxi New Order Control Co., Ltd.	Sinmag Equipment (China) Co., Ltd.	Between subsidiaries	Sales	102,587	Negotiated case by case, monthly payment: 30 days	2
5	LBC Bakery Equipment Inc.	Sinmag Equipment (China) Co., Ltd.	Between subsidiaries	Sales	21,039	Negotiated case by case, monthly payment: 60 days	-
				Trade receivables	11,836	-	-
				Surplus repatriation	80,503	-	2

Business relationships between parent and subsidiaries:

Sinmag Equipment Corporation, Sinmag Equipment (China) Co., Ltd., Sinmag Bakery Equipment Sdn. Bhd., Wuxi New Order Control Co., Ltd., LBC Bakery Equipment Inc., Sinmag Bakery Machine India Private Limited and Sinmag Equipment (Thailand) Co., Ltd. are mainly engaged in the manufacturing and selling of bakery equipment, control panels and electromechanical control systems. Lucky Union Limited and Sinmag Limited are holding companies. Ximai Enterprises Management (Wuxi) Co., Ltd., Qingdao Sheng Mai Enterprises Management Co., Ltd. and Xiamen Sinmag Enterprises Management Co., Ltd. are mainly engaged in enterprise management and investment.

Note 1: The above table discloses only one-way transaction information. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 2: The calculation of the percentage of the transaction accounts for total consolidated revenues or total assets. For the assets and liabilities, they are calculated by the ending balance divided by the consolidated total assets. For profit or loss, they are calculated by the accumulated amount at the end of period divided by the consolidated total revenue.

Note 3: The above table discloses only the amounts of important transactions that exceed NT$10,000 thousand.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023				Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount	Net Worth Per Share			
Sinmag Equipment Corporation	Lucky Union Limited	Samoa	Holding company	$ 88,735	$ 88,735	-	100.00	$ 2,712,589	$ -	$ 683,894	$ 683,894	Notes 2 and 3
Lucky Union Limited	Sinmag Limited	Samoa	Holding company	103,987	103,987	-	100.00	2,713,342	-	684,194	684,194	Notes 2 and 3
Sinmag Limited	Sinmag Bakery Machine India Private Limited	India	Manufacturing and selling of bakery equipment	54,748	54,748	-	100.00	2,469	-	204	204	Notes 2 and 3
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment (Thailand) Co., Ltd.	Thailand	Selling of bakery equipment	84,759	84,759	20,600,000	100.00	78,664	3.82	8,178	7,883	Notes 2 and 3
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment	298,686	298,686	910,682	97.33	367,649	403.57	123,769	116,114	Notes 2 and 3
	Sinmag Bakery Equipment Sdn. Bhd.	Malaysia	Selling of bakery equipment	110,297	110,297	300,000	100.00	148,330	494.43	28,050	27,037	Notes 2 and 3

Note 1: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transactions.

Note 2: The share of profit (loss) was recognized according to the audited financial statements of the investees for the same year.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 4: The table above shows that the highest amount of shareholding or capital contribution ratio is equal to the shareholding or capital contribution ratio at the end of the year. No collateral was provided on these investments.

Note 5: For information on investments in mainland China, refer to Table 5.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Sinmag Equipment (China) Co., Ltd. (Note 3)	Manufacturing and selling of bakery equipment	$ 1,626,034 (RMB 362,055)	b	$ 349,938 (US$ 10,594)	$ -	$ -	$ 349,938 (US$ 10,594)	$ 770,597	96.39	$ 740,485 (Note 2 b.(2))	$ 2,701,907	$ 4,848,112 (US$ 158,908)	Notes 5 and 6
Wuxi New Order Control Co., Ltd.	Manufacturing and selling of control panel and electromechanical control system	4,961 (US$ 150)	c	3,348 (US$ 104)	-	-	3,348 (US$ 104)	4,391	48.20	2,398 (Note 2 b.(2))	7,102	67,543 (US$ 2,232)	Note 5
Ximai Enterprises Management (Wuxi) Co., Ltd.	Corporate management and investment	1,340 (US$ 47)	b	1,340 (US$ 47)	-	-	1,340 (US$ 47)	74	100.00	74 (Note 2 b.(2))	1,411	- (US$ -)	-
Qingdao Sheng Mai Enterprises Management Co., Ltd.	Corporate management and investment	- (RMB -)	c	- (US$ -)	-	-	- (US$ -)	-	96.39	- (Note 2 a.)	-	- (US$ -)	Note 8
Xiamen Sinmag Enterprises Management Co., Ltd.	Corporate management and investment	- (RMB -)	c	- (US$ -)	-	-	- (US$ -)	-	96.39	- (Note 2 a.)	-	- (US$ -)	Note 8

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$354,626 (Note 4)	$1,676,146	$1,788,495

Note 1: The three methods of investing in mainland China are as follows:

a. Direct investments in mainland China.
b. Investment in mainland China through an existing company established in a third region (Lucky Union Limited and Sinmag Limited).
c. Investment through a subsidiary established in China. (Sinmag Equipment (China) Co., Ltd.)

Note 2: In the column of investment gain (loss)

a. If the investment is still in preparation and there is no investment gain (loss), it will be specified.

b. The basis for recognizing investment gain (loss) is as follows:

1) Based on financial statements audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
2) Based on financial statements audited by the accounting firm of the parent company in Taiwan.
3) The investees' financial statements have not been audited for the same year.

Note 3: Part of the amount reinvested in a third region.

Note 4: Repatriation of investments of $4,915,655 thousand was not deducted from the amount.

Note 5: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transactions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 6: Have material non-controlling interests.

Note 7: The table above shows that the highest amount of shareholding or capital contribution ratio is equal to the shareholding or capital contribution ratio at the end of the year. No collateral was provided on these investments.

Note 8: The registrations for the establishment of Qingdao Sheng Mai Enterprises Management Co., Ltd. and Xiamen Sinmag Enterprises Management Co., Ltd. were completed in May 2022, but no capital has been injected as of December 31, 2023.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

2. The amount and percentage of sales and the balance and percentage of the related payables at the end of the period:

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
Sinmag Equipment (China) Co., Ltd.	Purchase	$ 160,902	67	Cost with a margin	B/L 45 days	Note 1	$ (16,472)	(43)	$ 10,496	Notes 2 and 3
	Sales	(50,200)	(14)	Cost with a margin	B/L 90 days	〃	8,761	18	3,839	Notes 2 and 4
	Purchase	67,304	70	Cost with a margin	B/L 60 days	〃	-	-	11,505	Notes 2 and 5
	Purchase	449,194	90	Cost with a margin	B/L 90 days	〃	(20,422)	(71)	62,821	Notes 2 and 6
	Purchase	82,977	87	Cost with a margin	B/L 90 days	〃	(8,228)	(94)	17,266	Notes 2 and 7
	Sales	(102,587)	(100)	Negotiated case by case	Monthly payment: 30 days	〃	7,591	100	3,406	Notes 2 and 8
	Sales	(21,039)	(2)	Negotiated case by case	Monthly payment: 60 days	〃	11,836	10	-	Notes 2 and 9
Wuxi New Order Control Co., Ltd.	Purchase	102,587	6	Negotiated case by case	Monthly payment: 30 days	〃	(7,591)	(3)	-	Notes 2 and 10

Note 1: The payment terms for non-related parties are negotiated on a case-by-case basis, which is 90 days from end of the month of sale or purchase of goods.

Note 2: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 3: Sinmag Equipment Corporation purchased from Sinmag Equipment (China) Co., Ltd.

Note 4: Sinmag Equipment Corporation sold to Sinmag Equipment (China) Co., Ltd.

Note 5: Sinmag Bakery Equipment Sdn. Bhd. purchased from Sinmag Equipment (China) Co., Ltd.

Note 6: LBC Bakery Equipment Inc. purchased from Sinmag Equipment (China) Co., Ltd.

Note 7: Sinmag Equipment (Thailand) Co., Ltd. purchased from Sinmag Equipment (China) Co., Ltd.

Note 8: Wuxi New Order Control Co., Ltd. sold to Sinmag Equipment (China) Co., Ltd.

Note 9: LBC Bakery Equipment Inc. sold to Sinmag Equipment (China) Co., Ltd.

Note 10: Sinmag Equipment (China) Co., Ltd. purchased from Wuxi New Order Control Co., Ltd.

3. The amount of property transactions and the amount of the resultant gains or losses: None.

4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

5. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

SINMAG EQUIPMENT CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng Chia Investment Co., Ltd.	3,375,545	6.72

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Sinmag Equipment Corporation

Chairman Shun-Ho Hsieh