

Stock Code: 1580

**SINMAG**

***SINMAG EQUIPMENT CORPORATION***

**2025**  
**Annual Report**

**April 30, 2026**

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

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## Chapter 1. Letter to Shareholders

### Sinmag Equipment Corporation 2025 Business Report

#### I. 2025 Business Report

##### (I) Implementation Results of Business Plan

In 2025, influenced by geopolitical conflicts and adjustments in international trade policies, the United States' tariff and trade protection policies continued to impact the global supply chain layout. This was accompanied by rising energy and raw material costs, as well as the rapid rise of emerging Southeast Asian markets, resulting in a complex and volatile overseas market environment. These factors affected market demand, supply chain operations, and cost structures, making the overall growth prospect susceptible to external environment. At the same time, the consumption momentum in the Mainland market is weak, and market competition is intensifying, which increases the overall operational complexity.

In response to the changes in the U.S.-China tariff policies and the pressure from the domestic market in Mainland China, Sinmag Equipment faces challenges in revenue and profit growth in both the Mainland China and Americas regions. To enhance overall competitiveness, Sinmag Equipment continues to strengthen its manufacturing capabilities, accelerates its global layouts, and deepen its technological research and development. Additionally, through product portfolio optimization, cost control, and price strategy adjustments, the Company aims to improve its overall financial structure and operational efficiency.

Under the global economic and trade uncertainties and the slowdown in consumption in the Mainland region, Sinmag Equipment has continued to deepen its business layout in the Mainland, Southeast Asia, and Central Asia. The market demand of related regions has gradually emerged, driving the growth of the overall revenue performance. However, due to product structure adjustments and rising tariff costs, overall profitability has slightly declined compared to the previous year.

The consolidated operating income of the Group in 2025 was NT\$4,879,103 thousand, an increase of 1.82% from NT\$4,792,059 thousand in 2024. The consolidated net profit after tax was NT\$622,491 thousand, a decrease of 8.81% from NT\$682,665 thousand in 2024. The after tax earnings per share was NT\$12.54, a decrease of 7.73% from that of 2024.

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

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

Unit: Thousand NT\$

	2025	2024	Increase (Decrease) Rate (%)
Operating Revenue	4,879,103	4,792,059	1.82%
Operating costs	2,799,098	2,710,054	3.29%
Gross profit	2,080,005	2,082,005	(0.10%)
Operating Expenses	1,159,488	1,108,945	4.56%
Operating Profit	920,517	973,060	(5.40%)
Non-operating Income and Expenses	60,298	117,029	(48.48%)
Profit Before Income Tax	980,815	1,090,089	(10.02%)
Profit After Income Tax	622,491	682,665	(8.81%)

(II) Revenue Forecast and Realization

The Company did not have a public financial forecasting for 2025.

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

Item		2025	2024	
Financial Structure Analysis	Debt-to-Asset Ratio	25.85%	25.81%	
	Long-Term Funds to Fixed Assets Ratio (%)	247.17%	255.07%	
Liquidity Analysis	Current Ratio	298.75%	272.85%	
	Quick Ratio	199.48%	185.39%	
Profitability Analysis	Return on Assets	14.74%	17.26%	
	Return on Shareholders' Equity	19.84%	23.14%	
	Ratio of Paid-In Capital	Operating Profit	186.56%	193.72%
		Pre-Tax income	198.79%	217.01%
	Profit Ratio	13.59%	15.19%	
Earnings per Share (NT\$)	12.54	13.59		

#### (IV) Research and Development

Sinmag possesses robust research and manufacturing capabilities and remains dedicated to enhancing the performance of commercial baking equipment continuously. This commitment aims to support bakers in crafting baked goods that are fashionable, delicious, nutritious, and healthy. In 2025, our Group invested a total of NT\$160,965 thousand in research and development expenses. In addition to actively expanding our existing product line and venturing into new product areas, engaging in various process and technology developments, we have also improved our product structure to align with environmental protection concepts, with the aim of continuously increasing our market share in key markets while creating new markets and business opportunities. These strategies establish a solid foundation for the company's sustainable operation.

## II. Summary of the Company's Business Plan for 2026

### (I) Operating Strategies

In 2025, the consumption of the baking market in Mainland China continued to decline, increasing operational and transformation pressures. The baking market faces challenges such as rising raw material costs, intensified homogenization competitions, rapid expansion of franchise models with insufficient subsequent support, and changes in consumer habits. This has led to a significant number of closures of stores of traditional brands and insufficient growth momentum for emerging business models, resulting in overall sluggish growth in the baking industry.

However, the market in Mainland China still holds significant development potential, as the baking industry continues to undergo transformation and restructuring, with brand competition gradually shifting towards meeting consumer demand through innovative products. The future baking market will develop in the directions of diversified and healthier products, supply chain optimization, channel innovation in new business models (bakery in supermarket), and the empowerment of baking industrial technology.

#### 1. Sales in Mainland China Market

- (1) Sinmag Equipment closely tracks the transformation trends of industry leaders and support our existing clients in their store upgrades and transformation developments. By aligning with the equipment requirements of franchise-based operational models and adapting to the innovative operational models of emerging brands and clients, the Company provide suitable equipment solutions to grow alongside our clients.

- (2) In response to the development trends of freshly baked goods in the supermarkets of Mainland market, freshly baked goods in central factories and brand franchising layouts, including the restructuring of regional supermarket bakeries and the transformation and needs of replacing old international large supermarkets (Walmart, Sam's Club) with new ones, the Company provide suitable equipment solutions to position in the emerging supermarket-based bakery market.
- (3) With the vigorous development of emerging bakery models in the Mainland market (such as new Chinese pastries combining tea, coffee, and dining, cultural and creative baking, and souvenirs), information on equipment procurement has expanded from traditional channels to diverse media, industry events, and connections with baking organizations. Sinmag Equipment will match suitable equipment specifications according to various demand channels, providing sales of complete set of equipment and comprehensive after-sales service.
- (4) Sinmag Equipment continuously strengthens the online equipment sales platform to consolidate its e-commerce capabilities in Mainland China and overseas. Sinmag Equipment collaborates with platform activities to enhance traffic and bolster the credibility and performance of the company's products in the e-commerce market. At the same time, stabilize the growth of the e-commerce market, expand diverse online and live broadcast promotions, promote more project-based sales collaborations, and enhance the overall sales volume of the baking market.
- (5) The new generation of high-end bakery stores has higher equipment needs. The baking equipment must possess efficient heating and heat retention, as well as energy-saving features. Additionally, the appearance 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 while ensuring an aesthetics and consistent visual harmony between the appearance and layout of front-of-house and back-of-house equipment.

## 2. Overseas Market

- (1) The Company will deepen its presence in key sales regions overseas by increasing various on-site market visits to grasp the market changes and development trends. Additionally, reviews and analyses of the current market situation are being carried out in collaboration with local agents, distributors, branches, in order to formulate corresponding market strategies that assists agents in expanding market sales.

- (2) The Company plans to expand exchanges with overseas agents or key clients, conducting in-depth discussions on the direction of development of various markets and sales promotion to facilitate sales growth.
- (3) The Company continues to develop in the Central Asia region, advancing the establishment and operation of the subsidiary in Kazakhstan, building the company team and warehouse for inventories, and expanding sales in the Central Asia market.
- (4) For potential overseas markets where Sinmag Equipment's sales has not yet fully developed, it will conduct market visits, research and assessments. It aims to expand its market by deploying sales personnel, increasing the number of agents, or establishing cross-border sales models.
- (5) In response to the growing global customer base and close engagement with Mainland China's cross-border online e-commerce transactions, Sinmag Equipment has initiated a cross-border sales model establishment plan since 2025. In the initial phase, Sinmag Equipment established a cross-border platform to grasp transaction rules, customer acquisition from traffic and conversion operations, as well as order acceptance, sales, transportation, and after-sales system correspondence. The Company is gradually improving its sales model and transaction service system to position itself for global cross-border e-commerce opportunities in advance.

## (II) Expected Sales Volume and Its Basis

Sinmag Equipment'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 2026, other than sticking to the original market share and sales volume in Mainland China, and will continue to expand in the America, India, Southeast Asia, Central Asia, and other markets. The Company's sales volume is still expected to show a growing trend.

## (III) Production and Sales Strategies

1. By tracking clients' brand transformations and grasping the development of emerging brands, the Company provides suitable equipment solutions to deepen collaboration and enhance its market share.
2. Provide comprehensive equipment and supporting solutions for supermarkets, central factories, and clients with new business models, promoting channel expansion and sales scale.
3. Enhance the functionality of the e-commerce platform, integrate marketing and media promotion, and improve sales scale and brand credibility.

4. Focus on the demand for high-end bakery stores, develop intelligent and energy-efficient equipment to enhance added value and expand the Company's share in the high-end market.

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

In 2025, the baking market in the Mainland China faced changes in the competitive landscape, while overall operations were also influenced by fluctuations in the macroeconomy and the policy environment. The market's sentiment in investment has become more conservative, with cautious plans for opening new stores and expansion. The inquiry volumes and transaction scales is subject to certain constraints. At the same time, relevant regulations and policies have set higher standards for food safety, environmental protection, energy consumption management, and sustainable operation, increasing pressures on companies to ensure compliance and manage costs across manufacturing, operations, and management.

Furthermore, as various governments impose increasingly stringent requirements on energy saving, carbon reduction, environmentally responsible emissions, and supply chain management, companies must continuously invest resources to adapt to regulatory adjustments and institutional changes. This involves enhancing product design, manufacturing efficiency, and management systems to ensure compliance with regulatory requirements and reduce operational risks.

Sinmag Equipment will continue to monitor the trend of the market, policy and regulations, integrating sustainability concepts into its operation strategies, product development, and service systems. Through comprehensive product quality control, after-sales service, and a global operational layout, it aims to enhance overall competitiveness. The entire management team and employees will uphold the core values of integrity, pursuit of excellence, continuous innovation, and mutual benefit, advancing towards the goals of sustainable development and maximizing shareholder value.

Chairman: Hsieh, Shun-Ho

General Manager: Hsieh, Shun-Ho

Accounting Manager: Chen Yi-Wen

## Chapter 2. Corporate Governance Report

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

#### (I) Information on Directors

##### Information on Directors (I)

April 30, 2026

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor current shareholding		Shareholding by nominees		Experience (education)	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	2025.6.6	3 years	1989.1.23	2,211,267	4.40%	2,211,267	4.48%	1,121,564	2.27%	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.	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)
Director	R.O.C.	Yao-Tsung Wu	Male 71~80	2025.6.6	3 years	1989.1.23	1,788,616	3.56%	1,788,616	3.63%	1,459,555	2.96%	0	0%	National Yilan Senior High School Vice Chairman, Tehmag Foods Corporation Supervisor, Sinmag Equipment (China) Co., Ltd. Chairman, Taiwan Lunchun Association Director, Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	Supervisor, Sinmag Fitting Corporation Director, Tehmag Foods Corporation Director, Wuxi New Order Control Co., Ltd. Director, Yangyu Foods Corporation Supervisor, Kingcraft Industrial Corp., Ltd. Director, Taiwan Lunchun Association Director, Bliss & Wisdom Senior High School Chairman, Purity New Materials Co., Ltd. Director, Taipei City Bliss & Wisdom Buddhism Foundation Chairman, AMRITA Translation Foundation Director, Tehmag Foods (H.K.) Company Limited Director, Tehmag Foods USA Corporation Director, PT. Tehmag Foods Corporation Indonesia Director, TEHMAG FOODS (SINGAPORE) PTE LTD Director, Bliss and Wisdom Foundation of Cultural & Education Chairman, Chinese Wise & Care Association	None	None	None	None
Director	R.O.C.	Jui-Jung Chang (Note 1)	Male 71~80	2022.5.31	3 years	2016.6.6	380,981	0.76%	360,000	0.73%	N/A	0%	N/A	0%	Master of Business Administration, Asia University President, San Neng Group Holdings Co., Ltd. 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, 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	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 current shareholding		Shareholding by nominees		Experience (education)	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	
															Bakeware Corporation President, San Neng Bake Ware (Wuxi) Co., Ltd. Supervisor, Sinmag Equipment Corporation	Chairman, PT. Sanneng Asia Industry Indonesia				
Director	R.O.C.	Ming-Ching Hsieh	Male 41~50	2025.6.6	3 years	2016.6.6	2,112,980	4.21%	2,112,980	4.28%	90,382	0.18%	613,000	1.24%	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 the Management Division, 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
Director	R.O.C.	Shu-Chuan Hsiao	Female 51~60	2025.6.6	3 years	2022.5.31	127,813	0.25%	127,813	0.26%	3,876	0.01%	0	0%	Department of Industrial Engineering and Management, Lughwa 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 (Note 1)	Male 61~70	2022.5.31	3 years	2019.6.14	11,517	0.02%	11,517	0.02%	N/A	0%	N/A	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
Director	R.O.C.	Min-Jyh Chen (Note 2)	Male 61~70	2025.6.6	3 years	2025.6.6	137,000	0.27%	137,000	0.28%	31,000	0.06%	0	0%	Department of Water Resources and Environmental Engineering, Tamkang University EMBA, National Taiwan University President, Lotus Taiwan Assistant Vice President, IBM Taiwan Corp.	President, Autodesk Taiwan, Ltd.	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 current shareholding		Shareholding by nominees		Experience (education)	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	
														President, Sybase, Inc. Vice President, SAP SE Vice President, Greater China Region & President, Taiwan Region, Siemens Industry Software (TW) Co., Ltd.						
Independent Director	R.O.C.	Shih-Hung Chan (Note 1)	Male 81~90	2022.5.31	3 years	2005.6.25	0	0%	0	0%	N/A	0%	N/A	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
Independent Director	R.O.C.	San-Chien Tu	Male 71~80	2025.6.6	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 Independent Director, Dah Chung Bills Finance Corp. Supervisor, Jorjin Technologies Inc.	Director, Pang Kuei & Co., CPA Independent Director, Lin Bioscience, Inc. Independent Director, Synmosa Biopharma Corporation Independent Director, Hua Nan Financial Holdings Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Huei-Wang Huang	Male 71~80	2025.6.6	3 years	2019.6.14	0	0%	0	0%	0	0%	0	0%	Bachelor of Business Administration at College of Law and	Representative, Broad Think Tank Co., Ltd. Representative/Corporate Appraiser/FRM®, Broad Think Tank Corporate Appraiser Co.,	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 current shareholding		Shareholding by nominees		Experience (education)	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	
														Commerce, National Chung Hsing University Fintech Seminar, University of California, Berkeley, USA Financial Risk Manager, Global Association of Risk Professionals Principal Consultant/Corporate Appraiser, Professional Actuary Management Consulting Co., Ltd. Chief Representative, Shanghai Representative Office of Grand Cathay Securities Co., Ltd. Deputy Manager, Securities & Finance Department of China Development Industrial Bank Member of Remuneration Committee, Rotam Global Agrosciences Limited (Concurrent)	Ltd.					
Independent Director	R.O.C.	Chien-Ting Lin (Note 2)	Male 61~70	2025.6.6	3 years	2025.6.6	0	0%	0	0%	0	0%	0	0%	Ph.D. in Business, Chinese Culture University Contracted Associate Professor, Department of Business Administration, School of Continuing Education, Chinese Culture University Contracted Associate Professor, Master's Program in Tourism and Leisure Industry, School of Continuing Education, Chinese Culture University Director, Master's Program in Tourism and Leisure Industry, Department of Tourism Management, School of Continuing Education, Chinese Culture University	Director, Lifelong Learning Center, School of Continuing Education, Chinese Culture University	None	None	None	None
Independent Director	R.O.C.	Hung-Yu Li (Note)	Male 61~70	2025.6.6	3 years	2025.6.6	0	0%	0	0%	0	0%	0	0%	Ph.D. in Economics, School of Finance, Southwestern	Director, Feng Chia Accounting Education Foundation Consultant, HAN DIN DIGITAL	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 current shareholding		Shareholding by nominees		Experience (education)	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	
		2)												University of Finance and Economics Division Chief, Rongcong United Accountant Firm Section Manager, Li Yang Technology Co., Ltd. Chief of the Registration and Review Department, Taiwan Securities Association Manager/Chief Auditor/Operating Committee Member of the Executive Office, Taipei Exchange	TECHNOLOGY Co., Ltd. Independent Director, Gin Hwa Biotech Inc. Consultant, Missioncare Co. Secretary General, Taiwan Corporate Governance Association					

Note 1: On June 6, 2025, Directors Jui-Jung Chang, Yu-Chuan Chang, and Independent Director Shih-Hung Chan were dismissed.

Note 2: On June 6, 2025, Director Min-Jyh Chen, Independent Director Chien-Ting Lin, and Independent Director Hung-Yu Li were newly appointed.

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 increased the number of independent directors in the June 6, 2025 re-election of directors to strengthen the effectiveness of the Board of Directors and play the role of the highest decision-making body and substantive supervision function. To sum up, it should be reasonable and necessary for Chairman Shun-Ho Hsieh to concurrently serve as the President at this stage.

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

Information on Directors (II)

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

April 30, 2026

Name / Qualification	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
Shun-Ho Hsieh	Mr. Shun-Ho Hsieh is one of the founders of the Sinmag Group and currently serves as the Chairman and President of the Company. He has long been deeply involved in the baking equipment industry, leading the Group to expand into global markets and establish itself as a significant player in the Asian baking equipment industry, with products marketed in over 60 countries. With his extensive industry experience and management capabilities, he is able to grasp industry development trends, drive corporate strategy and operational planning, strengthen corporate governance and board operating mechanisms, and possesses expertise in financial accounting, business management, and marketing.	<ol style="list-style-type: none"> <li>1. The President of the Company and a director with the status of manager.</li> <li>2. A director of the Company's affiliate.</li> <li>3. One of the top ten natural-person shareholders of the Company.</li> <li>4. A director of specific companies with which the Company has financial or business dealings.</li> <li>5. A relative within the second degree of kinship of the Company's top 10 natural-person shareholders.</li> <li>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".</li> </ol>	0
Yao-Tsung Wu	He once served as Vice Chairman of Tehmag Foods Corporation, providing services for more than 40 years in the food-related industry, specializing 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 industry knowledge.	<ol style="list-style-type: none"> <li>1. A director of the Company's affiliate.</li> <li>2. One of the top ten natural-person shareholders of the Company.</li> <li>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".</li> </ol>	0

Name \ Qualification	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
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 joined the Company in 2003 and previously served as Special Assistant to the Chairman and Vice President of the Group Management Division. He is currently the President of the subsidiary Sinmag Equipment (China) Co., Ltd. During his tenure, he has participated in major decisions relating to the Group's strategic planning, financial management, and overall operations, and has assisted in implementing matters resolved by the Board of Directors. At Board meetings, he also communicates and exchanges views with directors, in his capacity as a managerial officer, regarding the Company's operations and management and strategic direction. Mr. Ming-Ching Hsieh has served the Company for more than 18 years. He is highly experienced in the operation and strategic management of the food industry and possesses expertise in business, industry knowledge, corporate governance, and financial management, enabling him to provide relevant advice on the Company's operations and management.</p>	<ol style="list-style-type: none"> <li>1. The President of the Company's affiliate.</li> <li>2. A director of the Company's affiliate.</li> <li>3. One of the top ten natural-person shareholders of the Company.</li> <li>4. A director holding a 5% of total issued shares of the Company or holding the top five shares - Sheng Chia Investment Co., Ltd.</li> <li>5. A director of specific companies with which the Company has financial or business dealings.</li> <li>6. A relative within the second degree of kinship of the Company's top 10 natural-person shareholders.</li> <li>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".</li> </ol>	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. With his extensive practical experience, he specializes in operational management and possesses capabilities in marketing, corporate governance, financial analysis, and industry knowledge, enabling him to provide timely advice on corporate governance and operational management.</p>	<ol style="list-style-type: none"> <li>1. The Vice President of the Company and has the status of a managerial officer.</li> <li>2. A lineal relative within the third degree of kinship of a managerial officer of the Company.</li> <li>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".</li> </ol>	0

Name \ Qualification	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
Min-Jyh Chen	<p>He graduated from the Department of Department of Water Resources and Environmental Engineering, Tamkang University, and pursued EMBA studies at National Taiwan University. He previously served as President, Lotus Taiwan, Associate Director of IBM Taiwan Corp., President of Sybase, Inc., Vice President of SAP SE, and Vice President, Greater China Region &amp; President, Taiwan Region, Siemens Industry Software (TW) Co., Ltd. He is currently the President of Autodesk Taiwan, Ltd. He has extensive experience in multinational business management and the information technology industry, and is able to provide professional advice on the Company's management, digital applications, and strategic development, thereby helping enhance the Board's supervisory function and the overall quality of operational management.</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
San-Chien Tu (Independent Director)	<p>He is a Convener 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 &amp; Touche. He is currently the Director, Pang Kuei &amp; Co., CPA. He also serves as an independent director of Lin Bioscience, Inc., Synmosa Biopharma Corporation, and an independent director of Hua Nan Financial Holdings Co., Ltd. He possesses professional experience in accounting, taxation, and corporate governance, and is able to provide the Board with advice on accounting and tax planning and corporate governance, thereby enhancing the quality of the Board's corporate governance and the supervisory function of the Audit Committee. None of the circumstances set forth in Article 30 of the Company Act apply to him.</p>	<p>When electing independent directors, the Company completed a qualification checklist item by item to review their professional qualifications and relevant work experience.</p> <p>All independent directors complied with the independence requirements under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during the two years prior to election and throughout their tenure:</p> <ol style="list-style-type: none"> <li>Neither the individual, nor his or her spouse, nor any relative within the second degree of kinship serves as a director, supervisor, or employee of the Company or any of its affiliated enterprises.</li> </ol>	3

Name \ Qualification	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
Huei-Wang Huang (Independent Director)	As the Convener of the Company's Remuneration Committee, he holds a bachelor's degree in Business Administration from the College of Law and Commerce, National Chung Hsing University, completed a Fintech Seminar at the University of California, Berkeley, USA, and holds the Financial Risk Manager qualification of the Global Association of Risk Professionals. He formerly served 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 serving as the Representative, Broad Think Tank Co., Ltd. He specializes in investment management and possesses expertise in corporate governance, risk management, and financial analysis, which can enhance the quality of the Board's corporate governance and audit oversight functions. None of the circumstances set forth in Article 30 of the Company Act apply to him.	<p>2. Neither the individual, nor his or her spouse, nor any relative within the second degree of kinship, nor any person acting in another's name, holds any common shares of the Company.</p> <p>3. The individual does not serve as a director, supervisor, or employee of any company having a specified relationship with the Company, as set forth in subparagraphs 5 through 8, paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>4. In the most recent two years, the individual has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliated enterprises.</p>	0
Chien-Ting Lin (Independent Director)	He holds a Ph.D. in Business from Chinese Culture University. He previously served as Contracted Associate Professor, Department of Business Administration, School of Continuing Education in Chinese Culture University, Contracted Associate Professor of Master's Program in Tourism and Leisure Industry in School of Continuing Education, and Director of the Master's Program in Tourism and Leisure Industry, Department of Tourism Management in School of Continuing Education, and is currently Director of the Lifelong Learning Center of the School of Continuing Education, Chinese Culture University. With a professional background in business management and organizational operations, he is able to provide professional opinions on the Company's operations and management and corporate governance, thereby improving the quality of the Board's decision-making. None of the circumstances set forth in Article 30 of the Company Act apply to him.		0

Name	Qualification	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
Hung-Yu Li (Independent Director)	He holds a Ph.D. in Economics from the School of Finance, Southwestern University of Finance and Economics. He previously served as Division Chief of Rongcong United Accountant Firm, Section Manager of Li Yang Technology Co., Ltd., Chief of the Registration and Review Department, Taiwan Securities Association, and held positions including Manager, Chief Auditor, and Operating Committee Member of the Executive Office at Taipei Exchange. He is currently a Director of the Feng Chia Accounting Education Foundation, Consultant of HAN DIN DIGITAL TECHNOLOGY Co., Ltd., Independent Director of Gin Hwa Biotech Inc., Consultant of Missioncare Co., and Secretary General of Taiwan Corporate Governance Association. With a professional background and practical experience in financial accounting, the securities market, and corporate governance, he is able to provide professional advice on the Company's financial supervision, internal control, and corporate governance, thereby helping enhance the quality of the Board's decision-making and the supervisory function of the Audit Committee. None of the circumstances set forth in Article 30 of the Company Act apply to him.			1

2. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors

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

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

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

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

The Company's Board of Directors consists of 9 members, including 4 independent directors. Among them, there are 8 male directors (accounting for 88.9%) and 1 female director (accounting for 11.1%). The age ranges of directors are as follows: 4 directors of 71-80 years old (44.5%, Shun-Ho Hsieh, Yao-Tsung Wu, San Chien Tu, Huei-Wang Huang), 3 directors of 61-70 years old (33.3%, Min-Jyh Chen, Chien-Ting Lin, Hung-Yu Li), 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).

Beginning in 2025, the Company has four independent directors, representing 44.4% of the Board. Two Board members, or 22.2% of the Board, have employee/managerial status, which does not exceed one-third of all Board seats.

There is currently one female director. The Company will continue to identify outstanding professional female director candidates and nominate additional female director candidates in future regular shareholders' meeting reelections, with the goal of gradually achieving one-third representation by either gender on the Board, thereby strengthening the Company's Board structure.

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

Management objectives	Achievement
The directors who concurrently serves as managerial officers of the Company shall not exceed one-third of the total number of directors.	Achieved
At least one-third representation by either gender on the Board	Not 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	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 Shu-Chuan Hsiao	R.O.C.	Female	V		V						V	V	V	V	V	V	V	V
Director Min-Jyh Chen	R.O.C.	Male				V					V	V		V		V	V	V
Independent Director San-Chien Tu	R.O.C.	Male					V			V	V	V	V			V	V	V
Independent Director Huei-Wang Huang	R.O.C.	Male					V		V		V	V	V			V	V	V
Independent Director Chien-Ting Lin	R.O.C.	Male				V		V			V	V		V		V	V	V
Independent Director Hung-Yu Li	R.O.C.	Male				V		V			V	V	V			V	V	V

(2) Independence of the Board of Directors:

The Company has four independent directors, accounting for 44.4% of the total nine Board seats. Of these, two independent directors have served for less than three years, one has served for three to nine years, and one has served for more than nine years. In consideration of that director's expertise in financial accounting and experience in corporate governance and management, which are clearly beneficial to the Company's business planning and decision-making, the Company has continued to appoint him as an independent director.

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 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 four independent directors have also complied with the relevant statutory provisions, combined with the powers of the Audit Committee to review the management and control of the Company's existing or potential risks, etc., to ensure the supervision of the effective implementation of the Company's internal controls, the independence and selection (dismissal) of certified public accountants, and the fair presentation and preparation of financial statements. In addition, in accordance with the "Procedures for Election of Directors" of the Company, the cumulative voting system and the candidate nomination system for the election of directors and independent directors shall be adopted to encourage the participation of shareholders. Shareholders holding a certain number of shares or more shall submit a list of candidates. The qualification conditions for such candidates and the confirmation of whether or not there is any violation of the provisions of Article 30 of the Company Act shall be reviewed and announced in accordance with the law to protect the rights and interests of shareholders, so as to avoid the nomination rights being monopolized or too excessive in order to maintain independence.

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

April 30, 2026

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at 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	2025.6	2,211,267	4.48%	1,121,564	2.27%	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, 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)
Vice President	R.O.C.	Shu-Chuan Hsiao	Female	2022.03	127,813	0.26%	3,876	0.01%	0	0%	Department of Industrial Engineering and Management, Lughwa University of Science and Technology Associate/Special Assistant to the Chairman, 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
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, Quaxun	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at 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	
											Technology Co., Ltd.					

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 increased the number of independent directors in the June 6, 2025 re-election of directors to strengthen the effectiveness of the Board of Directors and play the role of the highest decision-making body and substantive supervision function. To sum up, it should be reasonable and necessary for Chairman Shun-Ho Hsieh to concurrently serve as the President at this stage.

(III) Remuneration Paid during the Most Recent Fiscal Year (2025) 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			
Chairman	Shun-Ho Hsieh																					
Director	Yao-Tsung Wu																					
Director	Jui-Jung Chang (Note 1)																					
Director	Ming-Ching Hsieh	330	330	0	0	5,604	5,604	210	210	6,144 0.99%	6,144 0.99%	5,003	17,177	108	108	3,465	0	3,465	0	14,720 2.36%	26,894 4.32%	None
Director	Shu-Chuan Hsiao																					
Director	Yu-Chuan Chang (Note 1)																					
Director	Min-Jyh Chen (Note 2)																					
Independent Director	Shih-Hung Chan (Note 1)																					
Independent Director	San-Chien Tu																					
Independent Director	Huei-Wang Huang	210	210	0	0	4,483	4,483	145	145	4,838 0.78%	4,838 0.78%	0	0	0	0	0	0	0	0	4,838 0.78%	4,838 0.78%	None
Independent Director	Chien-Ting Lin (Note 2)																					
Independent Director	Hung-Yu Li (Note 2)																					

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

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

Note 1: On June 6, 2025, Directors Jui-Jung Chang, Yu-Chuan Chang, and Independent Director Shih-Hung Chan were dismissed.

Note 2: On June 6, 2025, Director Min-Jyh Chen, Independent Director Chien-Ting Lin, and Independent Director Hung-Yu Li were newly appointed.

## Range of Remuneration for Directors

Range of remuneration paid to directors	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 Min-Jyh Chen Shih-Hung Chan	Yao-Tsung Wu Ming-Ching Hsieh Shu-Chuan Hsiao Yu-Chuan Chang Jui-Jung Chang Min-Jyh Chen Shih-Hung Chan	Yao-Tsung Wu Ming-Ching Hsieh Yu-Chuan Chang Jui-Jung Chang Min-Jyh Chen Shih-Hung Chan	Yao-Tsung Wu Yu-Chuan Chang Jui-Jung Chang Min-Jyh Chen Shih-Hung Chan
\$1,000,000 (inclusive) - \$2,000,000 (exclusive)	Huei-Wang Huang San-Chien Tu Chien-Ting Lin Hung-Yu Li	Huei-Wang Huang San-Chien Tu Chien-Ting Lin Hung-Yu Li	Huei-Wang Huang San-Chien Tu Chien-Ting Lin Hung-Yu Li	Huei-Wang Huang San-Chien Tu Chien-Ting Lin Hung-Yu Li
\$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	Shun-Ho Hsieh	Ming-Ching Hsieh
\$10,000,000 (inclusive) - \$15,000,000 (exclusive)	0	0	0	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	12	12	12	12

## 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	4,658	9,688	108	108	653	653	3,465	0	3,465	0	8,884 1.43%	13,914 2.24%	None
Vice President	Shu-Chuan Hsiao													

Range of Remuneration for President and Vice Presidents

Range of remuneration paid to the president and vice presidents	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, 2026/Unit: NT\$thousand

	Title	Name	Stock	Cash	Total	The ratio of total amount to net income (%)
Managerial personnel	President	Shun-Ho Hsieh	0	5,765	5,765	0.93%
	Vice President	Shu-Chuan Hsiao				
	Manager of Finance Department	Yi-Wen Chen				
	Manager, Manufacturing Department	Tsai-Wang Huang				
	Manager, Engineering Department	Tai-Sheng Wang				
	Manager, Audit Office	Shu-Yuan Li				

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

Title	2025		2024	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	3.14%	5.10%	3.39%	5.07%
President and Vice President	1.43%	2.24%	1.69%	2.20%

- 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. "

Director remuneration: Pursuant to Article 29 of the Company's Articles of Incorporation, from the Company's current-period profit before tax for the year before deduction of employee compensation and director remuneration, not less than 1% shall be appropriated as employee compensation and not more than 5% as director remuneration. Of the employee compensation, not less than 40% shall be appropriated for rank-and-file employees.

The 2025 directors' compensation was proposed by the Remuneration Committee held on March 11, 2026, 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.
- The manager's salary consists of fixed salary and variable salary. The fixed salary is the monthly salary. The variable salary includes the employee remuneration and year-end bonus. It is mainly paid based on the performance of the individual's annual assessment. The annual assessment includes qualitative indicators (such as key core competencies of the job, future development potential, etc.) and

quantitative indicators (such as the achievement of personal goals, achievement rate or execution ability, etc.).

Employee compensation: Pursuant to Article 29 of the Company's Articles of Incorporation, from the Company's current-period profit before tax for the year before deduction of employee compensation and director remuneration, not less than 1% shall be appropriated as employee compensation. Of the employee compensation, not less than 40% shall be appropriated for rank-and-file employees.

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 2025, the ratio of remuneration paid to directors, president, and vice presidents of the Company to the net income of the financial report increased, mainly due to the decrease in net income after tax.

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

## II. Implementation of Corporate Governance

### (I) Implementation of the Board of Directors

The Company held two Board meetings from January 1, 2026, to April 30, 2026.

The Board of Directors of the Company held nine meetings in 2025, 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	9	0	100%	Re-elected on June 6, 2025
Director	Yao-Tsung Wu	9	0	100%	Re-elected on June 6, 2025
Director	Jui-Jung Chang (Note 1)	2	1	67%	Dismissed on June 6, 2025
Director	Ming-Ching Hsieh	9	0	100%	Re-elected on June 6, 2025
Director	Shu-Chuan Hsiao	9	0	100%	Re-elected on June 6, 2025
Director	Yu-Chuan Chang (Note 1)	3	0	100%	Dismissed on June 6, 2025
Director	Min-Jyh Chen (Note 2)	6	0	100%	Newly elected on June 6, 2025
Independent Director	Shih-Hung Chan (Note 1)	3	0	100%	Dismissed on June 6, 2025
Independent Director	Huei-Wang Huang	9	0	100%	Re-elected on June 6, 2025
Independent Director	San-Chien Tu	9	0	100%	Re-elected on June 6, 2025
Independent Director	Chien-Ting Lin (Note 2)	6	0	100%	Newly elected on June 6, 2025
Independent Director	Hung-Yu Li (Note 2)	6	0	100%	Newly elected on June 6, 2025

Note 1: On June 6, 2025, Directors Jui-Jung Chang, Yu-Chuan Chang, and Independent Director Shih-Hung Chan were dismissed.

Note 2: On June 6, 2025, Director Min-Jyh Chen, Independent Director Chien-Ting Lin, and Independent Director Hung-Yu Li were newly appointed.

Other matters:

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

be specified:

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

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

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

- (I) Board of Directors meeting on March 11, 2025:

For the reappointment of the legal representative, directors, and President of the Company's subsidiary Sinmag Equipment (China) Co., Ltd., except for directors Mr. Shun-Ho Hsieh and Mr. Ming-Ching Hsieh, who recused themselves from discussions and resolutions according to law, the rest of the directors present voted in favor of the proposal unanimously.

Proposal to lift the restrictions on the competitive activities of the newly elected directors and their representatives. Except for Directors Shun-Ho Hsieh, Yao-Tsung Wu, Jui-Jung Chang, Ming-Ching Hsieh, and San-Chien Tu, who recused themselves in accordance with the law and did not participate in the discussion or resolution, the remaining directors present raised no objection and the proposal was approved as proposed.

- (II) Board of Directors meeting on May 5, 2025:

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

- (III) Board of Directors meeting on June 6, 2025:

For the election of the Chairman of the 15th term of the Board of Directors of the Company, director Shun-Ho Hsieh recused himself from in discussions and voting according to law, due to the fact that the proposal involved his own personal interests and conflict of interest in reviewing his own credential.

For the reappointment of the President of the Company, director Shun-Ho Hsieh recused himself from discussions and resolutions according to law due to the fact that he himself is an interested party; the rest of the directors present voted in favor of the proposal unanimously.

For the appointment of members of the 6th term of the Remuneration Committee of the Company, except for the Independent Directors San-Chien Tu, Huei-Wang Huang, Chien-Ting Lin, and Hung-Yu Li, who were the interested parties to the proposal and recused themselves from discussions and resolutions according to law, the rest of the directors present voted in favor of the proposal unanimously.

For the proposal regarding the appointment of members of the 2nd term of the ESG Committee of the Company. Except for Director Shun-Ho Hsieh and Director Shu-Chuan Hsiao, who were the parties concerned in this matter and

recused themselves in accordance with the law without participating in the discussion or resolution, the rest of the directors present voted in favor of the proposal unanimously.

(IV) Board of Directors meeting on June 23, 2025:

For the proposal to establish a sales company in Kazakhstan through the subsidiary Sinmag Equipment (China) Co., Ltd. Except for Directors Shun-Ho Hsieh and Ming-Ching Hsieh, who were the parties concerned and relatives within the second degree of kinship thereof, and who recused themselves in accordance with the law without participating in the discussion or resolution, the rest of the directors present voted in favor of the proposal unanimously.

For the remuneration of the President of the Company and the amount of the budget for the company car for the President, except for Directors Shun-Ho Hsieh and Ming-Ching Hsieh, who were the parties concerned and relatives within the second degree of kinship thereof, and who recused themselves in accordance with the law without participating in the discussion or resolution; the rest of the directors present voted in favor of the proposal unanimously.

For lifting the restrictions on the non-competition on the newly appointed managerial officers of the Company, except for Directors Shun-Ho Hsieh and Ming-Ching Hsieh, who were the parties concerned and relatives within the second degree of kinship thereof, and who recused themselves in accordance with the law without participating in the discussion or resolution; the rest of the directors present voted in favor of the proposal unanimously.

(V) Board of Directors meeting on December 17, 2025:

With respect to the Company's 2025 manager's year-end bonus plan, except for directors Shun-Ho Hsieh, Ming-Ching Hsieh, and Shu-Chuan Hsiao, who are the parties involved in this case and their relatives and second-degree relatives of the parties involved in this case and therefore avoided participating in the discussion and resolution in accordance with the law, the remaining directors present at the meeting did not object to the resolution and passed the resolution as presented.

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

### Implementation of Board of Directors Evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Conduct regular internal board performance assessment on an annual basis	Conduct the performance assessment of the Board of Directors from January 1, 2025 to December 31, 2025.	The scope of evaluation includes <ol style="list-style-type: none"> <li>1. The overall Board of Directors</li> <li>2. Individual Board members</li> <li>3. Functional Committee (Including Audit Committee and Remuneration Committee)</li> </ol>	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><b>The measurement items of the performance assessment of the Board of Directors include the following five aspects</b></p> <ol style="list-style-type: none"> <li>1. Involvement in the Company's operations</li> <li>2. Enhancement to the Board's decision quality</li> <li>3. Composition and structure of the Board</li> <li>4. Election of directors and continuous improvement</li> <li>5. Internal control</li> </ol> <p><b>The measurement items of the performance assessment of Board members include the following six aspects</b></p> <ol style="list-style-type: none"> <li>1. Control over the Company's goals and tasks</li> <li>2. Recognition of director duties</li> <li>3. Involvement in the Company's operations</li> <li>4. Internal relationship management and communication</li> <li>5. Directors' professional and continuing education and training</li> <li>6. Internal control</li> </ol> <p><b>The measurement items of the performance assessment of the Audit Committee include the following five aspects</b></p> <ol style="list-style-type: none"> <li>1. Involvement in the Company's operations</li> <li>2. Recognition of the Audit Committee's duties</li> <li>3. Enhancement to the Audit Committee's decision quality</li> <li>4. Composition of the Audit Committee and appointment of Committee members</li> <li>5. Internal control</li> </ol> <p><b>The measurement items of the performance assessment of the Remuneration Committee include the following five aspects</b></p> <ol style="list-style-type: none"> <li>1. Involvement in the Company's operations</li> <li>2. Recognition of the Remuneration Committee's duties</li> <li>3. Enhancement to the Remuneration Committee's decision quality</li> <li>4. Composition of the Remuneration Committee and appointment of Committee members</li> <li>5. Other items</li> </ol>

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

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

A. The Company established a Remuneration Committee on Dec. 26, 2021 to assist the Board in implementing the remuneration management functions.

On March 9, 2012, the Company formulated the “Rules for Performance Evaluation of Board of Directors” and implemented the Board performance evaluation to further strengthen the Board's performance. Please refer to “Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof” for its implementation.

- B. Moreover, the Audit Committee was set up on June 6, 2016 to reinforce the corporate governance mechanism.
  - C. For the relevant proposals passed by the Audit Committee and the Remuneration Committee of the Company in 2025, please refer to (II) Implementation of the Audit Committee and (IV) Implementation of the Remuneration Committee.
- (II) 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 2025, the Company held nine Board meetings, with the directors' attendance rate of 98.77%. 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 12th Corporate Governance Evaluation organized by the Securities and Futures Development Fund (SADF) was listed as “Top 36% - 50% 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 2025 were submitted to the Board of Directors on March 11, 2026, and disclosed on the Company website for investors' reference.

(II) Implementation of the Audit Committee

The Company held two Audit Committees meetings from January 1, 2026 to April 30, 2026. A total of eight Audit Committee meetings were held in 2025. The attendance of independent directors is as follows:

Title	Name	Attendance in Person	By proxy	Attendance rate (%)	Remarks
Independent Director	Shih-Hung Chan (Note 1)	3	0	100%	Dismissed on June 6, 2025
Independent Director	Huei-Wang Huang	8	0	100%	Re-elected on June 6, 2025
Independent Director	San-Chien Tu	8	0	100%	Re-elected on June 6, 2025

Title	Name	Attendance in Person	By proxy	Attendance rate (%)	Remarks
Independent Director	Chien-Ting Lin (Note 2)	5	0	100%	Newly elected on June 6, 2025
Independent Director	Hung-Yu Li (Note 2)	5	0	100%	Newly elected on June 6, 2025

Note 1: On June 6, 2025, Independent Director Shih-Hung Chan was dismissed.

Note 2: On June 6, 2025, Independent Director Chien-Ting Lin and Independent Director Hung-Yu Li were newly appointed.

### **The focus of the Audit Committee in 2025**

The Company's Audit Committee is composed of four 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 eight meetings in 2025, 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 2025 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, 2026, the certified public accountants have conducted the financial report inspection results and other matters to the members of the Audit Committee, and have fully communicated the implementation status, results and suggestions.

Other matters:

- I. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, independent directors' dissenting opinions, reservations or significant recommendation items and contents, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified.
  - (I) Matters referred to in Article 14-5 of the Securities and Exchange Act.
  - (II) Except for the aforementioned matters, any 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.
2025.03.11 20th Meeting of the Third Term (1st meeting of 2025)	1. The Company's 2024 business report, financial statements, and consolidated financial statements.	V	None
	2. The Company's 2024 annual earnings distribution case.	V	None
	3. Proposal regarding the initial public offering of RMB-denominated ordinary shares by the Company's subsidiary, Sinmag Equipment (China) Co., Ltd., and its application to change listing to the Main Board of the Shanghai Stock Exchange.	V	None
	4. Proposal to revoke and cease implementation of the original undertakings in connection with the	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.	
	application by the subsidiary Sinmag Equipment (China) Co., Ltd. for a change in listing board.			
	5. The reappointment of the legal representative, directors, and President of the Company's subsidiary Sinmag Equipment (China) Co., Ltd.	V	None	
	6. The replacement of the Company's appointed certified public accountants.	V	None	
	7. The assessment of independence and competence of CPAs and the appointment and compensation of the CPAs for 2025.	V	None	
	8. The effectiveness assessment of the Company's internal control system design and implementation for 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.			
2025.04.11 21st Meeting of the Third Term (2nd meeting of 2025)	The repurchase of treasury shares by the Company.	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.			
2025.05.05 22nd Meeting of the Third Term (3rd meeting of 2025)	The Company's consolidated financial statements for the first quarter of 2025.	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.			
2025.06.23 2nd Meeting of the Fourth Term (5th meeting of 2025)	1. Proposal to establish a sales company in Kazakhstan through the subsidiary Sinmag Equipment (China) Co., Ltd.	V	None	
	2. New plant construction of the Company's subsidiary, Sinmag Equipment (China) Co., Ltd.	V	None	
	Audit Committee resolution: All the members of the Audit Committee 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.
The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.			
2025.08.11 3rd Meeting of the Fourth Term (6th meeting of 2025)	1. The Company's consolidated financial statements for the second quarter of 2025.	V	None
	2. Proposal regarding the cancellation of the first repurchased treasury shares of the Company and the setting of the capital reduction record date.	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.		
2025.11.12 4th Meeting of the Fourth Term (7th meeting of 2025)	1. The Company's consolidated financial statements for the third quarter of 2025.	V	None
	2. Proposal regarding the lease of land and construction of a plant by the Company's Thai subsidiary, SINMAG EQUIPMENT (THAILAND) CO., LTD.	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.		
2025.12.17 5th Meeting of the Fourth Term (8th meeting of 2025)	1. The cancellation of the new plant construction of the Company's subsidiary, Sinmag Equipment (China) Co., Ltd.	V	None
	2. New plant construction (S2) of the Company's subsidiary, Sinmag Equipment (China) Co., Ltd.	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.		

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

There is no proposal of independent directors to interested parties in the 2025 Audit Committee meetings of the Company, so there are no recusals due to conflicts of interest.

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

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

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

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

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

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

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

1. The Company's chief internal auditor regularly presents audit reports to independent directors at the Audit Committee meeting at least four times a year and communicates with the Committee members the results of the audit report and the implementation of the follow-up report.
2. The Company's independent directors have good communications regarding the implementation and effectiveness of the audits. The summary of the major communications in 2025 is as follows:

Date	Communication	Implementation
2025.03.11	1. Evaluation report on the design and effectiveness of the internal control system for 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. 2024 “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	The chief internal auditor reported to the Audit

Date	Communication	Implementation
	November 7, 2024, to February 28, 2025.	Committee members, as well as discussing and communicating on issues raised by the Committee members, with no objections from the members.
2025.05.05	1. Implementation report of internal audit from March 11, 2025, to April 30, 2025.	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. 2024 audit findings 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.
2025.08.11	1. Implementation report of internal audit from May 5, 2025, to July 31, 2025.	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.
2025.11.12	1. Implementation report of internal audit from August 11, 2025, to October 31, 2025.	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. The review of the 2026 audit plan compilation principles.	After each member reviewed the principle of preparing the annual audit plan, the audit supervisor prepared the 2026 audit plan according to this principle without any objection.

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

1. The Company's CPAs presents review or audit results of the financial

statements of the Company and its subsidiaries at home and abroad to independent directors during the quarterly Audit Committee meetings, as well as communicating whether financial adjustment entries or legal amendments affect the accounting method.

2. The Company's independent directors have good communications with the CPAs. The summary of the major communications in 2025 is as follows:

Date	Communication	Implementation
2025.03.11	Report on the audit results of consolidated and individual financial reports for 2024.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
2025.05.05	The review process and situation report of the consolidated financial statements for the first quarter of 2025.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
2025.08.11	The review process and situation report of the consolidated financial statements for the second quarter of 2025.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
2025.11.12	The review process and situation report of the consolidated financial statements for the third quarter of 2025.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.
2025.12.17	The CPA communicates with the corporate governance unit for the planning matters of the 2025 audit operations and the key audit matters in the new audit report.	The CPAs attended the Audit Committee meeting to discuss and communicate on issues raised by the Committee members.

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

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

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. Composition and responsibilities of the Board of Directors</p> <p>(I) Does the Board of Directors have a diversification policy, and what are the specific management objectives and implementation plan?</p> <p>(II) In addition to the legally required Remuneration Committee and Audit Committee, does the Company voluntarily establish other functional committees?</p> <p>(III) Does the Company establish standards to measure the performance of the Board and implement such annually, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I)</p> <p>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.</p> <p>2. Regarding the diversified policy on the Board members has been disclosed on the Company website and Market Observation Post System (MOPS).</p> <p>(II)</p> <p>1. In 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 an "ESG Committee" to attain the Company's sustainability goals and strengthen sustainability governance. The "Organizational Regulations of ESG Committee" have also been adopted.</p> <p>2. Other functional committees will be established as per the Board of Directors' discussion.</p> <p>(III) The Company has formulated the "Performance Evaluation Method of the Board of Directors" on Mar. 9, 2012, which was implemented after discussion and approval by the Board of Directors. It is stipulated that the Board of Directors shall perform performance evaluations of the Board of Directors and the Board members at least once a year. The scope of the Company's Board evaluation includes the performance evaluation of the overall Board of Directors, individual Board members, Audit Committee, and Remuneration Committee. According to the method, the performance evaluation of the Board of Directors will be conducted at the end of each year, and the performance self-evaluation questionnaire will be issued to all board members at the end of December of that year. Through regular Board performance evaluation every year, after each director completes the evaluation on the operation, culture, internal and external relationship management, self-evaluation, and other aspects of the Board of Directors for the current year, the deliberating units of the Board of Directors will compile the statistics and make a report at the first Board meeting of the following year.</p> <p>1. The performance evaluation of the Company's "Board of Directors" covers five aspects:</p> <p>(1) Involvement in the Company's operations</p> <p>(2) Enhancement to the Board's decision quality</p> <p>(3) Composition and structure of the Board</p>	<p>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</p> <p>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</p> <p>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</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>(4) Elections and continuous training of the directors  (5) Internal control  There are a total of 45 measurement indicators</p> <p>2. The performance evaluation of the “Board members” covers six aspects:  (1) Control over the Company's goals and tasks  (2) Recognition of director duties  (3) Involvement in the Company's operations  (4) Internal relationship management and communication  (5) Directors' professional and continuing education and training  (6) Internal control  There are a total of 23 measurement indicators</p> <p>3. The performance evaluation of the “Audit Committee” covers five aspects:  (1) Involvement in the Company's operations  (2) Recognition of the Audit Committee's duties  (3) Enhancement to the Audit Committee's decision quality  (4) Composition of the Audit Committee and appointment of Committee members  (5) Internal control  There are a total of 22 measurement indicators</p> <p>4. The performance evaluation of the “Remuneration Committee” covers five aspects:  (1) Involvement in the Company's operations  (2) Recognition of the Remuneration Committee's duties  (3) Enhancement to the Remuneration Committee's decision quality  (4) Composition of the Remuneration Committee and appointment of Committee members  (5) Other items  There are a total of 19 measurement indicators</p> <p>5. The Company's 2025 Board performance self-evaluation began at the end of December 2025. The deliberative unit of the Finance Department provided the questionnaires according to the Rules. The questionnaire was distributed at the end of December 2025 and analyzed by the above methods. The 2025 Board performance evaluation results are as follows:  (1) The average self-evaluation score of the Board of Directors' performance evaluation is 94.22 points  (2) The average self-evaluation score of the Board members' performance</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>evaluation is 93.98 points  (3) The average self-evaluation score of the Audit Committee's performance evaluation is 98.87 points  (4) The average self-evaluation score of the Remuneration Committee's performance evaluation is 96.37 points  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 2025.  7. The performance evaluation results were reported to the Board of Directors and functional committees on March 11, 2026. After the report by the Board of Directors, the method and the results of the evaluation were disclosed to the investor area of the Company's website (<a href="http://www.sinmag.com.tw/">http://www.sinmag.com.tw/</a>). 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 &amp; Touche, Keng-Hsi Chang and Li-Wei Liu, 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, 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, 2026 after consideration by the Audit Committee and the Board of Directors.</p>	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
IV. Does the TWSE/TPEx listed company establish a qualified and appropriate number of corporate governance personnel, and appoint a corporate governance director responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the information required for business execution, assisting directors and	✓		<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.  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</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																							
supervisors to comply with laws and regulations, handling matters related to Board meetings and the Shareholders' Meetings following the regulations, producing minutes of Board meetings and the Shareholders' Meetings, etc.)?			<p>and continuing education, provide the directors with information necessary for the execution of their business, assist the directors in complying with the laws and regulations, report the results of the Board of Directors' review on the compliance with the relevant laws and regulations regarding the qualifications of the independent directors at the time of their nomination, election and during their term of office, and handle matters related to the change in the directors. etc. In accordance with law, the head of corporate governance should undertake at least twelve hours of study per year (continuing education). As of the end of 2025, 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>2025/07/09</td> <td>2025/07/09</td> <td>Taiwan Stock Exchange</td> <td>2025 Cathay Sustainable Finance and Climate Change Summit</td> <td>6</td> </tr> <tr> <td>2025/08/25</td> <td>2025/08/25</td> <td>Taipei Exchange</td> <td>2025 Conference on Insider Equity for TPEX-Listed and Emerging Stock Companies</td> <td>3</td> </tr> <tr> <td>2025/09/10</td> <td>2025/09/10</td> <td>Taiwan Project Management Association</td> <td>Continuing Education Course for Directors of TWSE/TPEX Listed Companies - ESG Project Management and Sustainable Development</td> <td>3</td> </tr> </tbody> </table>	Training date		Organizer	Course name	Training hours	Start	End	2025/07/09	2025/07/09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit	6	2025/08/25	2025/08/25	Taipei Exchange	2025 Conference on Insider Equity for TPEX-Listed and Emerging Stock Companies	3	2025/09/10	2025/09/10	Taiwan Project Management Association	Continuing Education Course for Directors of TWSE/TPEX Listed Companies - ESG Project Management and Sustainable Development	3	
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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 17, 2025, the Company reported the communication status with various stakeholders for the	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	
			year to the Board of Directors and disclosed the information on the Company's website.	
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 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? (II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesperson system, and webcasting investor conferences)? (III) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and file the financial reports for the first, second, and third quarter and the operating conditions of each month before the specified period?	✓  ✓		(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: <a href="http://www.sinmag.com.tw/">http://www.sinmag.com.tw/</a>  (II) In addition to appointing a dedicated person to collect and disclose the Company's information, the Company also assigns a spokesperson and a deputy spokesperson who comprehensively understand the Company's finance and business as well as being able to coordinate various departments to provide relevant information and speak on behalf of the 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.  (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.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.  In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.  After evaluating the cooperation between the internal operation time and the CPAs, it is not possible to make an announcement and file the annual financial report within two months after the end of

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
				the fiscal year.
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 risk evaluation measures, implementation of customer policies, and participation in liability insurance for directors and supervisors)?	✓		<p>(I) Employee rights and employee wellness</p> <ol style="list-style-type: none"> <li>1. Adhering to the business philosophy of integrity, excellence, innovation and mutual benefit, 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.</li> <li>2. Provide various welfare subsidies for weddings and funerals, grants and emergency relief, annual health checks, group life insurance, and accident insurance.</li> <li>3. 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.</li> <li>4. The Labor Committee has been set up in accordance with regulations on labor relations. Labor meetings are held regularly with good results. Any new or revised measures related to labor relations will be finalized after full agreement and communication between labor and management.</li> <li>5. Regularly assign employees to attend the safety and health seminars, conduct staff pre-employment education and training, and regularly arrange health checkups for all staff in order to provide employees with a comfortable and safe working environment.</li> <li>6. In order to pursue harmonious labor relations and to emphasize employees' right to express their opinions, we have set up a mailbox for employee opinions in the corporate information system, with designated personnel to understand and respond to the mailboxes, so as to open up channels for employees to communicate their opinions. We have also set up a "Measures for the Administration of the Reporting System" to establish channels for reporting and filing complaints by stakeholders, as well as a mechanism to protect them. Other measures include the establishment of a hotline for the prevention and control of sexual harassment.</li> </ol> <p>(II) Investor relations The Company upholds the principle of fairness and openness to all shareholders. In terms of Shareholders' Meetings, which is convened annually in accordance with the Company Act and relevant laws and regulations. All shareholders are notified to attend the Shareholders' Meeting under relevant regulations and encouraged to actively</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	
			<p>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 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> <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</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof																																							
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			<p>provide stakeholders with channels for feedback to safeguard their rights and interests.</p> <p>(V) Directors' continuing education</p> <table border="1"> <thead> <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> </thead> <tbody> <tr> <td rowspan="2">Director Shun-Ho Hsieh</td> <td>2025/12/17</td> <td>Taiwan Corporate Governance Association</td> <td>How Directors Review Financial Reports</td> <td>3</td> <td>Yes</td> </tr> <tr> <td>2025/12/17</td> <td>Taiwan Corporate Governance Association</td> <td>Analysis of the International IFRS Sustainability Disclosure Standards and Corporate Response Strategies</td> <td>3</td> <td>Yes</td> </tr> <tr> <td rowspan="2">Director Yao-Tsung Wu</td> <td>2025/12/17</td> <td>Taiwan Corporate Governance Association</td> <td>How Directors Review Financial Reports</td> <td>3</td> <td>Yes</td> </tr> <tr> <td>2025/12/17</td> <td>Taiwan Corporate Governance Association</td> <td>Analysis of the International IFRS Sustainability Disclosure Standards and Corporate Response Strategies</td> <td>3</td> <td>Yes</td> </tr> <tr> <td rowspan="2">Director Ming-Ching Hsieh</td> <td>2025/12/17</td> <td>Taiwan Corporate Governance Association</td> <td>How Directors Review Financial Reports</td> <td>3</td> <td>Yes</td> </tr> <tr> <td>2025/12/17</td> <td>Taiwan Corporate Governance Association</td> <td>Analysis of the International IFRS Sustainability Disclosure Standards and Corporate Response Strategies</td> <td>3</td> <td>Yes</td> </tr> </tbody> </table>	Title Name	Training date	Organizer	Course	Training hours	Whether the course meets the requirements (Note)	Director Shun-Ho Hsieh	2025/12/17	Taiwan Corporate Governance Association	How Directors Review Financial Reports	3	Yes	2025/12/17	Taiwan Corporate Governance Association	Analysis of the International IFRS Sustainability Disclosure Standards and Corporate Response Strategies	3	Yes	Director Yao-Tsung Wu	2025/12/17	Taiwan Corporate Governance Association	How Directors Review Financial Reports	3	Yes	2025/12/17	Taiwan Corporate Governance Association	Analysis of the International IFRS Sustainability Disclosure Standards and Corporate Response Strategies	3	Yes	Director Ming-Ching Hsieh	2025/12/17	Taiwan Corporate Governance Association	How Directors Review Financial Reports	3	Yes	2025/12/17	Taiwan Corporate Governance Association	Analysis of the International IFRS Sustainability Disclosure Standards and Corporate Response Strategies	3	Yes	
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			Director Shu-Chuan Hsiao	2025/12/17	Taiwan Corporate Governance Association	How Directors Review Financial Reports	3	Yes	
				2025/12/17	Taiwan Corporate Governance Association	Analysis of the International IFRS Sustainability Disclosure Standards and Corporate Response Strategies	3	Yes	
			Director Min-Jyh Chen	2025/10/15	Taiwan Stock Exchange and Taipei Exchange	IR & Engagement New Trends: ESG and Sustainable Investment Forum	3	Yes	
				2025/07/22	Taipei Exchange	2025 Conference on Insider Equity for TPEX-Listed and Emerging Stock Companies	3	Yes	
				2025/07/09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit	6	Yes	
			Independent Director San-Chien Tu	2025/12/17	Taiwan Corporate Governance Association	How Directors Review Financial Reports	3	Yes	
				2025/12/17	Taiwan Corporate Governance Association	Analysis of the International IFRS Sustainability Disclosure Standards and Corporate Response Strategies	3	Yes	
				2025/10/08	National Federation of R.O.C CPA Association	Practical Sharing on Wills, Advance Directives for Guardianship, and Cross-Border Inheritance	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						
				2025/09/12	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3	Yes	
				2025/07/14	Independent Director Association Taiwan	Latest Developments and Practices in Anti-Money Laundering and Counter-Terrorism Financing	3	Yes	
			Independent Director Hwei-Wang Huang	2025/12/17	Taiwan Corporate Governance Association	How Directors Review Financial Reports	3	Yes	
				2025/12/17	Taiwan Corporate Governance Association	Analysis of the International IFRS Sustainability Disclosure Standards and Corporate Response Strategies	3	Yes	
			Independent Director Chien-Ting Lin	2025/12/05	Securities & Futures Institute	New Corporate Hedging Perspectives: Seminar on Addressing Exchange Rate Challenges and Asset Management Trends	3	Yes	
				2025/07/29	Taipei Exchange	2025 Conference on Insider Equity for TPEX-Listed and Emerging Stock Companies	3	Yes	
				2025/07/09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit	6	Yes	
			Independent Director Hung-Yu Li	2025/12/05	Securities & Futures Institute	New Corporate Hedging Perspectives: Seminar on Addressing Exchange Rate Challenges and Asset Management Trends	3	Yes	

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2025/10/07	Taiwan Corporate Governance Association	Key Analysis of IFRS 18 Presentation and Disclosure in Financial Statements	3	Yes																																
2025/10/07	Taiwan Corporate Governance Association	How Directors Review Financial Reports	3	Yes																																
2025/07/22	Taipei Exchange	2025 Conference on Insider Equity for TPEX-Listed and Emerging Stock Companies	3	Yes																																
2025/07/09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit	6	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 To ensure prudent operations and advance toward sustainable development goals, the Company strengthened its risk management system and, upon Board approval on November 7, 2024, adopted the Risk Management Policy and Operating Procedure as the highest guiding principle for the Company's risk management. The Company's Board of Directors is the highest decision-making body for risk control. Risk management is supervised by the Audit Committee, which reviews risk management</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>policies, procedures, and framework on a regular basis for their applicability and effectiveness.</p> <p>The President's Office analyzes and identifies the sources and categories of the Company's risks and classifies the risks faced by the Company into four major categories: operational, financial, environmental, and operational execution. It regularly reviews their applicability, approves the risk appetite (risk tolerance), establishes qualitative and quantitative measurement standards, and approves priorities and risk levels for risk control.</p> <p>(VII) 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> <p>(VIII) 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 Feb. 1, 2026 to Feb. 1, 2027, and it has been submitted to the Board meeting on Mar. 11, 2026 for an explanation.</p>	
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	
	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?	Yes	At present, the chairman and president of the Company are served by the same person. 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 increased the number of independent directors in the 2025 election of directors to strengthen the effectiveness of the Board of Directors.	
	Does the Company establish an exclusively (or concurrently) dedicated unit to promote ethical corporate management, responsible for the formulation, supervision, and implementation of the ethical corporate management policy and prevention plan, and explain the operation and implementation of the unit on the Company website and annual report, and report to the Board of Directors at least once a year?	Yes	The Company amended the Ethical Corporate Management Best Practice Principles in 2026, with the Human Resources Department responsible for the formulation and supervision of the Ethical Management Policy and prevention programs.	
	Does the Company set management policies for water use reduction or other wastes, including reduction targets, promotion measures, and achievement status, etc.?	No	The Company will establish reduction targets and continuously improve relevant policies.	

Evaluation item	Implementation status			Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No			
Does the company disclose information on corporate governance, strategy, risk management, metrics and targets for climate-related risks and opportunities under the framework of the Task Force on Climate-Related Financial Disclosures (TCFD)?		No		The Company discloses information on corporate governance, strategy, risk management, metrics and targets for climate-related risks and opportunities under the framework of the Task Force on Climate-Related Financial Disclosures (TCFD).	
Does the Company set management policies for greenhouse gas reduction, including reduction targets, promotion measures, and achievement status, etc.?		No		The Company will establish reduction targets and continuously improve relevant policies.	
Has the Company established an energy management plan, and has its implementation status been disclosed on the Company's website, in its annual report, or in its sustainability report?		No		The Company plans to offer energy efficiency courses to its employees in the future. It is expected that energy consumption efficiency will improve through education and training, and the execution status will be disclosed.	
Has the Company established a personal data protection policy and disclosed its contents and implementation status?		No		The Company will establish a personal data protection policy in 2026 and disclose its contents and implementation status.	

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.  Before the Company's public offering:  No CPA has provided audit service to the Company for ten consecutive years.	Yes
No CPA has provided audit service to the Company for seven consecutive years.				
Before the Company's public offering:				
No CPA has provided audit service to the Company for ten consecutive years.				
Independent operation	1	Has the CPA recused and refused to undertake matters if he/she has a direct or significant indirect interest that could impair his/her impartiality and independence?	Yes	Yes
	2	When the CPA provides audit, review, cross-review, or project review of a financial statement and submits an opinion, does he/she maintain independence in appearance in addition to independence in fact?	Yes	Yes
	3	Do members of the audit service team, other co-practicing CPAs or shareholders of legal-person accounting firms, accounting firms, firm-affiliated companies, and alliance firms also maintain their independence vis-a-vis the Company?	Yes	Yes
	4	Does CPA offer professional services with integrity in a rigorous manner?	Yes	Yes

	Item no.	Evaluation content	Result	Compliance with independence
	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

(IV) Where a company has established a Remuneration Committee and a ESG Committee, the composition, duties, and operation thereof shall be disclosed:

1. Remuneration Committee

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

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

A. Information on Members of the Remuneration Committee

April 30, 2026

Qualification		Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as a remuneration committee member
Title	Name			
Independent Director (Convenor)	Huei-Wang Huang	Please refer to Information on Directors (II) on page 12.		0
Independent Director	San-Chien Tu			0
Independent Director	Chien-Ting Lin			0
Independent Director	Hung-Yu Li			0

B. Implementation of the Remuneration Committee

- a. The Company's Remuneration Committee comprises four members.
- b. The term of the current Committee members is from June 6, 2025, to June 5, 2028.

In the most recent year (2025), the Remuneration Committee held six 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 (Note 1)	2	0	100%	Dismissed on June 6, 2025

Convener	Huei-Wang Huang	6	0	100%	Re-elected on June 6, 2025
Member	San-Chien Tu	6	0	100%	Re-elected on June 6, 2025
Member	Chien-Ting Lin (Note 2)	4	0	100%	Newly elected on June 6, 2025
Member	Hung-Yu Li (Note 2)	4	0	100%	Newly elected on June 6, 2025
(A) The Remuneration Committee held six meetings in 2025.					
(B) Attendance in person.					

Note 1: On June 6, 2025, Independent Director Shih-Hung Chan was dismissed.

Note 2: On June 6, 2025, Independent Director Chien-Ting Lin and Independent Director Hung-Yu Li were newly appointed.

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
2025.03.11 12th Meeting of the Fifth Term (1st meeting of 2025)	1. The distribution proposal of the Company's 2024 employee compensation and director compensation. 2. Proposal to adopt the Company's Salary Management Regulations. 3. The amendment to the Company's "Remuneration Committee Organization Rules."	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.
2025.05.05 13th Meeting of the Fifth Term (2nd meeting of 2025)	The distribution proposal of the Company's individual directors' compensation and managerial officers' employee compensation for 2024.	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.

Remuneration Committee	Contents of motions and follow-up actions	Resolution	The Company's response to the Remuneration Committee's opinion
2025.06.06 1st Meeting of the Sixth Term (3rd meeting of 2025)	Election of the convener of the sixth term of the Remuneration Committee.	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.
2025.06.23 2nd Meeting of the Sixth Term (4th meeting of 2025)	4. The resolution on the remuneration of the Company President and the budget amount for the President's company car. 5. The travel expenses and expenses for performing business duties for the members of the Board of Directors of the Company.	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.
2025.08.11 3rd Meeting of the Sixth Term (5th meeting of 2025)	The amendment to the Company's "Remuneration Payment Measures for Directors and Functional Committee".	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.
2025.12.17 4th Meeting of the Sixth Term (6th meeting of 2025)	The Company's 2025 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.

## 2. ESG Committee

To implement sustainable development goals in environmental protection, social responsibility, and corporate governance, the Company has resolved at the Board of Directors meeting on August 9, 2024, to establish an "ESG Committee". The "Organizational Regulations of ESG Committee" have also been adopted. The Committee has set up task forces for sustainable environment, social welfare, and corporate governance. The President appoints the heads of relevant units to take charge of the responsibilities of each task force and the implementation of related operational plans.

The principal duties of the ESG Committee are as follows:

- (1) Formulate, promote, and strengthen the Company's sustainable development policies, annual plans, and strategies.
- (2) Review, track, and revise the implementation status and effectiveness of sustainable development.
- (3) Supervise the disclosure of sustainability information and review the Sustainability Report.
- (4) Supervise the execution of matters relating to the Company's sustainable development principles and other sustainable development-related work resolved by the Board of Directors.

### A. Information on members of the ESG Committee

April 30, 2026

Qualification		Professional qualifications and experience
Title	Name	
President (Convenor)	Shun-Ho Hsieh	He is currently the Chairman of the Company and possesses extensive industry knowledge and management experience, with capabilities in business management, leadership and decision-making, communication and coordination, and crisis management. He is familiar with corporate governance, employee rights and interests, occupational health and safety, and risk management, and has an international market perspective. He is committed to promoting high-efficiency energy-saving technologies, green environmental protection, and sustainable corporate development.
Vice President	Shu-Chuan Hsiao	She has more than 30 years of experience in the baking industry and possesses extensive industry knowledge and management capabilities. He is currently a director and Vice President of the Company. Graduated from the Department of Industrial Engineering and Management, Lунghwa University of Science and Technology, and specializes in business management, communication and coordination, crisis management, and risk management, and is also familiar with corporate governance and occupational health and safety.
Special Assistant to the President and Information Security Officer	Ming- Hsiao Hsieh	He graduated from the Department of Information Management, Tamkang University, and previously served as Information Supervisor at a TPEX-listed company, with information security risk management capabilities. He is currently the Company's Information Security Officer and was transferred in January 2026 to serve as Special Assistant to the President. His expertise covers information security management and corporate governance.
Financial Officer	Yi-Wen Chen	Graduated from the Department of Finance, National Taiwan University, and previously worked at a Big Four accounting firm, with expertise in accounting and finance. Currently serving as the Company's Finance Manager and concurrently serving as Corporate Governance Officer, with expertise in financial risk management and corporate governance.

- B. Information on the operation of the ESG Committee
- a. The Company's ESG Committee comprises four members.

- b. The term of the current Committee members is from June 6, 2025, to June 5, 2028.

In the most recent year (2025), the ESG 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	Shun-Ho Hsieh	3	0	100%	Director
Member	Shu-Chuan Hsiao	3	0	100%	Director
Member	Ming-Hsiao Hsieh	3	0	100%	-
Member	Yi-Wen Chen	3	0	100%	-
(A) The ESG Committee held three meetings in 2025.					
(B) Attendance in person.					

- (a) If the Board of Directors refuses to adopt or amend a recommendation of the ESG 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 ESG Committee's opinion.  
None.
- (b) If there were resolutions of the ESG 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' opinions shall be specified.  
None.
- (c) Implementation of the ESG Committee in the latest year:

ESG Committee Members	Contents of motions and follow-up actions	Discussion/Resolution Status
2025.06.06 1st Meeting of the Second Term (1st meeting of 2025)	Approved the election of the convener of the second term of the ESG Committee.	After the Chair solicited the views of the other attending committee members, no objection was raised and the proposal was approved as proposed, and then submitted to the Board of Directors for resolution.
2025.08.11 2nd Meeting of the Second Term (2nd meeting of 2025)	Approved the 2024 ESG Report.	After the Chair solicited the views of the other attending committee members, no objection was raised and the proposal was approved as proposed, and then submitted to the Board of Directors for resolution.

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

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
I. Does the company have a governance structure that promotes sustainable development, and has a dedicated (part-time) job unit that promotes sustainable development, which is authorized by the Board of Directors to the senior management and supervised by the Board of Directors?	✓		<p>1. To strengthen the operation of corporate governance, the Company's Board of Directors resolved on August 9, 2024 to establish the ESG Committee and adopted the Organizational Regulations of the ESG Committee. The current members are President Shun-Ho Hsieh, Vice President Shu-Chuan Hsiao, Information Security Officer Ming-Hsiao Hsieh, and Finance and Accounting Officer Yi-Wen Chen. The Committee has set up task forces for sustainable environment, social welfare, and corporate governance, and President Shun-Ho Hsieh appoints the heads of relevant units to take charge of the responsibilities of each task force and the implementation of related operational plans.</p> <p>2. The ESG Committee reports specific implementation results and future work plans to the Board of Directors at least once a year. In 2025, a total of three meetings were convened, and agenda items included: (1) report on the execution and planning of greenhouse gas inventory and assurance; (2) report on the execution of the Task Force on Climate-related Financial Disclosures (TCFD); (3) report on the execution of risk management; (4) annual information security report; (5) report on the execution of intellectual property rights management; (6) report on communication with stakeholders; and (7) submission of the Sustainability Report to the Board of Directors for approval. The implementation results for 2025 were reported to the Board of Directors on December 17, 2025.</p> <p>3. After hearing the report, the Board reviewed the effectiveness based on the progress of implementation, provided necessary guidance and urged adjustments as needed to ensure alignment with the Company's sustainable development strategy.</p>	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
II. Does the Company conduct a risk assessment of environmental, social, or corporate governance (ESG) issues associated with its operations based on the principle of materiality and formulate relevant risk management policies or strategies?	✓		The information disclosed by the Company covers the sustainable development performance of its major sites from January to December 2025. The risk assessment boundary is the Company itself. Based on the principle of materiality and with reference to risk sources and categories and stakeholders' key concerns, the Company identified and summarized relevant risk issues item by item and conducted assessments of environmental, social, and corporate governance issues relating to operations. The major risks identified fall into four categories: operational risk, financial risk, operational execution risk, and environmental risk. Based on the above assessment, the Company identified material ESG issues, established effective risk management policies for identification, measurement, evaluation, supervision, and control, and adopted specific action plans to reduce the impact of related risks. Based on the risks assessed, the related management policies or strategies are as follows:	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promoted items	Implementation status			Description	Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies																							
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				<table border="1"> <thead> <tr> <th>Risk Category</th> <th>Risk Event</th> <th>Risk Countermeasure</th> </tr> </thead> <tbody> <tr> <td rowspan="7">Operational aspect (Corporate governance, Social)</td> <td>Untimely product sales</td> <td>1. Formulate operating procedures for production and sales. 2. Hold regular production and sales meetings.</td> </tr> <tr> <td>Insufficient supply of raw materials</td> <td>1. Formulate production-related operating procedures. 2. Hold regular production meetings. 3. Conduct regular inventories.</td> </tr> <tr> <td>Insufficient human resources</td> <td>Formulate relevant policies for salaries, performance evaluation, and benefits.</td> </tr> <tr> <td>Insufficient equipment</td> <td>1. Formulate relevant procedures for fixed asset requisition, procurement, and custody. 2. Conduct regular inventories.</td> </tr> <tr> <td>Insufficient space</td> <td>1. Conduct regular inventories. 2. Carry out regular scrapping and disposal.</td> </tr> <tr> <td>Cyberattack</td> <td>1. Regularly review firewall records. 2. Conduct regular education, training, or awareness promotion. 3. Irregularly update antivirus codes and firmware for software and hardware.</td> </tr> <tr> <td>Poor operation of subsidiaries</td> <td>Formulate relevant regulations for subsidiary management.</td> </tr> <tr> <td rowspan="2">Financial aspect (Corporate governance)</td> <td>Liquidity risk</td> <td>1. Prepare and review accounts receivable aging and inventory aging schedules monthly. 2. Conduct regular fund planning.</td> </tr> <tr> <td>Credit risk</td> <td>1. Control credit limits. 2. Actively implement collection procedures. 3. Collect payment before shipment.</td> </tr> </tbody> </table>	Risk Category	Risk Event	Risk Countermeasure	Operational aspect (Corporate governance, Social)	Untimely product sales	1. Formulate operating procedures for production and sales. 2. Hold regular production and sales meetings.	Insufficient supply of raw materials	1. Formulate production-related operating procedures. 2. Hold regular production meetings. 3. Conduct regular inventories.	Insufficient human resources	Formulate relevant policies for salaries, performance evaluation, and benefits.	Insufficient equipment	1. Formulate relevant procedures for fixed asset requisition, procurement, and custody. 2. Conduct regular inventories.	Insufficient space	1. Conduct regular inventories. 2. Carry out regular scrapping and disposal.	Cyberattack	1. Regularly review firewall records. 2. Conduct regular education, training, or awareness promotion. 3. Irregularly update antivirus codes and firmware for software and hardware.	Poor operation of subsidiaries	Formulate relevant regulations for subsidiary management.	Financial aspect (Corporate governance)	Liquidity risk	1. Prepare and review accounts receivable aging and inventory aging schedules monthly. 2. Conduct regular fund planning.	Credit risk	1. Control credit limits. 2. Actively implement collection procedures. 3. Collect payment before shipment.	
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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	✓		(II) The Company promotes green procurement by gradually adopting environmentally-friendly materials, energy-saving & high-efficiency lamps, and inverter air conditioners, and continues to give impetus to water conservation plans and other measures. The Company also actively pursues comprehensive digitization and green innovation service research and development,	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																											
<p>recycled materials that have a low impact on the environment?</p> <p>(III) Does the Company evaluate the current and future potential risks and opportunities of climate change, and take countermeasures to respond to climate-related issues?</p> <p>(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>	<p>✓</p> <p>✓</p>		<p>which effectively saves paper printing and greatly improves service efficiency.</p> <p>(III) To respond in advance to the challenges of climate change, the Company has designated the Board of Directors as the highest decision-making body for climate issues and established the ESG Committee, chaired by the Chairman. At the current stage, the Company has identified the risks and opportunities it may face from climate change, as well as the response strategies for climate-related risks and opportunities, and has reported them to the Board of Directors. Please refer to the “Environmentally Friendly Green Management” chapter of the 2025 Sustainability Report for details.</p> <p>(IV) The Company's past data on greenhouse gas emissions, water consumption, and total weight of waste</p> <p>1. GHG</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> <p>(2) Greenhouse gas emissions for the most recent two years (2024 and 2025) (Data Coverage: Sinnmag Taiwan and Sinnmag China)</p> <table border="1"> <thead> <tr> <th rowspan="2">Item/Year</th> <th colspan="2">Emissions metric tons of CO2e per year</th> </tr> <tr> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>570.9737</td> <td>465.1174</td> </tr> <tr> <td>Scope 2</td> <td>4,409.7147</td> <td>4,082.5605</td> </tr> <tr> <td>Total emissions</td> <td>4,980.6884</td> <td>4,547.6779</td> </tr> </tbody> </table> <p>2. Water Consumption and Waste (Data Coverage: Sinnmag Taipei headquarters, Taichung area, and Kaohsiung area)</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Water consumption (in metric tons)</td> <td>1,382</td> <td>1,171</td> </tr> <tr> <td>Hazardous waste (in metric tons)</td> <td>1.04</td> <td>1.01</td> </tr> <tr> <td>Non-hazardous waste (in metric tons)</td> <td>13.20</td> <td>13.20</td> </tr> </tbody> </table>	Item/Year	Emissions metric tons of CO2e per year		2024	2025	Scope 1	570.9737	465.1174	Scope 2	4,409.7147	4,082.5605	Total emissions	4,980.6884	4,547.6779	Item	2024	2025	Water consumption (in metric tons)	1,382	1,171	Hazardous waste (in metric tons)	1.04	1.01	Non-hazardous waste (in metric tons)	13.20	13.20	<p>Companies.</p> <p>In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>
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Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
			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.	
IV. Social issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		<p>(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. The Company's human rights policy is as follows: Sinmag Human Rights Policy</p> <p>I. Policy Statement Sinmag firmly believes that a diverse, equitable, and inclusive work environment is a core driver of innovation, better decision-making, and sustainable development. Based on international human rights conventions, we are committed to creating and maintaining a workplace free from discrimination and harassment, ensuring that every employee, regardless of gender, gender identity and expression, sexual orientation, race, color, age, religion, nationality, disability, marital status, pregnancy, genetic information, or any other legally protected characteristic, receives equal respect and development opportunities. We specifically recognize that promoting gender equality is key to achieving this goal. Accordingly, we are committed to actively promoting gender equality in all employment practices, including but not limited to recruitment, promotion, compensation, training, and development, and to supporting employees of all genders in fully realizing their potential.</p> <p>II. Policy Objectives This policy is intended to:</p> <ol style="list-style-type: none"> <li>1. Foster an inclusive culture: Establish a workplace where all employees feel valued, respected, and that they belong.</li> <li>2. Eliminate discrimination and bias: Eliminate all forms of discrimination, harassment, and bias based on gender and other personal characteristics.</li> <li>3. Ensure equal opportunity: Ensure fair and transparent procedures in recruitment, promotion, compensation, training, and development.</li> <li>4. Promote gender balance: Strive to achieve balanced gender representation at all levels, especially in managerial positions.</li> <li>5. Support work-life balance: Provide supportive policies to help employees of all genders balance work responsibilities and personal life.</li> </ol> <p>III. Scope of Application and Responsible Units</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	
			<p>1. This policy applies to all managerial officers and employees (those employed by the Company to perform work in exchange for salary or remuneration), affiliated enterprises, related enterprises, suppliers, contractors, partners (customers and communities), and other stakeholders. • The Company is committed to eradicating all human rights violations.</p> <p>2. The Company has established a human rights governance framework with the Board of Directors as the highest level and formed a cross-departmental human rights task force to systematically and effectively promote human rights management measures, and regularly reports to the Board on progress, human rights management actions, and implementation results.</p> <p>IV. Core Principles and Specific Measures</p> <p>1. Recruitment and hiring:</p> <p>(1) Unbiased recruitment: Ensure that job descriptions use neutral language and avoid implied bias against any gender or other group.</p> <p>(2) Diverse candidate pool: Wherever possible, strive to ensure that interview shortlists include candidates of different genders and backgrounds.</p> <p>(3) Structured interviews: Adopt standardized interview processes and evaluation criteria to reduce the impact of unconscious bias.</p> <p>(4) Fair starting salary: Ensure that employees in the same position with the same experience and capabilities receive starting salaries based on objective standards, without differences arising from gender or other factors.</p> <p>2. Equal compensation and benefits:</p> <p>(1) Equal pay for equal work: We strictly follow the principle of equal pay for equal work. Conduct regular pay equity assessments to identify and correct gender-based pay disparities.</p> <p>(2) Inclusive benefits: Our benefit programs are designed to meet the needs of all employees, including but not limited to providing equal health-related benefits for employees of all genders.</p> <p>3. Career development and promotion:</p> <p>(1) Fair promotion opportunities: Promotion decisions must be based on objective performance evaluations, capabilities, and potential, ensuring equal promotion opportunities for employees of all genders.</p> <p>(2) Mentoring and sponsorship programs: Actively provide mentoring and career development guidance to women and other special groups of employees, and support their advancement into key leadership positions.</p> <p>(3) Training opportunities: Ensure that all employees have equal access to professional skills training, leadership development programs, and other learning</p>	

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>resources.</p> <p>4. Work-life balance:</p> <p>(1) Flexible work arrangements: Where feasible, provide options such as flexible working hours and remote work to help employees better manage work and personal responsibilities.</p> <p>(2) Family-friendly policies: Provide parental leave for all new parents, supportive maternity leave and paternity leave policies, and ensure that female employees are fully respected and supported during pregnancy and breastfeeding, such as by providing a safe lactation room.</p> <p>(3) Personal and family care support: Provide reasonable personal leave and family care leave.</p> <p>5. Creating a safe and respectful work environment (prohibition of harassment and discrimination):</p> <p>(1) Zero-tolerance policy: Take a zero-tolerance approach to all forms of harassment, including sexual harassment, bullying, discrimination, and retaliation.</p> <p>(2) Clear code of conduct: Clearly define inappropriate conduct in the employee handbook and ensure that all employees are aware of it.</p> <p>(3) Confidential complaint mechanism: Establish clear, confidential, and secure complaint channels to ensure that employees can report any improper conduct without concern. Retaliation in any form against employees who file complaints in good faith is prohibited.</p> <p>(4) Timely and impartial investigations: All complaints will be investigated promptly, impartially, and thoroughly.</p> <p>6. Diversity and inclusion education and training:</p> <p>(1) Mandatory training: Provide regular training on diversity, inclusion, and unconscious bias for all employees, especially managers and recruitment teams.</p> <p>(2) Ongoing advocacy: Continue to promote the values of diversity and inclusion through internal communications, seminars, and activities.</p> <p>V. Responsibilities and Supervision</p> <p>1. Management responsibility: Senior management bears ultimate responsibility for the successful implementation of this policy and shall lead by example in responding to and supporting it.</p> <p>2. Human Resources Department: Responsible for the day-to-day implementation, supervision, training, and complaint handling under this policy.</p> <p>3. All employees: Every employee is responsible for understanding and complying with this policy and for actively contributing to an inclusive and respectful work environment.</p>	

Promoted items	Implementation status			Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(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 compensation?	✓		<p>VI. Policy Evaluation and Analysis The Company is committed to regularly evaluating the effectiveness of this policy, for example, on an annual basis. Evaluation items include:</p> <ol style="list-style-type: none"> <li>1. Analysis of employee diversity data, such as gender and level distribution.</li> <li>2. Employee satisfaction surveys.</li> <li>3. Results of pay equity assessments.</li> <li>4. Review of complaints and their handling.</li> </ol> <p>VII. Contact Information If you have any questions about this policy, need to report a violation, or seek advice, please contact us through the following confidential channels:</p> <ol style="list-style-type: none"> <li>1. Direct supervisor</li> <li>2. Human Resource Department</li> <li>3. Anonymous reporting hotline</li> <li>4. Handling procedures: Report by the party concerned → Human Resources Department receives and investigates → Investigation results and recommended handling method are notified to the party concerned → Case closed.</li> </ol> <p>(II) If the Company has earnings for the year, it shall appropriate no less than 1% as employee compensation and no more than 5% as director remuneration. In the aforementioned employee compensation ratio, no less than 40% should be allocated for the distribution of compensation to grassroots employees. 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. Other leave-related and welfare matters shall be handled in accordance with relevant laws and regulations. The Company adheres to a core value of being people-oriented. In addition to providing basic protection in accordance with the law, the Company attaches great importance to the welfare of its employees, such as the establishment of an Employee Welfare Committee, which arranges for various travel activities and welfare subsidies, group life insurance, gender-equal parenting and childcare leave-behind measures, a maternal health protection program, health checkups, and 6% of the New Pension Fund contribution, among others.</p>	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(III) Does the Company provide a healthy and safe work environment, and organize health and safety training for its	✓		<p>(III) In accordance with the Management Regulations of Occupational Safety and Health, the Company reviews and improves occupational injury incidents through regular labor-management meetings, continuously refines operational safety measures, and ensures that all employees can work with peace of mind in a legally compliant environment, striving to create a safe, healthy, and friendly workplace.</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	
(IV) employees on a regular basis? Does the Company establish effective career development and training plans for its employees?	✓		<p>Please refer to pages 112 to 116 for the measures related to the working environment for employee safety and health and the specific implementation thereof.</p> <p>(IV) Through a comprehensive education and training system, the Company helps employees quickly adapt to the working environment and enhance their professional capabilities. The Company has adopted the Education and Training Regulations, which are intended to improve the quality of human resources and develop competitive advantages. Upon reporting for duty, new employees receive pre-employment orientation and occupational safety and health training, including the Company's policies, product introduction, and on-the-job training relating to work content. Please refer to page 113 for the specific implementation of employee education and training.</p>	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(V) Does the Company comply with relevant regulations and international standards in issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant consumer or customer protection policies and complaint procedures?	✓		(V) In accordance with the internal "Ethical Corporate Management Principles," the Company follows relevant regulations and international standards in terms of customer health and safety, customer privacy, marketing and labeling of products and services, and formulates relevant consumer protection policies and complaint procedures.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(VI) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights and its implementation?	✓		(VI) The Company has established supplier management policies that require suppliers to comply with the relevant regulations on environmental protection, occupational safety and health, or labor rights.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

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 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, and has prepared its sustainability report.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.						
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 2025 are as follows:										
<table border="1"> <thead> <tr> <th>Donated Unit</th> <th>Donation Amount</th> </tr> </thead> <tbody> <tr> <td>Chung-Hua Foundation for Persons With Intellectual Disabilities, Eden Social Welfare Foundation Taichung Canaan Garden Bakery Sheltered Workshop, Children Are Us Foundation, Maria Social Welfare Foundation (Taichung City Love Home), TriBake Sustainability Co., Ltd., affiliated TriBake Runmi Sheltered Workshop, Goodwill Association, Yunlin Sound Association, and the 1919 Food Bank (Chinese Christian Relief Association)</td> <td>NTD 423,000</td> </tr> <tr> <td>Wuxi Red Cross Service Center (donations for Shigatse in Tibet - Good Deeds Under the Sun)</td> <td>CNY 110,000</td> </tr> </tbody> </table>					Donated Unit	Donation Amount	Chung-Hua Foundation for Persons With Intellectual Disabilities, Eden Social Welfare Foundation Taichung Canaan Garden Bakery Sheltered Workshop, Children Are Us Foundation, Maria Social Welfare Foundation (Taichung City Love Home), TriBake Sustainability Co., Ltd., affiliated TriBake Runmi Sheltered Workshop, Goodwill Association, Yunlin Sound Association, and the 1919 Food Bank (Chinese Christian Relief Association)	NTD 423,000	Wuxi Red Cross Service Center (donations for Shigatse in Tibet - Good Deeds Under the Sun)	CNY 110,000
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Wuxi Red Cross Service Center (donations for Shigatse in Tibet - Good Deeds Under the Sun)	CNY 110,000									
2. Consumer rights To provide customers with comprehensive services and assurance, the Company communicates with customers in a timely manner in response to customer complaints, understands customer needs to facilitate the interaction between the Company and its customers, and reviews and improves in production and sales meetings from time to										

Promoted items	Implementation status			Description	Circumstances and reasons for deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No			
				<p>time.</p> <p>3. Intellectual Property Management Plan and Its Implementation  The Company is committed to the R&amp;D of baking-related equipment technologies in order to enhance product competitiveness. To protect R&amp;D results and reduce operational risks, it has established an intellectual property management system and trade secret protection mechanism to serve as the Company's decision-making and implementation guidelines in handling intellectual property-related matters. At the same time, as an R&amp;D, manufacturing, and sales enterprise of baking equipment marketed worldwide under its own brand, the Company applies for trademark registration for the Group's brands and major commercial marks according to their marketing scope in order to safeguard the value of its brands. A summary is set out below:</p> <p>(1) Product R&amp;D patents and protection measures  In addition to fully respecting the intellectual property rights of others, the Company also actively protects its own intellectual property rights. Over the years, it has continuously integrated relevant resources from various units to carry out strategic planning for product patents and strengthen its patent portfolio to protect the Company's rights and interests. At the same time, we also attach importance to the quality of patent applications. To encourage innovation in the Company's products and technologies, the Company grants rewards to inventors in order to protect innovation and enhance corporate competitiveness.</p> <p>(2) Protection of trade secrets  The protection of trade secrets is vital to maintaining the Company's leading position in patented R&amp;D technologies, manufacturing processes, and business activities.  To protect the Company's trade secrets, the Company not only strictly requires employees, through work rules and employment contracts, to keep confidential information secret, but also carries out comprehensive and effective access control over the acquisition and use of specific intellectual assets.</p> <p>(3) Trademark protection measures  For the Company's principal brand, "SINMAG," trademark registration applications have been filed in various countries, and trademark rights have been obtained in those jurisdictions. As markets and product lines expand or are updated, the Company reviews and makes corresponding registration arrangements on an ongoing basis. At the same time, it conducts trademark monitoring and issues warnings or oppositions against third-party trademark applications similar to the Company's trademarks in order to maintain the distinctiveness and identifiability of its trademarks.</p> <p>(4) Implementation and results of intellectual property management: The Company reports intellectual property-related matters to the Board of Directors. The most recent reporting date was December 17, 2025.</p>	

## Climate-Related Information of TWSE/TPEX Listed Company

### Implementation of Climate-Related Information

Item	Implementation status														
<p>1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<p>To achieve sustainable development goals, strengthen sustainability governance, and effectively reduce corporate operating risks, the Company's Board of Directors resolved on August 9, 2024 to establish the ESG Committee directly under the Board. The ESG Committee is responsible for formulating, promoting, and strengthening the Company's sustainable development policies, annual plans, and strategies, so as to promote sustainability-related work and management. Under the Committee's task forces, a Sustainable Environment Team has been set up to handle climate change response mechanisms and report climate change-related matters to the Board of Directors on a regular annual basis.</p>														
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<table border="1"> <thead> <tr> <th data-bbox="909 581 1115 634">Time Scope</th> <th data-bbox="1115 581 1325 634">Risk Category</th> <th data-bbox="1325 581 1528 634">Risk Factors</th> <th data-bbox="1528 581 1734 634">Financial and Business Impact</th> <th data-bbox="1734 581 1948 634">Response Strategy</th> </tr> </thead> <tbody> <tr> <td data-bbox="909 634 1115 1105">Short term (1-3 years)</td> <td data-bbox="1115 634 1325 1105">Physical risk</td> <td data-bbox="1325 634 1528 1105">Typhoons and other extreme weather events</td> <td data-bbox="1528 634 1734 1105"> <ul style="list-style-type: none"> <li>• Construction progress has been delayed, resulting in increased operating costs</li> <li>• Decrease or interruption in production capacity, resulting in a reduction in revenue</li> <li>• Equipment damage and asset loss</li> <li>• Disaster casualties</li> </ul> </td> <td data-bbox="1734 634 1948 1105">Control meteorological information in real time and formulate emergency response plans for various types of extreme weather.</td> </tr> </tbody> </table>	Time Scope	Risk Category	Risk Factors	Financial and Business Impact	Response Strategy	Short term (1-3 years)	Physical risk	Typhoons and other extreme weather events	<ul style="list-style-type: none"> <li>• Construction progress has been delayed, resulting in increased operating costs</li> <li>• Decrease or interruption in production capacity, resulting in a reduction in revenue</li> <li>• Equipment damage and asset loss</li> <li>• Disaster casualties</li> </ul>	Control meteorological information in real time and formulate emergency response plans for various types of extreme weather.				
Time Scope	Risk Category	Risk Factors	Financial and Business Impact	Response Strategy											
Short term (1-3 years)	Physical risk	Typhoons and other extreme weather events	<ul style="list-style-type: none"> <li>• Construction progress has been delayed, resulting in increased operating costs</li> <li>• Decrease or interruption in production capacity, resulting in a reduction in revenue</li> <li>• Equipment damage and asset loss</li> <li>• Disaster casualties</li> </ul>	Control meteorological information in real time and formulate emergency response plans for various types of extreme weather.											

Item	Implementation status				
	Medium term (3-5 years)		Increase in average temperature	<ul style="list-style-type: none"> <li>• Under high-temperature operations, quality is affected, resulting in customer loss and reduced revenue.</li> <li>• Electricity consumption at plant sites increases, causing higher costs and carbon emissions, thereby increasing operating costs.</li> </ul>	When rebuilding important sites such as plants, climate change factors shall be incorporated into construction.
	Time Scope	Risk Category	Risk Factors	Financial and Business Impact	Response Strategy
	Medium term (3-5 years)	Transition risk	Regulatory policies	<ul style="list-style-type: none"> <li>• Failure to meet customer needs results in customer loss and reduced revenue.</li> </ul>	Encourage suppliers to reduce carbon emissions.
	Long term (over 5 years)		Increase in raw material costs	<ul style="list-style-type: none"> <li>• Difficulty in procuring raw materials and increased operating costs.</li> </ul>	Establish a secondary supply source and raw material substitution mechanism.
Low-carbon technology	<ul style="list-style-type: none"> <li>• Demand for low-carbon products increases</li> </ul>	Invest in the R&D of low-carbon and energy-saving products and			

Item	Implementation status				
					R&D expenses.
	Time Horizon	Opportunity Factors	Financial and Business Impact	Response Strategy	
	Short term (1-3 years)	Process optimization	<ul style="list-style-type: none"> <li>Reduction in operating costs due to savings in energy consumption</li> </ul>	Purchase energy-saving equipment, formulate energy-saving policies and improve energy efficiency to reduce energy consumption and save operating costs.	
		Use of renewable energy	<ul style="list-style-type: none"> <li>Improve building energy efficiency, reduce energy consumption, lower costs, and increase revenue.</li> </ul>	Install rooftop solar photovoltaic systems on plant buildings to generate renewable energy for self-use.	
	Long term (over 5 years)	Participation in incentive policies	<ul style="list-style-type: none"> <li>Obtain government subsidies and reduce capital expenditures</li> </ul>	Assess government subsidy programs.	
		Development of low-carbon products and services	<ul style="list-style-type: none"> <li>Increase in revenue due to higher demand for low-carbon products</li> </ul>	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.	<u>Extreme weather events</u> The Company has assessed that extreme weather events, such as typhoons and high temperatures, may cause disruptions in plant operations, an increase in operating costs, a decrease in revenues and loss of assets in the financial aspect. The Company will formulate emergency contingency plans for various				

Item	Implementation status
	<p>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, 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.</p>
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 strengthen risk assessment and management functions, the Company has established a Sustainable Environment Team under the task forces of the ESG Committee to handle climate change response mechanisms and report climate change-related matters to the Board of Directors on a regular annual basis.
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>Based on its risk management process, Sinmag conducts a materiality analysis by comprehensively assessing the likelihood and impact of climate- and nature-related risks and opportunities. At the same time, with reference to the framework of the Task Force on Climate-related Financial Disclosures (TCFD), Sinmag has established two climate change scenarios for analysis: a high-risk scenario in which global temperatures rise by 6°C due to high carbon emissions, and a low-carbon transition scenario in which temperature increase is controlled within 1.5°C.</p> <p>Following the analysis, five major risk issues and four potential opportunity issues requiring priority management were identified. In the short term (1-3 years), Sinmag focuses on improving immediate operational response capabilities, including strengthening contingency plans for extreme weather by monitoring meteorological information, improving supply chain stability, and promoting energy-saving and consumption-reduction projects to enhance process efficiency and reduce operating costs. In the medium term (3-5 years), Sinmag will continue to introduce energy-saving equipment and renewable energy for self-use, 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 adjustment. In the long term (over 5 years), the Company plans to further strengthen the weather resilience of plant facilities by incorporating climate factors into plant reconstruction design, enhance the overall resilience of operations and assets, and continue to invest in the development of low-carbon products and technological upgrades to deepen its green transformation.</p>
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	As of the publication date of this annual report, the Company is still planning the relevant programs.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	As at the date of the annual report, the Company has not used internal carbon pricing as a planning tool.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve	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.

Item	Implementation status			
relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.				
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.				
1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent Two Years				
1-1-1 Greenhouse gas inventory information (Data Coverage: Sinmag Taiwan and Sinmag China)				
	2024		2025	
	Emissions (metric tons CO2e)	Intensity (metric tons CO2e/NT\$ million of revenue)	Emissions (metric tons CO2e)	Intensity (metric tons CO2e/NT\$ million of revenue)
Scope 1 Direct greenhouse gas emissions	570.9737		465.1174	
Scope 2 Indirect greenhouse gas emissions	4,409.7147		4,082.5605	
Total	4,980.6884		4,547.6779	
1-1-2 Greenhouse gas assurance information: In accordance with the Sustainable Development Roadmap, the Company will complete the verification and assurance of its 2027 greenhouse gas inventory no later than 2028, and the consolidated company will disclose the 2028 consolidated inventory information and assurance status no later than 2029.				
1-2 Greenhouse gas reduction targets, strategies, and specific action plans Climate change has become a global issue of concern. As human lifestyles and economic development have led to a sharp increase in greenhouse gas emissions, global temperatures have risen and extreme climate events have occurred more frequently, threatening both human society and business operations. To achieve sustainable development goals, strengthen sustainability governance, and effectively reduce corporate operating risks, the Company has established the ESG Committee directly under the Board of Directors. The ESG Committee is responsible for formulating, promoting, and strengthening the Company's sustainable development policies, annual plans, and strategies so as to advance sustainability-related work and management. Under the Committee's task forces, a Sustainable Environment Team has been set up to handle climate change response mechanisms. The Company plans to use 2026 as the base year and disclose its greenhouse gas reduction targets, strategies, and specific action plans for 2027.				

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

Evaluation item	Implementation status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and reasons thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company establish ethical corporate management policies passed by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the Board of Directors and management work proactively to implement their commitment to those management policies?	✓		(I) In order to deepen the corporate culture of ethical management and sound development, the Company has established the “Ethical Corporate Management Principles” as the basis for implementing ethical corporate management, formulated relevant internal operating standards and internal control systems, and regularly reviewed various operations and reported to the Board of Directors. The Board of Directors will make recommendations for the deficiencies and improve tracking.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Does the Company establish a risk assessment mechanism for unethical conduct, regularly analyze and assess operating activities with high-potential unethical conduct in the business scope, and formulate precautionary measures 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?”		✓	(II) The Company has not yet established a risk evaluation mechanism for unethical conduct.	The Company has not yet established a risk evaluation mechanism for unethical conduct.
(III) Does the company clearly define operating procedures, conduct guidelines, and punishment and appeal systems for violations in precautionary measures against unethical conduct, implement them, and regularly review the measures above?	✓		(III) The Company has established the “Code of Ethical Conduct,” which has considerable penalties for the violation of social laws, public security management, corruption, collection of kickbacks, conflicts of interest, and other unethical conducts. The Code of Ethical Conduct is included in the content of employee induction and on-the-job training and will be included in the regular evaluation of the employee performance appraisal system to ensure the implementation of ethical corporate management, and there is also a smooth complaint channel. The one-hour education and training for departments with high operational risks and new employees include the relevant regulations of ethical corporate management and punishment for violations to strengthen and	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>promote the concept of ethical corporate management to employees.</p> <table border="1"> <thead> <tr> <th>Course topic</th> <th>Companies</th> <th>Year</th> <th>Number of participants</th> </tr> </thead> <tbody> <tr> <td>Ethical corporate management principles</td> <td>Sinmag Equipment (China) Co., Ltd.</td> <td>2025</td> <td>200 hours/100 participants</td> </tr> <tr> <td>Ethical corporate management principles</td> <td>Sinmag Equipment Corporation</td> <td>2025</td> <td>3 hours/3 participants</td> </tr> </tbody> </table>	Course topic	Companies	Year	Number of participants	Ethical corporate management principles	Sinmag Equipment (China) Co., Ltd.	2025	200 hours/100 participants	Ethical corporate management principles	Sinmag Equipment Corporation	2025	3 hours/3 participants	
Course topic	Companies	Year	Number of participants													
Ethical corporate management principles	Sinmag Equipment (China) Co., Ltd.	2025	200 hours/100 participants													
Ethical corporate management principles	Sinmag Equipment Corporation	2025	3 hours/3 participants													
<p>II. Fulfillment of ethical corporate management</p> <p>(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?</p> <p>(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?</p> <p>(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?</p> <p>(IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management and assign the internal audit</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(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.</p> <p>(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 2025.</p> <p>(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.</p> <p>(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</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 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>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	
<p>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 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>assessment results.</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 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>✓</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 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>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 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 been disclosed on MOPS and the “Corporate Governance Area” of the Company's website (<a href="https://www.sinmag.com.tw/msg/message-重要公司內規-20.html">https://www.sinmag.com.tw/msg/message-重要公司內規-20.html</a>).</p>	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
<p>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.</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	
VI. Other important information for understanding the Company's integrity management: On December 7, 2023, the Company adopted the “Measures for the Administration of the Reporting System,” which establishes a reporting channel and a unit to receive reports, standard operating procedures for the investigation of reported matters, and measures to protect the confidentiality of complainants' and whistleblowers' information in order to strengthen its integrity management operations. (e.g., the Company reviews and amends its ethical corporate management principles)				

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

(VIII) Status of Internal Control System

1. Statement of Internal Control System  
Insert the Statement of Internal Control System
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.

(IX) 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
2025.03.11 22nd meeting of the Fourteenth term (1st meeting of 2025)	<ol style="list-style-type: none"><li>(1) Approved the distribution proposal of the Company's 2024 employee compensation and director compensation.</li><li>(2) Approved the Company's 2024 business report, financial statements, and consolidated financial statements.</li><li>(3) Approved the Company's earnings distribution for 2024.</li><li>(4) Approved the proposal regarding the initial public offering of RMB-denominated ordinary shares by the Company's subsidiary, Sinmag Equipment (China) Co., Ltd., and its application to change listing to the Main Board of the Shanghai Stock Exchange.</li><li>(5) Approved the proposal to revoke and cease implementation of the original undertakings in connection with the application by the subsidiary Sinmag Equipment (China) Co., Ltd. for a change in listing board.</li><li>(6) Approved the reappointment of the legal representative, directors, and President of the Company's subsidiary Sinmag Equipment (China) Co., Ltd.</li><li>(7) Approved the proposal for the comprehensive re-election of directors.</li><li>(8) Approved the acceptance of shareholders' proposal-related matters at the 2025 Annual Shareholders' Meeting for shareholders with more than 1% of the shareholding.</li><li>(9) Approved the nomination of candidates for directors (including independent directors) by shareholders holding at least 1% of the issued shares.</li><li>(10) Approved the nomination of director and independent director candidates.</li><li>(11) Approved the proposal to lift the restrictions on non-competition for newly appointed directors and their representatives.</li><li>(12) Approved the replacement of the Company's appointed certified public accountants.</li><li>(13) Approved the assessment of independence and competence of CPAs and the appointment and compensation of the CPAs for 2025.</li><li>(14) Approved the proposal to adopt the Company's Salary Management Regulations.</li><li>(15) Approved the amendment to the Company's "Articles of Incorporation."</li><li>(16) Approved the amendment to the Company's "Remuneration Committee Organization Rules."</li><li>(17) Approved the amendment to the Company's "Audit Committee Organization Rules."</li><li>(18) Approved the amendment of the Company's "Corporate Governance Practice Principles."</li><li>(19) Approved the effectiveness assessment of the Company's internal control system design and implementation for 2024.</li><li>(20) Approved the 2024 Statement of Internal Control System.</li><li>(21) Approved the related matters concerning the convening of the Company's 2025 Annual Shareholders' Meeting.</li></ol>
2025.04.11 23rd meeting of the Fourteenth term (2nd meeting of 2025)	<ol style="list-style-type: none"><li>(1) Approved the review of proposals submitted by shareholders holding 1% of the shares for the 2025 annual shareholders' meeting.</li><li>(2) Approved the review of nominated director and independent director candidates.</li><li>(3) Approved the repurchase of the Company's treasury shares.</li><li>(4) Approved the amendment to the Company's "Regulations Governing the Supervision and Management of Subsidiaries."</li></ol>

Date	Major resolutions
	(5) Approved the related matters concerning the convening of the Company's 2025 Annual Shareholders' Meeting.
2025.05.05 24th meeting of the Fourteenth term (3rd meeting of 2025)	(1) Approved the Company's consolidated financial statements for the first quarter of 2025. (2) Approved the distribution proposal of the Company's individual director's compensation and managerial officers' employee compensation for 2024.
2025.06.06 1st Meeting of the Fifteenth Term (4th meeting of 2025)	Approved the election of the Chairman of the 15th term of the Board of Directors of the Company.
2025.06.06 2nd Meeting of the Fifteenth Term (5th meeting of 2025)	(3) Approved the reappointment of the President of the Company. (4) Approved the appointment of members of the 6th term of the Remuneration Committee of the Company. (5) Approved the appointment of members of the 2nd term of the ESG Committee of the Company.
2025.06.23 3rd Meeting of the Fifteenth Term (6th meeting of 2025)	(1) Approved the proposal to establish a sales company in Kazakhstan through the subsidiary Sinmag Equipment (China) Co., Ltd. (2) Approved the remuneration of the President of the Company and the amount of the budget for the company car for the President. (3) Approved the travel expenses and expenses for performing business duties for the members of the Board of Directors of the Company. (4) Approved the renewal of the financing line from Chang Hwa Commercial Bank. (5) Approved the renewal of the financing line from E.SUN Bank. (6) Approved the formulation of the estimated earnings distribution plan for the Company's subsidiaries. (7) Approved the newly constructed plants by the subsidiary Sinmag Equipment (China) Co., Ltd. (8) Approved the reappointment of directors, supervisors and managers of each of the Company's investee companies. (9) Approved the proposal to lift the restrictions on non-competition for newly appointed managerial officers of the Company. (10) Approved the internal audit report of the auditor and authorized the director to sign the report.
2025.08.11 4th Meeting of the Fifteenth Term (7th meeting of 2025)	(1) Approved the Company's consolidated financial statements for the second quarter of 2025. (2) Approved the proposal regarding the cancellation of the first repurchased treasury shares of the Company and the setting of the capital reduction record date. (3) Approved the amendment to the Company's "Remuneration Payment Measures for Directors and Functional Committee." (4) Approved the 2024 ESG Report.
2025.11.12 5th Meeting of the Fifteenth Term (8th meeting of 2025)	(1) Approved the Company's consolidated financial statements for the third quarter of 2025. (2) Approved the proposal regarding the lease of land and construction of a plant by the Company's Thai subsidiary, SINMAG EQUIPMENT (THAILAND) CO., LTD.
2025.12.17 6th Meeting of the Fifteenth Term (9th meeting of 2025)	(1) Approved the Company's 2026 operating plan and budget. (2) Approved the Company's 2026 audit plan. (3) Approved the Company's 2025 year-end bonus distribution plan for managerial officers. (4) Approved the Company's 2026 donation budget. (5) Approved the cancellation of newly constructed plants by the subsidiary Sinmag Equipment (China) Co., Ltd. (6) Approved the newly constructed plants (S2) by the subsidiary Sinmag Equipment (China) Co., Ltd.
2026.03.11 7th Meeting of the Fifteenth Term (1st meeting of 2026)	(1) Approved the distribution proposal of the Company's 2025 employee compensation and director compensation. (2) Approved the Company's 2025 business report, financial statements, and consolidated financial statements. (3) Approved the Company's earnings distribution for 2025. (4) Approved the acceptance of shareholders' proposal-related matters at the 2026 Annual Shareholders' Meeting for shareholders with more than 1% of the shareholding. (5) Approved the assessment of independence and competence of CPAs

Date	Major resolutions
	<p>and the appointment and compensation of the CPAs for 2026.</p> <p>(6) Approved the amendment to the Company's "Articles of Incorporation."</p> <p>(7) Approved the amendment of the Company's "Sustainable Development Best Practice Principles."</p> <p>(8) Approved the amendment to the Company's "Ethical Corporate Management Principles."</p> <p>(9) Approved the effectiveness assessment of the Company's internal control system design and implementation for 2025.</p> <p>(10) Approved the 2025 Statement of Internal Control System.</p> <p>(11) Approved the related matters concerning the convening of the Company's 2026 Annual Shareholders' Meeting.</p>
<p>2026.04.29 8th Meeting of the Fifteenth Term (2nd meeting of 2026)</p>	<p>(1) 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 a letter of undertaking for listing in Main Board of the Shanghai Stock Exchange.</p> <p>(2) Approved the proposal regarding the change of the Company's spokesperson and acting spokesperson.</p> <p>(3) Approved the amendment to the "Rules of Procedure for Shareholders' Meetings."</p> <p>(4) Approved the related matters concerning the convening of the Company's 2026 Annual Shareholders' Meeting.</p>

2. Major resolutions and implementation of the Shareholders' Meeting on Jun. 6, 2025

(1) Major resolutions

- A. To approve the 2024 Business Report and Financial Statements.
- B. To approve the proposal for 2024 Earnings Distribution
- C. Approved the amendment to the Company's "Articles of Incorporation."
- D. Approved the proposal regarding the initial public offering of RMB-denominated ordinary shares by the Company's subsidiary, Sinmag Equipment (China) Co., Ltd., and its application to change listing to the Main Board of the Shanghai Stock Exchange.
- E. Approved the proposal for the comprehensive re-election of directors.
- F. Approved the proposal to lift the restrictions on non-competition for newly appointed directors and their representatives.

(2) Status of implementation

- A. After the Company's earnings distribution proposal for 2024 was recognized by the Shareholders' Meeting, the Chairman set the ex-dividend record date on June 23, 2025. The shareholder's cash dividend of NT\$452,072,178 was distributed on September 11, 2025.
- B. The Company's Articles of Incorporation and the registration of changes to the re-election of directors and independent directors were approved by Letter No. Jing-Shou-Shang-Zi 11430090850 on July 21, 2025.
- C. The subsidiary Sinmag Equipment (China) Co., Ltd. is proceeding with its application for an initial public offering of RMB-denominated ordinary shares and a change to listing on the Main Board of the Shanghai Stock Exchange in accordance with the relevant resolution.
- D. An announcement regarding the lifting of restrictions on non-competition for directors Shun-Ho Hsieh, Yao-Tsung Wu, Ming-Ching Hsieh, and San-Chien Tu has been uploaded and posted.

3. Major resolutions and implementation of the Shareholders' Meeting on Jun. 21, 2024
  - (1) 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.”
  - (2) Status of implementation
    - A. After the Company's earnings distribution proposal for 2023 was recognized by the Shareholders' Meeting, the Chairman set 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.

(X) 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.

(XI) 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	2025.01.01	4,410	1,104	5,514	Note
	Li-Wei Liu	~ 2025.12.31				

Note: The Company's 2025 audit fees included fees for the issuance of English financial statements. Other non-audit fees included tax attestation, transfer pricing reports, assurance services for the Sustainability Report, financial typing and printing expenses, and other related fees.

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

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

(I) Regarding the former CPAs

Date of Replacement	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 2025 onward from Keng-Hsi Chang and Chao-Mei Chen to Keng-Hsi Chang and Li-Wei Liu.
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Not applicable
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the two most recent years, specify the opinion and the reasons	None
Disagreement with the Company	None
Other disclosures	None

(II) Regarding the successor CPAs

CPA firm	Deloitte & Touche
Name of CPA	Keng-Hsi Chang, Li-Wei Liu
Date of appointment	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
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

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

**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.**

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

April 14, 2026; Unit: Shares

Title	Name	2025		Current year as of April 14, 2026	
		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 (Note 1)	0	0	Not applicable	Not applicable
Director	Ming-Ching Hsieh	0	0	0	0
Director and Vice President	Shu-Chuan Hsiao	0	0	0	0
Director	Yu-Chuan Chang (Note 1)	0	0	Not applicable	Not applicable
Director	Min-Jyh Chen (Note 2)	0	0	0	0
Independent Director	Shih-Hung Chan (Note 1)	0	0	Not applicable	Not applicable
Independent Director	San-Chien Tu	0	0	0	0
Independent Director	Huei-Wang Huang	0	0	0	0
Independent Director	Chien-Ting Lin (Note 2)	0	0	0	0
Independent Director	Hung-Yu Li (Note 2)	0	0	0	0
Manager of Finance Department	Yi-Wen Chen	0	0	0	0
Manager, Manufacturing Department	Tsai-Wang Huang	0	0	0	0
Manager, Engineering Department	Tai-Sheng Wang	0	0	0	0
Audit Manager	Shu-Yuan Li	0	0	0	0

Note 1: On June 6, 2025, Directors Jui-Jung Chang, Yu-Chuan Chang, and Independent Director Shih-Hung Chan were dismissed.

Note 2: On June 6, 2025, Director Min-Jyh Chen, Independent Director Chien-Ting Lin, and Independent Director Hung-Yu Li were newly appointed.

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

shareholding are not related parties.

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

**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 14, 2026; Unit: Shares

Name	Shareholding of the individual		Spouse & minor shareholding		Total shareholding by nominees		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
Sheng Chia Investment Co., Ltd.	3,375,545	6.84%	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	2.70%	231,690	0.47%	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	4.48%	1,121,564	2.27%	0	0%	Sheng Chia Investment Co., Ltd.	Invested companies	None
							Ming-Ching Hsieh	Father and son	
							Ming-Feng Hsieh	Father and son	
							Ming-Hsiao Hsieh	Father and son	
							Li-Min Hsieh Chen	Spouse	
Ming-Ching Hsieh	2,112,980	4.28%	90,382	0.18%	613,000	1.24%	Shun-Ho Hsieh	Father and son	None
							Li-Min Hsieh Chen	Mother and son	
							Ming-Feng Hsieh	Brother	
							Ming-Hsiao Hsieh	Brother	

Name	Shareholding of the individual		Spouse & minor shareholding		Total shareholding by nominees		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
							Sheng Chia Investment Co., Ltd.	Invested companies	
Yao-Tsung Wu	1,788,616	3.63%	1,459,555	2.96%	0	0%	Pi-Yu Jen	Spouse	None
Pi-Yu Jen	1,459,555	2.96%	1,788,616	3.63%	0	0%	Yao-Tsung Wu	Spouse	None
Ming-Feng Hsieh	1,343,680	2.72%	65,835	0.13%	0	0%	Shun-Ho Hsieh	Father and son	None
							Ming-Ching Hsieh	Brother	
							Ming-Hsiao Hsieh	Brother	
							Li-Min Hsieh Chen	Mother and son	
Ming-Hsiao Hsieh	1,329,869	2.70%	231,690	0.47%	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	2.27%	2,211,267	4.48%	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	

Name	Shareholding of the individual		Spouse & minor shareholding		Total shareholding by nominees		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
							Hsieh		
Zimi Chemicals Co., Ltd.	751,000	1.52%	0	0%	0	0%	None	None	None
Representative of Zimi Chemicals Co., Ltd.: Yung-Sheng Kao	0	0%	241,000	0.49%	0	0%	None	None	None
Kuo-Hung Lu	730,000	1.48%	30,000	0.06%	0	0%	None	None	None
							Sheng Chia Investment Co., Ltd.	Invested companies	

**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, 2026; 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%

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
SINMAG EQUIPMENT (THAILAND) CO., LTD.	20,600,000	96.39%	0	0%	20,600,000	96.39%
Qingdao Chengmai Enterprise Management Co., Ltd.	Note	Note	Note	Note	Note	Note
Xiamen Sinmag Enterprise Management Co., Ltd.	Note	Note	Note	Note	Note	Note
Sinmag Kazakhstan Limited Liability Partnershi	Note	Note	Note	Note	Note	Note

Note: As of April 30, 2026, registered capital has not yet been contributed.

## Chapter 3. Capital Overview

### I. Capital and Shares

#### (I) Sources of capital

April 30, 2026; Unit: NT\$ thousand; thousand shares

Month/Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital increase by assets other than cash	Others
September 1983	\$10	900	9,000	400	4,000	Cash investment	None	Note 1
November 1985	\$10	1,000	10,000	1,000	10,000	600,000 shares offset by creditor's rights	Creditor's rights	Note 2
November 1991	\$10	1,800	18,000	1,800	18,000	800,000 shares offset by creditor's rights	Creditor's rights	Note 3
September 1995	\$10	2,300	23,000	2,300	23,000	500,000 shares of capital increase in connection with a merger	None	Note 4
June 1997	\$10	4,000	40,000	4,000	40,000	800,000 shares of capital increase by cash, 350,000 shares of capital increase by capital surplus, 550,000 shares of capital increase by retained earnings	None	Note 5
December 2003	\$10	42,000	420,000	21,000	210,000	17,000,000 shares of capital increase by cash	None	Note 6
January 2006	\$18	42,000	420,000	24,500	245,000	3,500,000 shares of capital increase by cash	None	Note 7
September 2006	\$10	42,000	420,000	27,110	271,100	2,450,000 shares of capital increase by retained earnings and 160,000 shares of employee stock dividends	None	Note 8
October 2007	\$10	42,000	420,000	31,350	313,500	4,066,500 shares of capital increase by retained earnings and 173,500 shares of employee stock dividends	None	Note 9
January 2008	\$10	42,000	420,000	35,170	351,700	3,820,000 shares of capital increase by cash	None	Note 10
August 2009	\$10	42,000	420,000	36,928.5	369,285	1,758,500 shares of capital increase by capital surplus	None	Note 11
September 2010	\$10	60,000	600,000	38,774.9	387,749	1,846,400 shares of capital increase by capital surplus	None	Note 12
August 2011	\$10	60,000	600,000	40,713.7	407,137	1,938,700 shares of capital increase by retained earnings	None	Note 13
September 2012	\$10	60,000	600,000	42,749.4	427,494	2,035,700 shares of capital increase by retained earnings	None	Note 14
August 2013	\$10	60,000	600,000	44,886.8	448,868	2,137,400 shares of capital increase by retained earnings	None	Note 15
September 2014	\$10	60,000	600,000	47,580.0	475,800	2,693,200 shares of capital increase by retained earnings	None	Note 16
September 2015	\$10	60,000	600,000	48,531.6	485,316	951,600 shares of capital increase by retained earnings	None	Note 17
August 2018	\$10	60,000	600,000	50,230.2	502,302	1,698,600 shares of capital increase by retained earnings	None	Note 18
August 2025	\$10	60,000	600,000	49,339.2	493,392	Cancellation of 891 thousand treasury shares	None	Note 19

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.  
 Note 19: New Taipei City Government approval letter No. Jing-Si-Zi 1148062969 dated on August 19, 2025.

April 30, 2026; Unit: Shares

Share type	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	49,339,242	10,660,758	60,000,000	TPEX listed stock

- (II) 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 14, 2026; Unit: Shares; %

Name of major shareholder	Shares	Shareholdings (shares)	Shareholding ratio (%)
Sheng Chia Investment Co., Ltd.		3,375,545	6.84%
Shun-Ho Hsieh		2,211,267	4.48%
Ming-Ching Hsieh		2,112,980	4.28%
Yao-Tsung Wu		1,788,616	3.63%
Pi-Yu Jen		1,459,555	2.96%
Ming-Feng Hsieh		1,343,680	2.72%
Ming-Hsiao Hsieh		1,329,869	2.70%
Li-Min Hsieh Chen		1,121,564	2.27%
Zimi Chemicals Co., Ltd.		751,000	1.52%
Kuo-Hung Lu		730,000	1.48%

- (III) 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 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 of the shareholders.

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

When the Company distributes cash from dividends in the preceding paragraph in accordance with the provisions of Article 240 of the Company Act, or from the legal reserve and capital reserve in accordance with the provisions of Article 241, the Company authorizes the Board of Directors to adopt resolution by a majority in a meeting attended by two-thirds or more of the directors, and the distribution shall then be reported to the shareholders' meeting.

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

2. Proposed distribution of dividends at the most recent Shareholders' Meeting  
The Company's earnings distribution proposal for 2025 was proposed and approved by the Board of Directors on March 11, 2026 to distribute NT\$419,383,557 as cash dividends at NT\$8.5 per share, all distributed in cash. The proposal will be submitted to the Shareholders' Meeting for ratification on June 12, 2026.
3. Expected major changes in dividend policy: None.

(IV) The impact of the proposed stock dividends at the most recent Shareholders' Meeting on the Company's operating performance and earnings per share:

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

(V) 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:  
Pursuant to the Company's Articles of Incorporation, where the Company has profit for the year, it shall appropriate not less than 1% of the current year's profit before tax before deduction of employee compensation and director remuneration as employee compensation. Of the employee compensation referred to in the preceding paragraph, not less than 40% shall be appropriated for distribution to rank-and-file employees, and such distribution may be made in shares or cash pursuant to a resolution of the Board of Directors, with eligible employees of subordinate companies also included as recipients. The Company may, by Board resolution, appropriate not more than 5% of the current year's profit before tax before deduction of employee compensation and director remuneration as director remuneration. The distribution proposal of employee and director compensation shall be submitted to the Shareholder's Meeting.

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

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

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

3. Information on any approval by the Board of Directors of distribution of compensation:

- (1) The amount of any compensation distributed to employees and directors in cash or stocks:

At its Board meeting on March 11, 2026, the Company resolved to distribute proposed employee compensation of NT\$13,355,420, of which the actual appropriation ratio for rank-and-file employees was 50.99% and the appropriation amount was NT\$6,810,000, and director remuneration of NT\$10,087,549. There was no difference between such amounts and the estimated accrued amounts recognized as expenses.

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

In 2025, 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\$16,282,352 to employees and NT\$11,097,647 to directors for 2024 on March 11, 2025. There is no discrepancy between the actual distribution amount and the recognized amount.

(VI) Share repurchases:

1. Where the Company has completed the repurchase of its own shares:

Unit: NT\$/Number of Shares: shares

Number of Repurchases	First time
Purpose of Repurchase	Maintain the Company's credit and shareholder interests
Repurchase Period	2025/04/14~2025/06/13
Price Range of Repurchase	NT\$90 to NT\$160
Types and number of shares repurchased	Common stock 891,000 shares
Amount of shares repurchased	NT\$128,543,311
The ratio of the number of shares repurchased to the expected number of shares to be repurchased (%)	89.1%

Number of shares that have been canceled and transferred	891,000 shares
Accumulated number of shares held in the Company.	0 Shares
The ratio of accumulated number of shares held in the Company to the total number of issued shares (%)	0.00%
Reason for incomplete execution	To balance market mechanisms and protect the overall interests of shareholders and given that the stock price have stabilized, the decision was made not to completely implement it.

2. Where the Company is still implementing the repurchase of its own shares: Not applicable.

**II. Corporate Bonds: None.**

**III. Preferred Share: None.**

**IV. Global Depository Receipts: None.**

**V. Employee Stock Options: None.**

**VI. New Restricted Employee Shares: None.**

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

**VIII. Implementation of the Company's Capital Allocation Plans**

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

## Chapter 4. Operational Highlights

### I. Business Activities

#### (I) Business scope

##### 1. Main business content

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

##### 2. Operating proportion

Unit: NT\$ Thousand

Main product	2025	Percentage of annual sales %
Mixer	893,860	18.32%
Divider Rounder and Moulder	302,373	6.20%
Sheeter	187,513	3.84%
Proofer	547,621	11.22%
Oven	1,850,660	37.93%
Slicer	84,526	1.73%
Fryer	4,838	0.10%
Refrigerator	54,766	1.12%
Show Case	32,474	0.67%
Catering Equipment	267,662	5.49%
Other Machines	60,187	1.23%
Other Parts (Note)	470,375	9.64%
Bakeware	122,248	2.51%
<b>Total</b>	<b>4,879,103</b>	<b>100.00%</b>

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:

##### (1) 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.

- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) Proofer Series:  
During the bread-making process, the yeast proofs the dough from the time it is added during mixing. Proofing is usually divided into three phases, including the basic proofing after mixing, the intermediate proofing after dividing and rounding, and the final proofing after shaping.
- The final proofing makes the dough produce more gas and become fluffy to reach the size of the finished goods and gives the bread better quality.
- The last fermentation machine is used for the final fermentation of bread before entering the oven. The fermentation cabinet provides the suitable temperature and humidity to the yeast in the dough for fermentation, reproduction and production of CO<sub>2</sub> gas, while providing the right humidity to protect the dough from dry crust.
- (7) 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.

(8) Slicer series:

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

4. New products and services in development

- (1) Research on high-efficiency Japanese-style ovens: Study the effects of different oven structures on heat retention performance and improvement in baking results.
- (2) Research on the effects of hot-air oven exhaust mechanisms on baking results: Study the effects of different positions and structural shapes of exhaust mechanisms on the baking results of various foods.
- (3) Research on mini continuous dividers: Study and design the transmission mechanism of small dividers, formulate component manufacturing processes, develop prototypes, and continuously test and improve them.
- (4) Research on pizza production lines: Study pizza-making processes and design equipment for each stage of the process.
- (5) Research on infrared temperature measurement systems for mixers: Study the miniaturization of infrared temperature measurement components, installation structures, dust protection, and temperature display programming.
- (6) Research on conical rounders: Design 3D rounding tracks, study the requirements of large and small dough pieces for rounding track shapes, and study the manufacturing process and equipment assembly structure of rounding tracks.
- (7) Research on equipment noise reduction: Study the causes of resonance in the Company's equipment and the factors associated with increased noise.
- (8) Research on improving the combustion system efficiency of rack ovens: Study burner combustion mechanisms, study heat exchanger structures, improve manufacturing processes, and enhance heat exchange efficiency.

(II) 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.

#### (1) 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.

(2) Current status of the 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.

(3) Development trends of the baking industry in China

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.

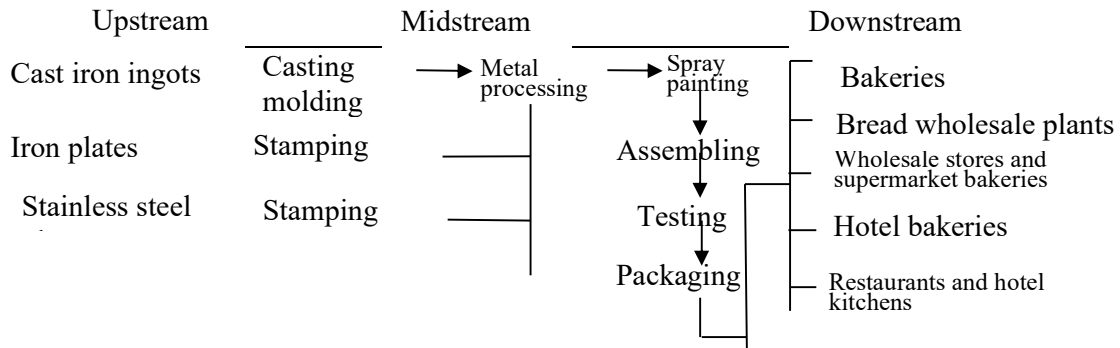
Secondly, future baking trends will focus more on personalization and innovation. With the ever-changing needs of consumers, the baking industry will continue to innovate and introduce more personalized and innovative products. For example, customized cakes, creative baking design.

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

#### (1) 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.

#### (2) 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.

#### (3) 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.

#### (4) 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.

### (III) 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	2025
R&D expenses	160,965
Net operating revenue	4,879,103
R&D expenses to net operating revenue ratio (%)	3.30%

3. Technology or products successfully developed

The key technologies currently possessed by the Company include the mixing hook manufacturing technology, technology that accurately measure the completion of dough mixing, the application of hydraulic technology to divider rounder, and the ovens that can simultaneously save baking time and improve product quality than the peers. The Company has always attached great importance to research and development and aimed to make progress to maintain its competitive edge in the industry.

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

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

(19) Cake Machine Series.

The expected R&D equipment is as follows:

- (1) Research on high-efficiency Japanese-style ovens: Study the effects of different oven structures on heat retention performance and improvement in baking results.
- (2) Research on the effects of hot-air oven exhaust mechanisms on baking results: Study the effects of different positions and structural shapes of exhaust mechanisms on the baking results of various foods.
- (3) Research on mini continuous dividers: Study and design the transmission mechanism of small dividers, formulate component manufacturing processes, develop prototypes, and continuously test and improve them.
- (4) Research on pizza production lines: Study pizza-making processes and design equipment for each stage of the process.
- (5) Research on infrared temperature measurement systems for mixers: Study the miniaturization of infrared temperature measurement components, installation structures, dust protection, and temperature display programming.
- (6) Research on conical rounders: Design 3D rounding tracks, study the requirements of large and small dough pieces for rounding track shapes, and study the manufacturing process and equipment assembly structure of rounding tracks.
- (7) Research on equipment noise reduction: Study the causes of resonance in the Company's equipment and the factors associated with increased noise.
- (8) Research on improving the combustion system efficiency of rack ovens: Study burner combustion mechanisms, study heat exchanger structures, improve manufacturing processes, and enhance heat exchange efficiency.

(IV) Long-term and short-term business development plans

1. Short-term business development plans
  - (1) 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.
  - (2) Arranging and planning for the headquarters to visit each important development area to visit customers and assist in marketing and sales.
  - (3) 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.
  - (4) Promote the new appearance design combination equipment and refrigeration equipment to the market to expand sales.
  - (5) 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.
  - (6) 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
  - (1) Promote food safety and certification of equipment specifications and popularize the use of stainless steel.
  - (2) 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.

- (3) 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.
- (4) Integrate equipment specifications with production and adjust product mix to improve production efficiency, reduce cost and increase sales profit.
- (5) 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.
- (6) 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

### (I) Market Analysis

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

Unit: NT\$ Thousand

Year		2024		2025	
		Consolidated sales	Ratio	Consolidated sales	Ratio
Domestic sales		102,410	2.13%	114,079	2.34%
Export	America	1,495,870	31.22%	1,461,803	29.96%
	Asia	2,842,581	59.32%	2,925,230	59.95%
	Africa	119,464	2.49%	131,324	2.69%
	Europe	152,691	3.19%	171,205	3.51%
	Others	79,043	1.65%	75,462	1.55%
	Subtotal	4,689,649	97.87%	4,765,024	97.66%
Total		4,792,059	100.00%	4,879,103	100.00%

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

#### (1) 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.

#### (2) 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 from iiMedia Research, 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 potential of the baking food market in China

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

- (1) 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 product research and development, actively expands product series and lays out new product areas. At December 31, 2025, the Company has formed 17 patents for invention, 93 patents for utility models, and 14 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.

- (2) 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.

- (3) 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.

- (4) 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.

- (5) Leading position in China  
According to the research report from China Insights Consultancy, 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
  - (1) Favorable factors
    - a. Bakery market growth in China

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

b. Growth in the number of bakery stores in China

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

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

c. Increase in commercial bakery equipment penetration in bakery stores

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

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

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

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

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

driving the demand for commercial bakery equipment from centralized factories.

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

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

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

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

(2) 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:

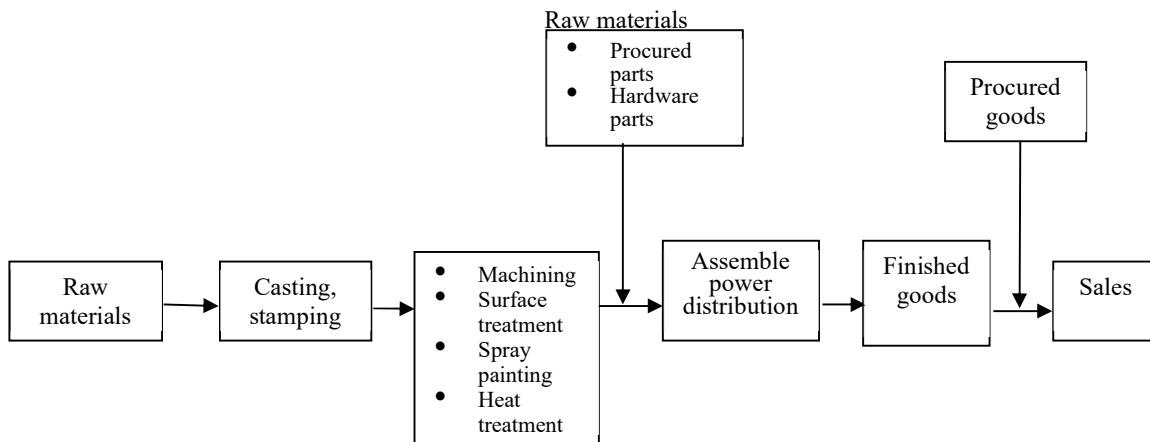
In addition to monitoring international raw material prices, the Company has strengthened its raw material inventory management in order to minimize the risk of loss on raw material prices. Moreover, the Company continuously improves and optimizes production processes to achieve the effect of saving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

(II) 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:



(III) 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.

(IV) 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 2024 and 2025.
2. The Company has no customers with more than 10% of the sales in 2024 and 2025.

**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		2024	2025	As of April 30, 2026
Number of employees	Administration personnel	880	902	907
	Direct labor	527	524	524
	Total	1,407	1,426	1,431
Average age		42.52	43.67	43.62
Average year of services		12.81	13.59	13.60
Academic distribution ratio	Ph.D.	0.07%	0.07%	0.07%
	Master's degree	0.50%	0.49%	0.49%
	Bachelor's degree	43.35%	44.11%	44.03%
	Senior high school	34.40%	34.29%	34.31%
	Below senior high school	21.68%	21.04%	21.10%

**IV. Environmental Protection Expenditure**

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

**V. Labor Relations**

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

employee rights protection measures:

1. Various employee welfare measures and implementation status

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

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

2. Continuing education, training, and implementation status

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

The Group's employee training in 2025 is as follows:

Unit: NT\$

Item	Total number of employees	Total hours	Total expenses
Orientation training	69	520.5	0
Professional competency training	854	3,598	284,223
Management skills training	2	24	16,000
Safety and health training	984	2,810	376,772
Fire marshaling training	967	1,390	0
Total	2,876	8,342.5	676,995

3. Retirement system and implementation status

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

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

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

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

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

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

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

(III) Code of Employee Conduct or Ethics:

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

1. Hierarchical responsibility:

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

2. Specify the work duties of each unit:  
According to the functions of main departments, specify work duties and organizational functions of each unit to implement the division of labor for each unit and strengthen the Company's core competitiveness.
3. Reward and punishment specification:  
To encourage employees with special contributions or avoid damage to the Company due to employees' personal behavior, the “Regulations Governing Employees Work” and “Employee Handbook” clearly define the relevant rewards and punishments for employee-related behaviors. All rewards and punishments will be announced internally to achieve the educational purpose of encouragement or vigilance.
4. Performance management:  
The Company has always adopted a “fair, impartial and open” attitude to the employee performance evaluation and carried it out based on the “Personnel Evaluation Measures” and assessment plan. Conduct an annual performance evaluation process for different positions, give appropriate feedback to employees' work performance, and help make future development plans for the subordinates.
5. Attendance management:  
To establish good discipline to upgrade the quality of work and to make employees follow their attendance and leave operations, the “Regulations Governing Employee Leave” was formulated and the duty proxy system was implemented.
6. Maintenance of trade secrets:  
To ensure business interests and enhance the Company’s competitiveness, employees have the obligation to strictly keep confidential Company business secrets. In order to avoid damage to the Company due to leaks, aside from expressly stipulated in the Regulations Governing Personnel Management, employees must sign labor contracts with specifications in the content to protect the Company's business secrets more comprehensively.
7. Sexual harassment prevention:  
The Company has established sexual harassment prevention and complaint channels to provide a work and service environment free of sexual harassment.

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

Employee insurance system	Labor insurance	In accordance with Labor Insurance Act, there are maternity benefits, injury or sickness benefits, disability benefits, old-age benefits, and death benefits.
	National health insurance/social insurance	Handle with reference to the National Health Insurance Act and the Social Insurance Act, there are benefits of old-age care, medical, work-related injuries, maternity, and unemployment. When the insurer and his family members suffer from illness, injury, or maternity accidents, they can receive medical services.
	Employee group insurance	The coverage includes term life insurance, accidental injury insurance, accidental medical

		insurance, critical illness, work-related injury subsidy, hospitalization medical insurance, and occupational accident insurance. Let colleagues substantially perceived the group insurance protection.
Build a safe workplace environment	Organize personal and fire safety seminar	Conduct fire safety seminars every six months. Organize safety and health education and training every year.
	Create a green and healthy workplace	Strengthen energy saving and carbon reduction. Continue to create a healthy workplace environment, such as a toxic-free environment, a regular environment, and a green environment.
Reinforce labor relations	Set up collective contracts and hold labor-management meetings every quarter	Through collective contracts and labor-management meetings, colleagues can understand the Company's operating status, employee dynamics, and better working environment, to achieve harmonious labor relations.

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

No.	Objective/target	Plan	Description	Implementation status
1	Formulation of safety and health operating standards.	<ol style="list-style-type: none"> <li>1. Establish/amend safety and health operating standards.</li> <li>2. Implement safety and health operating instruction.</li> </ol>	<ol style="list-style-type: none"> <li>1. Establish Safety and Health Code of Practice.</li> <li>2. Conduct on-the-job, general, and hazardous labor safety and health education training according to the regulations.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company formulates/amends safety and health operating standards.</li> <li>2. Implement instruction during education and training.</li> </ol>
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.	<ol style="list-style-type: none"> <li>1. Establish hazard knowledge measures.</li> <li>2. Amend and update in coordination with the Global Harmonization System (GHS).</li> </ol>	<ol style="list-style-type: none"> <li>1. Establish a list of hazardous substances.</li> <li>2. Post hazard labels.</li> <li>3. Provide safety data sheet.</li> <li>4. Implement hazard education and training.</li> </ol>	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.	<ol style="list-style-type: none"> <li>1. Set up a first aid kit.</li> <li>2. Implement: A physical</li> </ol>	<ol style="list-style-type: none"> <li>1. Set up a first aid box on each floor and workshop.</li> </ol>	According to health protection regulations: <ol style="list-style-type: none"> <li>1. Set up a full amount of</li> </ol>

No.	Objective/target	Plan	Description	Implementation status
		examination of recruits, health check, and special health check (dust and noise) of in-service personnel.	2. Recruits must provide health check reports when reporting to duty. Regularly arrange health checks for in-service personnel. Arrange annual special health checks once a year according to work assignments and follow up regularly.	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.
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) Workplace diversity:

The Company and its subsidiaries adhere to the principles of human rights and equal employment in their gender equality and workplace diversity policies, and comply with the Labor Standards Act, Employment Service Act, Gender Equality in Employment Act, and internal recruitment regulations to ensure fair opportunities for every job applicant. The Company does not use race, ideology, religion, political affiliation, place of origin, gender, sexual orientation, marital status, or physical or mental disability as criteria for employment, safeguards equal treatment of all employees throughout recruitment and career development, and implements this philosophy in every aspect of selection, training, appointment, and retention.

The Company and its subsidiaries are committed to creating a fair, safe, diverse, and inclusive work environment for employees, fully implementing fairness in compensation,

bonuses, and promotion opportunities, and ensuring that all hiring decisions are based solely on professional competence, education and experience, and job performance. At the same time, the Company strictly prevents any form of discrimination, harassment, or unequal treatment, including unfair conduct based on legally protected factors such as race, gender, religious belief, age, or political orientation. We integrate the core concepts of gender equality, diversity and inclusion, and human rights protection into the entire process of talent selection, training, appointment, and retention, ensuring that every employee can fully realize his or her potential and receive due respect in a fair environment. To create a friendly workplace environment, Sinmag has introduced various arrangements and measures, including:

1. Family-friendly childcare measures:

The Company allows both male and female employees to apply for unpaid parental leave, and provides maternity leave in accordance with the law regardless of marital status, helping employees balance work and family responsibilities. Sinmag China has also established a nursing room to meet employees' breastfeeding needs.

2. Workplace health promotion:

The Company provides a safe and comfortable working environment, regularly organizes health promotion activities and seminars, arranges employee travel, provides medical protective equipment and regular health examinations, and comprehensively protects employees' physical and mental well-being.

3. Care for vulnerable groups:

The Company currently employs two employees with disabilities. For one of them, the Company specially arranges for a colleague to assist by driving the employee home after work, demonstrating thoughtful care for vulnerable groups and creating an inclusive and mutually supportive workplace atmosphere.

(VII) Remuneration equality policy:

The Company and its subsidiaries have established a Remuneration Committee and adhere to a transparent and equal pay policy under which corporate operating performance is shared with employees. For rank-and-file specialists in the same job category, compensation is assessed under the same standards. For personnel with relevant expertise and work experience, compensation is determined based on the hiree's education and experience, expertise, and certifications, without differences arising from gender or ethnicity. As for the allocation of performance bonuses, the Company has a fair and transparent appraisal system under which bonuses are distributed based on individual employee performance. The Company and its subsidiaries determine employee compensation based on objective factors such as prior work experience, professional capabilities, internal equity for the position held, and external competitiveness, provide salary and benefits superior to industry standards, and establish a fair and transparent promotion system to promote employee retention and uphold gender equality. The salary structure does not differ by gender. Employee compensation items include base salary, position allowance, and bonuses. Differences in compensation ratios across job categories are determined in accordance with the above standards. Annual salary adjustments are made in view of market salary trends and operating conditions, and in addition to agreed salaries, bonuses are paid based on annual operating performance and individual performance.

(VIII) Promotion system and employee development:

The Company and its subsidiaries adopt a dual-track promotion system for managerial and professional positions. Employee promotion is unrelated to gender and is mainly assessed based on employees' characteristics, expertise, competencies, work performance, and leadership potential. For promotion, the employing unit nominates personnel after evaluating work performance, experience, integrity, and conduct, and the personnel review committee

then examines whether the individual meets the qualifications under the promotion system, after which the President grants approval. The Company and its subsidiaries encourage employees to actively pursue self-development and cultivate core competencies, professional competencies, and managerial competencies, helping provide employees with a platform for self-fulfillment and achieve win-win results through clear goal-based evaluation.

## **VI. Information security management**

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

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

1. Information security risk management

- (1) 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.
- (2) This team is responsible for formulating the policy on information security management and reviewing and amending it periodically.
- (3) 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

- (1) The Company has established an information security policy and information security management measures to manage information security risks.
- (2) 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 an 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.
- (3) Network security management
  - a. The entrance to the external network is equipped with a firewall to prevent hackers from illegally invading the system.
  - b. When employees log into the Company's intranet remotely to access systems, they must apply for a VPN account, and may only log in through the secure VPN method. VPN user connection records are retained in firewall logs for reference and control, reducing the occurrence of malware infection or

- cyberattacks.
- (4) 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.
  - (5) 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.
  - (6) 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.
  - (7) 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
- (1) Firewall protection
    - a. The firewall sets the connection rules.
    - b. Additional openings are required for special connectivity needs.
  - (2) 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.
  - (3) Anti-virus software: Use anti-virus software and automatically update the virus code to reduce the chance of virus infection.
  - (4) 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.
  - (5) Data backup mechanism
    - a. Critical information system databases are set to be backed up on a daily basis.
    - b. Build off-site backup.
5. Resources for information security
- Information security is the responsibility of the Information Department of the Company, with a total of two people, and is reviewed in quarterly meetings. For important information security work such as upgrading the operating system or important software of the system host, disaster recovery drills, and other important

information security work, the Information Department conducts quarterly reviews and planning, and determines whether there are any loopholes in the investment of resources in information equipment and system configuration through unscheduled information security inspections, and then executes them after compiling the budget for information security.

6. Emergency notification procedures

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

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

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

**VII. Important Contracts**

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

Contract nature	Party	Contract period	Main content	Restriction clause
Long-term lease agreement	MR.PISET TANGTUNG	2026.03.01-2047.02.28	The subsidiary SINMAG EQUIPMENT (THAILAND) CO., LTD. entered into a long-term land lease agreement with the lessor, MR. PISET TANGTUNG.	None
Construction contract	Intend In Trend Co.,Ltd.	2025.12.26-2026.04.05	The subsidiary SINMAG EQUIPMENT (THAILAND) CO., LTD. commissioned Intend In Trend Co., Ltd. to undertake warehouse renovation works for the structures on the leased land under the long-term land lease.	None

## Chapter 5. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

### I. Financial Position

Unit: NT\$ Thousand

Item \ Year	December 31, 2025	December 31, 2024	Difference	
			Increases (decreases)	%
Current assets	2,905,366	2,706,442	198,924	7%
Property, plant, and equipment	1,363,558	1,299,093	64,465	5%
Intangible assets	6,151	6,437	(286)	-4%
Other assets	270,383	454,869	(184,486)	-41%
Total assets	4,545,458	4,466,841	78,617	2%
Current liabilities	972,507	991,894	(19,387)	-2%
Non-current liabilities	202,549	161,247	41,302	26%
Total liabilities	1,175,056	1,153,141	21,915	2%
Equity attributable to owners of the parent company	3,212,913	3,171,740	41,173	1%
Share capital	493,392	502,302	(8,910)	-2%
Capital surplus	205,500	206,827	(1,327)	-1%
Retained earnings	2,585,553	2,533,440	52,113	2%
Other equity	(71,532)	(70,829)	(703)	-1%
Treasury stock	0	0	0	0%
Non-controlling interest	157,489	141,960	15,529	11%
Total equity	3,370,402	3,313,700	56,702	2%
<p>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:</p> <ol style="list-style-type: none"> <li>1. Decrease in other assets: Mainly attributable to the reclassification of financial assets measured at amortized cost to current assets because they will mature within one year.</li> <li>2. The increase in non-current liabilities was mainly due to the increase in deferred income tax liabilities.</li> </ol>				

## II. Financial Performance

### (I) Analysis of financial performance

Unit: NT\$ Thousand

Item \ Year	2025	2024	Difference	
			Increases (decreases)	%
Operating revenue	4,879,103	4,792,059	87,044	2%
Operating costs	(2,799,098)	(2,710,054)	89,044	3%
Gross profit	2,080,005	2,082,005	(2,000)	0%
Operating expenses	(1,159,488)	(1,108,945)	50,543	5%
Operating profit	920,517	973,060	(52,543)	-5%
Non-operating Income and Expenses	60,298	117,029	(56,731)	-48%
Profit Before Income Tax	980,815	1,090,089	(109,274)	-10%
Income tax expenses	(317,442)	(361,726)	(44,284)	-12%
Net income after tax	663,373	728,363	(64,990)	-9%
Analysis of the increase and decrease ratio: Decrease in non-operating income and expenses: Mainly attributable to the decrease in foreign exchange gains and the decrease in gains on disposal of property, plant, and equipment.				

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

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

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

## III. Cash flow

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

Item \ Year	2025	2024	Increase (decrease) ratio
Cash flow ratio %	73.87	71.83	2.84%
Cash flow sufficiency ratio %	103.94	112.35	-7.49%
Cash reinvestment ratio %	5.59	5.46	2.38%
Change ratio analysis: The decline in the cash flow adequacy ratio was mainly attributable to the Company's continued investment in capital expenditures during the current period. 2025			

- (II) Enhancement plan for insufficient liquidity: No cash shortage is expected.
- (III) Analysis of cash liquidity in the coming year:  
The Company actively expands overseas markets to increase revenue, reduces production costs and increases production capacity by refining production processes and enhancing automated production, and strengthens control over inventory management and accounts receivable. Net cash flow is expected to grow steadily.

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

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

- (I) 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.
- (II) 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 wholly focuses on long-term strategic purposes. In 2025, the profit from reinvestment under the equity method is NT\$712,405 thousand. In the future, the reinvestment plan will proceed with careful evaluation based on the principle of long-term strategic investment.

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

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

Unit: NT\$ Thousand

Item of the year	2025	2024
Interest income	30,255	32,518
Interest expenses	1,541	1,347
Net operating revenue	4,879,103	4,792,059
Operating profit	920,517	973,060
Interest income/net operating revenue (%)	0.62%	0.68%

Item of the year	2025	2024
Interest income/operating profit (%)	3.29%	3.34%
Interest expense/net operating revenue (%)	0.03%	0.03%
Interest expense/operating profit (%)	0.17%	0.14%

The Company's interest expense for 2025 is NT\$1,541 thousand, which accounts for 0.03% and 0.17% 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:

- (1) 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.
- (2) Enhance the accounts receivable turnover rate, increase working capital, and reduce bank borrowings.
- (3) 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	2025	2024
Net exchange (loss) gain	21,031	40,698
Net operating revenue	4,879,103	4,792,059
Operating profit	920,517	973,060
Net exchange (loss) gain/net operating revenue (%)	0.43%	0.85%
Net exchange (loss) gain/operating profit (%)	2.28%	4.18%

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 2025 is NT\$21,031 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:

- (1) Fully grasp the latest exchange rate trend and adjust the foreign currency position promptly.
- (2) By controlling the mutual offset of recurring foreign currency receivables and payables, exchange rate changes have a certain degree of internal hedging effect.
- (3) 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.
- (4) 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.
- (5) 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:

- (1) Make appropriate adjustments to the inventory of raw materials and sign purchase contracts with cooperative manufacturers for the main raw materials.
- (2) Advance the production process to enhance the added value of products and pass on the cost appropriately.

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

1. The Company and its subsidiaries did not engage in high-risk, high-leverage investments in 2025 and as of the publication date of the annual report.
2. The Company and its subsidiaries have no loan to others in 2025 and as of the publication date of the annual report.
3. During 2025, the subsidiary Sinmag Equipment (China) Co., Ltd. engaged in derivatives trading with an offset amount of RMB 262 million and realized gains of RMB 960 thousand. As of April 30, 2026, it had engaged in derivatives trading with an offset amount of RMB 20 million, an outstanding balance of RMB 0, and realized gains of RMB 75 thousand. The derivative financial commodity traded is the use of the Company's idle funds for financial planning. The products traded are all structured deposit commodities with guaranteed capital and income. The banks dealing with transactions are the banks that the Company deals with, which can avoid system and credit risks without incurring losses.  
The derivative financial commodity that the Company engages in complies with the Company's internal control and the "Procedures for the Acquisition or Disposal of Assets" and the approval authority.

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

The Company has put great emphasis on R&D personnel and related equipment investment since the founding of the Company and has accumulated R&D strength through education, training, and experience inheritance, and strengthened product planning and research and innovation capabilities. In recent years, R&D capabilities have been invested in the development of specification products, so that product specification planning and research and innovation capabilities can 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	Current progress	Estimated future additional expenditures required
R&D of high-efficiency energy-saving Japanese-style ovens	Research will commence in January 2026, and an R&D prototype is expected to be completed in November 2026.	Study the effects of different oven structures on heat retention performance and improvement in baking results.	Preliminary design in progress.	Depends on the project execution status.
Research on the effects of hot-air oven exhaust mechanisms on baking results	Research will commence in January 2026, and research results are expected in November 2026.	Study the effects of different positions and structural shapes of exhaust mechanisms on the baking results of various foods.	Customer feedback on equipment usage is being collected.	Depends on the project execution status.
Research on mini continuous dividers	Research will commence in January 2026, and an R&D prototype is expected to be completed in November 2026.	Study and design the transmission mechanism of small dividers, formulate component manufacturing processes, develop prototypes, and continuously test and improve them.	Preliminary design in progress.	Depends on the project execution status.
Research on pizza production lines	Design will commence in January 2026, and research results are expected in November 2026.	Study pizza-making processes and design equipment for each stage of the process.	Data collection and related design have already been carried out.	Depends on the project execution status.
Research on infrared temperature measurement systems for mixers	Design will commence in January 2026, and research results are expected in November 2026.	Study the miniaturization of infrared temperature measurement components, installation structures, dust protection, and temperature display programming.	Data collection and related design have already been carried out.	Depends on the project execution status.
Research on conical rounders	Design will commence in January 2026, and research results are expected in November 2026.	Design 3D rounding tracks, study the requirements of large and small dough pieces for rounding track shapes, and study the manufacturing processes and equipment assembly structure of rounding tracks.	Preliminary design in progress.	Depends on the project execution status.

Project name	Mass production schedule	Project content	Current progress	Estimated future additional expenditures required
Research on equipment noise reduction	Research will commence in February 2026, and research results are expected in November 2026.	Study the causes of resonance in the Company's equipment and the factors associated with increased noise.	Relevant information is being collected.	Depends on the project execution status.
Research on improving the combustion system efficiency of rack ovens	Research will commence in February 2026, and research results are expected in November 2026.	Study burner combustion mechanisms, study heat exchanger structures, improve manufacturing processes, and enhance heat exchange efficiency.	Relevant information is being collected.	Depends on the project execution status.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response  
The Company's management always pays attention to the impact of important policies and changes in the legal environment at home and abroad on the Company's operations and plans countermeasures. So far there has been no significant impact.

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

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

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

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

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

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

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

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

To address the situation in which the existing plant area of its subsidiary, Sinmag Equipment (China) Co., Ltd., restricts production capacity expansion due to site limitations, and to enhance overall operating efficiency and meet the needs of continued business growth, Sinmag plans to expand its plant facilities and evaluate the feasibility of demolishing old plants and rebuilding them into larger plants.

Expected benefits, potential risks, and corresponding response measures are as follows:

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

2. Possible risks:

(1) The challenges of capital utilization and the significant increase in the size of assets and staff.

(2) Utilization rates may not be as expected.

3. Measures: Gradual transfer of production capacity replacement.

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

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

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

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

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

**VII. Other Important Matters: None.**

## Chapter 6. Special Disclosure

### I. Information on the Company's Affiliates

Please refer to the Market Observation Post System/Single Company/Electronic Document Download/Section of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises.

URL: [https://doc.twse.com.tw/server-java/t57sb01?step=1&colorchg=1&co\\_id=1580&year=&mtype=K&isnew=true](https://doc.twse.com.tw/server-java/t57sb01?step=1&colorchg=1&co_id=1580&year=&mtype=K&isnew=true)

### 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.

**Chapter 7. 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