

Sinmag Equipment Corporation
Minutes of 2025 Annual General Shareholders' Meeting

Time: 9 a.m., Friday, June 6, 2025

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

Method of Convening: Physical Shareholders' Meeting

Attendance: A total of 40,627,621 shares attended in person and by proxy (including 9,299,065 shares attended electronically), accounting for 80.88% of the total number of 50,230,242 shares issued by the Company.

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

Attending Independent Directors: Chan, Shih Hung (Convener of the Audit Committee),
Tu, San-Chien, Huang, Huei-Wang

Participants without voting rights: CPA Keng-Hsi Chang, Deloitte & Touche, Attorney Yujie Hsiao, Primordial Law Firm

Chairman: Hsieh, Shun-Ho

Minute taker: Lo, Wei-Lun

- I. Call the Meeting to Order (report the number of shares attending)
- II. Chairman Remarks
- III. Report Items
 - (I) The Company's 2024 Business Report, please refer to Attachment 1.
 - (II) The Company's 2024 Audit Committee's Review Report, please refer to Attachment 2.
 - (III) The Company's 2024 Employee and Director Remunerations Distribution Status Report, please refer to the Meeting Handbook.
 - (IV) The Company's 2024 Earnings distribution in the form of cash dividends, please refer to the Meeting Handbook.
 - (V) Report on the Commitments and Board Resolutions of the Company and Its Subsidiary Regarding the Overseas Listing of Sinmag Equipment (China) Co., Ltd. , please refer to the Meeting Handbook.
 - (VI) The Company's Sustainable Development Report, please refer to Attachment 3.
 - (VII) Other Reports, please refer to the Meeting Handbook.

Summary of shareholder's questions:(No. 7067)

- 1.How is the Company's performance outlook for the second half of the year?
- 2.Unappropriated retained earnings amount is NT\$1.4 billion. What will it be used for?
- 3.The chairman mentioned that the business outlook for the second half of the year is not optimistic. What are the reasons?
- 4.If the subsidiary in China is listed on the ChiNext Board, can the original shareholders in Taiwan subscribe to its shares?
- 5.Chairman, please introduce the attendees.

Summary of Chairman Hsieh, Shun-Ho's response:

The business report reflects the achievements of the past year. Although China has not yet recovered to previous levels, it still achieved a historic high. Due to U.S. tariffs and the appreciation of the Taiwanese dollar, profits for the second half of the year are expected to be impacted. However, the Company will continue to maintain its R&D and operational strategy. Additionally, Sinmag China needs funding for factory construction as it expands its production capacity and continues to enlarge its factory scale.

Summary of Directors Hsieh, Ming-Ching's response:

Regarding Sinmag China's listing plan in China, it is not listed on the ChiNext Board. The application for listing on the ChiNext Board has already been withdrawn. The plan to list on the Shanghai Main Board is still under planning. As for whether the original shareholders in Taiwan can subscribe to the shares, according to local regulations, they are not allowed to do so.

Summary of Chairman Hsieh, Shun-Ho's response:

Let me introduce the attendees of this shareholders' meeting. From left to right: Hsiao, Yu-jie, Lawyer from Primordial Law Firm; Chan, Shih Hung, Independent Director; Hsieh, Ming-Ching, Director and President of Sinmag China; myself, Hsieh, Shun-Ho; CPA, Chang, Keng-Hsi from Deloitte & Touche; Vice President of Sinmag, Hsiao, Shu-Chuan and Financial manager of Sinmag, Chen, Yi-Wen.

Summary of shareholder's questions:(No. 7067)

- 1.What are the benefits of listing in China for the Company?
- 2.Can the stock price recover after the dividend distribution?

Summary of Chairman Hsieh, Shun-Ho's response:

Regarding whether the stock price can recover after the dividend distribution, the Company's primary focus is on its core business operations and it does not engage in stock trading. Whether the stock price recovers depends on market dynamics, so we cannot assure

shareholders if it will recover.

Summary of Directors Hsieh, Ming-Ching's response:

The main benefit of listing in China for the Company is the ability to raise funds through public offerings, which can be used for the Company's development. Additionally, after listing, the Company's price-to-earnings ratio, which will help increase its market value.

Summary of shareholder's questions:(No. 7067)

- 1.How does the Audit Committee conduct its reviews?
- 2.What is the frequency of reports from the internal auditors?
- 3.How many times does the Audit Committee meet each year?
- 4.Has there been any visit to overseas subsidiaries?
- 5.How much does it cost to get listed in China?
- 6.What are the reasons for the amount changes in the financial statements?
- 7.When do internal auditors report their audit plans to the Audit Committee?

Summary of Independent Director Chan, Shih Hung's response:

Each quarterly financial report will be reviewed or audited by CPA. During the quarterly Audit Committee meetings, CPA will provide further explanations, and the report will be discussed and voted by the Audit Committee.

Internal auditors report to the Audit Committee monthly. Investors also have public communication channels to provide feedback to the Company, which the internal auditors compile and present regularly to the Audit Committee.

The Audit Committee members visited the subsidiary in China last November to understand its operations.

The listing plan for the subsidiary in China is still in the planning stage, with only general audit fees incurred so far.

Summary of Independent Director Tu, San-Chien's response:

The three members of the Audit Committee faithfully execute their duties according to the Company Act, with the most important task being to ensure the financial statements truthfully represent the Company's financial status. The Company's financial statements have been audited or reviewed by CPA from Deloitte and thoroughly discussed and unanimously approved by the Audit Committee. Additionally, the Audit Committee ensures the Company complies with laws and regulations and supervises this aspect.

Internal auditors report regularly to the Audit Committee annually.

Summary of shareholder's questions:(No. 7067)

- 1.Has the Audit Committee understood how much it will cost to list in China?
- 2.Has the Audit Committee assessed whether listing in China benefits shareholders?
- 3.Has the Audit Committee understood the use of R&D expenses?
- 4.What is the ratio for Directors' remuneration allocation, and why does the chairman receive more?

Summary of Independent Director Chan, Shih Hung's response:

The Director's remuneration is allocated according to the Company's Articles of Incorporation. Since the chairman also serves as an employee, the remuneration disclosed in the annual report includes the salary as an employee, which is why the amount appears higher.

Summary of Directors Hsieh, Ming-Ching's response:

Simang China is recognized as a high-tech enterprise in China. Every year, it develops comprehensive research plans for product improvement or development and conducts research and development according to the specified items and regulations.

Summary of shareholder's questions:(No. 7067)

Please provide detailed information on specific R&D projects and whether the R&D expense is sufficient.

Summary of Independent Director Chan, Shih Hung's response:

R&D mainly focuses on developing and improving the Company's products. The products include mixers, ovens, fermenters, etc., all of which require ongoing improvement and development.

The Audit Committee's responsibility is to supervise company operations. It only has review authority and does not have the power to interfere with how company funds are used. It only verifies whether the information provided by the Company is accurate.

Summary of shareholder's questions:(No. 7067)

Does the Audit Committee understand the average repurchase price of the Company's treasury stocks?

Summary of Independent Director Chan, Shih Hung's response:

The treasury stock buyback has not yet been completed, so we cannot report on it at this time.

Summary of Directors Hsieh, Ming-Ching's response:

The treasury stock buyback is still ongoing, so we cannot provide the average price at this

moment.

Summary of shareholder's questions:(No. 7067)

- 1.How many employees are eligible to receive employee compensation? What are the criteria for receiving it, and how much does each employee receive?
- 2.How is the amount of cash dividends determined?
- 3.The proposal mentions listing on the ChiNext Board? Is the company really listed on the ChiNext Board? Please provide further clarification.

Summary of Chairman Hsieh, Shun-Ho's response:

The amount allocated for employee remunerations is based on the Company's Articles of Incorporation.

Summary of Vice President Hsiao, Shu-Chuan's response:

Currently, employee remunerations is distributed only to employees in Taiwan, which includes around 70 employees. The allocation is based on several factors such as years of service, annual performance evaluations, and individual performance, rather than being equally distributed.

Summary of Chairman Hsieh, Shun-Ho's response:

The distribution of cash dividends depends on the Company's overall funding needs. At present, the Company is undergoing factory expansion, which requires significant capital. After careful consideration, all available funds that could be used have already been allocated for dividend distribution to shareholders.

Summary of Directors Hsieh, Ming-Ching's response:

The report you are reviewing refers to the resolution passed at the shareholders' meeting in 2022 to listing on the ChiNext. However, since the application for listing on the ChiNext Board has since been withdrawn, the related undertakings previously approved by the shareholders' meeting have also been retracted. As for the proposed listing on the Main Board in Shanghai, it will be discussed as a subsequent discussion item.

IV. Proposed Items

Proposal 1: (Proposed by the Board of Directors)

Proposal: 2024 Business Report and Financial Statements, submitted for ratification.

Explanation:

1. The Company's 2024 financial statements, consolidated financial statements, and business reports have been reviewed by the Audit Committee, and a written audit report has been issued.

2. For the 2024 business report and financial statements, please refer to Attachment 1 and Attachment 4.
3. Please proceed to the ratification of the proposal.

Resolution: The number of approval votes: 39,423,702, the number of votes against: 554,511, the number of disapproval votes: 649,408, the number of approval votes accounted for 97.03% of the 40,627,621 votes of attending shareholders. The motion was approved as proposed.

Proposal 2: (Proposed by the Board of Directors)

Proposal: Ratify the item proposed by the 2024 Earnings Distribution, submitted for ratification.

Explanation:

1. The Company's 2024 earnings distribution list is as follows:

Sinmag Equipment Corporation
Earnings Distribution Table
2024

Unit: NT\$

Unappropriated retained earnings at the beginning of the period	1,108,580,322
Plus: Net profit in 2024	682,665,515
Plus: Reversal of special reserve	84,408,774
Retained earnings available for distribution	1,875,654,611
Item for distribution:	
Dividends to shareholders	
Cash dividends (NT\$9 per share)	(452,072,178)
Unappropriated retained earnings at the end of the period	1,423,582,433

Chairman: Hsieh, Shun-Ho President: Hsieh, Shun-Ho

Accounting Manager: Chen Yi-Wen

2. Please proceed to the ratification of the proposal.

Resolution: The number of approval votes: 37,109,398, the number of votes against: 3,021,812, the number of disapproval votes: 496,411, the number of approval votes accounted for 91.34% of the 40,627,621 votes of attending shareholders. The motion was approved as proposed.

Summary of shareholder's questions:(No. 7067)

Please explain the reasons for changes in the financial statement. The NT\$3 billion recorded under

the equity method, what is that investment? What does the NT\$800 million in investment income under the equity method refer to? Please also explain the changes in the cash flow statement.

Additionally, how much does it cost to be listed in China?

Summary of CPA Chang, Keng-Hsi's response:

In response to the shareholder's questions about the changes in the financial statements: The item "financial assets at fair value through profit or loss" refers to financial products similar to time deposits purchased by Sinmag China, which were already transacted during the year. As for the disposal of property, plant, and equipment, this primarily pertains to the disposal of real estate. The increase in accounts receivable is due to the growth in revenue, leading to a slight rise in accounts receivable. The Company has also recognized expected credit losses in accordance with IFRS. The investments accounted for using the equity method disclosed in the individual financial statements reflect Sinmag's investments in overseas subsidiaries, as well as the related investment income.

V. Discussion Items

Proposal 1: (Proposed by the Board of Directors)

Proposal: Amend the Company's "Articles of Incorporation," submitted for discussion.

Explanation:

1. In accordance with Article 14 of the Securities and Exchange Act, the company shall allocate a certain percentage of its annual profits to adjust the salaries or distribute compensation to grassroots employees. Accordingly, Article 29 of the "Articles of Incorporation" has been amended.
2. For the Company's "Articles of Incorporation" Before/After Amendment Table, please refer to Attachment 5.
3. Submitted for discussion.

Resolution: The number of approval votes: 39,417,844, the number of votes against: 573,783, the number of disapproval votes: 635,994, the number of approval votes accounted for 97.02% of the 40,627,621 votes of attending shareholders. The motion was approved as proposed.

Proposal 2: (Proposed by the Board of Directors)

Proposal: Conduct an Initial Public Offering of RMB Ordinary Shares and Apply for a Change to Listing on the Main Board of the Shanghai Stock Exchange for Sinmag Equipment (China) Co., Ltd., a Subsidiary of the Company. Submitted for discussion.

Explanation:

1. Purpose of Applying for Listing on an Overseas Securities Market:
Our subsidiary, Sinmag Equipment (China) Co., Ltd. (hereinafter referred to as "Sinmag China"), aims to integrate group resources, enhance social recognition and brand identity, attract and motivate outstanding local professionals to strengthen

competitiveness, and utilize more diverse local fundraising channels to optimize its financial structure. On March 15, 2022, the Board of Directors, and on May 31, 2022, the General Shareholders' Meeting, approved Sinmag China's application for an initial public offering (IPO) of RMB common shares (A-shares) and listing on the Growth Enterprise Market (GEM) of the Shenzhen Stock Exchange.

Based on future strategic development considerations, Sinmag China now intends to change its listing venue from the GEM of the Shenzhen Stock Exchange to the Main Board of the Shanghai Stock Exchange (hereinafter referred to as "this issuance and listing").

2. Impact of the Overseas Securities Market Listing on the Company's Finances and Operations:

(1) Financial Impacts

- A. If Sinmag China successfully lists on the Shanghai Stock Exchange, it will be able to efficiently raise funds through diverse local channels, providing a more effective financing environment for its future operational capital and capital expenditure needs while enhancing the flexibility of the group's financial management.
- B. The funds raised locally by Sinmag China can be used to expand and upgrade production lines or equipment, strengthen research and development of new products, increase production capacity, and bolster working capital. Combined with the recruitment of talented professionals, this will enhance the company's innovation and development capabilities, improve market competitiveness, and create new revenue and profit growth opportunities.
- C. Listing on the Shanghai Stock Exchange will increase the group's asset scale and further strengthen the company's capital base. Enhancing Sinmag China's operational competitiveness will also contribute to an increase in the net profit attributable to the company, thereby benefiting overall shareholders' equity and maximizing shareholder value.

(2) Business Impacts

- A. Through the public issuance and listing of shares, Sinmag China can effectively enhance its corporate visibility, attract exceptional R&D talent, accelerate product development timelines, and promptly meet customer demands. Additionally, it can expand production capacity and improve capacity control, enabling rapid expansion in the mainland China market, increasing product market share, and boosting group profitability.

B. Listing its shares locally will help Sinmag China elevate its corporate image, solidify its brand leadership, and recreate brand value.

Furthermore, equity-based incentive measures for employees will ensure the stability of core personnel, supporting the company's prospects for expanding group operations.

3. Expected Organizational Structure and Business Adjustment Methods:

(1) On March 15, 2022, the Board of Directors, and on May 31, 2022, the General Shareholders' Meeting, approved Sinmag China's application for an IPO of RMB common shares (A-shares) and listing on the GEM of the Shenzhen Stock Exchange. The company has already adjusted its organizational structure at an appropriate time. No further organizational adjustments will be made for this issuance and listing.

(2) This issuance and listing is not expected to result in any foreseeable significant adjustments to the group's current business operations, with Sinmag China continuing to focus on mainland China as its primary market.

4. Expected Impact of Organizational Structure and Business Adjustments on the Company:

On March 15, 2022, the Board of Directors, and on May 31, 2022, the General Shareholders' Meeting, approved Sinmag China's application for an IPO of RMB common shares (A-shares) and listing on the GEM of the Shenzhen Stock Exchange. The company has already adjusted its organizational structure at an appropriate time. No further organizational adjustments will be made for this issuance and listing.

5. Method of Equity Diversification and Expected Reduction in Shareholding Ratio:

Sinmag China plans to conduct an IPO of RMB common shares on the mainland China securities market and apply for listing on the Shanghai Stock Exchange, with a par value of RMB 1 per share. Pursuant to relevant listing regulations in mainland China, the number of new shares to be issued will account for approximately 10% to 25% or more of Sinmag China's total shares post-issuance. After the issuance, the company's shareholding ratio in Sinmag China is expected to remain no less than 70%, ensuring continued substantial control and operational authority. The final listing market and issuance size will be submitted to the shareholders' meeting for authorization, allowing the Board of Directors or its authorized representative to determine these details in consultation with the lead underwriter, based on mainland China laws and regulations, capital needs, communications with local regulatory authorities, and market conditions. If Sinmag China successfully obtains listing approval from the Shanghai Stock Exchange, it will, prior to dispersing equity for listing, commission an independent expert to issue an opinion on the

reasonableness of the number of shares to be released, the pricing and the impact on the company's shareholders' equity. This expert opinion will be submitted to the Audit Committee and subsequently discussed by the Board of Directors.

6. Basis of price determination:

Sinmag China's proposed listing on the Shanghai Stock Exchange will follow local regulations, whereby the issuance price will be determined through inquiries with target investors and based on inquiry results and market conditions or as ultimately approved by the China Securities Regulatory Commission (CSRC).

7. Equity (or Investment) Transferees or Specific Target Parties:

In accordance with local regulations, the new shares will be issued to inquiry participants meeting mainland China legal and regulatory requirements, as well as domestic natural persons, juridical persons with Shanghai Stock Exchange stock accounts, and other investors compliant with CSRC regulations. Neither the company nor any of its subsidiaries will participate in the subscription.

8. Impact on the Company's Continued Listing on the OTC Market:

Sinmag China's application for listing on the Shanghai Stock Exchange will comply with relevant regulations, ensuring that the rights and interests of our existing shareholders are fully protected. This will not affect the company's continued listing on the Taiwan OTC Market.

9. Additional Notes:

- (1) Based on long-term development needs, Sinmag China intends to apply to the competent securities authorities in mainland China for this issuance and listing. However, no formal application has been submitted yet, and uncertainties remain regarding the timing of the application and the duration of the review process.
- (2) This issuance and listing are subject to approval by the shareholders' meeting before it can proceed. If approved by the shareholders' meeting, the proposal aims to facilitate Sinmag China's planned IPO of RMB common shares and its listing on the Shanghai Stock Exchange in the mainland China capital market. The shareholders' meeting is proposed to authorize the Board of Directors or its designated representative, as well as the board of Sinmag China or its designated representative, to make adjustments based on the implementation of the listing plan. These adjustments may consider opinions from relevant government authorities, legal regulations in Taiwan and the listing jurisdiction, market conditions, or practical circumstances. They will also be fully authorized to handle all matters related to this issuance and listing, including, but not limited to, appointing professional advisors, determining issuance terms, timing, quantity, method, pricing approach,

issuance price (including price range and final pricing), issuance base date, strategic placement (including allocation ratios and recipients), oversubscription matters, use of proceeds, issuance ratio, issuance of commitment letters, confirmation letters, and related listing application documents, and managing all other matters associated with this issuance and listing.

10. It is hereby submitted for discussion.

Resolution: The number of approval votes: 39,538,502, the number of votes against: 617,028, the number of disapproval votes: 472,091, the number of approval votes accounted for 97.31% of the 40,627,621 votes of attending shareholders. The motion was approved as proposed.

Summary of shareholder's questions:(No. 7067)

The amendment to the Articles of Incorporation this time adjusts the employee bonus ratio in accordance with Securities Exchange Act. The Company stipulates that at least 40% of the employee bonus distribution should be allocated to frontline employees. This could result in an increase of up to 40 times. Could the chairman please provide an explanation regarding this adjustment?

Summary of Vice President Hsiao, Shu-Chuan's response:

The amendment to the Company's Articles of Incorporation this time is primarily in response to the requirements of the regulatory authorities. It ensures that grassroots employees are guaranteed a certain proportion of the employee compensation. Specifically, the amendment stipulates that at least 1% of the current year's pre-tax profits will be allocated for employee compensation, and from that amount, at least 40% will be dedicated to securing the compensation for grassroots employees.

Summary of shareholder's questions:(No. 7067)

What is the difference in the total bonus amount before and after this amendment?

Summary of Vice President Hsiao, Shu-Chuan's response:

The amount allocated for employee bonuses depends on the Company's annual pre-tax profit.

Summary of Chairman Hsieh, Shun-Ho's response:

The most important part of this amendment is that at least 40% of the employee bonus must be allocated to grassroots employees, which is intended to protect their rights.

Summary of shareholder's questions:(No. 7067)

Please explain the Company's listing plan in China.

Summary of Directors Hsieh, Ming-Ching's response:

The plan to list on the ChiNext Board of the Shenzhen Stock Exchange in 2022. However, following the issuance of China's "National Nine Articles" in 2024, Sinmag China no longer meets

the positioning criteria for the ChiNext Board, so the application was withdrawn in August 2024. Currently, the appropriate listing boards for Sinmag China are either the Main Board of the Shenzhen Stock Exchange or the Shanghai Stock Exchange. The company continues to pursue a listing in China to enhance its brand awareness in China, which is expected to boost revenue and attract talent. The funds raised from the listing will be used for factory construction and equipment upgrades. Therefore, the listing will significantly benefit shareholders in Taiwan. As for the costs, they are divided into two stages: the initial stage includes general auditing fees, while the post-listing costs will be deducted from the funds raised and will not impact the interests of existing shareholders.

Summary of shareholder's questions:(No. 7067)

What are the differences between the various listing boards in China? How long does the overall listing process take? What is the underwriter's profit? How are the costs calculated? What will be the registered capital after listing?

Summary of Directors Hsieh, Ming-Ching's response:

Currently, there are no major differences between the listing boards in China. As for the underwriter, the Company has not made a final decision and is still evaluating. Regarding the counseling period, it only takes three months from the counseling stage to the listing process. However, in practice, it usually doesn't happen that quickly. Regarding underwriting profits, these will only occur if Sinmag sells shares. Otherwise, there will be no underwriting profits. As mentioned earlier, the initial costs are general auditing fees, and the costs incurred after successful listing will be deducted from the funds raised.

Summary of shareholder's questions:(No. 7067)

Since underwriters charge different fees, how will the Company choose an underwriter? What will the registered capital be after the listing?

Summary of Directors Hsieh, Ming-Ching's response:

Sinmag China currently has a registered capital of RMB 360 million. After listing, it is expected to be set at RMB 400 million. Since listing-related costs must be publicly disclosed, we will select an underwriter based on those disclosures, evaluating both the pricing and the underwriter's capabilities.

Summary of shareholder's questions:(No. 7067)

How much cash does Sinmag China currently hold?

Summary of Chairman Hsieh, Shun-Ho's response:

All financial information of the group is disclosed in the consolidated financial statements. The Company's cash is sufficient and there is no cause for concern.

VI. Elections

(Proposed by the Board of Directors)

Proposal: Reelection of all directors, submitted for discussion.

Explanation:

1. The current term of the company's directors is set to expire on May 30, 2025. It is proposed that a comprehensive reelection of the board of directors be conducted to align with this year's General Shareholders' Meeting.
2. In accordance with Article 19 of the company's Articles of Incorporation, the board shall consist of seven to nine directors. At this General Shareholders' Meeting, it is proposed that nine directors (including four independent directors) be elected. The election of directors will follow a candidate nomination system, with the new directors serving a three-year term from June 6, 2025, to June 5, 2028. The term of the current directors and independent directors will conclude upon the completion of this general shareholders' meeting.
3. This election will be conducted in accordance with the company's "Procedures for Election of Directors". Please refer to Appendix 3 on the Meeting Handbook.
4. The list of candidates for directors and independent directors, along with relevant information, is provided below:

(1) The Board of Directors Nominations

Serial No.	Director Candidate	Shares Held	Education	Experience	Current Position
1	Hsieh, Shun-Ho	2,211,267 shares	High School	President of Sheng Chia Industrial Co., Ltd. Director of Sheng Chia Investment Co., Ltd. CEO of Sinmag Equipment Corporation President of Sinmag Equipment (China) Co., Ltd. Director of San Neng Bake Ware (Wuxi) Co., Ltd.	1. Chairman & President of Sinmag Equipment Corporation 2. Chairman of Sinmag Equipment (China) Co., Ltd. 3. Chairman of Sinmag Fitting Corporation 4. Chairman of Sinmag Bakery Machine India Private Limited 5. Chairman of Sinmag Bakery Equipment SDN. BHD. 6. Director of San Neng

Serial No.	Director Candidate	Shares Held	Education	Experience	Current Position
					<p>Group Holdings Co., Ltd.</p> <p>7. Director of San Neng Bakeware Corporation</p> <p>8. Director of PT. SAN NENG BAKEWARE INDONESIA</p> <p>9. Director of PT. SANNENG ASIA INDUSTRY INDONESIA</p> <p>10. Chairman of GREATER WIN HOLDINGS LIMITED</p> <p>11. Chairman of Ximai Enterprise Management (Wuxi) Co., Ltd.</p> <p>12. Chairman of SINMAG LIMITED</p> <p>13. Chairman of LUCKY UNION LIMITED</p>
2	Wu, Yao-Tsung	1,788,616 shares	National Yilan High School	<p>Deputy Chairman of Tehmag Foods Corporation</p> <p>Supervisor of Sinmag Equipment (China) Co., Ltd.</p> <p>Chairman of Taiwan Lun Chun Association</p> <p>Director of Zeelandia Bakery</p>	<p>1. Supervisor of Sinmag Fitting Corporation</p> <p>2. Director of Tehmag Foods Corporation</p> <p>3. Director of Wuxi New Order Control Co., Ltd.</p> <p>4. Director of Yangyu Foods Corporation</p> <p>5. Supervisor of Kingcraft Industrial</p>

Serial No.	Director Candidate	Shares Held	Education	Experience	Current Position
				Ingredients (Wuxi) Co., Ltd.	<p>Corp., Ltd.</p> <p>6. Director of Taiwan Lun Chun Association</p> <p>7. Director of Bliss & Wisdom School Foundation</p> <p>8. Chairman of Purity New Materials Co., Ltd.</p> <p>9. Director of Bliss & Wisdom Buddhism Foundation</p> <p>10. Chairman of AMRITA Translation Foundation</p> <p>11. Director of Tehmag Foods(H.K.) Company Limited</p> <p>12. Director of Tehmag Foods USA Corporation</p> <p>13. Director of PT.Tehmag Foods Corporation Indonesia</p> <p>14. Director of TEHMAG FOODS (SINGAPORE) PTE LTD</p> <p>15. Director of Bliss & Wisdom Foundation of Culture and Education</p> <p>16. Chairman of Chinese Pure Wisdom and Kindness Association</p>

Serial No.	Director Candidate	Shares Held	Education	Experience	Current Position
3	Chang, Jui-Jung	380,981 shares	Master of Business Administration, Asia University	President of San Neng Group Holdings Co., Ltd. President of San Neng Bake Ware (Wuxi) Co., Ltd. Chairman of San Neng Bakeware Corporation President of San Neng Bakeware Corporation Supervisor of Sinmag Equipment Corporation	1. Chairman of San Neng Bake Ware (Wuxi) Co., Ltd. 2. Chairman of San Neng Group Holdings Co., Ltd. 3. Chairman of PT. SAN NENG BAKEWARE INDONESIA 4. Chairman of East Gain Investment Limited 5. Chairman of SAN NENG Limited 6. Chairman of Jui Jung International Limited 7. Chairman of PT. SANNENG ASIA INDUSTRY INDONESIA
4	Hsieh, Ming-Ching	2,112,980 shares	Bachelor of Economics, Fu Jen Catholic University Master of Financial Management, Azusa Pacific University Master of Management, Peking University	Chairman's Special Assistant, Sinmag Equipment Corporation Chairman of Wuxi New Order Control Co., Ltd. Vice President of Management Office, Sinmag Equipment Corporation	1. Director of Kingcraft Industrial Corp., Ltd. 2. Director and Vice President of LBC BAKERY EQUIPMENT INC. 3. Director of Sheng Chia Investment Co., Ltd. 4. Director of SINMAG EQUIPMENT (THAILAND) CO., LTD. 5. Director of Sinmag Equipment (China) Co., Ltd. 6. President and Vice

Serial No.	Director Candidate	Shares Held	Education	Experience	Current Position
					<p>President of Management Department, Sinmag Equipment (China) Co., Ltd.</p> <p>7. Director of Wuxi New Order Control Co., Ltd.</p> <p>8. Independent Director of Thomas Dynamic Material Composite Materials Technology Co., Ltd.</p>
5	Hsiao, Shu-Chuan	127,813 shares	Industrial Engineering and Management Department, Lunghwa Polytechnic	Associate /Chairman's Special Assistant of Sinmag Equipment Corporation	Vice President of Sinmag Equipment Corporation

Serial No.	Independent Director Candidates	Shares Held	Education	Experience	Current Position
1	Huang, Huei-Wang	0 shares	Department of Business Administration, College of Law and Business, National Chung Hsing University FinTech Program,	Chief Consultant / Corporate Valuation Expert, Specialized Business Management Consulting Co., Ltd. Chief Representative, Shanghai	<p>1. Representative, Broad Think Tank Co., Ltd.</p> <p>2. Representative / Corporate Valuation Expert / FRM®, Broad Think Tank Value Assessment Co., Ltd.</p>

Serial No.	Independent Director Candidates	Shares Held	Education	Experience	Current Position
			University of California, Berkeley, USA Financial Risk Manager (FRM®), Global Association of Risk Professionals (GARP)	Representative Office, Grand Cathay Securities Co., Ltd. Deputy Manager, Securities Department / Finance Department, China Development Industrial Bank Compensation Committee Member (Concurrent Role), Rotam Global Agrosiences Limited	
2	Tu, San-Chien	0 shares	Department of Accounting, National Chengchi University Master's in Accounting, Louisiana State University, USA	Lecturer, College of Commerce, National Chengchi University Partner, Deloitte & Touche Chairman, Deloitte & Touche Independent Director, Tehmag Foods Corporation	1. Director, Pang Kuei & Co. 2. Independent Director of Lin BioScience Inc. 3. Independent Director of Dah Chung Bills Finance Corp. 4. Supervisor of Jorjin Technologies Inc. 5. Independent Director of Synmosa Biopharma Corporation
3	Lin, Chien-Ting	0 shares	Doctorate in Business, Chinese Culture University	Associate Professor, Department of Business Administration,	Director, Lifelong Learning Center, School of Continuing Education, Chinese Culture University

Serial No.	Independent Director Candidates	Shares Held	Education	Experience	Current Position
				School of Continuing Education, Chinese Culture University Associate Professor, Master's Program in Tourism and Leisure Business Management, School of Continuing Education, Chinese Culture University Director, Master's Program in Tourism and Leisure Business Management, Department of Tourism, School of Continuing Education, Chinese Culture University	
4	Li, Hung-Yu	0 shares	Doctorate in Economics, School of Finance, Southwestern University of Finance and Economics	Team Leader, Rongcong United Accounting Firm Section Chief of Live Young Life Mall Co., Ltd. Team Leader, Registration and Review Department,	Consultant of Han Ding Digital Technology Co., Ltd.

Serial No.	Independent Director Candidates	Shares Held	Education	Experience	Current Position
				Securities Business Association Business Committee Member, Office of the President, Taipei Exchange	

Explanation of the Board's Continued Nomination of Tu, San-Chien as an Independent Director:

Mr. Tu holds a Master's degree in Accounting from Louisiana State University, USA, and currently serves as the President of Banggui Accounting Firm, among other positions. With professional expertise and practical experience in finance and accounting, he possesses the specialized knowledge and operational management experience necessary for the development of the Company. During his tenure, he has provided valuable insights into operational development and has maintained no conflicts of interest with the company's management that could compromise his independence. We hereby nominate Mr. Tu, San-Chien to continue as a candidate for independent director of the company, with the expectation that his expertise will enable him to fulfill the duties of an independent director, providing timely oversight to the board and offering professional recommendations.

(2) Nomination by shareholders holding more than 1% of shares

Serial No.	Director Candidate	Shares Held	Education	Experience	Current Position
1	Chen, Min-Jyh	137,000 shares	Department of Hydraulic Engineering, Tamkang University Executive MBA Program,	President, Lotus International Co., Ltd. (Lotus Taiwan) Associate, International Business Machines Co., Ltd. (IBM Taiwan) President, Sybase Taiwan	President of Autodesk Taiwan, Ltd.

Serial No.	Director Candidate	Shares Held	Education	Experience	Current Position
			National Taiwan University	Vice President, SAP Taiwan & China Vice President of Siemens Industry Software Greater China and President of Taiwan Region	

Serial No.	Independent Director Candidates	Shares Held	Education	Experience	Current Position
1	Chang, Chin-Ter	0 shares	Ph.D. in Information Management, National Chiao Tung University	Professor, Institute of Management, Chang Gung University	Professor, Institute of Management, Chang Gung University

5. An election is respectfully requested.

Election results:

The list of directors elected is as follows:

Shareholder's account number or ID card No.	Shareholder's account name or name of the natural person	Number of votes received
6	Hsieh, Shun-Ho	72,707,212
23056	Chen, Min-Jyh	58,615,981
15	Wu, Yao-Tsung	42,996,406
9	Hsieh, Ming-Ching	36,222,815
34	Hsiao, Shu-Chuan	31,671,253

The list of independent directors elected is as follows:

Shareholder's account number or ID card No.	Shareholder's account name or name of the natural person	Number of votes received
A10172****	Tu, San-Chien	22,627,405
A12241****	Li, Hung-Yu	22,620,223

Shareholder's account number or ID card No.	Shareholder's account name or name of the natural person	Number of votes received
F10375****	Huang, Huei-Wang	22,613,496
P12043****	Lin, Chien-Ting	22,607,419

VII. Other Proposals

(Proposed by the Board)

Proposal: Lift the non-compete restrictions on newly appointed directors and their representatives, submitted for discussion.

Explanation:

1. Pursuant to Article 209 of the Company Act, "A director who acts on behalf of themselves or others in matters falling within the scope of the company's business shall explain the key details of such actions to the shareholders' meeting and obtain its approval."
2. In consideration of the company's strategy to pursue diversification and business alliances, and without prejudice to the interests of the company, it is proposed to request the approval of the General Shareholders' Meeting to lift the non-compete restrictions on the newly elected directors and their representatives following this election.
3. The details of the directors whose non-compete restrictions are to be lifted are specified as follows:

Title and Name	Company Name and Position
Director Hsieh, Shun-Ho	Chairman of Sinmag Equipment (China) Co., Ltd. Chairman of Sinmag Fitting Corporation Chairman of SINMAG BAKERY MACHINE INDIA PRIVATE LIMITED Chairman of Sinmag Bakery Equipment SDN. BHD. Director of San Neng Group Holdings Co., Ltd. Director of San Neng Bakeware Corporation Director of PT. SAN NENG BAKEWARE INDONESIA Director of PT. SANNENG ASIA INDUSTRY INDONESIA Chairman of GREATER WIN HOLDINGS LIMITED Chairman of Ximai Enterprise Management (Wuxi) Co., Ltd. Chairman of SINMAG LIMITED Chairman of LUCKY UNION LIMITED

Title and Name	Company Name and Position
Director Wu, Yao-Tsung	Supervisor of Sinmag Fitting Corporation Director of Tehmag Foods Corporation Director of Wuxi New Order Control Co., Ltd. Director of Yangyu Foods Corporation Supervisor of Kingcraft Industrial Corp., Ltd. Director of Tehmag Foods(H.K.) Company Limited Director of Tehmag Foods USA Corporation Director of PT.Tehmag Foods Corporation Indonesia Director of TEHMAG FOODS (SINGAPORE) PTE LTD
Director Chang, Jui-Jung	Chairman of San Neng Group Holdings Co., Ltd. Chairman of San Neng Bake Ware (Wuxi) Co., Ltd. Chairman of PT. SAN NENG BAKEWARE INDONESIA Chairman of EAST GAIN INVESTMENT LIMITED Chairman of SAN NENG LIMITED Chairman of JUI JUNG INTERNATIONAL LIMITED Chairman of PT. SANNENG ASIA INDUSTRY INDONESIA
Director Hsieh, Ming-Ching	Director of SINMAG EQUIPMENT (THAILAND) CO., LTD. Director and Vice President of LBC BAKERY EQUIPMENT INC. Director of Sheng Chia Investment Co., Ltd. Director of Kingcraft Industrial Corp., Ltd. Director and President of Sinmag Equipment (China) Co., Ltd. Director of Wuxi New Order Control Co., Ltd. Independent Director of Thomas Dynamic Material Composite Materials Technology Co., Ltd.
Independent Director Tu, San-Chien	Director, Pang Kuei & Co. Independent Director of Lin BioScience Inc. Independent Director of Synmosa Biopharma Corporation

4. The individuals affected by the lifting of restrictions shall be the directors (including independent directors) actually elected.

5. It is hereby submitted for discussion.

Resolution: The number of approval votes: 39,820,249, the number of votes against: 181,110, the number of disapproval votes: 626,262, the number of approval votes accounted for 98.01% of the 40,627,621 votes of attending shareholders. The motion was approved as proposed.

Summary of shareholder's questions:(No. 7067)

Are there any directors who should be released but have not been listed? Have the directors been asked to report any situations that require their removal?

Summary of Chairman Hsieh, Shun-Ho's response:

The directors nominated by the Board have all been thoroughly investigated and listed. If the elected external director needs to be released, it will require a resolution at the next shareholders' meeting for removal.

VIII. Extempore Motions

No other provisional motion was proposed after the chairperson solicits all attending shareholders.

IX. Adjournment: The meeting was adjourned by the Chairperson at 11:05 a.m. on the same day and was approved by all attending shareholders without objection.

(The minutes only summarize the main points of the proceedings. For detailed content, please refer to the audio and video recordings of the session.)

Attachment 1

Sinmag Equipment Corporation

2024 Business Report

I. 2024 Business Report

(I) Implementation Results of Business Plan

In 2024, the global economy continues to recover moderately, with significant divergences among different regions. Risks and challenges remain, and the economic momentum still needs strengthening. Although global inflation showed signs of easing and the world economy did not fall into recession, downside risks increased significantly, raising concerns about a potential low-growth trap in the future.

In 2024, Sinmag continued to face a downward economic trend in the Chinese market, with market growth yet to recover to the 2021 level, and the operational challenges remained. However, Sinmag achieving historical highs in both consolidated revenue and consolidated profit, driven by the growing demand for supermarket equipment in the Americas and Australia, as well as the noticeable economic recovery in Southeast Asia countries.

The consolidated operating income of the Group in 2024 was NT\$4,792,059 thousand, an increase of 6.52% from NT\$4,498,686 thousand in 2023. The consolidated net profit after tax was NT\$682,665 thousand, an increase of 13.20% from NT\$603,037 thousand in 2023. The after tax earnings per share was NT\$13.59, an increase of 13.16% from that of 2023.

1. The Company's operating results and sales performance of main products are shown in the table below:

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

Unit: Thousand NT\$

	2024	2023	Increase (Decrease) Rate (%)
Operating Revenue	4,792,059	4,498,686	6.52%
Operating Costs	2,710,054	2,593,232	4.50%
Gross Profit	2,082,005	1,905,454	9.27%
Operating Expenses	1,108,945	1,030,555	7.61%
Operating Profit	973,060	874,899	11.22%
Non-operating Income and Expenses	117,029	60,382	93.81%
Profit Before Income Tax	1,090,089	935,281	16.55%
Profit After Income Tax	682,665	603,037	13.20%

(II) Revenue Forecast and Realization

The Company did not have a public financial forecasting for 2024.

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

Item		2024	2023
Financial Structure Analysis	Debt-to-Asset Ratio	25.81%	25.14%
	Long-Term Funds to Fixed Assets Ratio (%)	255.07%	253.61%
Liquidity Analysis	Current Ratio	272.85%	290.34%
	Quick Ratio	185.39%	200.21%
Profitability Analysis	Return on Assets	17.26%	16.55%
	Return on Shareholders' Equity	23.14%	22.37%
	Ratio of Paid-Operating Profit	193.72%	174.17%
	In Capital Pre-Tax income	217.01%	186.19%
	Profit Ratio	15.19%	14.14%
	Earnings per Share (NT\$)	13.59	12.01

(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 2024, our Group invested a total of NT\$166,086 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 2025

(I) Operating Strategies

The market development goal for Sinmag in 2025 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 customer acquisition channel, and increase sales volume in the market.

1. Sales in China Market

- (1) To support the upgrade, transformation, and franchising of our existing customers' businesses, we will provide appropriate and complementary equipment for mutual growth.
- (2) The Company actively provides appropriate and complementary equipment packages for new customers and emerging types of operations— such as modern Chinese pastry and cake fusion tea shops, new format of cafés and restaurants, creative bakeries, and gift-oriented food businesses.
- (3) The Company is expanding its operations in the online market for equipment sales, strengthening and enhancing the functionality of Sinmag's e-commerce sales platforms both domestically and internationally. It actively supports and participates in initiatives to drive platform traffic, aiming to enhance the credibility and track record of Sinmag's equipment in the e-commerce market, combat counterfeit brands, and assist in the stable growth of e-commerce operations. In addition, the Company recognizes the need to adjust and reinforce its distribution and customer acquisition channel structures, expand collaborative sales projects, and increase the scale of online baking market sales.
- (4) The Company responds to the evolving trends of supermarket transformation in China, including the development of local specialty supermarkets and the transformation of large international supermarkets, by providing suitable and supporting equipment to foster mutual growth.
- (5) The high-end bakery store market 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 redesign high-end baking oven combinations to increase sales volume in the high-end baking equipment market.
- (6) The Company will expand the development of collaboratively developed advantageous technologies, which include high-efficiency energy-saving features and remote equipment control capabilities, to drive the sales of conveyor oven equipment to major international group clients in China and other markets. Furthermore, the Company is extending its reach into the foodservice composite sector, targeting large pizza restaurant groups to actively promote the adoption and usage of its equipment.

2. Overseas Market

- (1) Optimize customer order acceptance, production planning, and shipping arrangements in high-demand markets to reduce overseas sales lead time and increase agent competitiveness.
- (2) The Company arranges visits and exchanges with overseas agents and major clients to discuss market development strategies and sales activities for each country, thereby promoting sales.
- (3) There will be more frequent business visits to 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) A business expansion plan for the Central Asian market has been formulated, targeting the five Central Asian countries, the Middle East, Turkey, and Russia. The plan includes establishing a company team and inventory warehouse in Central Asia to develop the market in that region.
- (5) Arrange the continuing professional training of sales and after-sale teams for branches and agents, proactively improve the management and efficiency of work and process, improve the level of pre-sale and after-sale service standards for market customers, enhance professional sales capabilities in markets in various countries.
- (6) Continue to increase equipment items that are sold by the agents in various countries, assist in promoting necessary equipment modifications and certifications, collaborate with agents and market feedback to promote 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 2025, other than sticking to the original market share and sales volume in Mainland China, and will continue to expand in the Americas, India, Southeast Asia, Central 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 mass-production product sales.

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.
4. The company is upgrading and implementing Customer Relationship Management (CRM) and after-sales management software. Through the use of an online cloud service management system, it aims to integrate the entire workflow from sales to after-sales, reduce manpower requirements, and improve real-time efficiency and service quality.

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

In 2024, the overall baking market environment in China brought disappointing economic conditions to the industry. The downward trend in consumer spending remained severe, prompting cautious and conservative investment in the expansion of various market segments. Development plans across different market segments showed signs of slowing down and contraction. Overall consumer purchasing power remained weak, and a trend of consumption downgrade was evident. Although local supermarkets, wholesale stores, and franchise chains drove some development in different regions of the domestic market, the overall scale of expansion showed no significant acceleration. The number of new store openings decreased, inquiries and transaction volumes were low, and competition intensified.

Nevertheless, from a broader perspective, China's domestic baking market still holds considerable development potential, with the industry scale continuing to grow year by year. This indicates that the domestic market is experiencing a trend of large-scale renewal, replacement, and ongoing investment. The baking industry continues to undergo reshuffling, and bakery brands are increasingly focused on launching innovative products that meet consumer demand to guide market trends. The bakery market emphasizes innovation, fashion, diversity, and personalization. Coupled with increasingly diversified developments such as high-end composite renovations, dining services, and health food trends, the bakery industry is driving continuous transformations within the supply chain and distribution channels.

Furthermore, with the accelerating and tightening trend toward sustainability, Sinmag will incorporate the concept of sustainable management into its existing business models, strategies, products, and services from multiple dimensions. The Company will also closely monitor sustainability-related indicators and regulatory developments, striving to move steadily toward its sustainability goals.

Sinmag Group has been deeply engaged in the bakery equipment industry for 41 years. Facing multiple uncertainties and instabilities in the future, the Company recognizes that only by maintaining vigilance and adopting appropriate responses can it continue striving to provide customers with high-quality products and timely after-sales services, while further expanding its global footprint and enhancing its competitiveness. The management team and all employees of Sinmag will continue working together toward shared goals, upholding the core values of integrity, pursuit of excellence, continuous innovation, and mutual benefit. We are committed to creating greater value for all shareholders, fulfilling our corporate social responsibilities, and advancing toward 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 2024 Business Report, Financial Statements and Earnings Distribution Proposals of the Company. The Financial Statements have been audited by CPAs Chang, Keng-Hsi 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,

2025 Annual Shareholders' Meeting of Sinmag Equipment Corporation

Sinmag Equipment Corporation

Convener of the Audit Committee

March 26, 2025

Attachment 3

Sinmag Sustainability Policy

Sinmag's vision is "to become the world's largest manufacturer and technical service provider of baking equipment, and to establish long-term, mutually beneficial partnerships with our collaborators." While pursuing mutually beneficial relationships, Sinmag is also committed to actively implementing sustainable development practices to meet stakeholder expectations. The Company shall promote the achievement of its goals through the following initiatives:

- ◆ Promoting energy conservation and carbon reduction by installing green energy equipment
- ◆ Investing in research and development of energy-saving and carbon-reduction technologies
- ◆ Enhancing resource efficiency to foster the development of a circular economy
- ◆ Continuously promoting resource reuse, with a focus on water resource management, waste management, and air pollutant management
- ◆ Complying with the Universal Declaration of Human Rights and emphasizing equal opportunities, diversity, and labor rights
- ◆ Providing and maintaining a healthy and safe working environment
- ◆ Actively participating in public welfare activities and fulfilling social responsibility
- ◆ Maintaining a sound corporate governance system and strictly adhering to business ethics
- ◆ Upholding integrity in business operations by rejecting improper benefits, corruption, and bribery
- ◆ Safeguarding shareholder rights and enhancing information transparency and balanced disclosure

Hsieh, Shun-Ho

2024.12.16

Attachment 4

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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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, 2024 is stated as follows:

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.

Occurrence of Sales Revenue from Major Customers

The Company has thousands of customers. The total revenue of major customers (excluding related parties) accounted for 33% of the total operating revenue. The sales revenue coming from some of the major customers have continued to grow, with a higher level of growth rate 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 the above customers a key audit matter.

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

In fiscal year 2024, the subsidiary's sales revenue saw a significant increase. Some of the major customers have a higher level of growth rate in operating revenue than the average level of changes in the Group'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 the above customers a key audit matter.

Refer to the accounting policies related to revenue recognition in Note 4 to the financial statements.

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

1. We 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, 2024 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 Keng-Hsi Chang and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2025

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, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 176,667	5	\$ 157,549	5
Notes receivable (Notes 4, 9 and 21)	1,016	-	6,750	-
Trade receivables (Notes 4, 9 and 21)	20,208	-	32,904	1
Trade receivables from related parties (Notes 4, 21 and 28)	29,118	1	8,769	1
Other receivables (Notes 4 and 9)	899	-	655	-
Inventories (Notes 4 and 10)	59,837	2	65,061	2
Prepayments (Note 15)	1,844	-	1,208	-
Total current assets	289,589	8	272,896	9
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7, 8 and 29)	50	-	50	-
Investments accounted for using the equity method (Notes 4, 11 and 28)	3,009,309	88	2,712,589	86
Property, plant and equipment (Notes 4, 12 and 29)	123,575	4	114,969	4
Right-of-use assets (Notes 4 and 13)	562	-	959	-
Intangible assets (Notes 4 and 14)	14	-	31	-
Deferred tax assets (Notes 4 and 23)	10,931	-	30,988	1
Other non-current assets (Notes 4 and 15)	464	-	3,106	-
Total non-current assets	3,144,905	92	2,862,692	91
TOTAL	\$ 3,434,494	100	\$ 3,135,588	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Notes 4 and 21)	\$ 7,851	-	\$ 2,585	-
Trade payables	16,241	-	21,514	1
Trade payables to related parties (Note 28)	11,949	-	16,557	-
Other payables (Note 17)	50,756	2	49,754	2
Current tax liabilities (Notes 4 and 23)	23,871	1	56,932	2
Provisions - current (Notes 4 and 18)	131	-	131	-
Lease liabilities - current (Notes 4 and 13)	401	-	394	-
Current portion of long-term borrowings(Notes 16, 25 and 29)	16,561	1	-	-
Total current liabilities	127,761	4	147,867	5
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16, 25 and 29)	-	-	13,861	-
Deferred tax liabilities (Notes 4 and 23)	134,824	4	116,552	4
Lease liabilities - non-current (Notes 4 and 13)	169	-	570	-
Total non-current liabilities	134,993	4	130,983	4
Total liabilities	262,754	8	278,850	9
EQUITY (Notes 4 and 20)				
Share capital				
Ordinary shares	502,302	14	502,302	16
Capital surplus	206,827	6	206,827	7
Retained earnings				
Legal reserve	586,956	17	586,956	18
Special reserve	155,238	5	124,177	4
Unappropriated earnings	1,791,246	52	1,591,714	51
Total retained earnings	2,533,440	74	2,302,847	73
Other equity	(70,829)	(2)	(155,238)	(5)
Total equity	3,171,740	92	2,856,738	91
TOTAL	\$ 3,434,494	100	\$ 3,135,588	100

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

Sinmag Equipment Corporation

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)				
Sales	\$ 356,775	94	\$ 363,633	94
Service revenue	<u>23,180</u>	<u>6</u>	<u>23,452</u>	<u>6</u>
Total operating revenue	<u>379,955</u>	<u>100</u>	<u>387,085</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 10, 22 and 28)	(297,291)	(78)	(288,291)	(74)
Service cost	<u>(3,129)</u>	<u>(1)</u>	<u>(3,410)</u>	<u>(1)</u>
Total operating costs	<u>(300,420)</u>	<u>(79)</u>	<u>(291,701)</u>	<u>(75)</u>
GROSS PROFIT	79,535	21	95,384	25
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(5,491)	(1)	(3,839)	(1)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	<u>3,839</u>	<u>1</u>	<u>4,394</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>77,883</u>	<u>21</u>	<u>95,939</u>	<u>25</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	(49,634)	(13)	(49,588)	(13)
General and administrative expenses	(53,593)	(14)	(48,507)	(13)
Research and development expenses	(6,206)	(2)	(7,170)	(2)
Expected credit gain (Notes 4 and 9)	<u>841</u>	<u>-</u>	<u>2,618</u>	<u>1</u>
Total operating expenses	<u>(108,592)</u>	<u>(29)</u>	<u>(102,647)</u>	<u>(27)</u>
LOSS FROM OPERATIONS	<u>(30,709)</u>	<u>(8)</u>	<u>(6,708)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 22 and 28)				
Interest income	3,736	1	3,306	1
Other income	286	-	808	-
Other gains and losses	2,552	1	(6,768)	(2)
Finance costs	(22)	-	(151)	-
Share of profit or loss of subsidiaries, associates and joint ventures	<u>800,612</u>	<u>211</u>	<u>683,894</u>	<u>177</u>
Total non-operating income and expenses	<u>807,164</u>	<u>213</u>	<u>681,089</u>	<u>176</u>

(Continued)

Sinmag Equipment Corporation

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 776,455	205	\$ 674,381	174
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(93,790)</u>	<u>(25)</u>	<u>(71,344)</u>	<u>(18)</u>
NET PROFIT FOR THE YEAR	<u>682,665</u>	<u>180</u>	<u>603,037</u>	<u>156</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)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>(2,941)</u>	<u>(1)</u>
	<u>-</u>	<u>-</u>	<u>(3,352)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	105,511	28	(38,826)	(10)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(21,102)</u>	<u>(6)</u>	<u>7,765</u>	<u>2</u>
	<u>84,409</u>	<u>22</u>	<u>(31,061)</u>	<u>(8)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>84,409</u>	<u>22</u>	<u>(34,413)</u>	<u>(9)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 767,074</u>	<u>202</u>	<u>\$ 568,624</u>	<u>147</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 13.59</u>		<u>\$ 12.01</u>	
Diluted	<u>\$ 13.56</u>		<u>\$ 11.98</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, 2024 AND 2023 (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, 2023	\$ 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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,352)</u>	<u>(31,061)</u>	<u>(34,413)</u>
Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,685</u>	<u>(31,061)</u>	<u>568,624</u>
BALANCE AT DECEMBER 31, 2023	502,302	206,827	586,956	124,177	1,591,714	(155,238)	2,856,738
Appropriation of 2023 earnings (Note 20)							
Special reserve	-	-	-	31,061	(31,061)	-	-
Cash dividends distributed by the Company	-	-	-	-	(452,072)	-	(452,072)
Net profit for the year ended December 31, 2024	-	-	-	-	682,665	-	682,665
Other comprehensive income for the year ended December 31, 2024, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,409</u>	<u>84,409</u>
Total comprehensive income for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682,665</u>	<u>84,409</u>	<u>767,074</u>
BALANCE AT DECEMBER 31, 2024	<u>\$ 502,302</u>	<u>\$ 206,827</u>	<u>\$ 586,956</u>	<u>\$ 155,238</u>	<u>\$ 1,791,246</u>	<u>\$ (70,829)</u>	<u>\$ 3,171,740</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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 776,455	\$ 674,381
Adjustments for:		
Depreciation expense	3,108	3,769
Amortization expense	17	17
Expected credit gain on receivables	(841)	(2,618)
Finance costs	22	151
Interest income	(3,736)	(3,306)
Share of profit of subsidiaries, associates and joint ventures	(800,612)	(683,894)
Gain on disposal of property, plant and equipment	(46)	-
Write-downs of inventories	5,024	2,358
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	5,491	3,839
Realized gain on the transactions with subsidiaries associates and joint ventures	(3,839)	(4,394)
Net gain on foreign currency exchange	(2,160)	(894)
Recognition of provisions	91	85
Changes in operating assets and liabilities		
Notes receivable	5,734	904
Trade receivables	13,587	5,183
Trade receivables from related parties	(20,485)	(2,895)
Other receivables	(262)	(272)
Inventories	200	(1,895)
Prepayments	(636)	(261)
Contract liabilities	5,266	(2,096)
Notes payable	-	(704)
Trade payables	(5,273)	(4,802)
Trade payables from related parties	(4,488)	2,162
Other payables	768	11,273
Provisions	(91)	(85)
Net defined benefit liabilities - non-current	-	5,743
Cash (used in)/generated from operations	(26,706)	1,749
Income tax paid	(109,624)	(123,582)
Net cash used in operating activities	(136,330)	(121,833)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(5,878)	(1,791)
Proceeds from disposal of property, plant and equipment	107	-
Increase in other non-current assets	(158)	(2,732)
Interest received	3,754	3,276
Dividends received from subsidiaries	607,751	395,648
Net cash generated from investing activities	605,576	394,401

(Continued)

Sinmag Equipment Corporation

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 4,754	\$ 111,810
Repayments of short-term borrowings	(4,754)	(188,310)
Repayment of the principal portion of lease liabilities	(394)	(386)
Dividends paid	(452,072)	(301,381)
Interest paid	<u>(22)</u>	<u>(193)</u>
Net cash used in financing activities	<u>(452,488)</u>	<u>(378,460)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>2,360</u>	<u>1,366</u>
NET INCREASE/(DECREASE) IN CASH	19,118	(104,526)
CASH AT THE BEGINNING OF THE YEAR	<u>157,549</u>	<u>262,075</u>
CASH AT THE END OF THE YEAR	<u>\$ 176,667</u>	<u>\$ 157,549</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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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, 2024 is stated as follows:

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.

Occurrence of Sales Revenue from Major Customers

The Group has thousands of customers. The total revenue of major customers accounted for 42% of the total consolidated operating revenue. Some of the major customers have a higher level of growth rate 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, 2024 and 2023 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, 2024 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 Keng-Hsi Chang and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2025

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,223,143	28	\$ 989,384	25
Financial assets at amortized cost - current (Notes 4, 7, 8 and 30)	1,556	-	151,846	4
Notes receivable (Notes 4, 9 and 22)	9,890	-	14,055	-
Trade receivables (Notes 4, 9 and 22)	582,080	13	474,611	12
Trade receivables from related parties (Notes 4, 22 and 29)	517	-	811	-
Other receivables (Notes 4 and 9)	7,167	-	22,770	1
Current tax assets (Notes 4 and 24)	14,525	-	3,739	-
Inventories (Notes 4 and 10)	845,287	19	729,617	18
Prepayments (Note 16)	22,277	1	16,394	-
Total current assets	2,706,442	61	2,403,227	60
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7, 8 and 30)	291,120	7	216,400	6
Property, plant and equipment (Notes 4, 12 and 30)	1,299,093	29	1,180,795	30
Right-of-use assets (Notes 4, 13 and 29)	108,352	2	110,724	3
Goodwill (Notes 4, 14 and 23)	-	-	3,254	-
Intangible assets (Notes 4 and 15)	6,437	-	4,977	-
Deferred tax assets (Notes 4 and 24)	33,627	1	53,188	1
Other non-current assets (Notes 4 and 16)	21,770	-	9,553	-
Total non-current assets	1,760,399	39	1,578,891	40
TOTAL	\$ 4,466,841	100	\$ 3,982,118	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Notes 4, 22 and 29)	\$ 164,440	4	\$ 135,844	3
Trade payables	271,685	6	227,912	6
Trade payables to related parties (Note 29)	14,132	-	3,521	-
Other payables (Notes 18 and 26)	335,723	8	257,865	7
Current tax liabilities (Notes 4 and 24)	154,835	3	170,805	4
Provisions - current (Notes 4 and 19)	23,513	1	20,966	1
Lease liabilities - current (Notes 4, 13 and 29)	11,005	-	10,789	-
Current portion of long-term borrowings and bonds payable (Notes 17, 26 and 30)	16,561	-	-	-
Total current liabilities	991,894	22	827,702	21
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17, 26 and 30)	-	-	13,861	-
Deferred tax liabilities (Notes 4 and 24)	141,283	3	135,557	3
Lease liabilities - non-current (Notes 4, 13 and 29)	19,964	1	24,173	1
Total non-current liabilities	161,247	4	173,591	4
Total liabilities	1,153,141	26	1,001,293	25
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital				
Ordinary shares	502,302	11	502,302	13
Capital surplus	206,827	5	206,827	5
Retained earnings				
Legal reserve	586,956	13	586,956	15
Special reserve	155,238	4	124,177	3
Unappropriated earnings	1,791,246	40	1,591,714	40
Total retained earnings	2,533,440	57	2,302,847	58
Other equity	(70,829)	(2)	(155,238)	(4)
Total equity attributable to owners of the Company	3,171,740	71	2,856,738	72
NON-CONTROLLING INTERESTS (Notes 4 and 21)	141,960	3	124,087	3
Total equity	3,313,700	74	2,980,825	75
TOTAL	\$ 4,466,841	100	\$ 3,982,118	100

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

Sinmag Equipment Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	\$ 4,768,879	100	\$ 4,475,232	99
Service revenue	<u>23,180</u>	<u>-</u>	<u>23,454</u>	<u>1</u>
Total operating revenue	<u>4,792,059</u>	<u>100</u>	<u>4,498,686</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 29)	(2,706,925)	(57)	(2,589,822)	(57)
Service cost	<u>(3,129)</u>	<u>-</u>	<u>(3,410)</u>	<u>-</u>
Total operating costs	<u>(2,710,054)</u>	<u>(57)</u>	<u>(2,593,232)</u>	<u>(57)</u>
GROSS PROFIT	<u>2,082,005</u>	<u>43</u>	<u>1,905,454</u>	<u>43</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	(605,471)	(13)	(540,537)	(12)
General and administrative expenses	(334,843)	(7)	(332,836)	(7)
Research and development expenses	(166,086)	(3)	(156,045)	(4)
Expected credit loss (Notes 4 and 9)	<u>(2,545)</u>	<u>-</u>	<u>(1,137)</u>	<u>-</u>
Total operating expenses	<u>(1,108,945)</u>	<u>(23)</u>	<u>(1,030,555)</u>	<u>(23)</u>
PROFIT FROM OPERATIONS	<u>973,060</u>	<u>20</u>	<u>874,899</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 23 and 29)				
Interest income	32,518	1	27,273	-
Other income	17,052	-	33,615	1
Other gains and losses	68,806	2	1,217	-
Finance costs	<u>(1,347)</u>	<u>-</u>	<u>(1,723)</u>	<u>-</u>
Total non-operating income and expenses	<u>117,029</u>	<u>3</u>	<u>60,382</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,090,089	23	935,281	21
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(361,726)</u>	<u>(8)</u>	<u>(298,922)</u>	<u>(7)</u>
NET PROFIT FOR THE YEAR	<u>728,363</u>	<u>15</u>	<u>636,359</u>	<u>14</u>

(Continued)

Sinmag Equipment Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	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)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>(2,941)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>(3,352)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	110,498	2	(40,524)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(21,102)</u>	<u>-</u>	<u>7,765</u>	<u>-</u>
	<u>89,396</u>	<u>2</u>	<u>(32,759)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>89,396</u>	<u>2</u>	<u>(36,111)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 817,759</u>	<u>17</u>	<u>\$ 600,248</u>	<u>13</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 682,665	14	\$ 603,037	13
Non-controlling interests	<u>45,698</u>	<u>1</u>	<u>33,322</u>	<u>1</u>
	<u>\$ 728,363</u>	<u>15</u>	<u>\$ 636,359</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 767,074	16	\$ 568,624	12
Non-controlling interests	<u>50,685</u>	<u>1</u>	<u>31,624</u>	<u>1</u>
	<u>\$ 817,759</u>	<u>17</u>	<u>\$ 600,248</u>	<u>13</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 13.59</u>		<u>\$ 12.01</u>	
Diluted	<u>\$ 13.56</u>		<u>\$ 11.98</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, 2024 AND 2023
(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, 2023	\$ 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	
Appropriation of 2023 earnings (Note 21)										
Special reserve	-	-	-	31,061	(31,061)	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(452,072)	-	(452,072)	-	(452,072)	
Net profit for the year ended December 31, 2024	-	-	-	-	682,665	-	682,665	45,698	728,363	
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	-	84,409	84,409	4,987	89,396	
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	682,665	84,409	767,074	50,685	817,759	
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	(32,812)	(32,812)	
BALANCE AT DECEMBER 31, 2024	\$ 502,302	\$ 206,827	\$ 586,956	\$ 155,238	\$ 1,791,246	\$ (70,829)	\$ 3,171,740	\$ 141,960	\$ 3,313,700	

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,090,089	\$ 935,281
Adjustments for:		
Depreciation expense	122,266	114,317
Amortization expense	2,052	1,434
Expected credit loss recognized on trade receivables	2,545	1,137
Finance costs	1,347	1,723
Interest income	(32,518)	(27,273)
(Gain)/loss on disposal of property, plant and equipment	(38,202)	821
Write-downs of inventories	17,646	14,841
Impairment loss on goodwill	3,254	-
Net gain on foreign currency exchange	(6,569)	(3,451)
Recognition of provisions	23,477	20,251
Loss/(gain) on lease modification	28	(16)
Changes in operating assets and liabilities		
Notes receivable	4,845	(66)
Trade receivables	(90,318)	(42,621)
Trade receivables from related parties	319	(316)
Other receivables	(360)	1,195
Inventories	(104,102)	79,547
Prepayments	(5,234)	(3,607)
Contract liabilities	23,307	(39,441)
Notes payable	-	(704)
Trade payables	36,230	28,683
Trade payables from related parties	10,298	1,015
Other payables	58,743	41,396
Provisions	(18,788)	(15,295)
Net defined benefit liabilities - non-current	-	5,743
Cash generated from operations	1,100,355	1,114,594
Income tax paid	(387,841)	(297,001)
Net cash generated from operating activities	712,514	817,593
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(85,756)	(245,666)
Proceeds from sale of financial assets at amortized cost	173,717	201,774
Purchase of financial assets at fair value through profit or loss	(1,269,390)	(439,600)
Proceeds from sale of financial assets at fair value through profit or loss	1,269,390	439,600
Payments for property, plant and equipment	(179,694)	(144,352)
Proceeds from disposal of property, plant and equipment	49,883	1,402
Payments for intangible assets	(3,333)	(3,488)
Increase in other non-current assets	(5,642)	(2,732)
		(Continued)

Sinmag Equipment Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Decrease in other non-current assets	\$ -	\$ 4,275
Interest received	<u>38,632</u>	<u>35,985</u>
Net cash used in investing activities	<u>(12,193)</u>	<u>(152,802)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	116,104	282,553
Repayments of short-term borrowings	(116,104)	(359,053)
Repayment of the principal portion of lease liabilities	(11,945)	(12,698)
Dividends paid to owners of the Company	(452,072)	(301,381)
Interests paid	(1,347)	(1,765)
Dividends paid to non-controlling interests	<u>(32,812)</u>	<u>(24,388)</u>
Net cash used in financing activities	<u>(498,176)</u>	<u>(416,732)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>31,614</u>	<u>(1,064)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	233,759	246,995
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>989,384</u>	<u>742,389</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,223,143</u>	<u>\$ 989,384</u>

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

(Concluded)

Attachment 5

Sinmag Equipment Corporation

Comparison Table for the Articles of Incorporation Before and After Revision

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
Article 29	The Company shall allocate <u>no less than 1%</u> of its annual pre-tax profit before employee and director compensation as employee remuneration, and no more than 5% as director remuneration. <u>Of the amount allocated for employee remuneration, no less than 40% shall be distributed to grassroots employees.</u> Employee remuneration may be distributed in the form of stock or cash, and may include employees of subsidiaries who meet conditions set by the Board of Directors. The director remuneration mentioned above shall be distributed only in cash. The two aforementioned allocations shall be resolved by the Board of Directors and reported to the shareholders' meeting. If the Board of Directors resolves to distribute employee remuneration in the form of stock, it may simultaneously resolve to issue new shares or repurchase existing shares for this purpose. 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.	The Company shall allocate <u>2%</u> to 10% of its annual pre-tax profit before employee and director compensation as employee remuneration, and no more than 5% as director remuneration. Employee remuneration mentioned above may be distributed in the form of stock or cash, and may include employees of subsidiaries who meet conditions set by the Board of Directors. The director remuneration mentioned above shall be distributed only in cash. The two aforementioned allocations shall be resolved by the Board of Directors and reported to the shareholders' meeting. If the Board of Directors resolves to distribute employee remuneration in the form of stock, it may simultaneously resolve to issue new shares or repurchase existing shares for this purpose. 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.	The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. In accordance with the Securities and Exchange Act, the Company must stipulate in its Articles of Association that a certain percentage of its annual earnings shall be allocated for salary adjustments or remuneration distribution to grassroots employees.

Article No.	Articles after the amendments	Articles before the amendments	Amendment Note
Article 32	<p>The 1st amendment was made on September 15, 1983.</p> <p>The 25th amendment was made on May 31, 2022.</p> <p><u>The 26th amendment was made on June 6, 2025.</u></p>	<p>The 1st amendment was made on September 15, 1983.</p> <p>The 25th amendment was made on May 31, 2022.</p>	Add amendment dates and number of times for this update.