

Sinmag Equipment Corporation

2024 Annual Report

April 30,2025

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

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

I. Contact Information of Spokesperson and Deputy Spokesperson

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(I) Headquarters

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Tel: (02)2298-1148

(II) Branch: None.

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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry:

None

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

Contents

I.	Letter to Shareholders.....	1
II.	Corporate Governance Report	
(I)	Information on the Company's Directors, President, Vice Presidents, Associate Managers, and the Managers of all the Company's Divisions and Branch Units.....	7
(II)	Implementation of Corporate Governance.....	30
(III)	Information on CPA Professional Fees	112
(IV)	Information on Replacement of CPAs in the Last Two Years and thereafter ..	113
(V)	Where the Company's Chairperson, President, or any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Firm or an Affiliated Enterprise of such CPA Firm, the Name, Title, and Period of Employment should be Disclosed.....	114
(VI)	Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (during the Most Recent Fiscal Year or the Current Fiscal Year up to the Publication Date of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than Ten Percent ..	115
(VII)	Relationship Information, if among the Company's Ten Largest Shareholders anyone is a Related Party or a Relative within the Second Degree of Kinship of another	117
(VIII)	Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, its Directors and Supervisors, Managers, and any Companies Controlled either Directly or Indirectly by the Company	121
III.	Capital Overview	
(I)	Capital and Shares.....	122
(II)	Corporate Bonds.....	127
(III)	Preferred Share	127
(IV)	Global Depository Receipts	127
(V)	Employee Stock Options.....	127
(VI)	New Restricted Employee Shares	127
(VII)	Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies	127
(VIII)	Implementation of the Company's Capital Allocation Plans.....	127

IV. Operational Highlights

(I)	Business Activities	128
(II)	Market, Production, and Sales Overview	142
(III)	Number of Employees for the Most Recent Two Fiscal Years, and during the Current Fiscal Year up to the Publication Date of the Annual Report, Their Average Years of Service, Average Age, and Education Levels (including Percentage of Employees at Each Level)	151
(IV)	Environmental Protection Expenditure	151
(V)	Labor Relations	152
(VI)	Information Security Management.....	159
(VII)	Important Contracts.....	162

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

(I)	Financial Position.....	163
(II)	Financial Performance.....	165
(III)	Cash Flow.....	167
(IV)	Effect upon Financial Operations of any Major Capital Expenditures during the Most Recent Fiscal Year	168
(V)	Effect upon Financial Operations of any Major Capital Expenditures during the Most Recent Fiscal Year	168
(VI)	Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Publication Date of the Annual Report.....	169
(VII)	Other Important Matters.....	177

VI. Special Disclosure

(I)	Information on the Company's Affiliates	178
(II)	Private Placement of Securities during the Most Recent Fiscal Year or the Current Fiscal Year up to the Publication Date of the Annual Report	185
(III)	Other Supplementary Information	185

VII. Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring during the Most Recent Fiscal Year or the Current Fiscal Year up to the Publication Date of the Annual Report:.....

195

I. Letter to Shareholders

(I). 2024 Business Report

1. 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:

A. 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%

2. Revenue Forecast and Realization

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

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

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-In Capital	Operating Profit	193.72%	174.17%
		Pre-Tax income	217.01%	186.19%
	Profit Ratio		15.19%	14.14%
	Earnings per Share (NT\$)		13.59	12.01

4. 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

1. 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

- A. To support the upgrade, transformation, and franchising of our existing customers' businesses, we will provide appropriate and complementary equipment for mutual growth.
- B. 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.
- C. 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.
- D. 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.
- E. 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.
- F. 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

- A. Optimize customer order acceptance, production planning, and shipping arrangements in high-demand markets to reduce overseas sales lead time and increase agent competitiveness.
- B. 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.
- C. 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.
- D. 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.
- E. 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.
- F. 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.

2. 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.

3. 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.
4. Impact of External Competition, Laws and Regulations, and the General 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

II. Corporate Governance Report

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

1. Information on Directors

(1) Information on Directors

April 30, 2025

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Total Shareholding Held in the Name of Others		Major experience (academic)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Chairman	R.O.C.	Shun-Ho Hsieh	Male 71-80	2022.5.31	3 years	1989.1.23	2,211,267	4.40%	2,211,267	4.40%	1,121,564	2.23%	0	0%	High School President, Sheng Chia Industrial Co., Ltd. Director, Sheng Chia Investment Co., Ltd. CEO, Sinmag Equipment Corporation President, Sinmag Equipment (China) Co., Ltd. Director, San Neng Bake Ware (Wuxi) Co., Ltd.	Chairman and President, Sinmag Equipment Corporation Chairman, Sinmag Equipment (China) Co., Ltd. Chairman, Sinmag Fitting Corporation Chairman, SINMAG BAKERY MACHINE INDIA PRIVATE LIMITED Chairman, SINMAG BAKERY EQUIPMENT SDN. BHD. Director, San Neng Group Holdings Co., Ltd. Director, San Neng Bakeware Corporation Director, PT. SAN NENG BAKEWARE INDONESIA Director, PT. SANNENG ASIA INDUSTRY INDONESIA Chairman, GREATER WIN HOLDINGS LIMITED Chairman, Ximai Enterprises Management (Wuxi) Co., Ltd. Chairman, SINMAG LIMITED Chairman, LUCKY UNION LIMITED	Director	Ming-Ching Hsieh	Father and son	(Note)
Director	R.O.C.	Yao-Tsung Wu	Male 71-80	2022.5.31	3 years	1989.1.23	1,788,616	3.56%	1,788,616	3.56%	1,459,555	2.91%	0	0%	National Yilan Senior High School Vice Chairman, Tehmag Foods Corporation Supervisor, Sinmag Equipment (China) Co., Ltd. Chairman, Taiwan Lunchun Association Director, Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	Supervisor, Sinmag Fitting Corporation Director, Tehmag Foods Corporation Director, Wuxi New Order Control Co., Ltd. Director, Yangyu Foods Corporation Supervisor, Kingcraft Industrial Corp., Ltd. Director, Taiwan Lunchun Association Director, Bliss & Wisdom Senior High School Chairman, Purity New Materials Co., Ltd. Director, Taipei City Bliss & Wisdom Buddhism Foundation Chairman, AMRITA Translation	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Total Shareholding Held in the Name of Others		Major experience (academic)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
																Foundation Director, Tehmag Foods(H.K.) Company Limited Director, Tehmag Foods USA Corporation Director, PT. Tehmag Foods Corporation Indonesia Director, TEHMAG FOODS (SINGAPORE) PTE LTD Director, Bliss & Wisdom Foundation of Culture and Education Chairman, Association for Pure Wisdom and Benevolent Protection				
Director	R.O.C.	Jui-Jung Chang	Male 71-80	2022.5.31	3 years	2016.6.6	380,981	0.76%	380,981	0.76%	0	0.00%	0	0%	Master of Business Administration, Asia University President, San Neng Group Holdings Co., Ltd. Chairman, San Neng Bakeware Corporation President, San Neng Bakeware Corporation President, San Neng Bake Ware (Wuxi) Co., Ltd. Supervisor, Sinmag Equipment Corporation	Chairman, San Neng Bake Ware (Wuxi) Co., Ltd. Chairman, San Neng Group Holdings Co., Ltd. Chairman,PT. SAN NENG BAKEWARE INDONESIA Chairman, EAST GAIN INVESTMENT LIMITED Chairman, SAN NENG LIMITED Chairman,JUI JUNG INTERNATIONAL LIMITED Chairman,PT. SANNENG ASIA INDUSTRY INDONESIA	None	None	None	None
Director	R.O.C.	Ming-Ching Hsieh	Male 41-50	2022.5.31	3 years	2016.6.6	2,112,980	4.21%	2,112,980	4.21%	90,382	0.18%	613,000	1.22%	Bachelor of Economics, Fu Jen Catholic University Master of Financial Management, Azusa Pacific University Master of Senior Management, Peking University Chairman's Special Assistant, Sinmag Equipment Corporation Chairman, Wuxi New Order Control Co., Ltd. Director and Vice President of the Management Division, Sinmag Equipment Corporation	Director, Kingcraft Industrial Corp., Ltd. Director and Vice President, LBC Bakery Equipment Inc. Director, Sheng Chia Investment Co., Ltd. Director, SINMAG EQUIPMENT (THAILAND) CO., LTD. Director, Sinmag Equipment (China) Co., Ltd. President and Vice President of Management Department, Sinmag Equipment (China) Co., Ltd. Director, Wuxi New Order Control Co., Ltd. Independent Director, Thomas Dynamic Material (Jiangsu) Co., Ltd.	Chairman and President	Shun-Ho Hsieh	Father and son	None

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Total Shareholding Held in the Name of Others		Major experience (academic)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Director	R.O.C.	Shu-Chuan Hsiao	Female 51-60	2022.5.31	3 years	2022.5.31	123,813	0.25%	127,813	0.25%	3,876	0.01%	0	0%	Department of Industrial Engineering and Management, Lunghwa University of Science and Technology Associate/Special Assistant to the Chairman, Sinmag Equipment Corporation	Vice president, Sinmag Equipment Corporation	None	None	None	None
Director	R.O.C.	Yu-Chuan Chang	Male 61-70	2022.5.31	3 years	2019.6.14	11,517	0.02%	11,517	0.02%	0	0%	0	0%	Mechanical Engineering of China Junior College of Technology Plant Manager, Chongjia Enterprise Co., Ltd.	Director and President, Sinmag Fitting Corporation Chairman, Kingcraft Industrial Corp., Ltd.	None	None	None	None
Independent Director	R.O.C.	Shih-Hung Chan	Male 81-90	2022.5.31	3 years	2005.6.25	0	0%	0	0%	0	0%	0	0%	Ph.D. in Mechanical Engineering, University of California, Berkeley Dean, University of Wisconsin Milwaukee Research Engineer, Argonne National Laboratory Chairman, New Energy Association of Taiwan President, Yuan Ze University Chair Professor of Far East Energy, Yuan Ze University University Professor, Yuan Ze University Science and Technology Advisory Committee, Office of the President Republic of China (Taiwan)	Emeritus Professor, Yuan Ze University Honorary President, New Energy Association of Taiwan Member of the Advisory Committee, College of Chemistry, University of California, Berkeley, USA Supervisor, Pu Lou Culture and Arts Foundation None None	None	None	None	None

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

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

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

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

(2) Information on Directors

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

April 30, 2025

Qualification Name	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
Shun-Ho Hsieh	<p>As one of the founders of Sinmag Group, Mr. Shun-Ho Hsieh, the Chairman and President of the Company, has been deeply involved in the baking equipment field, leading Sinmag Group's marketing in more than 60 countries in the world for many years, and has repeatedly established new achievements. He has made Sinmag the largest baking equipment manufacturer in Asia. His professional ability, operating talents, and international vision are among the best in the industry.</p> <p>By his rich experience and professionalism, he has insight into the future development prospects and niches of the industry, and he not only has a stable effect on the operation of the Group at this stage but also remains the best choice for the helmsman for the future operation layout.</p> <p>Accordingly, he has operational planning and operational/managerial practices relating to financial accounting, business and marketing.</p>	<ol style="list-style-type: none"> 1. The President of the Company and is a director with the status of manager. 2. A director of the Company's affiliate. 3. One of the top ten natural-person shareholders of the Company. 4. A director of specific companies with which the Company has financial or business dealings. 5. A relative within the second degree of kinship of the Company's top 10 natural-person shareholders. 6. The rest of the qualifications all comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 	0
Yao-Tsung Wu	<p>He once served as Vice Chairman of Tehmag Foods Corporation, provided services for more than 40 years in the food-related industry, specialised in the operation and strategic management of the food industry, and was able to give opinions on the management of the operation strategy to the Board of Directors in a timely manner and share the trends and views of the food industry. He has the ability to conduct marketing and the industry knowledge.</p>	<ol style="list-style-type: none"> 1. A director of the Company's affiliate. 2. One of the top ten natural-person shareholders of the Company. 3. The rest of the qualifications all comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 	0
Jui-Jung Chang	<p>He holds a Master's degree in Business Administration from the University of Asia and is currently Chairman of the San Neng Group Holdings Co., Ltd. He has over 40 years of service in the food-related industry,</p>	<p>The qualifications all comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</p>	0

Qualification Name	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
	with extensive industry experience and ability in corporate governance, operational judgment, marketing and industry knowledge, and the ability to timely put forward relevant corporate governance and operational management opinions and policies to require the operating team to formulate strategies for implementation.		
Ming-Ching Hsieh	<p>He holds a dual master's degrees - Department of Financial Management of Azusa Pacific University, and Department of Senior Management of Peking University.</p> <p>He served as the Chairman's Special Assistant of the Company in 2003 and became the Vice President of the Group's Management Office in 2016. On April 11, 2022, he was reassigned to the position of President of the subsidiary Sinmag Equipment (China) Co., Ltd., and was responsible for executing the Group's strategies formulated by the Board of Directors, the Financial Management and Chairman's Office, and supervising and managing the operation of the Group.</p> <p>Mr. Ming-Ching Hsieh has served in the Company for more than 18 years, specializing in strategic management and financial planning of the food industry. He, as the manager, conducts strategic communications and interactions with all directors in relation to business management in the Board of Directors, and puts forward relevant business management opinions. He has the business and industry knowledge capabilities, corporate governance, accounting information and financial analysis capabilities.</p>	<ol style="list-style-type: none"> 1. The President of the Company's affiliate. 2. A director of the Company's affiliate. 3. One of the top ten natural-person shareholders of the Company. 4. A director holding a 5% of total issued shares of the Company or holding the top five shares - Sheng Chia Investment Co., Ltd. 5. A director of specific companies with which the Company has financial or business dealings. 6. A relative within the second degree of kinship of the Company's top 10 natural-person shareholders. 7. The rest of the qualifications all comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 	0
Shu-Chuan Hsiao	<p>She joined the Company in 1986 and served in various positions for more than 30 years, among which she served as Associate Manager, the Special Assistant to the Chairman from 2016, and was promoted to Vice President in 2022. She has rich experience and specializes in operation management, and has capability in marketing, corporate governance, financial analysis and industry knowledge.</p>	<ol style="list-style-type: none"> 1. The Vice President of the Company and has the status of a managerial officer. 2. A lineal relative within the third degree of kinship of a managerial officer of the Company. 3. The rest of the qualifications all comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 	0

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

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

B. Diversity and Independence of the Board of Directors:

a. Diversity of the Board of Directors

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

- (a) Basic conditions and values: Gender, age, nationality, culture, etc.; the ratio of women directors is recommended to reach one-third of the total number of directors.
- (b) Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills and industry experience, and so on.

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

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

The Company's Board of Directors consists of 9 members, including 3 independent directors. Among them, 8 are male (88.9%) and 1 is female (11.1%). The age ranges of directors are as follows: 1 director of 81-90 years old (11.1%, Shih-Hung Chan), 4 directors of 71-80 years old (44.5%, Shun-Ho Hsieh, Yao-Tsung Wu, Jui-Jung Chang, San-Chien Tu), 2 directors of 61-70 years old (22.2%, Yu-Chuan Chang, Huei-Wang Huang), 1 director of 51-60 years old (11.1%, Shu-Chuan Hsiao), and 1 director of 41-50 years old (11.1%, Ming-Ching Hsieh).

There is currently one female director on the Board, and a female candidate has been nominated for election as a director in the upcoming 15th term. Going forward, the company will gradually increase the number of female directors, with the goal of having each gender represent at least one-third of the Board.

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

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

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

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

b. Independence of the Board of Directors:

The Company has a total of 3 independent directors, accounting for 33.3% of the 9-member Board of Directors. Two of the independent directors have a tenure of 3 to 9 years, while one independent director has served for over 9 years. However, it is considered that he is equipped with the professionalism required for the Company's industrial development, insightful international perspectives and practical experience in operation and management, which are of great help to the Company's decision-making, and he will continue to serve as an independent director of the Company.

All independent directors have, in accordance with regulations, provided a declaration of independence upon being nominated as independent director candidates. This declaration complies with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and confirms their independence, as well as the independence of their defined relatives, with respect to the company.

The Company has 2 directors who hold employee/managerial positions (22.2%), which is less than one-third of the Board

The Board of Directors adheres to the regulations on avoiding conflicts of interest. In addition to reminding directors on the meeting notice that they should avoid participating in discussions and voting, directors are prohibited from joining discussions or voting on matters where they, their spouses, blood relatives within two degrees of kinship, or companies with a controlling or subordinate relationship, or their representatives, have a vested interest that may harm the interests of the company. They are also prohibited from exercising the voting rights on behalf of other directors.

Among the 9 directors of the Company, Shun-Ho Hsieh and Ming-Ching Hsieh are related to each other within the second degree of kinship, which is in compliance with the independence requirements outlined in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

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

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

April 30, 2025

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & minor shareholding		Total Shareholding Held in the Name of Others		Major experience (academic)	Other position concurrently held at the Company or other companies	Managers who are spouses or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
President	R.O.C.	Shun-Ho Hsieh	Male	2022.5	2,211,267	4.40%	1,121,564	2.23%	0	0%	High School President, Sheng Chia Industrial Co., Ltd. Director, Sheng Chia Investment Co., Ltd. CEO, Sinmag Equipment Corporation President, Sinmag Equipment (China) Co., Ltd. Director, San Neng Bake Ware (Wuxi) Co., Ltd.	Chairman and President, Sinmag Equipment Corporation Chairman, Sinmag Equipment (China) Co., Ltd. Chairman, Sinmag Fitting Corporation Chairman, SINMAG BAKERY MACHINE INDIA PRIVATE LIMITED Chairman, SINMAG BAKERY EQUIPMENT SDN. BHD. Director, San Neng Group Holdings Co., Ltd. Director, San Neng Bakeware Corporation Director,PT. SAN NENG BAKEWARE INDONESIA Director,PT. SANNENG ASIA INDUSTRY INDONESIA Chairman, GREATER WIN HOLDINGS LIMITED Chairman, Ximai Enterprises Management (Wuxi) Co., Ltd. Chairman, SINMAG LIMITED Chairman, LUCKY UNION LIMITED	Director	Ming-Ching Hsieh	Father and son	(Note 3)
Vice President	R.O.C.	Shu-Chuan Hsiao	Female	2022.03	127,813	0.25%	3,876	0.01%	0	0%	Department of Industrial Engineering and Management, Lunghwa University of Science and Technology Associate/Special Assistant to the Chairman, Sinmag Equipment Corporation	Vice president, Sinmag Equipment Corporation	None	None	None	None
Director, Sales & Marketing Division I	R.O.C.	Chih-Hsien Chen (Note 1)	Male	2015.11	0	0%	0	0%	0	0%	Bachelor of Business, National Taiwan University Vice President of Sales & Marketing Division, Sinmag Equipment Corporation	None	None	None	None	None
Manager of Finance Department	R.O.C.	Yi-Wen Chen	Female	2022.08	0	0%	0	0%	0	0%	Bachelor of Finance, National Taiwan University Associate Manager, Deloitte & Touche	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & minor shareholding		Total Shareholding Held in the Name of Others		Major experience (academic)	Other position concurrently held at the Company or other companies	Managers who are spouses or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Director, R&D Department	R.O.C.	Shiu-Tu Chen (Note 2)	Male	2009.05	0	0%	0	0%	0	0%	Long Yan Elementary School Plant Manager, Sheng Chia Industrial Co., Ltd.	None	None	None	None	None
Manager, Manufacturing Department	R.O.C.	Tsai-Wang Huang	Male	2009.05	0	0%	0	0%	0	0%	National Tung-Shih Senior High School	None	None	None	None	None
Manager, Engineering Department	R.O.C.	Tai-Sheng Wang	Male	2009.05	0	0%	0	0%	0	0%	National Tung-Shih Senior High School	None	None	None	None	None
Audit Manager	R.O.C.	Shu-Yuan Li	Female	2019.06	0	0 %	0	0%	0	0%	Bachelor of Accounting, Hsing Wu University Audit Specialist, Everspring Industry Co., Ltd. Audit Specialist, Qu anxun Technology Co., Ltd.	None	None	None	None	None

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

Note 2: The Director of R&D Department, Shiu-Tu Chen, departed on August 18, 2024.

Note 3: Where the chairperson of the Board of Directors and the president or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

1. As one of the founders of Sinmag Group, Mr. Shun-Ho Hsieh has been deeply involved in the baking equipment field, leading Sinmag Group's marketing in more than 60 countries in the world for many years, and has repeatedly established new achievements. He has made Sinmag the largest baking equipment manufacturer in Asia. His professional ability, operating talents, and international vision are among the best in the industry.

2. The competition in the baking industry has always been fierce, but Sinmag continues to take the leading position in the Asian market led by mainland China, mainly relying on the accumulated years of professional R&D and manufacturing capabilities, maintenance and service resources, and market acumen. Facing the bottleneck of business development encountered by major markets in recent years, Mr. Shun-Ho Hsieh is well aware of the problems in the Group's operation and has insight into the future development prospects and niches of the industry. Therefore, at this stage, he serves as the Chairman and concurrently as the President. By virtue of his rich experience and professionalism, he not only has a stable effect on the operation of the Group at this stage but also remains the best choice for the helmsman for the future operation layout.

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

3. Remuneration Paid during the Most Recent Fiscal Year (2024) to Directors, President, and Vice Presidents:

(1) Remuneration to Directors and Independent Directors

Unit: NT\$ Thousand

Title	Name	Remuneration to directors								Total amount of A, B, C and D and percentage of net income after tax		Relevant remuneration received by directors who are also employees								Total amount of seven items A, B, C, D, E, F and G and the proportion to net income after tax		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company	
		Base compensation (A)		Severance pay and pension (B)		Directors' compensation (C)		Business execution expenses (D)				Salary, bonuses and allowances (E)		Severance pay and pension (F)		Employee compensation (G)							
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements		
Chairman	Shun-Ho Hsieh	360	360	0	0	7,256	7,256	180	180	7,796 1.14%	7,796 1.14%	5,015	16,454	100	100	6,152	0	6,152	0	19,063 2.79%	30,502 4.47%	None	
Director	Yao-Tsung Wu																						
Director	Ming-Ching Hsieh																						
Director	Shu-Chuan Hsiao																						
Director	Yu-Chuan Chang																						
Director	Jui-Jung Chang	180	180	0	0	3,841	3,841	90	90	4,111 0.60%	4,111 0.60%	0	0	0	0	0	0	0	0	4,111 0.60%	4,111 0.60%	None	
Independent Director	Shih-Hung Chan																						
Independent Director	Huei-Wang Huang																						
Independent Director	San-Chien Tu																						
<div>(1) Please state the policies, systems, standards, and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to their responsibilities, risks, time of investment, and other factors: The remuneration of the Company's Directors shall be distributed by the Board of Directors according to the degree of directors' participation in the Company's operation and their contribution following the authorization of the Articles of Incorporation, and shall be handled by reference to the "Remuneration Measures for Directors and Functional Committee Members." If the Company has a surplus, the Board of Directors shall determine the amount of directors' remuneration under the Articles of Incorporation. Independent directors are ex officio members of the Audit Committee and, in addition to paying remunerations for general directors, taking into account their responsibilities, risks and working time, different reasonable remunerations may be awarded.</div> <div>(2) In addition to the disclosures in the above table, remuneration received for services rendered by directors of the Company in the most recent year (e.g., acting as advisers to non-affiliated employees of the parent company/all companies/reinvestment undertakings in the financial statements, etc.): None.</div>																							

Range of Remuneration for Directors

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

(2) Remuneration to the President and Vice Presidents

Unit: NT\$ Thousand

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employee compensation (D)(Note)				Total amount of A, B, C and D and percentage of net income after tax (%)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Shun-Ho Hsieh	4,638	8,123	100	100	657	657	6,152	0	6,152	0	11,547 1.69%	15,032 2.20%	None
Vice President	Shu-Chuan Hsiao													

Range of Remuneration for President and Vice Presidents

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

(3) Remuneration to Managerial Officers

April 30, 2025/Unit: NT\$thousand

	Title	Name	Stock	Cash	Total	The ratio of total amount to net income (%)
Managerial personnel	President	Shun-Ho Hsieh	0	7,142	7,142	1.05%
	Vice President	Shu-Chuan Hsiao				
	Director, Sales & Marketing Division I	Chih-Hsien Chen (Note 1)				
	Manager of Finance Department	Yi-Wen Chen				
	Director, R&D Department	Shiu-Tu Chen (Note 2)				
	Manager, Manufacturing Department	Tsai-Wang Huang				
	Manager, Engineering Department	Tai-Sheng Wang				
	Manager, Audit Office	Shu-Yuan Li				

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

Note 2: The Director of R&D Department, Shiu-Tu Chen, departed on August 18, 2024.

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

Title	2024		2023	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	3.39%	5.07%	3.48%	4.42%
President and Vice President	1.69%	2.20%	1.78%	2.35%

- (1) The remuneration to directors of the Company mainly comprises base compensation, directors' compensation, and business execution expenses:

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

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

The 2024 directors' compensation was proposed by the Remuneration Committee held on March 11, 2025, and resolved by the Board of Directors. Directors' compensation is mainly associated with the Company's profit and operating performance (the target items include the revenue, the net profit achievement rate, etc.) combined with considerations for the future prosperity of the industry and the long-term operating strategy to mitigate future operating risks.

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

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

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

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

In 2024, the ratio of remuneration paid to directors, president, and vice presidents of the Company to the net income of the financial report decreased, mainly due to the increase in net income after tax. The increase in the ratio of director remuneration to after-tax net income in the financial report is primarily due to the increase in salary expenses paid to directors who also serve as employees.

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

(II) Implementation of Corporate Governance

1. Implementation of the Board of Directors

From January 1 to April 30, 2025, the Company held two meetings of the Board of Directors.

The Board of Directors of the Company held 6 meetings in 2024, and all independent directors attended the meetings.

The attendance of directors is as follows:

Title	Name	Attendance in person	By proxy	Attendance rate (%)	Remarks
Chairman	Shun-Ho Hsieh	6	0	100%	Re-elected on May 31, 2022
Director	Yao-Tsung Wu	6	0	100%	Re-elected on May 31, 2022
Director	Jui-Jung Chang	6	0	100%	Re-elected on May 31, 2022
Director	Ming-Ching Hsieh	6	0	100%	Re-elected on May 31, 2022
Director	Shu-Chuan Hsiao	6	0	100%	Newly elected on May 31, 2022
Director	Yu-Chuan Chang	6	0	100%	Re-elected on May 31, 2022
Independent Director	Shih-Hung Chan	6	0	100%	Re-elected on May 31, 2022
Independent Director	Huei-Wang Huang	6	0	100%	Re-elected on May 31, 2022
Independent Director	San-Chien Tu	6	0	100%	Re-elected on May 31, 2022

Other matters:

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

- A. Matters referred to in Article 14-3 of the Securities and Exchange Act.
- B. Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above:

The Company has established an Audit Committee and the provisions of Article 14-3 of the Securities and Exchange Act are not applicable. Please refer to the section of the Implementation of the Audit Committee in this annual report for related information. As of the date of publication of this annual report, all directors present voted in favor of all the proposals in the Board of Directors meetings.

- (2) Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of the voting shall be specified.
 - A. Board of Directors meeting on May 9, 2024:

With respect to the distribution of directors' individual remuneration and managers' remuneration in 2023, except for directors Mr. Shun-Ho Hsieh, Mr. Ming-Ching Hsieh, and Ms. Shu-Chuan Hsiao, who are the parties involved in this case and their relatives and second-degree relatives of the parties involved in this case and therefore avoided participating in the discussion and resolution in accordance with the law, the remaining directors present at the meeting did not object to the resolution and passed the resolution as presented.
 - B. Board of Directors meeting on August 9, 2024:

With respect to the appointment of members to the Company's ESG Committee., except for directors Mr. Shun-Ho Hsieh and Ms. Shu-Chuan Hsiao, who are the parties involved in this case, and therefore avoided participating in the discussion and resolution in accordance with the law, the remaining directors present at the meeting did not object to the resolution and passed the resolution as presented.
 - C. Board of Directors meeting on December 16, 2024:

With respect to the Company's 2024 manager's year-end bonus plan, except for directors Shun-Ho Hsieh, Ming-Ching Hsieh, and Shu-Chuan Hsiao, who are the parties involved in this case and their relatives and second-degree relatives of the parties involved in this case and therefore avoided participating in the discussion and resolution in accordance with the law, the remaining directors present at the meeting did not object to the resolution and passed the resolution as presented.
- (3) TWSE/TPEx listed companies shall disclose the information on the evaluation cycle and period, evaluation scope, methods, and evaluation contents of Board of Directors' self (or peer) evaluation, and fill in the following table "Implementation of Board of Directors Evaluation."

Implementation of Board of Directors Evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Conduct regular internal board performance assessment on an annual basis	Conduct the performance assessment of the Board of Directors from January 1, 2024 to December 31, 2024.	The scope of evaluation includes 1. The overall Board of Directors 2. Individual Board members 3. Functional Committee (Including Audit Committee and Remuneration Committee)	Including internal self-evaluation of the Board of Directors, self-evaluation of the Board members, peer evaluation, or other appropriate methods for performance evaluation.	<p>The measurement items of the performance assessment of the Board of Directors include the following five aspects</p> <ol style="list-style-type: none"> 1. Involvement in the Company's operations 2. Enhancement to the Board's decision quality 3. Composition and structure of the Board 4. Election of directors and continuous improvement 5. Internal control <p>The measurement items of the performance assessment of Board members include the following six aspects</p> <ol style="list-style-type: none"> 1. Control over the Company's goals and tasks 2. Recognition of director duties 3. Involvement in the Company's operations 4. Internal relationship management and communication 5. Directors' professional and continuing education and training 6. Internal control <p>The measurement items of the performance assessment of the Audit Committee include the following five aspects</p> <ol style="list-style-type: none"> 1. Involvement in the Company's operations 2. Recognition of the Audit Committee's duties 3. Enhancement to the Audit Committee's decision quality 4. Composition of the Audit Committee and appointment of Committee members 5. Internal control <p>The measurement items of the performance assessment of the Remuneration Committee include the following five aspects</p> <ol style="list-style-type: none"> 1. Involvement in the Company's operations 2. Recognition of the Remuneration Committee's duties

				3. Enhancement to the Remuneration Committee's decision quality 4. Composition of the Remuneration Committee and appointment of Committee members 5. Other items
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(4) Measures taken to strengthen the functionality of the Board (such as establishing the Audit Committee and increasing information transparency) and results thereof:

- A. Enhance corporate governance and strengthen related functions of the Board
 - a. The Company established a Remuneration Committee on Dec. 26, 2011 to assist the Board in implementing the remuneration management functions. On March 9, 2012, the Company formulated the "Rules for Performance Evaluation of Board of Directors" and implemented the Board performance evaluation to further strengthen the Board's performance. Please refer to "Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof" for its implementation.
 - b. Moreover, the Audit Committee was set up on June 6, 2016 to reinforce the corporate governance mechanism.
 - c. For the relevant proposals passed by the Audit Committee and the Remuneration Committee of the Company in 2024, please refer to (II) Implementation of the Audit Committee and (IV) Implementation of the Remuneration Committee.
- B. Strengthen the operation of Board and the transparency of public information
 - a. The Company's Board of Directors meets at least once a quarter to discuss important business strategy issues and review operational performance. In 2024, the Company held 6 Board meetings, with the directors' attendance rate of 100%. Immediately after the Board meeting, the directors' attendance at the Board is disclosed on the Market Observation Post System (MOPS), and the important Board resolutions are posted on the Company website, so as to protect the interests of shareholders, and regular investor conferences are held to enhance investors' recognition of the Company.
 - b. Continuing to pursue the transparency of corporate governance and financial information, the 10th Corporate Governance Evaluation organized by the Securities and Futures Development Fund (SADF) was listed as "Top 21% - 35% of TPEX Companies".
- C. To implement corporate governance, enhance the functions of the Board, and establish performance objectives to intensify the operational efficiency of the Board, where the performance evaluation of the Board of Directors and its members shall be carried out at least once a year. The results of the Board of Directors' performance evaluation in

2024 were submitted to the Board of Directors on March 11, 2025, and disclosed on the Company website for investors' reference.

2. Implementation of the Audit Committee

The Company held two Audit Committees meetings from January 1 to April 30, 2024.

A total of six Audit Committee meetings were held in 2024. The attendance of independent directors is as follows:

Title	Name	Attendance in Person	By proxy	Attendance rate (%)	Remarks
Independent Director	Shih-Hung Chan	6	0	100%	Re-elected on May 31, 2022
Independent Director	Huei-Wang Huang	6	0	100%	Re-elected on May 31, 2022
Independent Director	San-Chien Tu	6	0	100%	Re-elected on May 31, 2022

The focus of the Audit Committee in 2024

The Company's Audit Committee is composed of three independent directors and it aims to assist the Board of Directors in supervising the quality and integrity of the Company's implementation of relevant accounting, auditing, financial reporting procedures, and financial control. The Audit Committee held 6 meetings in 2024, and the major matters reviewed include:

1. The establishment or amendment of an internal control system under Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The establishment or amendment of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loans to others, and endorsements or guarantees for others following Article 36-1 of the Securities and Exchange Act.
4. Matters involving the director's own interests.
5. Material asset or derivatives transaction.
6. Material monetary loans, endorsements, or provision of guarantees.
7. The appointment, dismissal, or remuneration of the CPAs.
8. The appointment and dismissal of finance, accounting or internal audit managers.
9. Annual financial reports and quarterly financial reports.
10. Any other material matter stipulated by the Company or the competent authority.
11. Evaluation of the qualifications, independence, and performance of the CPAs.
12. Performance of Audit Committee's Duties.

13. Self-evaluation questionnaire for the Audit Committee performance evaluation.
14. Legal compliance.

Review of Annual Financial Report

Review of Annual Financial Report The Board of Directors has prepared the Company's 2024 business report, financial statements, and earnings distribution proposal. Of which, the financial statements have been audited by Deloitte & Touche, by whom an audit report has been issued accordingly. The aforesaid business report, financial statements, and earnings distribution proposals have been reviewed and approved by the Audit Committee and found that there is no discrepancy.

Assess the Effectiveness of Internal Control

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

Appointment of CPA

In order to ensure the independence of the attesting CPA firm, the Audit Committee evaluates the independence, professionalism, and competency of the CPA by referring to Article 47 of the Certified Public Accountant Act and the content system independence evaluation form of "Integrity, Objectivity, and Independence" in the Bulletin No. 10 of the Code of Professional Ethics for Certified Public Accountant to evaluate the independence, professionalism and suitability of the CPAs, and to assess whether they are related parties, or have business or financial interests with the Company.

Before the meeting of the Audit Committee on March 11, 2025, the certified public accountants have conducted the financial report inspection results and other matters to the members of the Audit Committee, and have fully communicated the implementation status, results and suggestions.

Other matters:

- A. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, independent directors' dissenting opinions, reservations or significant recommendation items and contents, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified.
- Matters referred to in Article 14-5 of the Securities and Exchange Act.
 - Except for the matters mentioned above, other matters were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

Audit Committee	Contents of motions and follow-up actions	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
2024.03.13 14th meeting of the 3rd term (1st in 2024)	1. The Company's 2023 business report, financial statements, and consolidated financial statements.	V	None
	2. The Company's 2023 annual earnings distribution case.	V	None
	3. The replacement of the Company's appointed certified public accountants.	V	None
	4. The assessment of independence and competence of CPAs and the appointment and compensation of the CPAs for 2024.	V	None
	5. The amendment to the "Procedures for Acquisition or Disposal of Assets" of the subsidiary, Sinmag Equipment (China) Co., Ltd.	V	None

Audit Committee	Contents of motions and follow-up actions	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
	6. The effectiveness assessment of the Company's internal control system design and implementation for 2023.	V	None
	Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.		
	The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.		
2024.05.09 15th meeting of the 3rd term (2nd in 2024)	The Company's consolidated financial statements for the first quarter of 2024.	V	None
	Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.		
	The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.		
2024.06.21 16th meeting of the 3rd term (3rd in 2024)	Supplemental case of undertaking to be issued by Sinmag Equipment (China) Co., Ltd., a subsidiary of the Company, in relation to its application for initial public offering of ordinary shares denominated in CNY (A shares) and listing on the ChiNext of Shenzhen Stock Exchange.	V	None
	Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.		
	The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.		

Audit Committee	Contents of motions and follow-up actions	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
2024.08.09 17th meeting of the 3rd term (4th in 2024)	The Company's consolidated financial statements for the second quarter of 2024.	V	None
	Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.		
	The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.		
2024.11.07 18th meeting of the 3rd term (5th in 2024)	1. The Company's consolidated financial statements for the third quarter of 2024.	V	None
	2. New plant construction of the Company's subsidiary, Sinmag Equipment (China) Co., Ltd.	V	None
	3. The establishment of the Company's "Risk Management Policies and Procedures".	V	None
	Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.		
	The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.		
2024.12.16 19th meeting of the 3rd term (6th in 2024)	The amendment of the Company's Internal Control System and Internal Audit Implementation Rules.	V	None
	Audit Committee resolution: All the members of the Audit Committee voted in favor of the proposal.		
	The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.		

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

There is no proposal of independent directors to interested parties in the 2024 Audit Committee meetings of the Company, so there are no recusals due to conflicts of interests.

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

- a. Communication methods between the independent directors, the chief internal auditor, and CPAs

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

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

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

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

- b. Summary of previous communications between independent directors and chief internal auditor

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

- (b) The Company's independent directors have good communications regarding the implementation and effectiveness of the audits. The summary of the major communications in 2024 is as follows:

Date	Communication	Implementation
2024.03.13	1. Evaluation report on the design and effectiveness of the internal control system for 2023.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
	2. 2023 Statement of Internal Control System.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
	3. Implementation report of internal audit from November 11, 2023 to February 29, 2024.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
2024.05.09	1. Implementation report of internal audit from March 13, 2024 to April 30, 2024.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
	2. 2023 audit status and deficiency improvement report.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.

Date	Communication	Implementation
2024.08.09	1. Implementation report of internal audit from May 09, 2024 to July 31, 2024.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
2024.11.07	1. Implementation report of internal audit from August 09, 2024 to October 31, 2024.	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
	2. Addition of the management of sustainability information to the internal control system and internal audit implementation rules	The chief internal auditor reported to the Audit Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
	3. The review of the 2025 audit plan compilation principles.	After each member reviewed the principle of preparing the annual audit plan, the audit supervisor prepared the 2025 audit plan according to this principle without any objection.

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

- (b) The Company's independent directors have good communications with the CPAs. The summary of the major communications in 2024 is as follows:

Date	Communication	Implementation
2024.03.13	Report on the audit results of consolidated and individual financial reports for 2023.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
2024.05.09	The review process and situation report of the consolidated financial statements for the first quarter of 2024.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
2024.08.09	The review process and situation report of the consolidated financial statements for the second quarter of 2024.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
2024.11.07	The review process and situation report of the consolidated financial statements for the third quarter of 2024.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
	The CPA communicates with the corporate governance unit for the planning matters of the 2024 audit operations and the key audit matters in the new audit report.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.

3. Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof

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

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
and litigations, and does the Company implement them in accordance with the procedures?				
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(II) In accordance with Article 25 of the Securities and Exchange Act, the Company has reported monthly to the website "Market Observation Post System" designated by the Securities and Futures Bureau for changes in the equity held by insiders (directors, managerial officers, and shareholders holding more than 10% of the total shares).	Best Practice Principles for TWSE/TPEX Listed Companies.
(III) Does the Company establish and execute a risk management and firewall system within its affiliated companies?	✓		(III) The Company and its affiliated companies' operations and finance are conducted independently and have formulated "Measures for the Supervision and Management of Subsidiaries," "Operational Procedures for Transactions with Related Parties, Specific Companies, and Group Companies," and "Financial-related Operation Standards among Affiliated Companies" to regulate financial operations among the Company and the affiliated companies and matters that should be supervised so that there is a good risk management and control mechanism between the affiliates.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(IV) Does the Company establish internal rules against insiders using undisclosed information to trade with?	✓		(IV) The Company has established the "Operational Procedures for Handling Material Internal Information" and "Code of Ethical Conduct for Employees," which regulates prohibiting Company insiders from using undisclosed information on the market to trade securities and regularly conduct insider education and publicity to all staff members.	
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors have a diversification policy, and what are the specific management objectives and implementation plan?	✓		(I) 1. Please refer to Information on Directors (II) 2. Diversity and Independence of the Board of Directors on page 12 for the Company's policy on board diversity, specific management objectives and their implementation. 2. Regarding the diversified policy on the Board members has been disclosed on the Company website and Market Observation Post System (MOPS).	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(II) In addition to the legally required Remuneration Committee and Audit Committee, does the Company voluntarily establish other functional committees?	✓		(II) 1. ZIn addition to establishing the Remuneration Committee and the Audit Committee, the Company has resolved at the Board of Directors meeting on August 9, 2024, to establish a "ESG Committee" to attain the Company's sustainability goals and strengthen sustainability governance. The "Organizational Regulations of ESG Committee" have also been adopted. 2. Other functional committees will be established as per the Board of Directors' discussion.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(III) Does the Company establish standards to measure the performance of the Board and implement such annually, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for	✓		(III) March 9, 2012, which was implemented after discussion and approval by the Board of Directors. It is stipulated that the Board of Directors shall perform performance evaluations of the Board of Directors and the Board members at least once a year. The scope of the Company's Board evaluation includes the performance evaluation of the overall Board of Directors, individual Board members, Audit Committee. and Remuneration Committee. In accordance with the regulations, the Board of Directors' performance evaluation is conducted at the end of	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
individual directors' remuneration and nomination and renewal?			<p>each year, with a self-evaluation questionnaire sent to all board members by the end of December. Through regular Board performance evaluation every year, after each director completes the evaluation on the operation, culture, internal and external relationship management, self-evaluation, and other aspects of the Board of Directors for the current year, the deliberating units of the Board of Directors will compile the statistics and make a report at the first Board meeting of the following year.</p> <p>1. The performance evaluation of the Company's "Board of Directors" covers five aspects:</p> <ul style="list-style-type: none"> (1) Involvement in the Company's operations (2) Enhancement to the Board's decision quality (3) Composition and structure of the Board (4) Elections and continuous training of the directors (5) Internal control <p>There are a total of 45 measurement indicators</p>	Companies.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>2. The performance evaluation of the "Board members" covers six aspects:</p> <ul style="list-style-type: none"> (1) Control over the Company's goals and tasks (2) Recognition of director duties (3) Involvement in the Company's operations (4) Internal relationship management and communication (5) Directors' professional and continuing education and training (6) Internal control <p>There are a total of 23 measurement indicators</p> <p>3. The performance evaluation of the "Audit Committee" covers five aspects:</p> <ul style="list-style-type: none"> (1) Involvement in the Company's operations (2) Recognition of the Audit Committee's duties (3) Enhancement to the Audit Committee's decision quality (4) Composition of the Audit Committee and appointment of Committee members (5) Internal control 	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>There are a total of 22 measurement indicators</p> <p>4. The performance evaluation of the "Remuneration Committee" covers five aspects:</p> <p>(1) Involvement in the Company's operations</p> <p>(2) Recognition of the Remuneration Committee's duties</p> <p>(3) Enhancement to the Remuneration Committee's decision quality</p> <p>(4) Composition of the Remuneration Committee and appointment of Committee members</p> <p>(5) Other items</p> <p>There are a total of 19 measurement indicators</p> <p>5. The Company's 2024 Board performance self-evaluation began at the end of December 2024. The deliberative unit of the Finance Department provided the questionnaires according to the Rules. The questionnaire was distributed at the end of December 2024 and analyzed by the above methods. The 2024 Board performance evaluation results are as follows:</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>(1) The average self-evaluation score of the Board of Directors' performance evaluation is 92.16 points</p> <p>(2) The average self-evaluation score of the Board members' performance evaluation is 94.93 points</p> <p>(3) The average self-evaluation score of the Audit Committee's performance evaluation is 97.62 points</p> <p>(4) The average self-evaluation score of the Remuneration Committee's performance evaluation is 97.43 points</p> <p>6. There are no significant improvement items in the performance evaluation of the Company's Board of Directors, Board Members, Audit Committee and Remuneration Committee in 2024.</p> <p>Future optimization direction:</p> <p>Plan directors' professional development courses according to the overall needs of the Company to assist directors in fulfilling their functions.</p> <p>7. The performance evaluation results were reported on the Board of Directors and functional committees on March 11, 2025. After the</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(IV) Does the Company regularly evaluate the independence of the CPAs?	✓		<p>report by the Board of Directors, the method and the results of the evaluation were disclosed to the investor area of the Company's website (http://www.sinmag.com.tw/).</p> <p>The results of the performance evaluation of the Company's Board of Directors will be used as a reference for the remuneration and nomination for renewal of individual directors.</p> <p>(IV) In accordance with the "Measures for the Examination of the Appointment of Certified Public Accountants" and the "Corporate Governance Practice Principles," the Finance Department of the Company periodically evaluates the independence and appropriateness of the CPAs on an annual basis with reference to the Audit Quality Indicators (AQIs). It is evaluated that the personal qualifications of the two CPAs of Deloitte & Touche, Keng-Hsi Chang and Chao-Mei Chen, are in line with the practice of CPAs, and there is no direct or indirect financial interest relationship with the Company or the directors. In terms of audit, tax service quality,</p>	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			and timeliness of the CPAs, all the evaluation items meet the standards and they are qualified to serve as the Company's CPAs. The results of the evaluation were approved on March 11, 2025 after consideration by the Audit Committee and the Board of Directors.	
IV. Does the listed company have a suitable and appropriate number of corporate governance personnel and designate a head of corporate governance to be responsible for corporate governance-related matters (including, but not limited to, providing directors and supervisors with information necessary for the execution of their business, assisting	✓		<p>To safeguard shareholders' rights and interests and strengthen the functions of the Board of Directors, the Company resolved at the Board meeting on March 15, 2022, to appoint a head of corporate governance. Subsequently, on December 20, 2023, the Board approved the appointment of Yi-Wen Chen, Manager of the Finance Department, to concurrently serve as the head of corporate governance.who has more than three years of experience as a financial controller in a public company and meets the legal qualifications for the position of head of corporate governance.</p> <p>The main duties of the head of corporate governance are to handle matters related to the Board of Directors' and shareholders' meetings in accordance with the law, prepare minutes of the Board of Directors' and shareholders' meetings, assist the directors in taking office and continuing education,</p>	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																	
	Yes	No	Description																		
directors and supervisors in complying with the laws and regulations, handling matters related to the meetings of the board of directors and shareholders in accordance with the laws and regulations, and preparing minutes of the board of directors' and shareholders' meetings, etc.)?			<p>provide the directors with information necessary for the execution of their business, assist the directors in complying with the laws and regulations, report the results of the Board of Directors' review on the compliance with the relevant laws and regulations regarding the qualifications of the independent directors at the time of their nomination, election and during their term of office, and handle matters related to the change in the directors. etc.</p> <p>In accordance with law, the head of corporate governance should undertake at least twelve hours of study per year (continuing education). As of the end of 2024, the courses are as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Training date</th><th rowspan="2">Organizer</th><th rowspan="2">Course name</th><th rowspan="2">Training hours</th></tr> <tr> <th>Start</th><th>End</th></tr> </thead> <tbody> <tr> <td>2024/07/09</td><td>2024/07/09</td><td>Taipei Exchange</td><td>TPEX Family: AI Strategy and Governance</td><td>3</td></tr> <tr> <td>2024/09/12</td><td>2024/09/12</td><td>Taipei Exchange</td><td>Taipei Session 2 — Insider Shareholding</td><td>3</td></tr> </tbody> </table>	Training date		Organizer	Course name	Training hours	Start	End	2024/07/09	2024/07/09	Taipei Exchange	TPEX Family: AI Strategy and Governance	3	2024/09/12	2024/09/12	Taipei Exchange	Taipei Session 2 — Insider Shareholding	3	
Training date		Organizer	Course name	Training hours																	
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2024/07/09	2024/07/09	Taipei Exchange	TPEX Family: AI Strategy and Governance	3																	
2024/09/12	2024/09/12	Taipei Exchange	Taipei Session 2 — Insider Shareholding	3																	

Evaluation item	Implementation status						Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof	
	Yes	No	Description					
						Advocacy Seminar for TPEX and Emerging Stock Companies		
			2024/09/24	2024/09/25	Securities & Futures Institute	Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Executives - Training Program in Taipei	12	
			2024/10/23	2024/10/23	Taiwan Corporate Governance Association	October 2024 Fubon Insurance Corporate Governance and ESG Seminar	3	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
V. Does the Company establish communication channels and build a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		In accordance with the AA1000 Stakeholder Engagement Standard, the Company conducted statistical analysis based on questionnaires completed by department heads regarding the degree of relationship with various stakeholders. Stakeholders with a higher degree of engagement with the Company include employees, customers, government agencies, suppliers, and shareholders/investors. The Company has established dedicated communication channels to maintain convenient and effective communication with stakeholders. Also, contact windows are set up for all stakeholders on the Company website to understand the important issues of their concerns and respond accordingly. On December 16, 2024, the Company reported the communication status with various stakeholders for the year to the Board of Directors and disclosed the information on the Company's website.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
VI. Does the Company appoint a professional stock affairs agency to deal with the affairs of the Shareholders Meeting?	✓		The Company has appointed the Taishin Securities Co., Ltd. Stock Transfer Agency Department as the Company's stock affairs agency to assist the Company in carrying out tasks relevant to Shareholders' Meetings.	In compliance with the Corporate Governance Best Practice

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

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

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
the specified period?				possible to make an announcement and file the annual financial report within two months after the end of the fiscal year and to make an announcement and file the financial report of the first, second and third quarter

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
				and the operation of each month prior to the specified period.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and	✓		(I) Employee rights and employee wellness <ol style="list-style-type: none"> 1. Adhering to the business philosophy of integrity, harmony, innovation and excellence, continuous growth, and sustainable development, the Company attaches great importance to employee welfare by setting up the Employee Welfare Committee and allocate monthly welfare funds for the Committee to organize activities, such as various tourism activities, club activities, and other welfare matters. 2. Provide various welfare subsidies for weddings and funerals, grants and emergency relief, annual health checks, group life insurance, and accident insurance. 	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
risk evaluation measures, implementation of customer policies, and participation in liability insurance for directors and supervisors)?			<ol style="list-style-type: none"> 3. The labor retirement method is formulated according to the provisions of the Labor Standards Act, where a certain percentage of the total monthly salary is appropriated into the labor pension reserve fund and deposited at the special account of the Central Trust of China to be used as the future payment of the labor pension reserve fund. 4. According to the Labor Pension Act, there is a definite contribution retirement method, and for employees who choose the applicable Labor Pension Act, no less than 6% of the salary is appropriated to the employees' individual account every month at the Bureau of Labor Insurance. The employee's pension is paid based on the employee's individual pension account and the accumulated amount, and it can be claimed in the form of a monthly pension or lump-sum pension. 5. The Labor Committee has been set up in accordance with regulations on labor relations. Labor meetings are held regularly 	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>with good results. Any new or revised measures related to labor relations will be finalized after full agreement and communication between labor and management.</p> <p>6. Regularly assign employees to attend the safety and health seminars, conduct staff pre-employment education and training, and regularly arrange health checkups for all staff in order to provide employees with a comfortable and safe working environment.</p> <p>7. In order to pursue harmonious labor relations and to emphasize employees' right to express their opinions, we have set up a mailbox for employee opinions in the corporate information system, with designated personnel to understand and respond to the mailboxes, so as to open up channels for employees to communicate their opinions. We have also set up a "Measures for the Administration of the Reporting System" to establish channels for reporting and filing complaints by stakeholders, as well as a mechanism to protect them. Other measures include the establishment of a hotline for the</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>prevention and control of sexual harassment.</p> <p>(II) Investor relations</p> <p>The Company upholds the principle of fairness and openness to all shareholders. In terms of Shareholders' Meetings, which is convened annually in accordance with the Company Act and relevant laws and regulations. All shareholders are notified to attend the Shareholders' Meeting under relevant regulations and encouraged to actively participate in the election of directors or the amendment to the Company's Articles of Incorporation and other proposals. Material financial business activities such as the disposal of assets, endorsements, and guarantees are also submitted to the Shareholders' Meeting. Moreover, the Company provides shareholders with sufficient opportunities to raise questions or make proposals to achieve the effect of checks and balances. Rules of Procedure for Shareholders' Meetings are formulated by the law, and minutes of the Shareholders' Meetings are properly maintained and fully disclosed with relevant information on the MOPS. In addition, in order to ensure that shareholders have full</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>knowledge, participation, and decision-making rights on material matters of the Company, other than announcing the annual report of the Shareholders' Meeting and the handbook of Shareholders Meeting to shareholders on the MOPS before the annual Shareholders' Meeting, the Company also has a spokesperson and a deputy spokesperson to properly handle shareholder suggestions, doubts, and disputes.</p> <p>Based on the principle of information disclosure, the Company handles information disclosure matters in accordance with the list of matters to be announced or declared by the public offering company and the Taipei Exchange Rules Governing Review of Emerging Stocks for Trading on the TPEX and establishes online reporting of public information. A designated person from the financial department is responsible for the collection and disclosure of company information. After review and confirmation by the responsibility supervisor, the relevant information announcement and declaration matters shall be processed, and various information that may affect investors' decision-making will be provided in a timely manner.</p>	

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

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																							
	Yes	No	Description																								
			<div> <div>safeguard their rights and interests.</div> <div>(V) Directors' continuing education</div> <table> <tr> <th>Title Name</th> <th>Training date</th> <th>Organizer</th> <th>Course</th> <th>Training hours</th> <th>Whether the course meets the requirements (Note)</th> </tr> <tr> <td rowspan="2">Director Shun-Ho Hsieh</td> <td>2024/11/07</td> <td>Taiwan Corporate Governance Association</td> <td>Development of TCFD and SBTi and the Duties of Directors</td> <td>3</td> <td>Yes</td> </tr> <tr> <td>2024/11/07</td> <td>Taiwan Corporate Governance Association</td> <td>Corporate Financial Statement Analysis and Diagnostics</td> <td>3</td> <td>Yes</td> </tr> <tr> <td>Director Yao-Tsung Wu</td> <td>2024/11/07</td> <td>Taiwan Corporate Governance Association</td> <td>Development of TCFD and SBTi and the Duties of Directors</td> <td>3</td> <td>Yes</td> </tr> </table> </div>	Title Name	Training date	Organizer	Course	Training hours	Whether the course meets the requirements (Note)	Director Shun-Ho Hsieh	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes	2024/11/07	Taiwan Corporate Governance Association	Corporate Financial Statement Analysis and Diagnostics	3	Yes	Director Yao-Tsung Wu	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes	
Title Name	Training date	Organizer	Course	Training hours	Whether the course meets the requirements (Note)																						
Director Shun-Ho Hsieh	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes																						
	2024/11/07	Taiwan Corporate Governance Association	Corporate Financial Statement Analysis and Diagnostics	3	Yes																						
Director Yao-Tsung Wu	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes																						

Evaluation item	Implementation status								Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description						
				2024/11/07	Taiwan Corporate Governance Association	Corporate Financial Statement Analysis and Diagnostics	3	Yes	
			Director Ming-Ching Hsieh	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes	
				2024/11/07	Taiwan Corporate Governance Association	Corporate Financial Statement Analysis and Diagnostics	3	Yes	
			Director Yu-Chuan Chang	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes	
				2024/11/07	Taiwan Corporate Governance Association	Corporate Financial Statement Analysis and Diagnostics	3	Yes	

Evaluation item	Implementation status								Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof	
	Yes	No	Description							
				Director Shu-Chuan Hsiao	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes	
				Director Shu-Chuan Hsiao	2024/11/07	Taiwan Corporate Governance Association	Corporate Financial Statement Analysis and Diagnostics	3	Yes	
				Director Shu-Chuan Hsiao	2024/10/23	Taiwan Corporate Governance Association	October 2024 Fubon Insurance Corporate Governance and ESG Seminar	3	Yes	
				Director Shu-Chuan Hsiao	2024/07/09	Taipei Exchange	TPEX Family: AI Strategy and Governance	3	Yes	
				Director Jui-Jung Chang	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes	

Evaluation item	Implementation status								Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description						
				2024/11/07	Taiwan Corporate Governance Association	Corporate Financial Statement Analysis and Diagnostics	3	Yes	
			Independent Director Huei-Wang Huang	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes	
				2024/11/07	Taiwan Corporate Governance Association	Corporate Financial Statement Analysis and Diagnostics	3	Yes	
			Independent Director Shih-Hung Chan	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes	
				2024/11/07	Taiwan Corporate Governance Association	Corporate Financial Statement Analysis and Diagnostics	3	Yes	

Evaluation item	Implementation status					Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof											
	Yes	No	Description														
			<table><tr><td rowspan="2">Independent Director San-Chien Tu</td><td>2024/11/07</td><td>Taiwan Corporate Governance Association</td><td>Development of TCFD and SBTi and the Duties of Directors</td><td>3</td><td>Yes</td></tr><tr><td>2024/11/07</td><td>Taiwan Corporate Governance Association</td><td>Corporate Financial Statement Analysis and Diagnostics</td><td>3</td><td>Yes</td></tr></table>				Independent Director San-Chien Tu	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes	2024/11/07	Taiwan Corporate Governance Association	Corporate Financial Statement Analysis and Diagnostics	3	Yes
Independent Director San-Chien Tu	2024/11/07	Taiwan Corporate Governance Association	Development of TCFD and SBTi and the Duties of Directors	3	Yes												
	2024/11/07	Taiwan Corporate Governance Association	Corporate Financial Statement Analysis and Diagnostics	3	Yes												
			<p>Note: Refers to whether it complies with the hours, scope, system, arrangement, and information disclosure of continuing education specified in the "Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."</p> <p>(VI) Status of risk management policies and risk evaluation</p> <p>The Company has established various internal regulations in accordance with the law and conducted various risk management and assessments. In addition, the directors of the Company adhere to a high level of self-discipline. If the Board of Directors' proposals involves the director's own interests that may damage the Company's interests, the director is recused from the discussion and voting.</p>														

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>(VII) Formulation of internal material information processing procedures To establish sound internal material information processing and disclosure mechanism of the Company, to prevent improper information leakage, and to ensure the consistency and accuracy of information released by the Company to the public, the Company has formulated "Internal Material Information Processing Procedures" following the template issued by the competent authority. The procedures are promoted to directors, employees, and managers promptly to avoid violations of regulations or inside trading.</p> <p>(VIII) Implementation of consumer and customer protection policies To provide customers with comprehensive services and assurance, the Company communicates with customers in a timely manner in response to customer complaints, understands customer needs to facilitate the interaction between the Company and its customers, and reviews and improves in production and sales meetings from time to time.</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			(IX) Purchase of liability insurance for directors and supervisors The Company has taken out liability insurance for all directors with an insured amount of US\$7 million. The insurance coverage period is from February 1, 2025 to February 1, 2026, and it has been submitted to the Board meeting on March 11, 2025 for an explanation.	
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center and provide the priorities and plans for improvement with items yet to be improved. (Leave blank if the Company is not included in the evaluation)				
Topic		Improvement	Description of Improved Situation and Priority Enhancement Issues and Measures	
Has the Company disclosed information on the governance, strategy, risk management, indicators, and targets related to climate-related risks and opportunities in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD)?		Yes	The Company has disclosed information on the governance, strategy, risk management, indicators, and targets related to climate-related risks and opportunities in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD).	
Has the Company disclosed its annual greenhouse gas emissions for the past two years?		Yes	The Company has disclosed its annual greenhouse gas emissions for the past two years.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
Is the chairman of the Board of Directors of the Company not the same person as, or a spouse or consanguineous within one degree of consanguinity with, the president or other equivalent officer (top manager) of the Company?		No	The current Chairman of the Board of Directors and the President of the Company are the same person. In order to establish a good corporate governance structure, more than half of the directors are not employees or managers at present. In addition, the Company has planned to increase the number of independent directors in the next election of directors to strengthen the effectiveness of the Board of Directors.	
Has the Company prepared its sustainability report in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI) and uploaded it to the Market Observation Post System (MOPS) and the Company's website?		No	The Company will prepare its sustainability report in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI) and uploaded it to the Market Observation Post System (MOPS) and the Company's website in 2025.	
Has the Company formulated a policy on workplace diversity or promotion of gender equality and revealed its implementation?		No	The Company has formulated policies on workplace diversity or the promotion of gender equality. The implementation status will be disclosed.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
Has the sustainability report prepared by the Company been submitted to and approved by the Board of Directors?		No	The Company will prepare its sustainability report for 2025 and plans to submit it for approval by the Board of Directors.	

Note: Evaluation criteria of CPAs' independence and competence

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

	Item no.	Evaluation content	Result	Compliance with independence
		Before the Company's public offering:		
		No CPA has provided audit service to the Company for ten consecutive years.		
Independent operation	1	Has the CPA recused and refused to undertake matters if he/she has a direct or significant indirect interest that could impair his/her impartiality and independence?	Yes	Yes
	2	When the CPA provides audit, review, cross-review, or project review of a financial statement and submits an opinion, does he/she maintain independence in appearance in addition to independence in fact?	Yes	Yes
	3	Do members of the audit service team, other co-practicing CPAs or shareholders of legal-person accounting firms, accounting firms, firm-affiliated companies, and alliance firms also maintain their independence vis-a-vis the Company?	Yes	Yes
	4	Does CPA offer professional services with integrity in a rigorous manner?	Yes	Yes
	5	Does the CPA maintain a fair and objective position in the course of performing professional services to avoid prejudice, conflict of interest, or interest in affecting professional judgment?	Yes	Yes
	6	The CPA's integrity, fairness, and objectivity have not been impaired by the lack or loss of independence.	Yes	Yes
Competence	1	The CPA does not have disciplinary records from the disciplinary committee for the past two years.	Yes	Yes
	2	Does the CPA firm in charge of the Company's audit services have sufficient scale, resources, and regional coverage?	Yes	Yes
	3	Does the CPA firm have clear quality control procedures? Does the coverage include the level and key points of the audit procedure, how audit issues and judgments are handled, independent quality control review, and risk management?	Yes	Yes
	4	Does the CPA firm timely notify the Board of Directors (Audit Committee) of any significant problems and developments in risk management, corporate governance, financial accounting, and relevant risk control?	Yes	Yes

4. Composition, Responsibilities, and Operations of the Remuneration Committee:

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

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

(1) Information on Members of the Remuneration Committee

April 30, 2025

April 30, 2023

<div>Qualification</div> <div>Name</div>		Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as a remuneration committee member
Title				
Independent Director (Convener)	Shih-Hung Chan	Please refer to Information on Directors (II) on page 12.		0
Independent Director	Huei-Wang Huang			0
Independent Director	San-Chien Tu			0

(2) Implementation of the Remuneration Committee

- A. The Company's Remuneration Committee comprises three members.
- B. The term of the current Committee members: May 31, 2022 - May 30, 2025.

In the most recent year (2024), the Remuneration Committee held three meetings (A). The attendance record of members is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A)	Remarks
Convener	Shih- Hung Chan	3	0	100%	Re-elected on May 31, 2022
Member	Huei- Wang Huang	3	0	100%	Re-elected on May 31, 2022
Member	San- Chien Tu	3	0	100%	Re-elected on May 31, 2022
(A)The Remuneration Committee held three meetings in 2024. (B)Attendance in person.					

Other matters:

- a. If the Board of Directors refuses to adopt or amend a recommendation of the Remuneration Committee, the date of the meeting, terms of meetings, the content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified.
None.
- b. If there were resolutions of the Remuneration Committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, terms of meetings, the content of the motion, all members' opinions, and the response to members' opinion shall be specified.
None.
- c. Implementation of the Remuneration Committee in the latest year:

Remuneration Committee	Contents of motions and follow-up actions	Resolution	The Company's response to the Remuneration Committee's opinion
2024.03.13 9th meeting of the 5th term (1st in 2024)	The distribution proposal of the Company's 2023 employee compensation and director compensation.	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.
2024.05.09 10th meeting of the 5th term (2nd in 2024)	The distribution proposal of the Company's individual director's compensation and managerial officers' employee compensation for 2023.	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.
2024.12.16 11th meeting of the 5th term (3rd in 2024)	The Company's 2024 year-end bonus distribution proposal for the managerial officers.	All members of the Committee present voted in favor of the proposal.	Proposed to the Board of Directors and all directors present voted in favor of the proposal.

- (3) Information on the member of Nominating Committee and its operation:
The Company does not have a Nominating Committee.

5. Implementation of the Promotion of Sustainable Development and the Circumstances and Reasons for Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
I. Does the Company have a governance structure that promotes sustainable development, and has a dedicated (part-time) job unit that promotes sustainable development, which is authorized by the Board of Directors to the senior management and supervised by the Board of Directors?	✓		<p>To strengthen corporate governance, the Company's Board of Directors approved the establishment of the ESG Committee on August 9, 2024, and formulated the organizational regulations for the Committee. The current members are President Shun-Ho Hsieh, Vice President Shu-Chuan Hsiao, Information Security Officer Ming-Hsiao Hsieh, and Finance Manager Yi-Wen Chen. The Committee has set up task forces for sustainability in the areas of environment, social welfare, and corporate governance, with the relevant department heads appointed by President Shun-Ho Hsieh to oversee and implement the respective operational plans.</p> <p>The ESG Committee reports its execution results and future work plans to the Board of Directors at least once a year. In 2024, two meetings were held. The Company's Board of Directors regularly receives reports from the management team, including ESG reports. The management team is required to present the corporate strategy to the Board, which must assess the likelihood of success of these</p>	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
			strategies, regularly review the progress of these strategies, and, when necessary, urge the management team to make adjustments.	
II. Does the Company conduct a risk assessment of environmental, social, or corporate governance (ESG) issues associated with its operations based on the principle of materiality and formulate relevant risk management policies or strategies?	✓		<p>The Company conducts internal assessment on the major principles of sustainable development and formulates relevant risk management policies and strategies:</p> <p>(I) Environment</p> <ol style="list-style-type: none"> 1. In order to fulfill the social responsibility of protecting the global environment, the Company does not use any environmentally polluting substances in the manufacturing process. The waste materials are also entrusted to the resource recycling company for disposal to make sure there is no impact on the environment. 2. The Company has obtained ISO 14001 environmental management system certification. 3. The Company conducts regular inventories of greenhouse gas emissions in accordance with ISO 14064-1 and 	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
			<p>continues to implement carbon reduction measures based on the results.</p> <p>(II) Society</p> <ol style="list-style-type: none"> 1. Cultivate talented people who recognize the Company's culture, vision and core values, and work together for the Company's mission. 2. Provide a safe and secure workplace, promote various health promotion activities, reduce the rate of occupational accidents and construction risks, create a healthy workplace, and improve employee centripetal force. <p>(III) Corporate governance</p> <ol style="list-style-type: none"> 1. Through the establishment of a governance organization and the implementation of internal control mechanisms, the Company ensures that all personnel and operations comply with relevant laws and regulations. 2. Directors are covered by directors' liability insurance to protect them against lawsuits or claims. 	

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
III. Environmental issues				
(I) Does the Company establish an appropriate environmental management system based on its industrial characteristics?	✓		(I) The Company regularly propagates green energy-related knowledge to its employees to reinforce their attention and implementation of green environmental protection in work and life. On Dec. 31, 2014, the Company has obtained the certification of ISO9001 quality management system and ISO14001 environmental management system. The validity period is from Dec.31, 2023 to Dec.30, 2026.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Is the Company committed to increasing energy efficiency and using recycled materials that have a low impact on the environment?	✓		(II) The Company promotes green procurement by gradually adopting environmentally-friendly materials, energy-saving & high-efficiency lamps, and inverter air conditioners, and continues to give impetus to water conservation plans and other measures. We also actively pursues comprehensive E-ization and green innovation service research and development, which effectively saves paper printing and greatly improves service efficiency.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(III) Does the Company evaluate the current and	✓		(III) When carrying out daily operation activities, the Company always pays attention to the relevant risks that may be caused	In compliance with the Sustainable Development

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
future potential risks and opportunities of climate change, and take countermeasures to respond to climate-related issues?			by climate change and takes corresponding measures when necessary.	Best Practice Principles for TWSE/TPEX Listed Companies.
(IV) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total weight of waste over the past two years, and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?	✓		<p>(IV) The Company's past data on greenhouse gas emissions, water consumption, and total weight of waste</p> <p>1. Greenhouse gas</p> <p>(1) In order to implement the greenhouse gas reduction work, starting from 2023, a greenhouse gas inventory committee was established in accordance with the "Greenhouse Gas Inventory Standard ISO 14064-1" to independently inventory the Company's greenhouse gas emissions and to effectively grasp the Company's greenhouse gas emission status in a timely manner.</p>	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies														
	Yes	No	Description															
			<div>(2) Greenhouse gas emissions for the years 2024 and 2023</div> <div>The scope of the 2023 emission covers Sinmag Taiwan Taipei head office, Taichung Branch and Kaohsiung Branch)</div> <div>The scope of the 2024 emission covers Sinmag Taiwan and Sinmag China.</div> <table><tr><th rowspan="2">Item/Year</th><th colspan="2">Emissions metric tons of CO2e per year</th></tr><tr><th>2023</th><th>2024</th></tr><tr><td>Category 1</td><td>172.7251</td><td>570.9737</td></tr><tr><td>Category 2</td><td>104.0531</td><td>4,409.7147</td></tr><tr><td>Total emissions</td><td>276.7782</td><td>4,980.6884</td></tr></table>	Item/Year	Emissions metric tons of CO2e per year		2023	2024	Category 1	172.7251	570.9737	Category 2	104.0531	4,409.7147	Total emissions	276.7782	4,980.6884	
Item/Year	Emissions metric tons of CO2e per year																	
	2023	2024																
Category 1	172.7251	570.9737																
Category 2	104.0531	4,409.7147																
Total emissions	276.7782	4,980.6884																

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies												
	Yes	No	Description													
			<div>2. Water Consumption and Waste (Data Coverage: Sinmag Taiwan Taipei head office, Taichung Branch and Kaohsiung Branch)</div> <table> <tr> <th>Item</th> <th>2023</th> <th>2024</th> </tr> <tr> <td>Water consumption (in metric tons)</td> <td>1,514</td> <td>1,382</td> </tr> <tr> <td>Hazardous waste (in metric tons)</td> <td>1.08</td> <td>1.04</td> </tr> <tr> <td>Non-hazardous waste (in metric tons)</td> <td>13.20</td> <td>13.20</td> </tr> </table> <div>In order to fulfill our corporate responsibility to protect the environment and reduce the impact of greenhouse gas emissions on the environment and climate caused by global warming, we are committed to continuing to promote energy conservation and carbon reduction measures, as well as implementing energy conservation and carbon reduction in our daily life, including: air-conditioning set at 25-28 degrees Celsius.</div>	Item	2023	2024	Water consumption (in metric tons)	1,514	1,382	Hazardous waste (in metric tons)	1.08	1.04	Non-hazardous waste (in metric tons)	13.20	13.20	
Item	2023	2024														
Water consumption (in metric tons)	1,514	1,382														
Hazardous waste (in metric tons)	1.08	1.04														
Non-hazardous waste (in metric tons)	13.20	13.20														

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
IV. Social issues				
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) The Company recognizes and voluntarily complies with internationally recognized human rights standards, such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the United Nations International Labour Organization, and establishes human rights protections that are disclosed on the Company's website.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, vacation, and other benefits) and appropriately reflect operating performance or results in employee	✓		(II) If the Company has any surplus in the current year, it shall allocate 2% to 10% for the employees' compensation and no more than 5% for the directors' compensation. In addition to regular salaries, the Company also provides bonuses based on Company performance and individual performance. This serves to motivate employees and share the results of our operations with them. The Company adheres to its people-oriented core values. In	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
compensation?			<p>addition to providing basic protection in accordance with the law, the Company attaches great importance to the welfare of its employees, such as the establishment of an Employee Welfare Committee, which arranges for various travel activities and welfare subsidies, group life insurance, gender-equal parenting and childcare leave-behind measures, a maternal health protection program, health checkups, and 6% of the New Pension Fund contribution, among others.</p>	
(III) Does the Company provide a healthy and safe work environment, and organize health and safety training for its employees on a regular basis?	✓		(III) The Company has taken out group insurance for employees in addition to the statutory labor and health insurance. In addition, regular free health checkups are provided, and personal and accidental disaster safety seminars are held regularly to build a safe workplace environment.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(IV) Does the Company establish effective career development and training plans for its employees?	✓		(IV) The Company provides employees with effective professional development training programs.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed

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

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
on environmental protection, occupational safety and health, or labor rights and its implementation?				
V. Does the Company refer to the internationally accepted reporting standards or guidelines for the preparation of reports that disclose the Company's non-financial information, such as a sustainability report? Has the aforesaid report received assurance or certification opinion of the third-party accreditation institution?		✓	V. The Company has complied with the relevant code of practice on Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and requirements but has not prepared a sustainability report.	Not applicable

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
VI. If the company has established its own sustainable development principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the implementation and any deviations from the Principles: In order to implement corporate social responsibility and facilitate the balance and sustainable development of the economy, society, and environmental ecology, the Company has formulated the "Sustainable Development Practice Principles" to strengthen the implementation of corporate social responsibility and incorporate it into the the management and operation of the Company. The Company has regularly reviewed the implementation status by the principles and made improvements accordingly. There has been no difference in implementation so far.				
VII. Other important information that helps to understand the Company's facilitation of sustainable development implementation: 1. Community participation, social contribution, social services, and social welfare The Company is enthusiastic about social welfare, and can immediately make donations to disadvantaged groups in need through professional institutions. The Company's donations in 2024 are as follows:				
Donated Unit				Donation Amount
Chung-Hua Foundation for Persons With Intellectual Disabilities, Eden Social Welfare Foundation (Eden Bakery & Cafe/Eden Canaan Garden), Down Syndrome Foundation, R.O.C,Children Are Foundation, Yu-Cheng Social Welfare Foundation (Zhongxiao Sheltered Workshop), Maria Social Welfare Foundation (Taichung City Love Home), TriBake Sustainability Co., Ltd. affiliated TriBake Sheltered Workshop, St.Mary’s Hospital (St.Mary Farm), Bethesda Home for Challenged Children and Adults, Guanyin Kindgarden, Yunlinsound Association, and the 1919 Food Bank (Chinese Christian Relief Association).				NT\$552,600

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
			Pastry expenses - Condolences to the nursing home, Yunlin Street Charity Association.	CNY 25,000
<p>2. Consumer rights</p> <p>To provide customers with comprehensive services and assurance, the Company communicates with customers in a timely manner in response to customer complaints, understands customer needs to facilitate the interaction between the Company and its customers, and reviews and improves in production and sales meetings from time to time.</p>				

Climate-Related Information of TWSE/TPEX Listed Company

Implementation of Climate-Related Information

Item	Implementation status				
1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	To achieve sustainable development goals, strengthen sustainability governance, and effectively reduce operational risks, the Company's Board of Directors resolved on August 9, 2024, to establish the "ESG Committee" directly reporting to the Board. The ESG Committee is responsible for formulating, promoting, and strengthening the Company's sustainability policies, annual plans, and strategies, as well as driving sustainability-related work and management. The Committee's task forces include a Sustainability Environment Team, which is responsible for climate change response mechanisms, and will report on climate change-related matters to the Board annually.				
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Timeframe	Risk Category	Risk Factors	Financial and Business Impact	Response Strategy
	Short-term (1-3 years)	Physical Risk	Extreme weather events such as typhoons	<ul style="list-style-type: none"> • Delay in construction progress and increase in operating costs • Decline or interruption in production capacity resulting in lower revenues • Damage to equipment and loss of assets • Disaster casualties 	Control meteorological information in real time and formulate emergency response plans for various types of extreme weather.

Item	Implementation status				
	Mid-term (3-5 years)		Average temperature rise	<ul style="list-style-type: none"> • High-temperature operations impair quality, leading to loss of customers, and decrease in revenue • Increase in electricity consumption at the plant, leading to higher costs and carbon emissions, resulting in an increase in operational expenses 	Rebuilding important sites such as factories, incorporate climate change factors into the construction process
	Short-term (1-3 years)	Transition Risk	Regulatory Policies	<ul style="list-style-type: none"> • Failure to meet customer demands has resulted in customer loss and a decrease in revenue 	Encourage suppliers to reduce carbon emissions.

Item	Implementation status			
		Increase in raw material costs	<ul style="list-style-type: none"> Increase in operating costs 	Establish a secondary sourcing mechanism and raw material substitution strategy.
	Mid-term (3-5 years)	Low-carbon technology	<ul style="list-style-type: none"> Increase in R&D expenses due to demand for low-carbon products 	Invest in research and development of low-carbon and energy-saving products and purchase energy-saving equipment.
	Timeframe	Opportunity Factors	Financial and Business Impact	Response Strategy
	Short-term (1-3 years)	Process optimization	<ul style="list-style-type: none"> Reduction in operating costs due to savings in energy consumption 	Purchase energy-saving equipment, formulate energy-saving policies and improve energy efficiency to reduce energy consumption and save operating costs.
		Adoption of renewable energy	<ul style="list-style-type: none"> Improve energy efficiency of buildings, reduce energy consumption, lower costs 	A rooftop solar photovoltaic system was installed on the plants to generate self-produced renewable energy.

Item	Implementation status			
			and increase revenue.	
	Long-term (over 5 years)	Participation in incentive policies	<ul style="list-style-type: none"> • Receive government subsidies to reduce capital expenditure 	Assess government grant programs.
		Develop low carbon products and services	<ul style="list-style-type: none"> • Increase in revenue due to higher demand for low-carbon products 	Continue to invest in the research and development of low-carbon products, and evaluate the use of raw materials with a low-carbon footprint when purchasing raw materials.
3. Describe the financial impact of extreme weather events and transformative actions.	<p><u>Extreme weather events</u></p> <p>The Company has assessed that extreme weather events, such as water shortages, typhoons and heavy rainfall, may cause disruptions in plant operations, increase in operating costs, decrease in revenues and loss of assets in the financial aspect. The Company will formulate emergency contingency plans for various types of extreme weather events to avoid the risk of impacts, and will continue to pay attention to the impacts of the weather to respond to and review the situation in a timely manner.</p> <p><u>Transformative actions</u></p> <p>As environmental laws and regulations are becoming more stringent and low-carbon products are becoming a trend, low-carbon transformation has become an important goal. Among them, the control of carbon fees and total greenhouse gas emissions, the regulation of renewable energy, and changes in consumer preferences may increase production and research and development costs, or reduce sales volume. The Company will implement measures such as research and development of low-carbon products,</p>			

Item	Implementation status
	formulating an energy policy, and upgrading energy-saving equipment, so as to comply with the regulations and move forward towards the goal of zero-emission.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company's Board of Directors is the highest decision-making body for risk control and directly supervises the Company's risk governance structure. To enhance risk assessment and strengthen management functions, the Sustainability Environment Team has been established under the ESG Committee Task Force. It is responsible for managing climate change response mechanisms and reports climate-related matters to the Board of Directors annually.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	<p>Sinmag conducts a materiality analysis based on its risk management process by comprehensively assessing the likelihood and impact of climate- and nature-related risks and opportunities. Meanwhile, two climate change scenarios were set for analysis with reference to the framework of the Task Force on Climate-related Financial Disclosures (TCFD)—a high-risk scenario where global temperatures rise by 6°C due to high carbon emissions, and a low-carbon transition scenario where temperature increases are limited to within 1.5°C.</p> <p>Through the analysis, multiple key risks and potential opportunities requiring priority management were identified, totaling five risk issues and four opportunity issues. In the short term (1–3 years), Sinmag focuses on enhancing operational responsiveness, including strengthening contingency plans for extreme weather events through improved access to meteorological information, improving supply chain stability, and promoting energy-saving projects to enhance process efficiency and reduce operating costs. In the medium term (3–5 years), Sinmag will continue to introduce energy-efficient equipment and self-generate renewable energy, strengthen water resource management mechanisms, and integrate information on nature-related dependencies and impact hotspots at operating sites and supplier locations as a basis for risk control and strategic adjustments. In the long term (over 5 years), the Company plans to</p>

Item	Implementation status
	further enhance the weather resilience of plant facilities by incorporating climate factors into the design during plant reconstruction, improving the overall resilience of operations and assets. Additionally, the Company will continue to invest in low-carbon product development and technological upgrades to deepen its green transition.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	In response to transition risks, Sinmag actively encourages its suppliers to reduce carbon emissions and has established a secondary supply source and substitution mechanism for raw materials to mitigate the impact of regulatory and market changes. For physical risks, the Company strengthens its contingency plans for extreme weather by closely monitoring meteorological information, aiming to reduce the potential losses to operational progress, production capacity, and assets caused by disasters. As for climate change scenarios such as high temperatures and rainfall, Sinmag incorporates climate factors during factory rebuilding to enhance weather resistance and operational resilience. Upon facing natural resource-related issues, the Company will assess the natural dependency and impact hotspots of its operational sites and suppliers' locations, strengthen water resource management and energy-saving mechanisms, and install solar power systems on plant rooftops to generate and utilize renewable energy.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	As at the date of the annual report, the Company has not used internal carbon pricing as a planning tool.

Item	Implementation status
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	As of the printing date of the annual report, the Company has not yet set any climate-related targets, and the Company will disclose the status of implementation in the annual report in the future.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	The Company has conducted its own inventory of greenhouse gases for the year 2024, but has not yet confirmed the information, and will disclose the relevant information in accordance with the Sustainable Development Roadmap published by the Financial Supervisory Commission in the future.

6. The State of the Company's Performance in Ethical Corporate Management, any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason thereof

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

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
<p>analyze and assess operating activities with high-potential unethical conduct in the business scope, and formulate precautionary measures against unethical conducts, which at least cover the precautionary measures stated in Article 7, paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?"</p> <p>(III) Does the company clearly define operating procedures, conduct guidelines, and punishment and appeal systems for violations in precautionary measures against unethical conduct, implement them, and regularly review the</p>	✓		<p>(III) The Company has established the "Code of Ethical Conduct," which has considerable penalties for the violation of social laws, public security management, corruption, collection of kickbacks, conflicts of interest, and other unethical conducts. The Code is included in the content of employee induction and on-the-job training and will be included in the regular</p>	<p>unethical conduct.</p> <p>In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof												
	Yes	No	Description													
measures above?			<p>evaluation of the employee performance appraisal system to ensure the implementation of ethical corporate management, and there is also a smooth complaint channel. The one-hour education and training for departments with high operational risks and new employees include the relevant regulations of ethical corporate management and punishment for violations to strengthen and promote the concept of ethical corporate management to employees.</p> <table><tr><th>Course topic</th><th>Companies</th><th>Year</th><th>Number of participants</th></tr><tr><td>Ethical corporate management principles</td><td>Sinmag Equipment (China) Co., Ltd.</td><td>2024</td><td>274 hours/137 people</td></tr><tr><td>Ethical corporate management principles</td><td>Sinmag Equipment Corporation</td><td>2024</td><td>3 hours/3 people</td></tr></table>	Course topic	Companies	Year	Number of participants	Ethical corporate management principles	Sinmag Equipment (China) Co., Ltd.	2024	274 hours/137 people	Ethical corporate management principles	Sinmag Equipment Corporation	2024	3 hours/3 people	
Course topic	Companies	Year	Number of participants													
Ethical corporate management principles	Sinmag Equipment (China) Co., Ltd.	2024	274 hours/137 people													
Ethical corporate management principles	Sinmag Equipment Corporation	2024	3 hours/3 people													

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
II. Fulfillment of ethical corporate management				
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		(I) The Company carefully evaluates the ethical records of its business counterparts. Once they violate the Company's principle of good faith, the Company will terminate all activities.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Does the Company established an exclusively dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least once a year) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as supervision of implementation?	✓		(II) The audit unit is responsible for the formulation, supervision, and implementation of the ethical corporate management policy, and reports to the Board of Directors regularly. There was a total of four reports in 2024.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

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

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
<p>conducts, or entrust CPAs to perform the audit?</p> <p>(V) Does the Company regularly hold an internal and external educational training on ethical corporate management?</p>	✓		<p>(V) The Company has incorporated ethical management in the corporate culture and regularly conducts educational advocacy at various meetings for implementation.</p>	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
<p>III. Operation of the whistle-blowing system</p> <p>(I) Does the Company establish both a reward and whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?</p> <p>(II) Does the Company establish standard operating procedures for the reported matters, follow-up</p>	<p>✓</p> <p>✓</p>		<p>(I) The Company has implemented the "Measures for the Administration of the Reporting System" to establish channels for reporting whistleblowing incidents and designate a department responsible for receiving such reports.</p> <p>(II) The Company has implemented the "Measures for the Administration of the Reporting System" to govern the investigation standards and operational procedures</p>	<p>In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>In compliance with the Ethical Corporate Management Best Practice</p>

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
<p>measures to be taken after the investigation is completed, and the relevant confidential mechanism?</p> <p>(III) Does the Company protect whistleblowers against receiving improper treatment?</p>	✓		<p>for handling whistleblower cases. The personal information of complainants and whistleblowers will be treated as confidential, and the investigation will be carried out in compliance with personnel management regulations.</p> <p>(III) The Company has implemented the "Measures for the Administration of the Reporting System" and strictly maintains confidentiality for the complainant or whistleblower of the complaint or whistleblowing matter to protect whistleblowers against receiving improper treatment.</p>	<p>Principles for TWSE/TPEX Listed Companies.</p> <p>In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>IV. Enhancing information disclosure</p> <p>(I) Does the Company disclose the content of its Ethical Corporate Management Principles and the results of implementation on its website and MOPS?</p>	✓		<p>(I) The Code of Conduct of Integrity established by the Company has disclosed the information observing station and the "Corporate Governance Area" of the Company's website (https://www.sinmag.com.tw/msg/message-重要公司內規-20.html).</p>	<p>In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
V.	If the Company has established its own ethical corporate management principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the implementation and any deviations from the Principles: None.			
VI.	Other important information for understanding the Company's integrity management: On December 7, 2023, the Company adopted the "Measures for the Administration of the Reporting System," which establishes a reporting channel and a unit to receive reports, standard operating procedures for the investigation of reported matters, and measures to protect the confidentiality of complainants' and whistleblowers' information in order to strengthen its integrity management operations. (e.g., the Company reviews and amends its ethical corporate management principles)			

7. Other material information that can enhance the understanding of the implementation of corporate governance: None.

8. Status of Internal Control System

(1) Statement of Internal Control System

Sinmag Equipment Corporation
Statement of Internal Control System

Date: March 11, 2025

The Company hereby states the results of the self-evaluation of the internal control system for 2024 as follows:

- I. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system is the responsibility of the Board of Directors and the managers, and the Company has established such system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals. In addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company uses the assessment items specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each constituent element includes a certain number of items. For more information on the aforementioned items, please refer to the Regulations.
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the determination in the preceding paragraph, the Company believes that, as of December 31, 2024, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors on March 11, 2025, and out of the nine directors in attendance, none objected to it and all consented to the content expressed in this statement.

Sinmag Equipment Corporation
Chairman: Shun-Ho Hsieh
President: Shun-Ho Hsieh

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

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

(1) Major resolutions of the Board of Directors

Date	Major resolutions
2024.03.13 16th meeting of the 14th term (1st in 2024)	<p>(1) Approved the distribution proposal of the Company's 2023 employee compensation and director compensation.</p> <p>(2) Approved the Company's 2023 business report, financial statements, and consolidated financial statements.</p> <p>(3) Approved the Company's earnings distribution for 2023.</p> <p>(4) Approved the acceptance of shareholders' proposal-related matters at the 2024 Annual Shareholders' Meeting for shareholders with more than 1% of the shareholding.</p> <p>(5) Approved the replacement of the Company's appointed CPA.</p> <p>(6) Approved the assessment of independence and competence of CPAs and the appointment and compensation of the CPAs for 2024.</p> <p>(7) Approved the amendment to the "Rules of Procedure for Shareholders' Meetings."</p> <p>(8) Approved the amendment to the Company's "Rules of Procedures for the Board of Directors' Meetings."</p> <p>(9) Approved the amendment to the Company's "Audit Committee Organization Rules."</p> <p>(10) Approved the amendment to the "Procedures for Acquisition or Disposal of Assets" of the subsidiary, Sinmag Equipment (China) Co., Ltd.</p> <p>(11) Approved the effectiveness assessment of the Company's internal control system design and implementation for 2023.</p> <p>(12) Approved the 2023 Statement of Internal Control System.</p> <p>(13) Approved the related matters concerning the convening of the Company's 2024 Annual Shareholders' Meeting.</p>
2024.05.09 17th meeting of the 14th term	<p>(1) Approved the Company's consolidated financial statements for the first quarter of 2024.</p> <p>(2) Approved the distribution proposal of the Company's</p>

Date	Major resolutions
(2nd in 2024)	individual director's compensation and managerial officers' employee compensation for 2023.
2024.06.21 18th meeting of the 14th term (3rd in 2024)	<ul style="list-style-type: none"> (1) Approved the formulation of the estimated earnings distribution plan for the Company's subsidiaries. (2) Approved the renewal of the financing line from Chang Hwa Commercial Bank. (3) Approved the application of the subsidiary Sinmag Equipment (China) Co., Ltd. for the initial public offering of ordinary shares denominated in CNY (A shares) and submission of supplement of items of undertaking for listing in ChiNext of Shenzhen Stock Exchange.
2024.08.09 19th meeting of the 14th term (4th in 2024)	<ul style="list-style-type: none"> (1) Approved the Company's consolidated financial statements for the second quarter of 2024. (2) Approved the renewal of the financing line from E.SUN Bank. (3) Approved the establishment of the Company's "ESG Committee and Organization Rules of the ESG Committee." (4) Approved the Company's appointment of members of ESG Committee.
2024.11.07 20th meeting of the 14th term (5th in 2024)	<ul style="list-style-type: none"> (1) Approved the Company's consolidated financial statements for the third quarter of 2024. (2) Approved the establishment of the Company's "Risk Management Policies and Procedures". (3) Approved the newly constructed plants by the subsidiary Sinmag Equipment (China) Co., Ltd.
2024.12.16 21th meeting of the 14th term (6th in 2024)	<ul style="list-style-type: none"> (1) Approved the Company's 2025 operating plan and budget. (2) Approved the establishment of the "Procedures for the Preparation and Assurance of Sustainability Reports." (3) Approved the amendment of the Company's Internal Control System and Internal Audit Implementation Rules. (4) Approved the Company's 2025 audit plan. (5) Approved the Company's 2024 year-end bonus distribution plan for managerial officers. (6) Approved the Company's 2025 donation budget. (7) Approved the establishmen of the Company's "Sustainable Development Policies."
2025.03.11 22th meeting of the 14th term	<ul style="list-style-type: none"> (1) Approved the distribution proposal of the Company's 2024 employee compensation and director compensation.

Date	Major resolutions
(1st in 2025)	<ul style="list-style-type: none"> (2) Approved the Company's 2024 business report, financial statements, and consolidated financial statements. (3) Approved the Company's earnings distribution for 2024. (4) Approved the application of the subsidiary Sinmag Equipment (China) Co., Ltd. for the initial public offering of ordinary shares denominated in CNY and main board listing on the Shanghai Stock Exchange. (5) Approved the cancellation and cessation of the execution of the original commitments in conjunction with the subsidiary Sinmag Equipment (China) Co., Ltd.'s application for a change in the listing segment. (6) Approved the reappointment of the legal representative, directors, and president of the subsidiary Sinmag Equipment (China) Co., Ltd. (7) Approved the comprehensive re-election of directors. (8) Approved the acceptance of shareholders' proposal-related matters at the 2025 Annual Shareholders' Meeting for shareholders with more than 1% of the shareholding. (9) Approved the acceptance of shareholders holding more than 1% of the total issued shares to nominate candidates for the directors (including independent directors). (10) Approved the nomination of candidates for the directors and independent directors. (11) Approved the proposal to lift the restrictions on non-competition for newly appointed directors and their representatives. (12) Approved the replacement of the Company's appointed CPA. (13) Approved the assessment of independence and competence of CPAs and the appointment and compensation of the CPAs for 2025. (14) Approved the establishment of the Company's "Measures for the Administration of Compensation Management." (15) Approved the amendment to the Company's "Articles of Incorporation." (16) Approved the amendment to the Company's "Remuneration Committee Organization Rules." (17) Approved the amendment to the Company's "Audit

Date	Major resolutions
	<p>Committee Organization Rules."</p> <p>(18) Approved the amendment of the Company's "Corporate Governance Practice Principles."</p> <p>(19) Approved the effectiveness assessment of the Company's internal control system design and implementation for 2024.</p> <p>(20) Approved the 2024 Statement of Internal Control System.</p> <p>(21) Approved the related matters concerning the convening of the Company's 2025 Annual Shareholders' Meeting.</p>
<p>2025.04.11</p> <p>23th meeting of the 14th term (2nd in 2025)</p>	<p>(1) Approved the acceptance of shareholders' proposal at the 2025 Annual Shareholders' Meeting for shareholders with 1% of the shareholding.</p> <p>(2) Approved the review of the nominated candidates for directors and independent directors.</p> <p>(3) Approved the repurchase of the Company's treasury stock.</p> <p>(4) Approved the amendment to the Company's "Regulations Governing the Supervision and Management of Subsidiaries."</p> <p>(5) Approved the related matters concerning the convening of the Company's 2025 Annual Shareholders' Meeting.</p>

(2) Major resolutions and implementation of the Shareholders' Meeting on Jun.21, 2024

A. Major resolutions

- a. To approve the proposal for 2023 Earnings Distribution
- b. To approve 2023 Business Report and Financial Statements
- c. Approved the amendment to the "Rules of Procedure for Shareholders' Meetings."

B. Status of implementation

- a. After the Company's earnings distribution proposal for 2023 was recognized by the Shareholders' Meeting, the Chairman the ex-dividend record date on June 18, 2024. The shareholder's cash dividend of NT\$452,072,178 was distributed on July 31, 2024.
- b. The Company has announced and uploaded the amended "Rules of Procedure for Shareholders' Meetings" to MOPS and handled them in accordance with the amended procedures.

- (3) Major resolutions and implementation of the Shareholders' Meeting on Jun.19, 2023
- A. Major resolutions
- To approve the proposal for 2022 Earnings Distribution.
 - To approve 2022 Business Report and Financial Statements.
 - Approved the amendment to the Company's "Procedures for Acquisition or Disposal of Assets."
- B. Status of implementation
- After the Company's earnings distribution proposal for 2022 was recognized by the Shareholders' Meeting, the Board of Directors convened a meeting on June 19, 2023 to set the ex-dividend record date. The shareholder's cash dividend of NT\$301,381,452 was distributed on August 4, 2023.
 - The Company has announced and uploaded the amended "Procedures for Acquisition or Disposal of Assets" to MOPS and handled them in accordance with the amended procedures.
10. Any dissenting opinion expressed by a director or supervisor with respect to a major resolution passed by the Board of Directors during the most recent fiscal year and up to the publication date of the Annual Report, where said dissenting opinion has been recorded or prepared as a written declaration and main content: None.
11. The Company's personnel related to the transparency of financial information have obtained the relevant licenses as specified by the competent authorities: One CIA license for the Company's audit department and one CPA license for the financial accounting personnel of the Company's subsidiary in Thailand.

(III) Information on CPA Professional Fees

Unit: NT\$ Thousand

CPA Firm	Name of CPA	CPA audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Keng-Hsi Chang	2024.01.01-2024.12.31	4,410	841	5,251	Note
	Chao-Mei Chen					

Note: The Company's audit fees for 2024 were NT\$4,410 thousand, including NT\$270 thousand for the issuance of the English financial statements reports. Other non-audit fees include NT\$290 thousand for tax compliance audit, NT\$305 thousand for transfer pricing reports, and NT\$146 thousand for financial typing and printing expenses, etc.

1. When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by ten percent or more, the reduction in the amount of the audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.

(IV) Information on Replacement of CPAs in the Last Two Years and thereafter

1. Regarding the former CPAs

Date of Replacement	March 13, 2024	March 11, 2025
Reason for replacement and explanation	Deloitte & Touche, which was appointed by the Company, in accordance with the internal rotation mechanism of accountants, has replaced the certifying duties of financial report examination (review) from the first quarter of fiscal year 2024 onward from Chiang-Hsun Chen and Chao-Mei Chen to Keng-Hsi Chang and Chao-Mei Chen.	Deloitte & Touche, which was appointed by the Company, in accordance with the internal rotation mechanism of accountants, has replaced the certifying duties of financial report examination (review) from the first quarter of fiscal year 2025 onward from Keng-Hsi Chang and Chao-Mei Chen to Keng-Hsi Chang and Li-We Liu.
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Not applicable	Not applicable
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the two most recent years, specify the opinion and the reasons	None	None
Disagreement with the Company	None	None
Other disclosures	None	None

2. Regarding the successor CPAs

CPA Firm	Deloitte & Touche	Deloitte & Touche
Name of CPA	Keng-Hsi Chang and Chao-Mei Chen	Keng-Hsi Chang, Li-We Liu
Date of appointment	Approved by the Board of Directors on March 13, 2024	Approved by the Board of Directors on March 11, 2025
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None	None

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

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

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

1. Share changes by directors, supervisors, managers, and major shareholders

April 8, 2025; Unit: Shares

Title	Name	2024		Current year as of April 8, 2025	
		Shareholding increase (decrease)	Pledged shares increase (decrease)	Shareholding increase (decrease)	Pledged shares increase (decrease)
Chairman and President	Shun-Ho Hsieh	0	0	0	0
Director	Yao-Tsung Wu	0	0	0	0
Director	Jui-Jung Chang	0	0	0	0
Director	Ming-Ching Hsieh	0	0	0	0
Director and Vice President	Shu-Chuan Hsiao	2,000	0	0	0
Director	Yu-Chuan Chang	0	0	0	0
Independent Director	Shih-Hung Chan	0	0	0	0
Independent Director	Huei-Wang Huang	0	0	0	0
Independent Director	San-Chien Tu	0	0	0	0
Manager of Finance Department	Yi-Wen Chen	0	0	0	0
Director, Sales & Marketing Division I	Chih-Hsien Chen (Note 1)	0	0	Not applicable	Not applicable
Director, R&D Department	Shiu-Tu Chen (Note 2)	0	0	Not applicable	Not applicable
Manager, Manufacturing Department	Tsai-Wang Huang	0	0	0	0
Manager, Engineering Department	Tai-Sheng Wang	0	0	0	0

Title	Name	2024		Current year as of April 8, 2025	
		Shareholding increase (decrease)	Pledged shares increase (decrease)	Shareholding increase (decrease)	Pledged shares increase (decrease)
Audit Manager	Shu-Yuan Li	0	0	0	0

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

Note 2: The Director of R&D Department, Shiu-Tu Chen, departed on August 18, 2024.

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

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

April 8, 2025; Unit: Shares

Name	Current shareholding		Spouse & minor shareholding		Total Shareholding Held in the Name of Others		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
Sheng Chia Investment Co., Ltd.	3,375,545	6.72%	0	0%	0	0%	Ming-Ching Hsieh	Director	None
							Ming-Feng Hsieh	Director	
							Li-Min Hsieh Chen	Supervisor	
							Ming-Hsiao Hsieh	Representative	
Representative of Sheng Chia Investment Co., Ltd.: Ming-Hsiao Hsieh	1,329,869	2.65%	231,680	0.46%	0	0%	Shun-Ho Hsieh	Father and son	None
							Ming-Ching Hsieh	Brother	
							Ming-Feng Hsieh	Brother	
							Li-Min Hsieh Chen	Mother and son	
Shun-Ho Hsieh	2,211,267	4.40%	1,121,564	2.23%	0	0%	Sheng Chia Investment Co., Ltd.	Invested companies	None
							Ming-Ching Hsieh	Father and son	
							Ming-Feng Hsieh	Father and son	

Name	Current shareholding		Spouse & minor shareholding		Total Shareholding Held in the Name of Others		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
							Ming-Hsiao Hsieh	Father and son	
							Li-Min Hsieh Chen	Spouse	
Ming-Ching Hsieh	2,112,980	4.21%	90,382	0.18%	613,000	1.22%	Shun-Ho Hsieh	Father and son	None
							Li-Min Hsieh Chen	Mother and son	
							Ming-Feng Hsieh	Brother	
							Ming-Hsiao Hsieh	Brother	
							Sheng Chia Investment Co., Ltd.	Invested companies	
Yao-Tsung Wu	1,788,616	3.56%	1,459,555	2.91%	0	0%	Pi-Yu Jen	Spouse	None
Pi-Yu Jen	1,459,555	2.91%	1,788,616	3.56%	0	0%	Yao-Tsung Wu	Spouse	None
Ming-Feng Hsieh	1,343,680	2.68%	65,835	0.13%	0	0%	Shun-Ho Hsieh	Father and son	None
							Ming-Ching Hsieh	Brother	None
							Ming-Hsiao Hsieh	Brother	

Name	Current shareholding		Spouse & minor shareholding		Total Shareholding Held in the Name of Others		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
							Li-Min Hsieh Chen	Mother and son	
							Sheng Chia Investment Co., Ltd.	Invested companies	
Ming-Hsiao Hsieh	1,329,869	2.65%	231,680	0.46%	0	0%	Shun-Ho Hsieh	Father and son	None
							Ming-Ching Hsieh	Brother	
							Ming-Feng Hsieh	Brother	
							Li-Min Hsieh Chen	Mother and son	
							Sheng Chia Investment Co., Ltd.	Invested companies	
Li-Min Hsieh Chen	1,121,564	2.23%	2,211,267	4.40%	0	0%	Shun-Ho Hsieh	Spouse	None
							Ming-Ching Hsieh	Mother and son	
							Ming-Feng Hsieh	Mother and son	
							Ming-Hsiao Hsieh	Mother and son	
							Sheng Chia Investment Co., Ltd.	Invested companies	

Name	Current shareholding		Spouse & minor shareholding		Total Shareholding Held in the Name of Others		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
Zimi Chemicals Co., Ltd.	853,000	1.70%	0	0%	0	0%	None	None	None
Representative of Zimi Chemicals Co., Ltd.: Yung-Sheng Kao	0	0%	230,000	0.46%	0	0%	None	None	None
Ching-Sung Chen	708,000	1.41%	0	0%	0	0%	None	None	None

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

April 30, 2025; Unit: Shares; %

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

III. Capital Overview

(I) Capital and Shares

1. Sources of capital

April 30, 2025; Unit: NT\$ thousands; thousand shares

Month/Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital increase by assets other than cash	Others
September 1983	\$10	900	9,000	400	4,000	Cash investment	None	Note 1
November 1985	\$10	1,000	10,000	1,000	10,000	600,000 shares offset by creditor's rights	Creditor's rights	Note 2
November 1991	\$10	1,800	18,000	1,800	18,000	800,000 shares offset by creditor's rights	Creditor's rights	Note 3
September 1995	\$10	2,300	23,000	2,300	23,000	500,000 shares of capital increase in connection with a merger	None	Note 4
June 1997	\$10	4,000	40,000	4,000	40,000	800,000 shares of capital increase by cash, 350,000 shares of capital increase by capital surplus, 550,000 shares of capital increase by retained earnings	None	Note 5
December 2003	\$10	42,000	420,000	21,000	210,000	17,000,000 shares of capital increase by cash	None	Note 6
January 2006	\$18	42,000	420,000	24,500	245,000	3,500,000 shares of capital increase by cash	None	Note 7
September 2006	\$10	42,000	420,000	27,110	271,100	2,450,000 shares of capital increase by retained earnings and 160,000 shares of employee stock dividends	None	Note 8
October 2007	\$10	42,000	420,000	31,350	313,500	4,066,500 shares of capital increase by retained earnings and 173,500 shares of employee stock dividends	None	Note 9
January 2008	\$10	42,000	420,000	35,170	351,700	3,820,000 shares of capital increase by cash	None	Note 10
August 2009	\$10	42,000	420,000	36,928.5	369,285	1,758,500 shares of capital increase by capital surplus	None	Note 11
September 2010	\$10	60,000	600,000	38,774.9	387,749	1,846,400 shares of capital increase by capital surplus	None	Note 12

Month/Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital increase by assets other than cash	Others
August 2011	\$10	60,000	600,000	40,713.7	407,137	1,938,700 shares of capital increase by retained earnings	None	Note 13
September 2012	\$10	60,000	600,000	42,749.4	427,494	2,035,700 shares of capital increase by retained earnings	None	Note 14
August 2013	\$10	60,000	600,000	44,886.8	448,868	2,137,400 shares of capital increase by retained earnings	None	Note 15
September 2014	\$10	60,000	600,000	47,580.0	475,800	2,693,200 shares of capital increase by retained earnings	None	Note 16
September 2015	\$10	60,000	600,000	48,531.6	485,316	951,600 shares of capital increase by retained earnings	None	Note 17
August 2018	\$10	60,000	600,000	50,230.2	502,302	1,698,600 shares of capital increase by retained earnings	None	Note 18

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

April 30, 2025; Unit: Shares

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

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

April 8, 2025; Unit: Shares; %

Name of major shareholder	Shares	Shareholdings (shares)	Shareholding ratio (%)
Sheng Chia Investment Co., Ltd.		3,375,545	6.72%
Shun-Ho Hsieh		2,211,267	4.40%
Ming-Ching Hsieh		2,112,980	4.21%
Yao-Tsung Wu		1,788,616	3.56%
Pi-Yu Jen		1,459,555	2.91%
Ming-Feng Hsieh		1,343,680	2.68%
Ming-Hsiao Hsieh		1,329,869	2.65%
Li-Min Hsieh Chen		1,121,564	2.23%
Zimi Chemicals Co., Ltd.		853,000	1.70%
Ching-Sung Chen		708,000	1.41%

3. The Company's dividend policy and implementation thereof:

(1) Dividend policy

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

Then, the Company shall set aside or reverse special reserve according to the regulations or the competent authority;
the remaining surplus, together with the opening retained surplus (including adjustment of the retained surplus amount),
shall be proposed by the Board of Directors with a surplus distribution proposal, and the shareholders' meeting shall propose the resolution of appropriation of the dividends.

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

Pursuant to Article 240 of the Company Act, the Company authorizes the Board of Directors to distribute cash dividends from the statutory surplus and capital reserves in accordance with Article 241 of the Company Act by resolution adopted by a majority in a meeting attended by two-thirds or more of the Directors, and the distribution shall then be reported to the shareholders' meeting. The Company's dividend policy is to be in line with the current and future development plans, considering the investment environment, capital needs, domestic and foreign competition, and taking into account the shareholders' interests and other factors. Every year, no less than 20% of the distributable earnings shall be allocated for the distribution of dividends to shareholders. The distribution of dividends to shareholders may be done in cash or stocks, in which the cash dividends shall not be less than 20% of the total dividends.

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

The Company's earnings distribution proposal for 2024 was proposed and approved by the Board of Directors on March 11, 2025 to distribute NT\$452,072,178 as cash dividends at NT\$9 per share, all distributed in cash. The proposal will be submitted to the Shareholders' Meeting for ratification on June 6, 2025.

(3) Expected major changes in dividend policy: None.

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

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

5. Compensation of employees and directors

- (1) The percentages or ranges of compensation of employees and directors as stipulated in the Company's Articles of Incorporation:

In accordance with the Articles of Incorporation of the Company, if the Company has any profit in the year, the Company shall allocate 2% to 10% of the pre-tax profit of the current period before deducting the distribution of employee and director compensation in the current year as the employee compensation. The Board of Directors shall resolve to distribute the profit by shares or cash, and the distributed parties may include the subordinate company's employees meeting certain conditions. The Company may, by resolution of the Board of Directors, allocate not more than 5% of the pre-tax profits of the current period before deducting the distribution of employee and director compensation in the current year as the director compensation. The distribution proposal of employee and director compensation shall be submitted to the Shareholder's Meeting. The distribution proposal of employee and director compensation shall be submitted to the Shareholder's Meeting.

However, if the Company still has accumulated losses, it shall reserve the amount to make up for the losses first, then allocate employee and director compensation in proportion to the preceding paragraph.

- (2) The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Company estimates the employee and director compensation on a pro-rata basis based on the net profit before tax before deduction of the employee and director compensation in the current year. When there is a difference between the actual distributed amount and the estimated amount, it shall be accounted as the profit and loss of the following year.

- (3) Information on any approval by the Board of Directors of distribution of compensation:

- A. The amount of any compensation distributed to employees and directors in cash or stocks:

On March 11, 2025, the Company's Board of Directors passed a resolution to distribute employee compensation of NT\$16,282,352 and director compensation of NT\$11,097,647, which is no different from the annual estimated amount of recognized expenses.

- B. The amount of any employee compensation distributed in stocks, and its proportion to net income of the Parent Company-only financial reports and total employee compensation for the current period:

In 2024, the Company did not propose to distribute employee compensation in stocks.

- (4) The actual distribution of employee and director compensation for the previous fiscal year:

The Company's Board of Directors resolved to distribute cash compensation of NT\$15,687,232 to employees and NT\$9,682,784 to directors for 2023 on March 13, 2024. There is no discrepancy between that actual distribution amount and the recognized amount.

6. Share repurchases:

- (1) The company has completed the execution of its share repurchases:None
(2) The company's share repurchases is currently in progress.

Unit:NTD/Shares:shares

Repurchase term	1st
Purpose of the share repurchase	To protect company reputation and shareholder equity
Type of shares to be repurchased	Common shares
Ceiling on total monetary amount of share repurchase	NTD 2,000,939,657
Scheduled period for the repurchase	2025/04/14~2025/06/13
No.of shares to be repurchased	1,000,000 shares
Repurchase price range	NT 90 ~NT 160
Type and no. of shares repurchased.	256,000 shares
Amount of repurchased shares	NTD 36,125,500
Ratio of shares repurchased to the planned no. of shares to be repurchased. (%)	25.60%

- (II) Corporate Bonds: None.
(III) Preferred Share: None.
(IV) Global Depository Receipts: None.
(V) Employee Stock Options: None.
(VI) New Restricted Employee Shares: None.
(VII) Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.
(VIII) Implementation of the Company's Capital Allocation Plans

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

IV. Operational Highlights

(I) Business Activities

1. Business scope

(1) Main business content

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

(2) Operating proportion

Unit: NT\$ Thousand

Main product	2024	Percentage of annual sales %
Mixer	840,721	17.55%
Divider Rounder and Moulder	290,848	6.07%
Sheeter	205,153	4.28%
Proofer	557,668	11.64%
Oven	1,819,532	37.97%
Slicer	86,280	1.80%
Fryer	3,905	0.08%
Refrigerator	45,697	0.95%
Show Case	31,765	0.66%
Food Service Equipment	305,620	6.38%
Other Machines	59,969	1.25%
Other Parts (Note)	412,579	8.61%
Bakeware	132,322	2.76%
Total	4,792,059	100.00%

Note: Includes service revenue

(3) The Company's current products and services

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

Service items of main products:

A. Bakery mixer series:

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

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

B. Cake mixer series:

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

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

C. Divider rounder series:

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

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

D. Moulder series:

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

E. Sheeter series:

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

F. Proofer Series:

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

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

The last fermentation machine is used for the final fermentation of bread before entering the oven. The fermentation cabinet provides the suitable temperature and humidity to the yeast in the dough for fermentation, reproduction and production of CO₂ gas, while providing the right humidity to protect the dough from dry crust.

G. Oven series:

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

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

The types of oven are as follows:

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

Slicer series:

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

(4) New products and services in development

- A. The research on the dividing cavity of the divider : The dividing cavity is the core component of the divider, directly determining the dividing quality and weight accuracy of the dough. In-depth research on its material and the clearance between it and the piston.
- B. Research on the ultrasonic humidification mechanism for the proofer: Focus on selecting and installing the ultrasonic humidifier, as well as the humidifier's humidity control system.
- C. Research on the upgrade of the steam package for the oven: Focus on the heat storage of the steam system and the orientation of the water spray nozzles to ensure the efficiency of steam conversion.
- D. Research on gas oven explosion prevention: Focus the causes of furnace explosions, the impact force of explosions, and the design of pressure relief devices for furnace explosion shock.
- E. Dough mixer with automatic flipping function: After the mixer finishes kneading the dough, the entire machine automatically tilts at a certain angle, allowing the dough to be automatically discharged, reducing manual labor.
- F. Research on the automatic dough pressing and curling of the fully automatic sheeter: Study of the curling principle of puff pastry, the transmission gear of the curling mechanism, and the automatic dough pressing procedure.
- G. Research on the hydraulic system upgrade of the divider rounder: Focus on piston material selection, the precision fit with the cylinder body, and the selection of sealing components
- H. Research on the auto-return mechanism of the glassdoor of the proofer: Focus on the auto-return mechanism of the door, the defogging method for the glassdoor, and its load-bearing structure.

2. Industry overview

(1) Industry status and development

With the rapid development of the economy and the continuous increase of national income, the pursuit of diet has gone from being full and progressing to eating well. Coupled with frequent international contacts and exchanges, the prevalence of the internet has facilitated the circulation of information, making the temptation of exquisite cuisine easier and faster to spread to every

consumer. Under such an environmental background, the catering industry has flourished, and the baking industry has naturally benefited a lot. In addition, due to changes in work style and the popularity of fitness and dieting concepts, bread, which was originally a supporting role for orientals, has gradually become the main choice for many urban men and women. With the rise of exquisite cuisine culture, pastries have become immensely popular with the help of the internet. Moreover, the substantial opening of cross-strait interactions has also led to the vigorous development of the souvenir market, which has brought the baking industry to a significant peak in recent years.

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

A. Baking Market in Taiwan

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

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

and access to the convenience of the road.

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

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

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

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

B. Baking Market in China

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

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

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

C. Development Trends of Chinese Baking Industry

a. Diversified sales channels and richer consumption scenarios

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

b. Focus on health, environment, innovation and intelligence

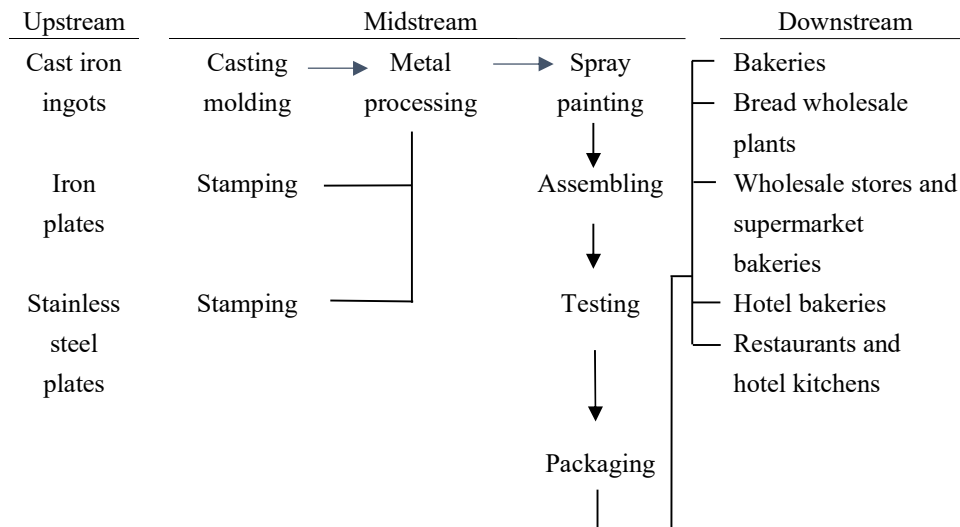
The future trend of bakery will focus more on health and environmental protection. As people are more and more concerned about their health, the bakery industry will continue to introduce healthier food products, such as using natural ingredients, low sugar, low fat, etc. At the same time, environmental protection will also become an important development direction for the bakery industry, such as the use of biodegradable materials and the reduction of waste. Secondly, future baking trends will focus more on personalization and innovation. With the ever-changing needs of consumers, the baking industry will continue to innovate and introduce more personalized and innovative products. For example, customized cakes, creative baking design.

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

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

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

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



(3) Various development trends of products

A. Increase in automation of production

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

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

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

C. Increase in market concentration

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

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

D. Increase in global competitiveness of China enterprises

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

(4) Competition

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

In terms of price and quality, global enterprises related to the commercial bakery equipment industry have excellent material and high quality products, but the price is often very high, so the price/performance ratio is not as good as that of Sinmag. In terms of sales and service, large foreign enterprises have many branches around the world, but very few branches in China. They lack comprehensive direct sales channels and after-sales service teams, and have to rely on middlemen for marketing and after-sales service, which results in after-sales service efficiency and quality being inferior to that of Sinmag. In addition, the product matrices of global companies in the commercial bakery equipment

sector are usually not rich and complete enough to satisfy customers' needs for one-stop shopping. As a result, global companies are not as competitive as Sinmag and their market share in China is lower than that of Sinmag. In addition, although some of the global enterprises are capable of producing products such as ovens, their main products are various types of catering equipment, hotel equipment and food processing machinery, which are different from the commercial bakery equipment that is the main focus of Sinmag, and therefore the competition between these enterprises and Sinmag in the field of commercial bakery equipment is not intense.

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

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

3. Technology and R&D Overview

(1) Technical level of the business

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

After years of development, Sinmag has accumulated rich production experience and technical capability, and the products produced are of high quality and good appearance, and have passed the product quality certification and environmental

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

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

Unit: NT\$ Thousand

Item	2024
R&D expenses	166,086
Net operating revenue	4,792,059
R&D expenses to net operating revenue ratio (%)	3.47%

- (3) Technology or products successfully developed

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

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

- A. Bakery Mixer Series.
- B. Cake Mixer Series.
- C. Divider Series.
- D. Sheeter Series.
- E. Proofer Series.
- F. Oven Series.
- G. Toast Producing Machine Series.
- H. Burger Producing Machine Series.
- I. The slicers.
- J. Donut Producing Machine Series.
- K. Pizza Producing Machine Series.
- L. Air Cooling Refrigerator Series.
- M. Show Case Series.
- N. Freezer Producing Machine Series.

- O. Freezing and Refrigerating Working Table Series.
- P. Danish Automatic Oil Wrapping Machine Series.
- Q. Sheeting Make Up Line Series.
- R. Combi Oven Series.
- S. Cake Machine Series.

The expected R&D equipment is as follows:

- A. The research on the dividing cavity of the divider : The dividing cavity is the core component of the divider, directly determining the dividing quality and weight accuracy of the dough. In-depth research on its material and the clearance between it and the piston.
- B. Research on the ultrasonic humidification mechanism for the proofer: Focus on selecting and installing the ultrasonic humidifier, as well as the humidifier's humidity control system.
- C. Research on the upgrade of the steam package for the oven: Focus on the heat storage of the steam system and the orientation of the water spray nozzles to ensure the efficiency of steam conversion.
- D. Research on gas oven explosion prevention: Focus the causes of furnace explosions, the impact force of explosions, and the design of pressure relief devices for furnace explosion shock.
- E. Dough mixer with automatic flipping function: After the mixer finishes kneading the dough, the entire machine automatically tilts at a certain angle, allowing the dough to be automatically discharged, reducing manual labor.
- F. Research on the automatic dough pressing and curling of the fully automatic sheeter: Study of the curling principle of puff pastry, the transmission gear of the curling mechanism, and the automatic dough pressing procedure.
- G. Research on the hydraulic system upgrade of the divider rounder: Focus on piston material selection, the precision fit with the cylinder body, and the selection of sealing components
- H. Research on the auto-return mechanism of the glassdoor of the proofer: Focus on the auto-return mechanism of the door, the defogging method for the glassdoor, and its load-bearing structure.

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

(1) Short-term business development plans

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

- B. Arranging and planning for the headquarters to visit each important development area to visit customers and assist in marketing and sales.
 - C. Replenish and train the shortage of manpower in the business and after-sales engineering organizations, expand the coverage and frequency of market visits and services, increase the number of inquiry cases, and follow up the recovery and development of the market in each region after the pandemic.
 - D. Promote the new appearance design combination equipment and refrigeration equipment to the market to expand sales.
 - E. Follow up to grasp the emerging bakery markets and online market platforms, actively participate in activities to promote the brand recognition of Sinmag, build up new customer relationships, and strive for new customer orders in the market.
 - F. Strengthen customer service, shorten product delivery time, ensure competitive advantage, and provide quality services to differentiate from other competitors and increase the company's value.
- (2) Long-term business development plans
- A. Promote food safety and certification of equipment specifications and popularize the use of stainless steel.
 - B. To develop new equipment to meet the needs of the international market in each country, to expand the sales area and equipment items, and to utilize the global synergy of resource sharing and cost reduction in product production, design, technology and sales channels.
 - C. Assisting agents in various countries to promote sales, including resuming support for bakery equipment exhibitions in various places, increasing visits to various places, providing professional technical and sales information, and assisting in increasing sales.
 - D. Integrate equipment specifications with production and adjust product mix to improve production efficiency, reduce cost and increase sales profit.
 - E. Continuously upgrade and improve the organization of sales and after-sales service, support resource investment, strengthen management and training according to the actual sales situation in each region to improve market competitiveness and increase sales.
 - F. Continuous R&D and innovation of equipment, creation of differentiated services, enhancement of customer satisfaction, and then increase the added value of products.

(II) Market, Production, and Sales Overview

1. Market Analysis

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

Unit: NT\$ Thousand

Year Region		2023		2024	
		Consolidated sales	Ratio	Consolidated sales	Ratio
Domestic sales		105,577	2.35%	102,410	2.13%
Export	America	1,335,784	29.69%	1,495,870	31.22%
	Asia	2,707,566	60.19%	2,842,581	59.32%
	Africa	123,938	2.75%	119,464	2.49%
	Europe	153,228	3.41%	152,691	3.19%
	Others	72,593	1.61%	79,043	1.65%
	Subtotal	4,393,109	97.65%	4,689,649	97.87%
Total		4,498,686	100.00%	4,792,059	100.00%

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

A. Market share

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

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

In recent years, with the accelerated pace of people's life and the penetration of western food culture, bakery products have gradually emerged in the breakfast market, showing a certain trend of regular meals, and the market scale of the industry has further increased under the dual impetus of the demand for regular meals and leisure demand for bakery products. According to the data, the market size of China's bakery industry was RMB265.7 billion in 2021, and the growth rate of the industry's market size from 2015 to 2019 was over 9%, much higher than the growth rate of the global bakery industry's market size, which is estimated to maintain at a growth rate of around 7% in the next five years as well. The market size of China's bakery products industry reached RMB285.3 billion

in 2022, representing a year-on-year growth of 9.7%. The market size is expected to reach RMB351.8 billion in 2025. Bakery products are basic consumer goods and are expected to continue to show steady growth after the lifting of the ban on bakery products.

Growth of China's baked goods market

a. Low per capita consumption, huge room for improvement

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

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

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

At present, the young generation is constantly pursuing a rich, convenient and fast lifestyle, and their dietary habits are gradually westernized, which in turn promotes the development of the baking industry. First of all, in terms of staple food structure, Western-style meals are more convenient to preserve and carry than traditional

Chinese meals such as soybean milk and oil sticks, noodles and buns, etc., and there are a variety of flavors and varieties, which is in line with the young generation's fast-paced and diversified life style. As a result, bakery products are expected to increase their penetration rate in staple food consumption. Secondly, cafes and cake and dessert stores are gradually becoming the main places for leisure and relaxation, and "beverage bakery" has become the mainstream of afternoon tea, while cakes and breads will grow steadily as leisure consumption. Finally, the prevalence of Western festivals and the pursuit of rituals by young people have also led to the rapid growth of baked goods as holiday consumption.

(3) Competitive niche

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

The Company emphasizes on product research and development, actively expands product series and lays out new product areas, and has formed 17 patents for invention, 98 patents for utility models, and 13 patents for design, which is far more than the number of patents of the same industry enterprises in China. Continuous investment in technology research and development has helped Sinmag to form a relatively complete product matrix of commercial bakery equipment. At present, Sinmag has nearly 300 product categories, covering almost all bakery equipment needs of bakery stores, supermarkets, restaurants and hotels, and central bakery factories, etc., and providing customers with personalized customized services.

As a leading company in China's commercial bakery equipment industry, Sinmag has grown into one of the most complete companies in the global commercial bakery equipment industry in terms of product line (product matrix), and one of the earliest companies in China to implement the full process of bakery equipment coverage. Currently, the Company's commercial bakery equipment includes mixers, egg beaters, splitters, rounders, shapers, baking boxes, freezer baking boxes, layer ovens, rotary ovens, hot air ovens, slicers, cake cabinets, etc., which are able to be used in the entire production process of bread, toast, cakes, cookies, pizzas, pastry and other types of bakery products, and cover the production, storage, display and other aspects. Based on the complete product line, the Company has launched the strategy of "one-stop shopping", which on one hand promotes cross-selling and enhances the customer unit price, and on the other hand helps customers to purchase all the commercial bakery

equipment required for opening a store in one-stop shopping, improves the efficiency of customers' procurement and acceptance, and ensures that the complete set of bakery equipment will be in place quickly when the basic renovation of the store is completed, thus shortening the time of procurement and preparation time for opening a store, and avoiding the need of purchasing and preparing for the opening of the store.

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

Sinmag is one of the few manufacturers in the commercial bakery equipment industry that focuses on direct sales in China. Currently, Sinmag has 40 offices or branches in China, which are managed by 13 sales regions, providing customers with quality and timely after-sales services.

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

- C. Internationalization ahead of other companies, global sales presence

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

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

Since its inception, Sinmag has been committed to the principle of "Service to Customers", believing that "Quality" and "Reputation" are the most important intangible assets of the Company, as well as the guarantee of developing customers and competing for business. In addition to continuous investment in research and development to ensure that customers can purchase advanced commercial bakery equipment, Sinmag insists on using high-standard raw materials and brand-name electronic

components such as motors and compressors on the production side, as well as implementing refined production and processing techniques to ensure that each piece of equipment leaves the factory with high product quality. On the after-sales side, Sinmag has a service team of more than 250 people in China, which is able to handle the after-sales repair and maintenance issues for customers in a timely manner.

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

E. Leading position in China

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

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

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

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

A. Favorable factors

a. Bakery market growth in China

According to the data, the bakery products market in China grew from \$278.38 billion in 2017 to \$377.90 billion in 2021, at a CAGR of 7.9%, and is expected to continue to grow at a rate of 8.3% over the next five years, and is expected to reach \$562.05 billion in 2026. Driving factors include higher per capita spending on bakery products, increased consumption of bakery products in more

scenarios (e.g., pre-dinner, afternoon tea, tea breaks, celebratory events, etc.), gradual substitution of bakery products for rice and noodles as an important part of the daily diet, and continuous product innovations by bakery stores.

b. Growth in the number of bakery stores in China

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

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

c. Increase in commercial bakery equipment penetration in bakery stores

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

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

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

In addition to bakery stores, western restaurants, fast food restaurants, hotels and other food and beverage establishments, consumers also purchase packaged bakery products from retail channels such as supermarkets, hypermarkets, convenience stores and e-commerce, which are often supplied through centralized factories. Over the past five years, the e-commerce channel has been

the fastest-growing channel for baked goods sales in China, increasing from \$11.07 billion in 2017 to \$29.55 billion in 2021, with a CAGR of 27.8% (Source: China Insights Consultancy). The rapid growth in e-commerce channel sales is driving a rapid rise in demand for commercial bakery equipment from centralized bakery factories. In addition, with the popularization of frozen dough technology in China and the increase in the chainization rate of bakery stores, the production model of purchasing frozen dough or semi-finished dough from centralized bakery factories for rising and baking in stores is gradually maturing, which is also driving the demand for commercial bakery equipment from centralized factories.

- e. Commercial bakery equipment industry continues to make technological advances

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

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

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

B. Unfavorable factors

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

After years of development, China's commercial bakery equipment industry has formed three major production centers in East China centered on Zhejiang, South China centered on Guangdong, and

North China centered on Shandong, but there are still fewer large-scale enterprises in the industry, and the market is flooded with a large number of small-scale enterprises and workshop-type factories, and the number of these factories is as high as thousands.

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

Countermeasures:

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

b. Rising operating costs

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

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

further development of the industry.

Countermeasures:

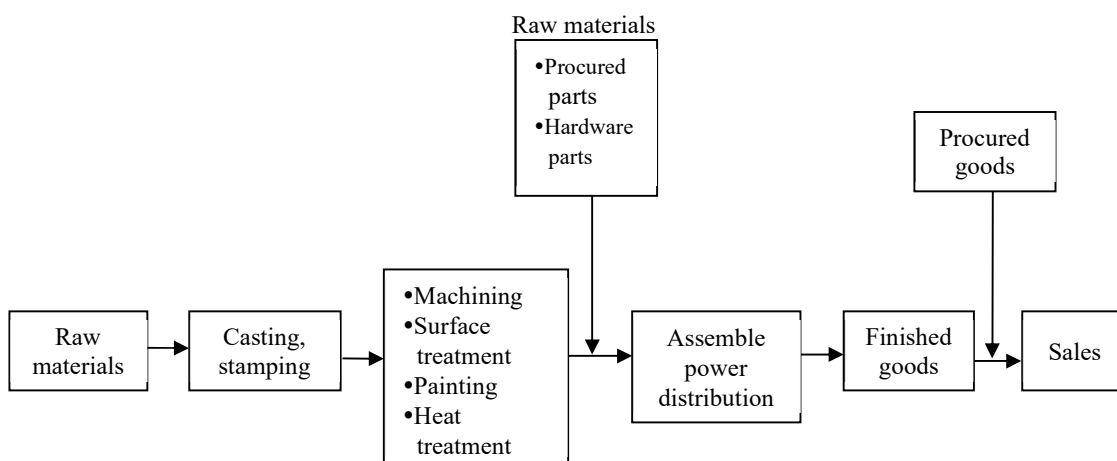
In addition to monitoring international raw material prices, the Company has strengthened its raw material inventory management in order to minimize the risk of loss on raw material prices. Moreover, the Company continuously improves and optimizes production processes to achieve the effect of saving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

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

2. Major applications and manufacturing process of main products

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

(2) Manufacturing process:



3. Supply of main raw materials

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

4. The names of the customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent two years, as well as the amount and proportion of purchases (sales), and the reasons for the increase or decrease.

(1) The Company has no supplier with more than 10% of the purchases in 2023 and 2024.

(2) The Company has no customers with more than 10% of the sales in 2023 and 2024.

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

Unit: Person

Year		2023	2024	As of April 30, 2025
Number of employees	Administration personnel	869	880	892
	Direct labor	523	527	527
	Total	1,392	1,407	1,419
Average age		42.09	42.52	42.94
Average year of services		12.38	12.81	13.03
Academic distribution ratio	Ph.D.	0.07%	0.07%	0.07%
	Master's degree	0.50%	0.50%	0.49%
	Bachelor's degree	43.11%	43.35%	43.48%
	Senior high school	34.34%	34.40%	34.32%
	Below senior high school	21.98%	21.68%	21.64%

(IV) Environmental Protection Expenditure

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

(V) Labor Relations

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

- (1) Various employee welfare measures and implementation status

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

- A. The Company's Employee Welfare Committee organizes various tourism activities and year-end dinners every year.
 - B. In addition to statutory labor and health insurance, employees are also covered by group insurance (life insurance, accident insurance, and hospitalization insurance).
 - C. The Company values the results of employee health checkups, and for employees whose checkups are abnormal or special, the Company proactively assists them in tracking treatment or observation to ensure the health of employees.
 - D. Welfare matters such as Mid-Autumn Festival mooncakes, accommodation, and car service.
 - E. Provide various welfare subsidies for weddings and funerals, grants, and emergency relief.
 - F. To enhance the Company's competitiveness, a comprehensive training program is made for employees' career planning and professional skills.
 - G. To increase employee cohesion, the systems of employee compensation and fair evaluation and promotion have been set up.

- (2) Continuing education, training, and implementation status

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

The Group's employee training in 2024 is as follows:

Unit: NT\$

Item	Total number of employees	Total hours	Total expenses
Orientation training	63	712	0
Professional competency training	830	3,574	1,339,028
Management skills training	2	36	23,500
Safety and health training	847	1,652.5	15,901
Fire marshaling training	947	2,711	0
Total	2,689	8,685.5	1,378,429

(3) Retirement system and implementation status

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

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

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

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

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

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

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

3. Code of Employee Conduct or Ethics:

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

(1) Hierarchical responsibility:

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

(2) Specify the work duties of each unit:

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

(3) Reward and punishment specification:

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

- (4) Performance management:
The Company has always adopted a "fair, impartial and open" attitude to the employee performance evaluation and carried it out based on the "Personnel Evaluation Measures" and assessment plan. Conduct an annual performance evaluation process for different positions, give appropriate feedback to employees' work performance, and help make future development plans for the subordinates.
- (5) Attendance management:
To establish good discipline to upgrade the quality of work and to make employees follow their attendance and leave operations, the "Regulations Governing Employee Leave" was formulated and the duty proxy system was implemented.
- (6) Maintenance of trade secrets:
To ensure business interests and enhance the Company's competitiveness, employees have the obligation to strictly keep confidential Company business secrets. In order to avoid damage to the Company due to leaks, aside from expressly stipulated in the Regulations Governing Personnel Management, employees must sign labor contracts with specifications in the content to protect the Company's business secrets more comprehensively.
- (7) Sexual harassment prevention:
The Company has established sexual harassment prevention and complaint channels to provide a work and service environment free of sexual harassment.

4. Protective measures for the working environment and personal safety of employees of the Company and its subsidiaries:

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

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

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

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

(VI) Information security management

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

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

(1) Information security risk management

- A. The information security management team is set up by the information officer of the Company. The information department is responsible for leading and planning, and each business-related unit cooperates in the execution to ensure the effectiveness of the Company's information security management operation.
- B. This team is responsible for formulating the policy on information security management and reviewing and amending it periodically.
- C. The team meets regularly to review implementation and reports regularly to the Board of Directors on implementation and review on an annual basis.

(2) Targets and scope of information security

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

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

(3) Information security policy

- A. The Company has established an information security policy and information security management measures to manage information security risks.
- B. Computer equipment security management
 - a. The Company's application servers and other equipment are located in a dedicated server room, and records of access to and from the server room are kept for inspection.
 - b. The mainframe of the server room is equipped with uninterruptible power supply and voltage stabilizing equipment to avoid system crashes caused by unexpected power outages, or to ensure that the operation of computer applications will not be interrupted in the

event of a temporary power failure.

C. Network security management

- a. The entrance to the external network is equipped with a firewall to prevent hackers from illegally invading the system.
- b. To access the system remotely from the Company's intranet, colleagues must apply for a VPN account and use the VPN security method to log in and use the system. VPN user connection records are available for review and control in the firewall logs, reducing the risk of network infections or attacks.

D. Virus protection and management

- a. Endpoint protection software is installed on servers and colleagues' terminal computers. The virus code is automatically updated to ensure that the latest viruses can be blocked, and at the same time, potential threats can be detected and prevented from installing system executable files.
- b. Spam filtering mechanism is built in to prevent viruses or spam from entering the user's computer.

E. System access control

- a. The use of the application system by employees is subject to the Company's internal system privilege application procedure, which is approved by the supervisor in charge and the system account is created by the Information Department, and the access is authorized by the system administrator in accordance with the functional privileges applied for.
- b. The password of the account is set with appropriate strength.
- c. The Information Department will delete the system accounts when the employees leave the Company.

F. Ensure the operation of the system

- a. System backup: A backup management system has been established with a daily backup mechanism and off-site backup.
- b. Disaster recovery drills: Implement disaster recovery drills twice a year.

G. Information security promotion and training

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

- b. Regularly implement information security education and training, information security policy and related implementation regulations.
- (4) Information security specific management program
 - A. Firewall protection
 - a. The firewall sets the connection rules.
 - b. Additional openings are required for special connectivity needs.
 - B. User access control mechanism
 - a. Use an automated web site protection system to control users' online behavior.
 - b. Automatically filter users' Internet access to sites that may be linked to Trojan horse, ransomware or malware programs.
 - C. Anti-virus software: Use anti-virus software and automatically update the virus code to reduce the chance of virus infection.
 - D. Mail security control
 - a. There is automatic email scanning threat protection to prevent unsafe attachments, phishing emails, and spam before users receive emails, as well as expanded protection against malicious links.
 - b. When a PC receives an email, the antivirus software also scans it for unsafe attachments.
 - E. Data backup mechanism
 - a. Critical information system databases are set to be backed up on a daily basis.
 - b. Build off-site backup.

(5) Resources for information security

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

(6) Emergency notification procedures

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

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

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

(VII) Important Contracts

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

Contract nature	Party	Contract period	Main content	Restriction clause
Construction contract	Wuxi Xijian Xinsheng Construction Engineering Co., Ltd.	2024.12.01-2025.11.10	Sinmag Equipment (China) Co., Ltd., a third-tier subsidiary of the Company, contracted Wuxi Xijian Xinsheng Construction Engineering Co., Ltd, for plant construction.	None
Construction contract	Jiangsu Zhihuiyou Construction Engineering Co., Ltd.	2025.02.18-2026.06.18	Contracted Jiangsu Zhihuiyou Construction Engineering Co., Ltd. to undertake the renovation of fire safety equipment.	None

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

(I) Financial Position

1. Comparative analysis of the financial position

(1) Consolidated Financial Statements

Unit: NT\$ Thousand

Item \ Year	December 31, 2024	December 31, 2023	Difference	
			Increases (decreases)	%
Current assets	2,706,442	2,403,227	303,215	13%
Property, plant, and equipment	1,299,093	1,180,795	118,298	10%
Intangible assets	6,437	8,231	(1,794)	-22%
Other assets	454,869	389,865	65,004	17%
Total assets	4,466,841	3,982,118	484,723	12%
Current liabilities	991,894	827,702	164,192	20%
Non-current liabilities	161,247	173,591	(12,344)	-7%
Total liabilities	1,153,141	1,001,293	151,848	15%
Equity attributable to owners of the parent company	3,171,740	2,856,738	315,002	11%
Share capital	502,302	502,302	0	0%
Capital surplus	206,827	206,827	0	0%
Retained earnings	2,533,440	2,302,847	230,593	10%
Other equity	(70,829)	(155,238)	84,409	54%
Treasury stock	0	0	0	0%
Non-controlling interest	141,960	124,087	17,873	14%
Total equity	3,313,700	2,980,825	332,875	11%

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

1. Increase in current liabilities: Mainly due to the reclassification of long-term loans that are due within one year to current liabilities.
2. Increase in other equity: The decrease was mainly due to the Increase in exchange differences on the translation of the financial statements of foreign operations as a result of exchange rate fluctuations.

(2) Parent Company-only Financial Statements

Unit: NT\$ Thousand

Item \ Year	December 31, 2024	December 31, 2023	Difference	
			Increases (decreases)	%
Current assets	289,589	272,896	16,693	6%
Property, plant, and equipment	123,575	114,969	8,606	7%
Intangible assets	14	31	(17)	-55%
Other assets	3,021,316	2,747,692	273,624	10%
Total assets	3,434,494	3,135,588	298,906	10%
Current liabilities	127,761	147,867	(20,106)	-14%
Non-current liabilities	134,993	130,983	4,010	3%
Total liabilities	262,754	278,850	(16,096)	-6%
Share capital	502,302	502,302	0	0%
Capital surplus	206,827	206,827	0	0%
Retained earnings	2,533,440	2,302,847	230,593	10%
Other equity	(70,829)	(155,238)	84,409	54%
Treasury stock	0	0	0	0%
Non-controlling interest	0	0	0	0%
Total equity	3,171,740	2,856,738	315,002	11%
In the last two years, the ratio of increase or decrease has changed by 20% and the amount of change has reached NT\$10 million or more. The analysis is as follows:				
1. Increase in other equity: The decrease was mainly due to the Increase in exchange differences on the translation of the financial statements of foreign operations as a result of exchange rate fluctuations.				

(II) Financial Performance

1. Analysis of financial performance

(1) Consolidated Financial Statements

Unit: NT\$ Thousand

Item \ Year	2024	2023	Difference	
			Increases (decreases)	%
Operating revenue	4,792,059	4,498,686	293,373	7%
Operating costs	(2,710,054)	(2,593,232)	116,822	5%
Gross profit	2,082,005	1,905,454	176,551	9%
Operating expenses	(1,108,945)	(1,030,555)	78,390	8%
Operating profit	973,060	874,899	98,161	11%
Non-operating income and (expenses)	117,029	60,382	56,647	94%
Net income before tax	1,090,089	935,281	154,808	17%
Income tax expenses	(361,726)	(298,922)	62,804	21%
Net income after tax	728,363	636,359	92,004	14%
Analysis of the increase and decrease ratio: 1. Increase in non-operating income: Mainly due to the increase in grant funds. 2. Increase in income tax expense: Mainly due to the higher profitability resulting from increased demand in overseas markets, which led to a rise in income tax expenses.				

(2) Parent Company-only Financial Statements

Unit: NT\$ Thousand

Item \ Year	2024	2023	Difference	
			Increases (decreases)	%
Operating revenue	379,955	387,085	(7,130)	-2%
Operating costs	(300,420)	(291,701)	8,719	3%
Gross profit	79,535	95,384	(15,849)	-17%
Operating expenses	(108,592)	(102,647)	5,945	6%
Operating (loss) profit	(30,709)	(6,708)	(24,001)	-358%
Non-operating income and (expenses)	807,164	681,089	126,075	19%
Net income before tax	776,455	674,381	102,074	15%
Income tax expenses	(93,790)	(71,344)	22,446	31%
Net income after tax	682,665	603,037	79,628	13%
Analysis of the increase and decrease ratio:				
1. Decrease in gross profit and operating net income: Mainly attributable to the adjustment of the Group's sales policy.				
2. Increase in non-operating income, net income before tax and net income after tax: Mainly attributable to the increase in profit due to the increase in demand in overseas markets.				
3. Increase in income tax expense: Mainly due to the higher income tax resulting from the repatriation of overseas earnings, which led to an increase in income tax expenses.				

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

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

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

(III) Cash flow

1. Analysis of cash flow changes in the previous year:

(1) Consolidated Financial Statements

Year Item	2024	2023	Increase (decrease) ratio
Cash flow ratio %	71.83	98.77	-27.28%
Cash flow sufficiency ratio %	112.35	120.26	-6.58%
Cash reinvestment ratio %	5.46	13.00	-58.00%
Change ratio analysis: The decrease in cash flow ratio and cash reinvestment ratio was mainly due to the decrease in net cash inflow, which resulted from advance stocking for future orders, which resulted in an decrease in the ability of cash flows from operating activities to cover current liabilities.			

(2) Parent Company-only Financial Statements

Item \ Year	2024	2023	Increase (decrease) ratio
Cash flow ratio %	(106.70)	(82.39)	-29.51%
Cash flow sufficiency ratio %	(18.07)	(7.79)	-131.96%
Cash reinvestment ratio %	(17.67)	(14.13)	-25.05%
Change ratio analysis: 1. The decrease in cash flow ratio was mainly due to the net cash outflow from operating activities, which resulted in a decrease in the ability of cash flows from operating activities to cover current liabilities. 2. The decreases in cash flow sufficiency ratio and cash reinvestment ratio were mainly due to the increase in net cash outflows from operating activities.			

2. Enhancement plan for insufficient liquidity: No cash shortage is expected.

3. Analysis of cash liquidity in the coming year:

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

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

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

1. Reinvestment policy for the most recent fiscal year:

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

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

The Company's reinvestment using the equity method all focuses on long-term strategic purposes. In 2024, the profit from reinvestment under the equity method is NT\$800,612 thousand. In the future, the reinvestment plan will proceed with careful evaluation based on the principle of long-term strategic investment.

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

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

Unit: NT\$ Thousand

Item of the year	2024	2023
Interest income	32,518	27,273
Interest expenses	1,347	1,723
Net operating revenue	4,792,059	4,498,686
Operating profit	973,060	874,899
Interest income/net operating revenue (%)	0.68%	0.61%
Interest income/operating profit (%)	3.34%	3.12%
Interest expense/net operating revenue (%)	0.03%	0.04%
Interest expense/operating profit (%)	0.14%	0.20%

The Company's interest expense for 2024 is NT\$1,347 thousand, which accounts for 0.03% and 0.14% of the year's net operating income and operating profit respectively. To avoid the impact of interest rate changes, the Company will take the following countermeasures as appropriate:

- A. To strengthen the financial structure, the cash capital increase will be timely conducted in the future according to the operating conditions and capital needs to reduce the dependence on bank financing.
- B. Enhance the accounts receivable turnover rate, increase working capital, and reduce bank borrowings.
- C. Regularly evaluate the interest rate of bank borrowings and obtain the average market interest rate at the same time, and keep in close contact with the bank to strive for the most favorable borrowing rate.

(2) Risk of exchange rate changes

Unit: NT\$ Thousand

Item of the year	2024	2023
Net exchange (loss) gain	40,698	13,465
Net operating revenue	4,792,059	4,498,686
Operating profit	973,060	874,899
Net exchange (loss) gain/net operating revenue (%)	0.85%	0.30%
Net exchange (loss) gain/operating profit (%)	4.18%	1.54%

The Company is mainly for export and mostly quotes and receives payments in US dollars. Therefore, exchange rate changes have a certain impact on the Company's profit and loss. The net exchange profit for 2024 is NT\$40,698 thousand. In the future, we will strengthen the management of foreign exchange risk and continue to implement the following measures to cope with the impact of exchange rate fluctuations:

- A. Fully grasp the latest exchange rate trend and adjust the foreign currency position promptly.
- B. By controlling the mutual offset of recurring foreign currency receivables and payables, exchange rate changes have a certain degree of internal hedging effect.
- C. For payables denominated in foreign currency, judge the exchange rate trend and analyze the exchange gains and losses, choose to repay in advance or borrow from the bank for payments to avoid the risk of exchange rate fluctuation, and achieve the purpose of cost-saving.
- D. Open a foreign currency deposit account in the bank, and deposit the foreign currency remittances into the foreign currency account, and convert it into NT dollars or other strong foreign currencies according to the capital needs and exchange rate trends to achieve the most appropriate allocation of capital position.
- E. When the exchange rate fluctuates greatly, other tools are used to avoid exchange risk, such as trading forward foreign exchange, to avoid the risk of the exchange rate change.

(3) Risk of inflation

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

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

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

materials.

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

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

- (1) The Company and its subsidiaries did not engage in high-risk, high-leverage investments in 2024 and as of the publication date of the annual report.
- (2) The Company and its subsidiaries have no loan to others in 2024 and as of the publication date of the annual report.
- (3) Sinmag Equipment (China) Co., Ltd. engaged in derivative transactions with a written-off amount of RMB285 million and a realized profit of RMB974,180.83 in 2024, and engaged in derivative transactions with a written-off amount of RMB 40 million and an un-written-off amount of RMB 40 million with a realized profit of RMB 204,986.30 as at April 30, 2025, respectively. The derivative financial commodity traded is the use of the Company's idle funds for financial planning. The products traded are all structured deposit commodities with guaranteed capital and income. The banks dealing with transactions are the banks that the Company deals with, which can avoid system and credit risks without incurring losses.

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

- 3. Future R&D project and R&D expenditure to be invested

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

Expected future R&D project

Project name	Mass production	schedule	Project content	Main factors of success	Current progress	Expected future expenditure
Research on the dividing cavity of the divider	The test is scheduled for August 2025, and a sample machine and a research report are expected to be completed in November 2025.	The dividing cavity is the core component of the divider, directly determining the dividing quality and weight accuracy of the dough. In-depth research on its material and the clearance between it and the piston is expected.	Research on the material and clearance fit of the cavity of the divider.	Research on the material and clearance fit of the dividing cavity can improve equipment quality, extend the service life of the divider, and enhance market competitiveness.	Data is currently being collected.	Depends on the project execution status.
Research on the ultrasonic humidification mechanism for the proofer	The test is scheduled for June 2025, and a sample machine is expected to be manufactured in October 2025.	The ultrasonic humidifier has a compact structure, is easy to install, and can produce a relatively large amount of steam, making its use in proofers worth researching.	Research on selecting and installing the ultrasonic humidifier, as well as the humidifier's humidity control system.	The ultrasonic humidifier generates a high level of humidity while maintaining a low temperature rise, making it less likely to affect the internal temperature of the proofer. Enhance the competitiveness of the equipment market.	A test device is available.	Depends on the project execution status.
Research on the upgrade of the steam package for the oven	The test is scheduled for October 2025, and a sample machine is expected to be	Improving the oven's steam conversion rate during its operation to ensure the required steam content for the baking process of the product.	Research on the heat storage of the steam system and the orientation of the water spray nozzles to ensure the efficiency of steam conversion.	Improve the quality of equipment to enhance market competitiveness.	Research plans are available.	Depends on the project execution status.

Project name	Mass production	schedule	Project content	Main factors of success	Current progress	Expected future expenditure
	manufactured in December 2025.					
Research on gas oven explosion prevention:	The test is scheduled for August 2025, and the research is expected to finish in November 2025.	When an explosion occurs inside the furnace, the pressure relief device is relied upon to release the excess pressure inside the furnace, protecting both the furnace and personnel.	Research on the causes of furnace explosions, the impact force of explosions, and the design of pressure relief devices for furnace explosion shock.	Enhance the safety of gas ovens.	Preliminary research plans are available.	Depends on the project execution status.
Dough mixer with automatic flipping function	The test is scheduled for May 2025, and the research is expected to finish in October 2025.	After the mixer finishes kneading the dough, the entire machine automatically tilts at a certain angle, allowing the dough to be automatically discharged, reducing manual labor.	Research the body rotation mechanism of the mixer, the selection and installation of the hydraulic system, and the force conditions of the entire machine.	Satisfy the customer's needs and develop the market.	3D modeling is available.	Depends on the project execution status.
Research on the automatic dough pressing and curling of the fully	The test is scheduled for August 2025, and a sample machine is expected to be manufactured in October 2025.	The sheeter automatically presses and rolls the dough neatly and beautifully, reducing the manual labor.	Research on the curling principle of puff pastry, the transmission gear of the curling mechanism, and the automatic dough pressing procedure.	Improve the function of the sheet to enhance the Company's competitiveness in the market.	3D modeling is available.	Depends on the project execution status.

Project name	Mass production	schedule	Project content	Main factors of success	Current progress	Expected future expenditure
automatic sheeter						
Research on the hydraulic system upgrade of the divider rounder	The test is scheduled for April 2025, and a sample machine is expected to be manufactured in October 2025.	The multi-control oil cylinder is the core component of the hydraulic system, governing the dough pressing and dividing process, while preventing internal leakage. In-depth research is required.	Focus on piston material selection, the precision fit with the cylinder body, and the selection of sealing components	Improve the quality of equipment to enhance market competitiveness.	The plan is under development.	Depends on the project execution status.
Research on the auto-return mechanism of the glassdoor of the proofer:	The test is scheduled for June 2025, and a sample machine is expected to be manufactured in September 2025.	Large glass door is aesthetically pleasing, but it is heavy, making the design of the load-bearing structure more challenging. Additionally, the defogging method is more complex and requires further research.	Research on the auto-return mechanism of the door, the defogging method for the glassdoor, and its load-bearing structure.	The large glass door structure is aesthetically pleasing, providing better visibility of the proofing process inside, which can enhance the Company's market competitiveness.	Tests have been conducted.	Depends on the project execution status.

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

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

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

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

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

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

The Company upholds the principle of integrity and down-to-earth business philosophy and actively strengthens internal management to improve quality and

efficiency. Moreover, the Company continues to introduce more outstanding talents, build up the strength of the management team, and then return the results of its operations to the shareholders and the public to fulfill the corporate social responsibility. As the Company has a good corporate image, there is no corporate crisis caused by changes in corporate image.

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

8. Expected benefits and possible risks associated with any plant expansion and measures to be taken in response:

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

- A. Anticipated benefits: Enhance production efficiency, reduce operating costs, and maximize production capacity.

- B. Possible risks:

- a. The challenges of capital utilization and the significant increase in the size of assets and staff.
- b. Utilization rates may not be as expected.

- C. Measures: Gradual transfer of production capacity replacement.

9. Risks associated with any concentration of sales or purchases operations and measures to be taken in response: Not applicable to the Company.
10. The effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and measures to be taken in response: None.
11. The effect upon and risk to the Company associated with any change in governance personnel or top management, and measures to be taken in response: The Company has a stable management structure for a long time, and there is no risk of change in governance personnel or top management in the future.

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

(VII) Other Important Matters: None.

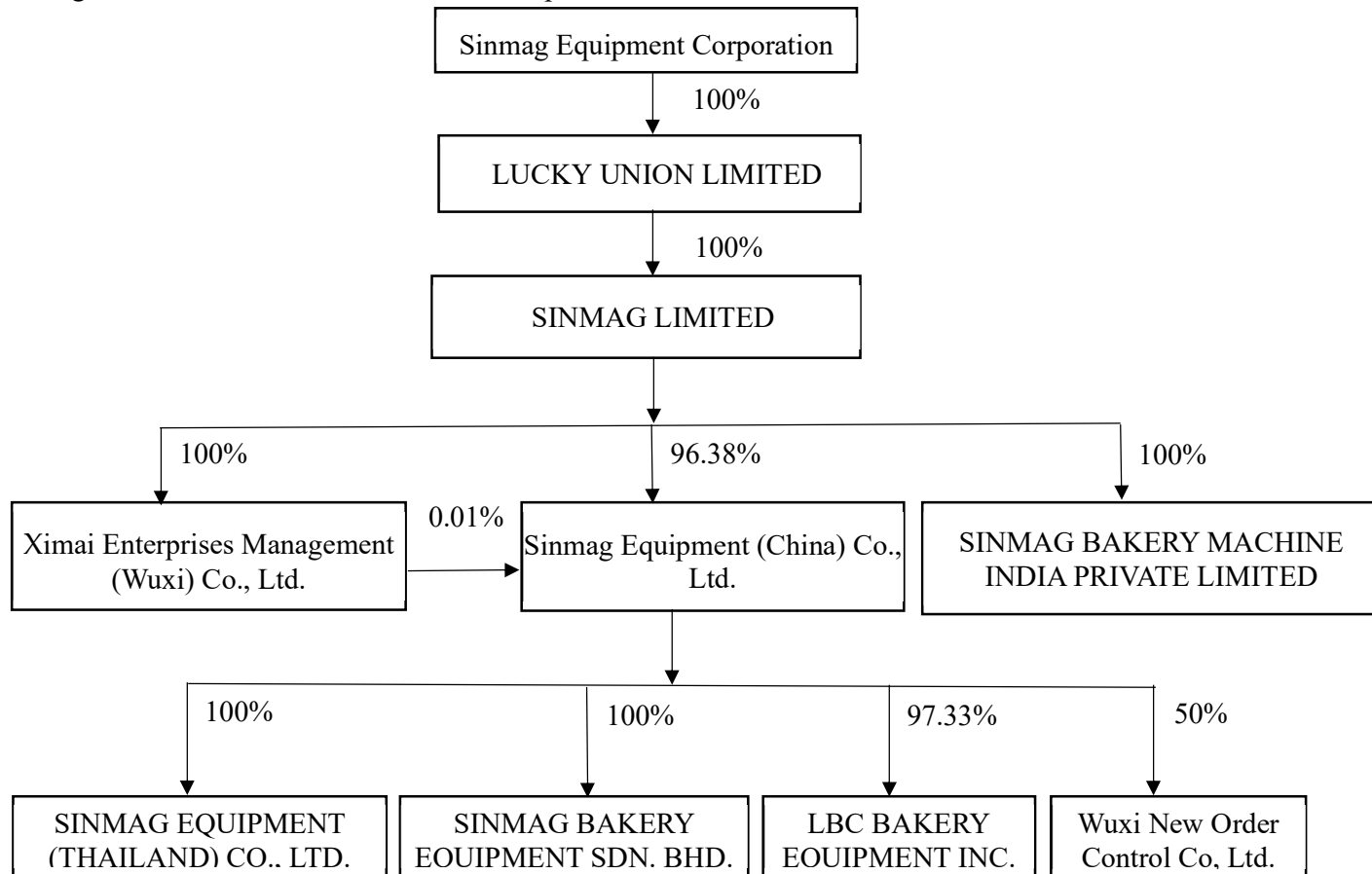
VI. Special Disclosure

(I) Information on the Company's Affiliates

1. Consolidated business report of affiliated companies

(1) Overview of affiliated companies

A. Organizational Structure of Affiliated Companies



B. Basic information on affiliates

December 31, 2024

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

Name	Date of incorporation	Address	Paid-in capital	Main business or production items
SINMAG EQUIPMENT (THAILAND) CO., LTD.	2009.11.20	21 Soi Phokrew 1 Yek 5, Sub District Klongjan, District Bangkok 10240 Thailand	US\$3,303,734.19	Sales of food machinery and equipment
Wuxi New Order Control Co., Ltd.	2002.05.31	No.312, Youyi North Road, Xishan Economic Development Zone, Wuxi, Jiangsu Province, China	US\$150,000	Manufacturing and sales of control instruments and electromechanical control system

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

D. The industries covered by the overall affiliates business and the division of labor:

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

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

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

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

E. Information on directors, supervisors, and presidents of affiliates

December 31, 2024/Unit: NT\$thousand

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

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

(2) Operational overview of affiliated companies

1. Financial status and operating results of affiliated companies

December 31, 2024

Name	Currency	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Current net income	Earnings per share
LUCKY UNION LIMITED	NTD	101,279,033	3,014,800,025	-	3,014,800,025	-	-	906,122,905	-
SINMAG LIMITED	NTD	116,525,855	3,011,587,423	134,434	3,011,452,989	-	(115,227)	905,862,048	-
Ximai Enterprises Management (Wuxi) Co., Ltd.	CNY	300,000	345,471.65	-	345,471.65	-	(880.00)	19,477.63	-
Sinmag Equipment (China) Co., Ltd.	CNY	362,055,090.00	874,336,545.15	176,236,724.60	698,099,820.55	883,682,303.60	174,494,085.03	204,537,392.49	-
SINMAG BAKERY MACHINE INDIA PRIVATE LIMITED	INR	35,706,404.00	9,332,194.63	471,434.93	8,860,759.70	10,563,249.67	2,120,588.67	2,117,138.67	-
SINMAG BAKERY EQUIPMENT SDN.BHD.	MYR	300,000.00	21,347,601.22	1,206,490.88	20,141,110.34	24,167,735.89	3,282,558.73	2,850,247.44	-
LBC BAKERY EQUIPMENT INC.	USD	1,789,527.00	23,528,794.21	8,281,985.47	15,246,808.74	37,699,666.84	5,115,063.28	3,851,951.38	-

Name	Currency	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Current net income	Earnings per share
SINMAG EQUIPMENT (THAILAND) CO., LTD.	THB	103,000,000.00	142,813,224.44	21,592,462.83	121,220,761.61	161,758,514.36	18,133,008.20	14,627,368.34	-
Wuxi New Order Control Co., Ltd.	CNY	1,241,565.00	11,750,946.75	4,603,165.68	7,147,781.07	27,589,003.44	5,932,039.12	4,563,776.56	-

2. Consolidated financial statements of affiliated companies

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

3. Report of the affiliated companies: None.

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

(III) Other Supplementary Information:

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

Sinmag Equipment Corporation

Code of Business Ethics for Directors and Managers

Article 1 (The purpose and basis of the formation)

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

Article 2 (Scope of application)

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

Article 3 (Due diligence of good managers)

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

Directors and managers shall perform their duties with due diligence and aim to pursue the overall interests of the Company, shall not harm the interests of the

Company for the benefits of a specific person or group, and shall be fair in treating all shareholders while performing their duties.

Article 4 (Preventing conflicts of interest)

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

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

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

Article 5 (Non-competition)

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

Article 6 (Avoidance of opportunities for self-interest)

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

Article 7 (Fair trade)

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

Article 8 (Insider trading)

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

Article 9 (Confidentiality)

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

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

Article 10 (Protection and appropriate use of Company assets)

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

Article 11 (Compliance with laws and regulations)

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

Article 12 (Political donations and activities)

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

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

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

Article 14 (Handling of violations of this Code)

Directors and managers who violate this Code shall report to the Board of Directors for resolution.

Article 15 (Procedure for exemption)

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

Article 16 (Implementation and disclosure methods)

The stipulations of this Code are approved by the Audit Committee and submitted to the Board of Directors for resolution and then submitted to the Shareholders' Meeting for approval of implementation. The same applies to the amendment.

This Code shall be disclosed on the Company's website, annual report, prospectuses, and MOPS. The same applies to the amendment.

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

Sinmag Equipment Corporation
Code of Ethical Conduct for Employees

Article 1 The purpose and basis of the formation

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

Article 2 Scope

The Company's managers and employees at all levels.

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

Article 3 Code of Ethical Conduct

(I) Preventing conflicts of interest:

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

The Company's personnel should uphold a high degree of self-discipline. If there is a personal stake that will damage the interests of the Company, one shall recuse oneself.

If the Company's personnel believe that they cannot handle the affairs in an objective or beneficial manner, or when the relevant transaction or relationship may cause a conflict of interest, they should take the initiative to notify their supervisor in writing and deal with or recuse processing in a legally acceptable manner.

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

(II) Avoidance of opportunities for self-interest:

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

- (1) opportunity for personal gain through the use of Company property, information, or convenience of one's position;
- (2) obtaining personal gain through the use of Company property, information, or convenience of one's position;
- (3) competing with the Company.

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

(III) Confidentiality:

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

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

(IV) Fair trade:

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

(V) Protection and appropriate use of Company assets:

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

(VI) Compliance with laws and regulations:

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

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

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

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

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

(VIII) Disciplinary measures:

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

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

If the Company's personnel violated this Code and the first instance of the court verdict violated the law, or the Company's HR unit deliberated and determined that

it violated this Code and made a disposition, the HR unit should immediately announce the title, name, date of violation, cause of the violation, violation of the Code, and handling of such a situation.

Article 4 Procedure for exemption

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

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

Article 5 Disclosure methods

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

Article 6 Implementation

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

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

Sinmag Equipment Corporation

Procedures for Handling Internal Material Information

Article 1 (Purpose)

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

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

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

Article 3 (Applicable objects)

The applicable objects of this operating procedure are as follows:

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

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

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

Article 4 (Prevention of prohibited insider trading practices)

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

Article 5 (Scope of internal material information)

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

- I. Matters specified in Article 7 of the Securities and Exchange Act Enforcement Rules.
- II. Matters specified in Articles 2 and 3 of Regulations Governing the Scope of Material Information and the Means of its Public Disclosure under Article 157-1, paragraphs 5 and 6 of the Securities and Exchange Act.
- III. Material information as defined in the Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities.
- IV. Others that involve the finances or businesses of the Company, or the supply and demand of such securities on the market, which will have a material impact on the Company's stock prices, or have a material impact on the investment decision of a reasonably prudent investor.

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

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

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

Article 7 (Disclosure methods of internal material information)

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

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

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

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

Article 8 (Date of existence of internal material information)

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

Article 9 (Responsible unit in charge of the handling of internal material information)

The internal material information is handled exclusively by the spokesperson, Finance Department, Human Resource Department and Audit Office, with the following powers:

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

Article 10 (Confidentiality firewall operations - Personnel)

The Company's directors, managers, and employees shall perform the care and duties of good managers, the principle of good faith, and be responsible for confidentiality. Directors, managers, and employees who are aware of the Company's internal material information shall not disclose it to others.

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

- Article 11 (Confidentiality firewall operations - Documents and information)
When a file of internal material information is delivered in writing, it shall be handled in accordance with the "Regulations Governing the Administration of Financial and Non-financial Information."
When transmitted by e-mail or other electronic means, it must be processed with security technologies such as encryption.
Files of internal material information should be backed up and stored in the security premises.
- Article 12 (Operation of confidentiality firewalls)
The Company shall ensure that the firewalls specified in the preceding two articles are established, and take the following additional steps:
I. Adopt adequate control measures for the firewalls and perform periodic testing.
II. Enhance measures for custody and maintaining the secrecy of files and documents containing non-public internal material information of the Company pursuant to "Regulations for the Management of Financial and Non-financial Information."
- Article 13 (Confidentiality obligations of external organizations and persons)
Institutions or personnel outside the company involved in the Company's mergers and acquisitions, important memorandums, strategic alliances, other business cooperation plans, or the signing of important contracts should sign confidentiality agreements, and they shall not disclose the Company's internal material information to others.
- Article 14 (Principles of disclosure of internal material information)
The Company shall comply with the following principles when making external disclosures of internal material information:
I. The information disclosed shall be accurate, complete, and timely.
II. There shall be a well-founded basis for the information disclosure.
III. The information shall be disclosed fairly.
- Article 15 (Implementation of the spokesperson system)
Any disclosure of the Company's internal material information, except as otherwise provided by law or regulation, shall be made by the Company's spokesperson, or by a deputy spokesperson acting in such capacity in a confirmed sequential order. When necessary, the disclosure may be made directly by the person in charge of the Company.
The Company's spokesperson or deputy spokesperson shall communicate to external parties only information within the scope authorized by the Company, and no personnel of the Company other than those serving as the Company's person in charge, spokesperson, or deputy spokesperson may disclose any internal material information of the Company to external parties without authorization.
- Article 16 (Record of disclosure of internal material information)
Except for emergency situations or at non-working time, the Company may evaluate or submit for approval electronically when releasing material information, the relevant material information documents handled in accordance with Article 6 shall be in writing. In the case of electronic evaluation or submission, the relevant documents shall be archived afterwards.
The following records shall be kept by the Company for the information disclosed to external parties:
I. The person, date, and time of the information disclosure.
II. Information disclosure method.

III. Disclosure of information content and attachments.

IV. The contents of delivered written material shall include:

(I) Evaluation content.

(II) Evaluation, review, and decision maker's signature or seal and date.

(III) The content of the material information published and the applicable laws and regulations.

V. Other relevant information.

Article 17 (Response to false media coverage)

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

Article 18 (Reporting of unusual events)

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

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

Article 19 (Disciplinary measures)

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

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

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

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

Article 20 (Awareness campaigns)

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

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

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

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

Sinmag Equipment Corporation

Chairman Shun-Ho Hsieh