

SINMAG EQUIPMENT CORPORATION

2024 Annual Shareholders' Meeting

Meeting Handbook

Date: June 21, 2024

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

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Sinmag Equipment Corporation

Meeting Procedure for the 2024 Annual General Shareholders' Meeting

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

Sinmag Equipment Corporation
Agendas of 2024 Annual General Shareholders' Meeting

Time: 9 a.m., Friday, June 21, 2024

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

Method of Convening the Meeting: Physical Shareholders' Meeting

- I. Call the Meeting to Order (Reporting number of shares attending)
- II. Chairman Remarks
- III. Report Items
 - 1. 2023 Business Report
 - 2. 2023 Audit Committee's Review Report
 - 3. 2023 Employees' and Director's Compensation Distribution Report
 - 4. 2023 Earnings distribution in the form of cash dividends
- IV. Proposed Items
 - 1. To approve 2023 Business Report and Financial Statements
 - 2. To approve the proposal for 2023 Earnings Distribution
- V. Discussion Items
 - 1. Amendments to the Rules of Procedure for Shareholders' Meetings.
- VI. Extempore Motions
- VII. Adjournment

Report Items

I. To report 2023 Business Report

Explanation: For the Company's Business Report (2023), please refer to Attachment 1 on Page 6 to 12 of this meeting handbook.

II. To report 2023 Audit Committee's Review Report

Explanation: For the Audit Committee's Review Report (2023), please refer to Attachment 2 on Page 13 of this meeting handbook.

III. To report 2023 Employees' and Directors' Distribution Report

Explanation:

1. According to Article 29 of Articles of Incorporation, if the Company makes a profit in the year, 2% to 10% of the profits shall be allocated as Employees' compensation and no more than 5% of the profit as Directors' compensation. In the presence of the accumulated loss, the Company shall allocate an amount to recover such loss before allocating any employees' and Directors' compensation.
2. The Board of Directors resolved that the Company allocated NT\$15,687,232 as employees' compensation and NT\$9,682,784 as directors' compensation, and all were paid in cash.

IV. To report 2023 earnings distribution in the form of cash dividends

Explanation:

1. Pursuant to Article 29-1 of the Articles of Incorporation of the Company, when the earnings are distributed in the form of cash, the Company authorizes the Board of Directors to distribute them 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.
2. Approved by the resolution of the Board of Directors, the after-tax net profit in 2023 is distributed first in the amount of the 2023 earnings distribution. NT\$452,072,178 in dividends for shareholders is to be distributed, amounting to NT\$9 being distributed per share.
3. The cash dividends are calculated based on NT\$1. The amount less than NT\$1 is rounded. For the fractional amount of the sum less than NT\$1, shareholders' amounts are adjusted according to the number after the decimal point from big to small and the shareholder number from front to back until it confirms to the total cash dividends.
4. The Chairman will set new ex-dividend and payment dates and other related matters. Subsequently, suppose changes in the Company's share capital affect the number of outstanding shares, leading to adjustments in the dividend payout ratio for shareholders. In that case, it is proposed to authorize the Chairman to handle this matter with full authority.

Proposed Items

Motion 1: (Proposed by the Board of Directors)

Motion: To approve the 2023 Business Report and Financial Statements.

Explanation:

1. The Company's 2023 financial statements and consolidated financial statements and Business Report have been reviewed by the Audit Committee, and a written audit report has been issued.
2. Business Report and financial statements for the year 2023, please refer to Attachment 1 on Page 6 to 12 and Attachment 3 on Page 14 to 33 of this meeting handbook.
3. Please proceed to the ratification of the proposal.

Resolution:

Motion 2: (Proposed by the Board of Directors)

Motion: To approve the proposed item for 2023 Earnings Distribution.

Explanation:

1. The Company's 2023 Earnings Distribution Proposal is as follows:

Sinmag Equipment Corporation Earnings Distribution Table 2023		Unit:NT\$
Unappropriated retained earnings at the beginning of the period		992,028,437
Plus: Net profit in 2023		603,037,304
Remeasurement of defined benefit plans		(3,352,480)
Net profit for the period plus adjustment		599,684,824
Less: Appropriated as special reserves		(31,060,761)
Retained earnings available for distribution		1,560,652,500
Item for distribution:		
Dividends to shareholders		
Cash dividends (NT\$9 per share)		(452,072,178)
Unappropriated retained earnings at the end of the period		1,108,580,322

Chairman: Hsieh, Shun-Ho

General Manager: Hsieh, Shun-Ho

Accounting Manager: Chen, Yi-Wen

2. Please proceed to the ratification of the proposal.

Resolution:

Discussion Items

Motion 1: Motion 1: (Proposed by the Board of Directors)

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

Explanation:

1. According to Letter No. 11200552441 issued by the Taiwan Stock Exchange on March 23, 2023 and in response to the operational needs of the Company, it is proposed to revise certain articles of the "Rules of Procedure for Shareholders' Meetings,"
2. For the Comparison Table for the Rules of Procedure for Shareholders' Meeting Before and After Revision, please refer to Attachment 4 on Page 34 to 36 of this meeting handbook.
3. It is hereby submitted for discussion.

Resolution:

Extempore Motions

Adjournment

Sinmag Equipment Corporation
2023 Business Report

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.

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, Sinmag plans to strategically layout and 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

【Attachment 2】

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

【 Attachment 3 】
INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinmag Equipment Corporation

Opinion

We have audited the accompanying financial statements of Sinmag Equipment Corporation (the “Company”), which comprise the balance sheets as of December 31, 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

Notice to Readers

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

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

SINMAG EQUIPMENT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	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)	<u>1,208</u>	-	<u>947</u>	-
Total current assets	<u>272,896</u>	<u>9</u>	<u>379,119</u>	<u>13</u>
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)	<u>3,106</u>	-	<u>1,974</u>	-
Total non-current assets	<u>2,862,692</u>	<u>91</u>	<u>2,608,133</u>	<u>87</u>
TOTAL	<u>\$ 3,135,588</u>	<u>100</u>	<u>\$ 2,987,252</u>	<u>100</u>
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)	<u>394</u>	-	<u>159</u>	-
Total current liabilities	<u>147,867</u>	<u>5</u>	<u>294,388</u>	<u>10</u>
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)	<u>570</u>	-	<u>-</u>	-
Total non-current liabilities	<u>130,983</u>	<u>4</u>	<u>103,369</u>	<u>3</u>
Total liabilities	<u>278,850</u>	<u>9</u>	<u>397,757</u>	<u>13</u>
EQUITY (Notes 4 and 20)				
Share capital				
Ordinary shares	<u>502,302</u>	<u>16</u>	<u>502,302</u>	<u>17</u>
Capital surplus	<u>206,827</u>	<u>7</u>	<u>206,827</u>	<u>7</u>
Retained earnings				
Legal reserve	586,956	18	586,956	20
Special reserve	124,177	4	191,235	6
Unappropriated earnings	<u>1,591,714</u>	<u>51</u>	<u>1,226,352</u>	<u>41</u>
Total retained earnings	<u>2,302,847</u>	<u>73</u>	<u>2,004,543</u>	<u>67</u>
Other equity	<u>(155,238)</u>	<u>(5)</u>	<u>(124,177)</u>	<u>(4)</u>
Total equity	<u>2,856,738</u>	<u>91</u>	<u>2,589,495</u>	<u>87</u>
TOTAL	<u>\$ 3,135,588</u>	<u>100</u>	<u>\$ 2,987,252</u>	<u>100</u>

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	<u>23,452</u>	<u>6</u>	<u>21,620</u>	<u>5</u>
Total operating revenue	<u>387,085</u>	<u>100</u>	<u>467,828</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 10, 22 and 29)	(288,291)	(74)	(360,868)	(77)
Service cost	<u>(3,410)</u>	<u>(1)</u>	<u>(3,348)</u>	<u>(1)</u>
Total operating costs	<u>(291,701)</u>	<u>(75)</u>	<u>(364,216)</u>	<u>(78)</u>
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)	<u>4,394</u>	<u>1</u>	<u>16,702</u>	<u>4</u>
REALIZED GROSS PROFIT	<u>95,939</u>	<u>25</u>	<u>115,920</u>	<u>25</u>
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)	<u>2,618</u>	<u>1</u>	<u>9,025</u>	<u>2</u>
Total operating expenses	<u>(102,647)</u>	<u>(27)</u>	<u>(92,365)</u>	<u>(20)</u>
(LOSS)/PROFIT FROM OPERATIONS	<u>(6,708)</u>	<u>(2)</u>	<u>23,555</u>	<u>5</u>
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	<u>683,894</u>	<u>177</u>	<u>446,725</u>	<u>95</u>
Total non-operating income and expenses	<u>681,089</u>	<u>176</u>	<u>462,787</u>	<u>99</u>

(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)	<u>(71,344)</u>	<u>(18)</u>	<u>(149,773)</u>	<u>(32)</u>
NET PROFIT FOR THE YEAR	<u>603,037</u>	<u>156</u>	<u>336,569</u>	<u>72</u>
OTHER COMPREHENSIVE INCOME/(LOSS) (Notes 4, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(411)	-	12,222	3
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(2,941)</u>	<u>(1)</u>	<u>(2,444)</u>	<u>(1)</u>
	<u>(3,352)</u>	<u>(1)</u>	<u>9,778</u>	<u>2</u>
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	<u>7,765</u>	<u>2</u>	<u>(16,765)</u>	<u>(4)</u>
	<u>(31,061)</u>	<u>(8)</u>	<u>67,058</u>	<u>14</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(34,413)</u>	<u>(9)</u>	<u>76,836</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 568,624</u>	<u>147</u>	<u>\$ 413,405</u>	<u>88</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 12.01</u>		<u>\$ 6.70</u>	
Diluted	<u>\$ 11.98</u>		<u>\$ 6.68</u>	

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 Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 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	<u>\$ 502,302</u>	<u>\$ 206,827</u>	<u>\$ 586,956</u>	<u>\$ 124,177</u>	<u>\$ 1,591,714</u>	<u>\$ (155,238)</u>	<u>\$ 2,856,738</u>

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	<u>395,648</u>	<u>232,765</u>
Net cash generated from investing activities	<u>391,125</u>	<u>663,296</u>
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	<u>(193)</u>	<u>(2,234)</u>
Net cash used in financing activities	<u>(378,460)</u>	<u>(517,725)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>1,366</u>	<u>7,828</u>
NET (DECREASE)/INCREASE IN CASH	(104,526)	193,082
CASH AT THE BEGINNING OF THE YEAR	<u>262,075</u>	<u>68,993</u>
CASH AT THE END OF THE YEAR	<u>\$ 157,549</u>	<u>\$ 262,075</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinmag Equipment Corporation

Opinion

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

ASSETS	2023		2022 (Restated)	
	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)	<u>16,394</u>	-	<u>12,981</u>	-
Total current assets	<u>2,403,227</u>	<u>60</u>	<u>2,249,974</u>	<u>60</u>
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)	<u>9,553</u>	-	<u>33,858</u>	1
Total non-current assets	<u>1,578,891</u>	<u>40</u>	<u>1,470,623</u>	<u>40</u>
TOTAL	<u>\$ 3,982,118</u>	<u>100</u>	<u>\$ 3,720,597</u>	<u>100</u>
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)	<u>10,789</u>	-	<u>4,704</u>	-
Total current liabilities	<u>827,702</u>	<u>21</u>	<u>903,572</u>	<u>24</u>
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)	<u>24,173</u>	1	<u>2,816</u>	-
Total non-current liabilities	<u>173,591</u>	<u>4</u>	<u>110,679</u>	<u>3</u>
Total liabilities	<u>1,001,293</u>	<u>25</u>	<u>1,014,251</u>	<u>27</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital				
Ordinary shares	<u>502,302</u>	<u>13</u>	<u>502,302</u>	<u>13</u>
Capital surplus	<u>206,827</u>	<u>5</u>	<u>206,827</u>	<u>6</u>
Retained earnings				
Legal reserve	586,956	15	586,956	16
Special reserve	124,177	3	191,235	5
Unappropriated earnings	<u>1,591,714</u>	<u>40</u>	<u>1,226,352</u>	<u>33</u>
Total retained earnings	<u>2,302,847</u>	<u>58</u>	<u>2,004,543</u>	<u>54</u>
Other equity	<u>(155,238)</u>	<u>(4)</u>	<u>(124,177)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	2,856,738	72	2,589,495	70
NON-CONTROLLING INTERESTS (Notes 4 and 21)	<u>124,087</u>	<u>3</u>	<u>116,851</u>	<u>3</u>
Total equity	<u>2,980,825</u>	<u>75</u>	<u>2,706,346</u>	<u>73</u>
TOTAL	<u>\$ 3,982,118</u>	<u>100</u>	<u>\$ 3,720,597</u>	<u>100</u>

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	<u>23,454</u>	<u>1</u>	<u>21,631</u>	<u>1</u>
Total operating revenue	<u>4,498,686</u>	<u>100</u>	<u>3,936,519</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 31)	(2,589,822)	(57)	(2,466,066)	(63)
Service cost	<u>(3,410)</u>	<u>-</u>	<u>(3,348)</u>	<u>-</u>
Total operating costs	<u>(2,593,232)</u>	<u>(57)</u>	<u>(2,469,414)</u>	<u>(63)</u>
GROSS PROFIT	<u>1,905,454</u>	<u>43</u>	<u>1,467,105</u>	<u>37</u>
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)	<u>(1,137)</u>	<u>-</u>	<u>4,816</u>	<u>-</u>
Total operating expenses	<u>(1,030,555)</u>	<u>(23)</u>	<u>(914,278)</u>	<u>(23)</u>
PROFIT FROM OPERATIONS	<u>874,899</u>	<u>20</u>	<u>552,827</u>	<u>14</u>
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	<u>(1,723)</u>	<u>-</u>	<u>(5,962)</u>	<u>-</u>
Total non-operating income and expenses	<u>60,382</u>	<u>1</u>	<u>73,868</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	935,281	21	626,695	16
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(298,922)</u>	<u>(7)</u>	<u>(272,009)</u>	<u>(7)</u>
NET PROFIT FOR THE YEAR	<u>636,359</u>	<u>14</u>	<u>354,686</u>	<u>9</u>

(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	<u>(2,941)</u>	<u>-</u>	<u>(2,444)</u>	<u>-</u>
	<u>(3,352)</u>	<u>-</u>	<u>9,778</u>	<u>-</u>
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	<u>7,765</u>	<u>-</u>	<u>(16,765)</u>	<u>-</u>
	<u>(32,759)</u>	<u>(1)</u>	<u>63,008</u>	<u>2</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(36,111)</u>	<u>(1)</u>	<u>72,786</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 600,248</u>	<u>13</u>	<u>\$ 427,472</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 603,037	13	\$ 336,569	9
Non-controlling interests	<u>33,322</u>	<u>1</u>	<u>18,117</u>	<u>-</u>
	<u>\$ 636,359</u>	<u>14</u>	<u>\$ 354,686</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 568,624	12	\$ 413,405	11
Non-controlling interests	<u>31,624</u>	<u>1</u>	<u>14,067</u>	<u>-</u>
	<u>\$ 600,248</u>	<u>13</u>	<u>\$ 427,472</u>	<u>11</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 12.01</u>		<u>\$ 6.70</u>	
Diluted	<u>\$ 11.98</u>		<u>\$ 6.68</u>	

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						Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Unappropriated Earnings				
			Legal Reserve	Special Reserve						
BALANCE AT JANUARY 1, 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	<u>817,593</u>	<u>595,336</u>
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	<u>35,985</u>	<u>7,426</u>
Net cash used in investing activities	<u>(152,802)</u>	<u>(44,266)</u>
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	<u>-</u>	<u>214,131</u>
Net cash used in financing activities	<u>(416,732)</u>	<u>(458,341)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(1,064)</u>	<u>14,999</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	246,995	107,728
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>742,389</u>	<u>634,661</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 989,384</u>	<u>\$ 742,389</u>

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

(Concluded)

【Attachment 4】

Sinmag Equipment Corporation

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

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
Article 3	<p>Convention of Shareholders' Meeting and meeting notice Unless otherwise provided by law, the shareholders' meeting of the Company shall be convened by the Board of Directors.</p> <p><u>The Company conducted a shareholder meeting via video conference. Unless otherwise specified in the Regulations Governing the Administration of Shareholder Services of Public Companies, such procedures should be outlined in the articles of incorporation and approved by the Board of Directors.</u></p> <p><u>Resolutions made during the video conference shareholder meeting should be executed with the presence of two-thirds or more of the directors and the agreement of a majority of those in attendance.</u></p> <p>Following provisions omitted.</p>	<p>Convention of Shareholders' Meeting and meeting notice Unless otherwise provided by law, the shareholders' meeting of the Company shall be convened by the Board of Directors.</p> <p>Following provisions omitted.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. Because the Company is holding a virtual meeting, shareholders will not be able to attend the meeting in person and will only be able to participate via video conferencing. This entails certain restrictions on the rights of shareholders in order to protect their interests.</p>
Article 6-1	<p>Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice: (I)~(II): Omitted III. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</p>	<p>Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice: (I)~(II): Omitted III. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. Given the convening of the video shareholders' meeting, shareholders can only participate</p>

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
	<u>Except for the circumstances stipulated in Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company should provide shareholders with the necessary equipment and assistance for online connection, and specify the period during which shareholders can apply to the Company and other relevant matters to be noted.</u>		in the meeting via video. To ensure adequate alternative measures for shareholders facing difficulties in attending the meeting via video, assistance will be provided to help them use connection devices to participate.
Article 22	Handling of digital divide When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online. <u>Except for the circumstances stipulated in Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company should provide shareholders with the necessary equipment and assistance for online connection, and specify the period during which shareholders can apply to the Company and other relevant matters to be noted.</u>	Handling of digital divide When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. Given the convening of the video shareholders' meeting, shareholders can only participate in the meeting via video. To ensure adequate alternative measures for shareholders facing difficulties in attending the meeting via video, assistance will be provided to help them use connection devices to participate.

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
Article 24	<p>The shareholders' meeting agreed to implement these Rules on April 30, 2003.</p> <p>The 1st amendment was made on June 24, 2006.</p> <p>The 2nd amendment was made on June 19, 2012.</p> <p>The 3rd amendment was made on June 28, 2013.</p> <p>The 4th amendment was made on June 30, 2015.</p> <p>The 5th amendment was made on June 6, 2016.</p> <p>The 6th amendment was made on June 19, 2017.</p> <p>The 7th amendment was made on June 20, 2020.</p> <p>The 8th amendment was made on August 13, 2021.</p> <p>The 9th amendment was made on May 31, 2022.</p> <p><u>The 10th amendment was made on June 21, 2024.</u></p>	<p>The shareholders' meeting agreed to implement these Rules on April 30, 2003.</p> <p>The 1st amendment was made on June 24, 2006.</p> <p>The 2nd amendment was made on June 19, 2012.</p> <p>The 3rd amendment was made on June 28, 2013.</p> <p>The 4th amendment was made on June 30, 2015.</p> <p>The 5th amendment was made on June 6, 2016.</p> <p>The 6th amendment was made on June 19, 2017.</p> <p>The 7th amendment was made on June 20, 2020.</p> <p>The 8th amendment was made on August 13, 2021.</p> <p>The 9th amendment was made on May 31, 2022.</p>	Add amendment dates and number of times.

【Appendix 1】

Sinmag Equipment Corporation

Articles of Incorporation

Chapter 1. General Provisions

- Article 1. The Company is organized in accordance with the provisions of the Company Act, and is named as Sinmag Equipment Corporation.
- Article 2. The Company's businesses are as follows:
1. F113010: Wholesale of Machinery
 2. F213080: Retail Sale of Machinery and Equipment
 3. CB01010: Machinery and Equipment Manufacturing
 4. F401010: International Trade
 5. ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3. The Company has its head office in New Taipei City. If necessary, it may set up branches in Taiwan and abroad after the resolution of the Board of Directors and the approval of the competent authority.
- Article 4. The announcement method of the Company shall be made in accordance with the provisions of the Company Law and the competent authority.
- Article 5. The Company may act as a guarantor for other party upon the Board of Directors' resolution if necessary for its operations.
- Article 6. The total foreign investment of the Company is not subjected to the limit of 40% of the paid-in capital as stipulated in Article 13 of the Company Act, and the Board of Directors is authorized to execute.
- Article 6-1. When a public issue of shares is proposed to be revoked, the Company shall propose to the shareholders' meeting for resolution and this article shall not be changed during listing period.

Chapter 2. Shares

- Article 7. The total capital of the Company is NT\$600 million, divided into 60,000,000 shares, at NT\$10 each. The Board of Directors is authorized to issue the Company's shares in installments according to the business of the Company. Within the aforementioned capital, NT\$21,000,000 divided into 2,100,000 shares at a par value NT\$10, is for employee stock options.
- Article 7-1. According to Article 56-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers and Article 10-1 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company shall issue the employee's executive stock option at the price lower than the closing price of the Company's common stock in the issuing date and repurchase the treasury stock at an average price lower than average price of the actual share redemption price, and transfers it to the employee, with the consent of more than two-thirds of the voting rights of the shareholders present in the shareholders' meeting by shareholders representing more than half of total number of voting shares.
- Article 8. The Company's shares are registered, and shall be signed or stamped by three or more directors, and shall be affixed with the logo and number of the Company, and shall be issued upon signing by competent authority or the issuing agency approved by the competent authority according to the Law.
- When the Company issues new shares, it is exempted from printing stocks, but it

should be registered with the securities centralized depository institutions. The same procedures shall be followed for other securities.

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

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

Chapter 3. Shareholders' Meeting

Article 11. The shareholders' meeting of the Company shall be of two types, namely extraordinary meeting and temporary meeting. The regular meeting is held once a year and within six months after the end of each fiscal year. The extraordinary meeting shall be convened in accordance with the relevant laws when necessary. When the company's shareholders' meeting is held, it may be held by video conferencing or other methods announced by the central competent authority in a public announcement.

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

Article 13. The date, place and cause of the meeting shall be notified to the shareholders 30 days before the date of the shareholders' meeting, and 15 days before the date of the extraordinary shareholders' meeting.

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

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

Article 14. A shareholder who is unable to attend a shareholders' meeting, he/she may appoint a proxy to attend the meeting by providing a power of attorney printed by the Company specifying the scope of authorization, or by electronic means. In addition to the provisions of the Company Act, the procedure for proxy for attendance of the shareholders shall be in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Company promulgated by the competent authority.

Article 15. The shareholders' meeting of the Company shall be in accordance with the "Rules of Procedures for Shareholders' Meetings" unless otherwise stipulated by law.

Article 16. Shareholders of the Company have one vote per share and may be exercised in writing or electronically. However, this restriction does not apply to any non-voting shares having a restricted right or those with non-voting right under Article 179, Paragraph 2 of the Company Act.

Article 17. Resolution at a shareholder's meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of shareholders present, who represent

more than half of the total voting shares.

Article 18. The resolution of the shareholders' meeting shall be recorded in the minute. The minute shall be made in accordance with Article 183 of the Company Act.

Chapter 4. Directors and Audit Committee

Article 19. The Company shall be seven to nine directors, who shall be elected by the shareholders' meeting from among the persons with disposing capacity, with a term of three years. They shall be eligible for re-election. The election of directors of the Company adopts a cumulative voting system. Each share has the same voting rights as the number of directors to be elected. One person may be collectively elected, or several persons may be allocated for election. The person represented by more votes will be elected as directors.

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

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

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

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

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

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

Article 23. Except for the first meeting of each term of the Board of Directors shall be convened in accordance with Article 203 of the Company Act, any meeting of the Board of Directors shall be convened by the Chairman who also serves as Chairman of the Board of Directors' meeting. Except as otherwise stipulated in the Company Act, the resolutions of the Board of Directors shall be attended by more than half of all the directors shall obtain the consents of more than half of the directors present. If a director is unavailable to attend the Board of Directors' meeting in person for some reasons, he/she may issue a power of attorney to entrust another director to attend the meeting on his/her behalf in accordance with Article 205 of the Company Act. However, the proxy may only be entrusted by one person.

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

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

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

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

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

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

- I. Examination and review of operational policy and medium-term and long-term development plans.
- II. Review and supervision of the annual business plan.
- III. Review of the budget and final accounts.
- IV. Review of capital increase/decrease plans.
- V. Examinations of earnings distribution or deficit compensation.
- VI. Review and approval of important external contracts.
- VII. Review of the Company's Articles of Incorporation or its amendments.
- VIII. Review of the Company's organizational rules and important business rules.
- IX. Review and approve the branch's establishment, reorganization or cancellation.
- X. Approval of major capital expenditure plans.
- XI. Appointment and discharge of general manager.
- XII. Implementation of resolutions of the shareholders' meeting.
- XIII. Review of matters submitted by general manager.
- XIV. Convening of shareholders' meetings and preparing business reports.
- XV. Other business that shall be handled according to the law.

Article 26. Deleted.

Chapter 5. Executive Officers

Article 27. The Company has a general manager whose appointment, discharge and remuneration shall be in accordance with Article 29 of the Company Act.

Chapter 6. Accounting

Article 28. The Company's fiscal year begins on January 1 and ends on December 31. After fiscal year, the Board of Directors shall prepare the following reports and submit to the regular meeting of shareholders for audit and approval in accordance with legal procedures.

- I. Business Report
- II. Financial Statements
- III. Proposal for Earnings Distribution and Deficit Compensation

Article 29. The Company shall appropriate 2% to 10% of the net income before tax of the fiscal

year as employees' compensation and no more than 5% of the bonus to director from the current pre-tax profit before the appropriation of employee bonus and directors' bonus. The employees' compensation will be distributed in shares or cash by the resolution of the board of directors. The employees of the subordinate companies that meet certain conditions set by the Board of Directors may be granted such compensation. Directors compensation shall be paid in cash. The preceding two paragraphs shall be determined by the resolution of Board of Directors and reported to the shareholders' meeting. Where the Board of Directors has decided to reward employees in the form of shares, the same resolution may decide whether it will be made by issuing new shares or by buying off one's own shares.

The Company shall reserve the amount of compensations in advance if there is cumulative loss before appropriating employees' and directors' compensation in accordance with the aforementioned percentage.

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

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.

When the Company distributes cash from dividends in the preceding paragraph in accordance with the provisions of Article 240 of the Company Act, or from the legal reserve and capital reserve in accordance with the provisions of Article 241, the Company authorizes the Board of Directors to adopt resolution 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.

Chapter 7. Supplementary Provisions

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

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

Article 32. The 1st amendment was made on September 15, 1983.

The 2nd amendment was made on October 8, 1984.
The 3rd amendment was made on September 12, 1985.
The 4th amendment was made on September 17, 1991.
The 5th amendment was made on July 9, 1995.
The 6th amendment was made on February 18, 1997.
The 7th amendment was made on May 14, 1997.
The 8th amendment was made on March 29, 2002.
The 9th amendment was made on November 20, 2003.
The 10th amendment was made on June 16, 2004.
The 11th amendment was made on June 25, 2005.
The 12th amendment was made on June 24, 2006.
The 13th amendment was made on May 30, 2007.
The 14th amendment was made on June 13, 2008.
The 15th amendment was made on June 16, 2009.
The 16th amendment was made on June 17, 2010.
The 17th amendment was made on June 19, 2012.
The 18th amendment was made on June 28, 2013.
The 19th amendment was made on June 23, 2014.
The 20th amendment was made on June 30, 2015.
The 21st amendment was made on June 6, 2016.
The 22nd amendment was made on June 19, 2017.
The 23rd amendment was made on June 13, 2018.
The 24th amendment was made on June 14, 2019.
The 25th amendment was made on May 31, 2022.

Sinmag Equipment Corporation

Chairman: Hsieh, Shun-Ho

【Appendix 2】

Sinmag Equipment Corporation Rules of Procedure for Shareholders' Meetings

Article 1. Basis of the Rules

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

Article 2. The rules of procedure for the Company shareholders' meetings, except as otherwise provided by law or the Articles of Incorporation, shall be in accordance with the provisions of these Rules.

Article 3. Convention of Shareholders' Meeting and meeting notice

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

Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

The Company shall, 30 days prior to the regular shareholders' meeting, or 15 days prior to the extraordinary meeting of shareholders, make electronic files of the notice of meeting, the power of attorney, the cause of action and explanatory materials on various motions concerning admission, discussion, appointment or removal of directors, and other relevant information and send it to the Market Observation Post System (MOPS). This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the extraordinary shareholders' meeting. If, however, this Corporation has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and Mainland Chinese shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders' meeting. 15 days before the shareholders' meeting, the shareholders' meeting agenda handbook and supplementary information shall be prepared for shareholders to obtain a timely request and displayed in the Company and the Company's professional shareholder services agency, and they shall be distributed at the meeting. The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders' meeting:

- I. For physical shareholders meetings, to be distributed on-site at the meeting.
- II. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
- III. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

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

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

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

Shareholders holding 1% or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. If the circumstances in Article 172-1, Paragraph 4 of the Company Act are proposed by a shareholder, the Board of Directors may not list it as a proposal. Shareholders shall submit proposals to urge the Company to promote public interests or fulfill its social responsibilities. From a procedural point of view, only one matter shall be allowed in each proposal pursuant to Article 172-1 of the Company Act. Where a proposal contains more than one matter, such proposal shall not be included in the agenda.

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

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

participate in the discussion of the proposal.

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

Article 4. Proxy Attendance and Delegation of Authority

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

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

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

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

Article 5. Principle of Convening Shareholders' Meeting

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

The restrictions on the place of the meeting mentioned in the preceding paragraph shall not apply when the Company convenes a virtual-only shareholders meeting.

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

The notice of meeting of the Company shall state the time and place of registration to shareholders, solicitors and proxies (hereinafter referred to as the shareholders), and other matters needing attention.

The registration time of shareholders mentioned in the preceding paragraph shall be at least 30 minutes before the meeting begins. There shall be clear signs at the registration area and adequate personnel shall be designated for handling the registration procedure. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing

registration will be deemed as attend the shareholders' meeting in person.

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

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

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

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

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1. Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice

To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:

- I. How shareholders attend the virtual meeting and exercise their rights.
- II. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
 - (I) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - (II) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
 - (III) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a

shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

(IV) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

III. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 7. Chairman and Chief Executive Officer

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

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

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

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

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

Article 8. Recording of the Shareholder's Meeting

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

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

be kept until the conclusion of the litigation.

Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 9. Calculation of number of shares present and meeting commencement

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

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

However, if no shareholders representing more than half of the total number of issued shares are present, the Chairman may announce a postponement of the meeting. However, there shall not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

If the aforementioned two postponements still fail according to the preceding paragraph, if the number of shares that represent more than one-third of the total number of issued shares is still less than one-third of the total number of issued shares, the tentative resolution may be determined as a tentative resolution in accordance with Article 175-1 of the Company Act, and the shareholders will be notified of the tentative resolution for each one month to convene a new meeting within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6.

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

Article 10. Proposal Discussion

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

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

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

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

Article 11. Shareholder's Speech

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

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

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

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

When a judicial person shareholder appoints two or more representatives to attend the shareholders' meeting, only one of the representatives for the same proposal may speak. After the shareholders' speech, the Chairman may respond in person or designate relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual

meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

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

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

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

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

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

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

Article 13. Voting, Monitoring and Counting Methods

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

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

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

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

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

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

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

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

When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless

they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14. Elections

When there is a director election in the shareholders' meeting, the election shall be conducted in accordance with the applicable election and appointment rules of the Company. The results of the election shall be announced immediately at the meeting on site, including the list of directors elected and the number of voting rights thereof, as well as the list of unelected directors and the number of voting rights thereof.

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

Article 15. Minutes and Signatures of Meetings

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

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

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

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes. When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

Article 16. Announcements

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting; In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

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

Article 17. Rank and Security

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

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

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

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

Article 18. Break and Resume of Meeting

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

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

The shareholders' meeting may resolve that the meeting be postponed or reconvened within five days in accordance with Article 182 of the Company Act.

Article 19. Disclosure of information at virtual meetings

In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20. Location of the chair and secretary of virtual-only shareholders meeting

When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21. Handling of disconnection

In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending

the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

Article 22. Handling of digital divide

When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

Article 23. These Rules shall be implemented after approval by the shareholders' meeting. The same procedure applies for amendments.

Article 24. The shareholders' meeting agreed to implement these Rules on April 30, 2003.

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

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

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

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

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

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

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

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

The 9th amendment was made on May 31, 2022.

【Appendix 3】

Sinmag Equipment Corporation
Shareholding of Directors

- I. The Company's paid-in capital is NT\$502,302,420 and the total number of issued shares is 50,230,242 shares.
- II. According to Article 26 of the Securities and Exchange Act, the minimum number of shares required to be held by all Directors shall be 4,018,419 shares. As the Company has established an Audit Committee, there is no provision for the number of shares required by the Supervisors to be held.
(Note)
- III. As of 2024 Annual Shareholders' Meeting (April 23, 2024), the number of shares held by individual and all directors recorded in the Shareholder Register is as follows, which meets the percentage standard specified in Article 26 of the Securities and Exchange Act.

Title	Name	Number of shares held recorded in the shareholder's roster book on the book closure date	
		Number of Shares	Shareholding Ratio
Chairman	Hsieh, Shun-Ho	2,211,267	4.40%
Director	Wu, Yao-Tsung	1,788,616	3.56%
Director	Chang, Jui-Jung	380,981	0.76%
Director	Hsieh, Ming-Ching	2,112,980	4.21%
Director	Hsiao, Shu-Chuan	125,813	0.25%
Director	Chang, Yu-Chuan	11,517	0.02%
Independent Director	Chan, Shih-Hung	0	0.00%
Independent Director	Tu, San-Chien	0	0.00%
Independent Director	Huang, Huei-Wang	0	0.00%
Number of Shares Held by all Directors and Shareholding ratio		6,631,174	13.20%

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

【Appendix 4】

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

The Company did not have any proposed distribution of stock dividends in 2023, and the Company does not need to make any financial forecast according to regulations, therefore it is not applicable.

Thank you for attending the General Shareholders'
Meeting!

Any comments or suggestions will be appreciated.