San Neng Group Holdings Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
San Neng Group Holdings Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of San Neng Group Holdings Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

Key Audit Matter - Recognition of Revenue from Main Customers

The consolidated operating revenue from the main customers of the Group accounted for more than 20% of the total consolidated operating revenue. The fluctuation of sales revenue of some of the Group's main customers higher than the average level of changes in the Group's overall consolidated operating revenue, which resulted in a significant impact on the financial performance of the Group. Therefore, we deemed the validity and occurrence of sales revenue from the main customers whose growth volatility is higher than the operating revenue growth of the Group as a key audit matter. The revenue recognition accounting policy is disclosed in Note 4(n) to the consolidated financial statements.

We performed the following audit procedures in response to revenue recognition from main customers:

1. We obtained an understanding of the design and implementation of the internal controls related to the recognition of sales revenue, and tested the internal controls related to the validity and occurrence of sales revenue, and confirmed the effectiveness of the Group's internal control over sales revenue.

2. We selected samples from sales transactions of the abovementioned main customers, and reviewed shipping documents and subsequent collections, and confirmed the validity and occurrence of sales revenue.

3. We evaluated the reasonableness of the changes in sales revenue, gross profit margin, trade receivables turnover rate in days and credit terms of the abovementioned main customers from the previous year to the current year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Keng-Hsi Chang and Chiang-Hsun Chen.

Keng-Hsi Chang   Ching Hsun Chen

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

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

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

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

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 667,913	29	$ 239,834	11
Financial assets at amortized cost - current (Notes 4, 7, 8 and 32)	13,131	1	412,733	19
Notes receivable (Notes 4, 5, 9 and 22)	22,165	1	18,709	1
Notes receivable from related parties (Notes 4, 5, 22 and 31)	32	-	82	-
Trade receivables (Notes 4, 5, 9 and 22)	229,964	10	203,113	9
Trade receivables from related parties (Notes 4, 5, 22 and 31)	4,914	-	6,135	-
Other receivables (Notes 4 and 9)	8,008	-	6,426	-
Current tax assets (Notes 4 and 24)	-	-	1,495	-
Inventories (Notes 4 and 10)	283,758	13	245,809	11
Prepayments (Note 17)	23,583	1	15,574	1
Net defined benefit assets - current (Notes 4 and 20)	-	-	6,352	-
Total current assets	1,253,468	55	1,156,262	52
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 12)	-	-	423	-
Property, plant and equipment (Notes 4, 13 and 32)	949,675	42	954,154	43
Right-of-use assets (Notes 4 and 14)	27,973	1	36,298	2
Other intangible assets (Notes 4 and 16)	6,723	-	7,342	-
Goodwill (Notes 4, 15 and 26)	-	-	-	-
Deferred tax assets (Notes 4 and 24)	16,675	1	18,293	1
Other non-current assets (Notes 4 and 17)	21,432	1	36,045	2
Total non-current assets	1,022,478	45	1,052,555	48
TOTAL	$ 2,275,946	100	$ 2,208,817	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 32)	$ 57,000	3	$ 74,600	3
Contract liabilities (Notes 4 and 22)	14,908	1	18,943	1
Notes payable	-	-	94	-
Trade payables	163,585	7	129,926	6
Trade payables to related parties (Note 31)	360	-	165	-
Other payables (Notes 19 and 28)	169,066	7	145,976	7
Current tax liabilities (Notes 4 and 24)	22,966	1	23,528	1
Lease liabilities - current (Notes 4 and 14)	2,947	-	4,971	-
Current portion of long-term borrowings (Notes 18 and 32)	16,874	1	18,543	1
Total current liabilities	447,706	20	416,746	19
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 32)	130,954	6	148,563	7
Deferred tax liabilities (Notes 4 and 24)	10,947	-	10,947	-
Lease liabilities - non-current (Notes 4 and 14)	4,972	-	8,271	-
Other non-current liabilities (Note 19)	526	-	258	-
Total non-current liabilities	147,399	6	168,039	7
Total liabilities	595,105	26	584,785	26
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital - ordinary shares	607,500	27	607,500	28
Capital surplus	649,031	28	649,031	29
Retained earnings	533,130	23	496,170	22
Other equity	(120,227)	(5)	(137,221)	(6)
Total equity attributable to owners of the Company	1,669,434	73	1,615,480	73
NON-CONTROLLING INTERESTS (Notes 4 and 21)	11,407	1	8,552	1
Total equity	1,680,841	74	1,624,032	74
TOTAL	$ 2,275,946	100	$ 2,208,817	100

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

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Notes 4, 22 and 31)	$ 1,913,403	100	$ 1,895,403	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 31)	(1,145,847)	(60)	(1,196,188)	(63)
GROSS PROFIT	767,556	40	699,215	37
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	(247,953)	(13)	(244,015)	(13)
General and administrative expenses	(160,616)	(9)	(157,816)	(8)
Research and development expenses	(83,271)	(4)	(92,211)	(5)
Expected credit (loss) gain (Notes 4 and 9)	(296)	-	573	-
Total operating expenses	(492,136)	(26)	(493,469)	(26)
PROFIT FROM OPERATIONS	275,420	14	205,746	11
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)				
Interest income	11,080	1	10,127	-
Other income	8,959	-	20,783	1
Other gains and losses	(7,429)	-	(1,445)	-
Finance costs	(3,556)	-	(4,415)	-
Share of loss of associates and joint ventures (Note 12)	-	-	(621)	-
Total non-operating income and expenses	9,054	1	24,429	1
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	284,474	15	230,175	12
INCOME TAX EXPENSE (Notes 4 and 24)	(64,058)	(4)	(42,382)	(2)
NET PROFIT FOR THE YEAR	220,416	11	187,793	10
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	953	-	15,776	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(1,461)	-	(2,205)	-
	(508)	-	13,571	-

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SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	$ 16,937	1	$ (41,677)	(2)
Other comprehensive income (loss) for the year, net of income tax	16,429	1	(28,106)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 236,845	12	$ 159,687	8
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 222,118	12	$ 188,940	10
Non-controlling interests	(1,702)	-	(1,147)	-
	$ 220,416	12	$ 187,793	10
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 238,604	12	$ 160,946	8
Non-controlling interests	(1,759)	-	(1,259)	-
	$ 236,845	12	$ 159,687	8
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	$ 3.66		$ 3.11	
Diluted	$ 3.64		$ 3.10	

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

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	$ 607,500	$ 648,997	$ 24,384	$ 74,153	$ 377,372	$ (95,656)	$ 1,636,750	$ 3,708	$ 1,640,458
Appropriation of 2018 earnings (Note 21)									
Statutory reserve	-	-	17,847	-	(17,847)	-	-	-	-
Special reserve	-	-	-	21,503	(21,503)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(182,250)	-	(182,250)	-	(182,250)
Other changes in capital surplus									
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 12 and 28)	-	34	-	-	-	-	34	-	34
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	188,940	-	188,940	(1,147)	187,793
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	13,571	(41,565)	(27,994)	(112)	(28,106)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	202,511	(41,565)	160,946	(1,259)	159,687
Increase in non-controlling interests (Note 21)	-	-	-	-	-	-	-	6,103	6,103
BALANCE AT DECEMBER 31, 2019	607,500	649,031	42,231	95,656	358,283	(137,221)	1,615,480	8,552	1,624,032
Appropriation of 2019 earnings (Note 21)									
Statutory reserve	-	-	18,895	-	(18,895)	-	-	-	-
Special reserve	-	-	-	41,565	(41,565)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(182,250)	-	(182,250)	-	(182,250)
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	222,118	-	222,118	(1,702)	220,416
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(508)	16,994	16,486	(57)	16,429
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	221,610	16,994	238,604	(1,759)	236,845
Changes in percentage of ownership interests in subsidiaries (Notes 21 and 27)	-	-	-	-	(2,400)	-	(2,400)	(2,198)	(4,598)
Increase in non-controlling interests (Notes 21 and 26)	-	-	-	-	-	-	-	6,812	6,812
BALANCE AT DECEMBER 31, 2020	$ 607,500	$ 649,031	$ 61,126	$ 137,221	$ 334,783	$ (120,227)	$ 1,669,434	$ 11,407	$ 1,680,841

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

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 284,474	$ 230,175
Adjustments for:		
Expected credit loss recognized (reversed) on trade receivables	296	(573)
Depreciation expense	84,493	77,731
Amortization expense	3,499	4,377
Finance costs	3,556	4,415
Interest income	(11,080)	(10,127)
Share of loss of associates and joint ventures	-	621
Loss on disposal of property, plant and equipment	744	1,410
Write-downs of inventories	-	2,610
Impairment loss on goodwill	440	-
Net loss on foreign currency exchange	4,763	5,055
Changes in operating assets and liabilities		
Notes receivable	(3,452)	7,750
Notes receivable from related parties	50	49
Trade receivables	(23,730)	9,791
Trade receivables from related parties	1,067	7,204
Other receivables	(3,560)	109
Inventories	(34,635)	24,937
Prepayments	(6,165)	12,017
Net defined benefit assets	7,305	-
Contract liabilities	(4,239)	582
Notes payable	(94)	(1,643)
Trade payables	31,129	26,642
Trade payables to related parties	234	171
Other payables	15,823	8,794
Net defined benefit liabilities - non-current	-	(742)
Cash generated from operations	350,918	411,355
Interest received	1,799	3,818
Income tax paid	(63,172)	(48,573)
Net cash generated from operating activities	289,545	366,600
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(413,587)
Proceeds from sale of financial assets at amortized cost	397,566	-
Increase in prepayments for investment	-	(7,109)
Net cash inflow from acquisition of subsidiary (Note 26)	10,860	-
Payments for property, plant and equipment	(45,505)	(97,835)
Proceeds from disposal of property, plant and equipment	193	442
Payments for intangible assets	(1,005)	(1,474)
Payments for right-of-use assets	-	(3,858)

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SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Increase in other non-current assets	$ (8,454)	$ (8,481)
Interest received	12,001	5,615
Net cash generated from (used in) investing activities	365,656	(526,287)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	120,000	122,685
Repayments of short-term borrowings	(137,690)	(124,500)
Proceeds from long-term borrowings	-	2,817
Repayments of long-term borrowings	(19,287)	(25,014)
Proceeds from guarantee deposits received	256	-
Repayment of the principal portion of lease liabilities	(4,968)	(6,585)
Dividends paid to owners of the Company	(182,250)	(184,980)
Interest paid	(3,557)	(4,414)
Increase in non-controlling interests	-	6,103
Acquisition of additional interests in subsidiary (Note 27)	(4,598)	-
Payments for transactions costs attributable to the issue of ordinary shares	-	(7,000)
Net cash used in financing activities	(232,094)	(220,888)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	4,972	(6,825)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	428,079	(387,400)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	239,834	627,234
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 667,913	$ 239,834

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

San Neng Group Holdings Co., Ltd. (the "Company") was founded on April 29, 2015 in Cayman Islands. The Company was established to serve as the holding company in an organizational structure formed for the purpose of listing of shares on the Taiwan Stock Exchange and the Company completed the reorganization of the framework on April 30, 2016. The Company and its subsidiaries (collectively, the "Group") specialize in research and development, production and sales of bakeware.

The Company's shares have been listed on the Taiwan Stock Exchange since December 11, 2018.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 16, 2021.

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

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

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

Amendments to IAS 1 and IAS 8 "Definition of Material"

The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to "could reasonably be expected to influence". Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"	June 1, 2020

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of abovementioned standards and interpretations will not have any material impact on its financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

2) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

3) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11 and Tables 4 and 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Group.

f. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and its foreign operation (including subsidiaries, associates and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

g. Inventories

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

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

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

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

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

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

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss.

Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

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

l. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

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

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

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

m. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified as financial assets at amortized cost.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, financial assets at amortized cost, receivables and refundable deposits).

The Group always recognizes lifetime expected credit losses (ECLs) for notes receivable and trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method except for situations where interest recognized for short-term payables is considered immaterial.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of bakeware and food ingredients. Sales of bakeware and food ingredients are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

p. Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31 2020	December 31 2019
Cash on hand	$ 2,623	$ 2,816
Checking accounts	312	1,654
Demand deposits	557,865	229,718
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	107,113	5,646
	$ 667,913	$ 239,834

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31 2020	December 31 2019
Bank balance (including time deposits)	0.001%-4%	0.001%-5.750%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31 2020	December 31 2019
Current		
Financial products (a and d)	$ -	$ 380,993
Restricted assets (b and d)	-	31,740
Time deposits with original maturities of more than 3 months (c and d)	13,131	-
	$ 13,131	$ 412,733

a. A contract for the short-term financial products was signed between the Group and the bank. The principal of financial products was guaranteed by a bank. The market rate on the financial products was 2.50%-2.95% per annum as of December 31, 2019.

b. Restricted assets of the Group pledged as collateral for bank borrowings are referred in Note 32. The interest rate for time deposits was 0.01% per annum as of December 31, 2019.

c. The interest rate for time deposits with original maturities of more than 3 months was 1.9% per annum as of December 31, 2020.

d. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost was as follows:

	December 31	
	2020	2019
Financial assets at amortized cost		
Gross carrying amount	$ 13,131	$ 412,733
Less: Allowance for impairment loss	-	-
	$ 13,131	$ 412,733

The Group only invests in debt instruments that have low credit risk. The Group reviews other public information and makes an assessment whether there has been a significant increase in credit risk since initial recognition.

In order to minimize credit risk, the management of the Group has collected relevant information and makes an assessment for risk of default. The Group uses other publicly available financial information to rate the debtors.

The Group considers the historical default experience, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2020 and 2019, the ratio of allowance for impairment loss of other receivables was 0%.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2020	2019
Notes receivable		
At amortized cost	$ 22,165	$ 18,709
Less: Allowance for impairment loss	-	-
	$ 22,165	$ 18,709
Trade receivables		
At amortized cost	$ 235,643	$ 208,726
Less: Allowance for impairment loss	(5,679)	(5,613)
	$ 229,964	$ 203,113
Other receivables		
Interest receivables	$ 21	$ 2,741
Others	7,987	3,685
	$ 8,008	$ 6,426

a. Notes receivable

The average credit period of notes receivable was 30-120 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2020 and 2019, notes receivable were not past due and the ratio of allowance for impairment loss of notes receivable was 0%.

b. Trade receivables

The average credit period of sales of goods was 30-120 days. No interest was charged on trade receivables that were past due. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2020

	Not past due	Past due within 90 Days	Past due 91 to 180 Days	Past due over 180 Days	Total
Expected credit loss rate	0.50%	2.75%	28.83%	99.65%	
Gross carrying amount	$ 176,977	$ 53,506	$ 2,577	$ 2,583	$ 235,643
Loss allowance (Lifetime ECL)	(892)	(1,470)	(743)	(2,574)	(5,679)
Amortized cost	$ 176,085	$ 52,036	$ 1,834	$ 9	$ 229,964

December 31, 2019

	Not past due	Past due within 90 Days	Past due 91 to 180 Days	Past due over 180 Days	Total
Expected credit loss rate	0.58%	3.98%	43.09%	100%	
Gross carrying amount	$ 156,982	$ 47,712	$ 2,163	$ 1,869	$ 208,726
Loss allowance (Lifetime ECL)	(911)	(1,901)	(932)	(1,869)	(5,613)
Amortized cost	$ 156,071	$ 45,811	$ 1,231	$ -	$ 203,113

The movements of the loss allowance of trade receivables were as follows:

	December 31	
	2020	2019
Balance at January 1	$ 5,613	$ 6,731
Add: Provision	296	-
Less: Amounts written off	(185)	(469)
Less: Reversal	-	(573)
Foreign exchange gains and losses	(45)	(76)
Balance at December 31	$ 5,679	$ 5,613

c. Other receivables

Other receivables consist of interest receivables, advance payment, etc. The Group adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group considers the current financial condition of debtors in order to estimate 12-month or lifetime ECLs. As of December 31, 2020 and 2019, the ratio of allowance for impairment loss of other receivables was 0%.

10. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 115,749	$ 105,073
Work in progress	62,562	47,420
Raw materials	38,220	31,481
Merchandise	64,781	59,572
Inventory in transit	2,446	2,263
	$ 283,758	$ 245,809

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 1,145,847	$ 1,193,578
Inventory write-downs	-	2,610
	$ 1,145,847	$ 1,196,188

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Proportion of Ownership (%)	
			December 31	
Investor	Investee	Nature of Activities	2020	2019
San Neng Group Holdings Co., Ltd.	East Gain Investment Limited	Holding company	100	100
East Gain Investment Limited	Sanneng Bakeware Corporation	Research and development, production and sales of bakeware	100	100
	San Neng Limited	Holding company	100	100
	San Neng Japan Bake Ware Corporation	Sales of bakeware and food ingredients	100	100
	PT. San Neng Bakeware Indonesia (Note 1)	Sales of bakeware	100	88
San Neng Limited	Sanneng Bakeware (Wuxi) Co., Ltd.	Research and development, production and sales of bakeware	100	100
Sanneng Bakeware (Wuxi) Co., Ltd.	Zinneng Bakeware (Wuxi) Co., Ltd. (Note 2)	Production and sales of bakeware	55	55
	Squires Kitchen Sugarcraft (Wuxi) Ltd. (Note 3)	Sales of bakeware, food ingredients, packaging materials and cake decoration	51	42.857

Note 1: On August 12, 2020, the board of directors of the Company resolved to acquire 12% of the shares of PT. San Neng Bakeware Indonesia and set October 1, 2020 as the base date for shares transfer. After the completion of the shares transfer, the Company's shareholding percentage in PT. San Neng Bakeware Indonesia increased from 88% to 100%. For equity transactions with non-controlling interests, refer to Note 27.

Note 2: The Company entered into an agreement and established a joint venture named Zinneng Bakeware (Wuxi) Co., Ltd. and owned 55% of the total equity. The establishment registration was completed on April 28, 2019.

Note 3: The Group subscribed for additional new shares of Squires Kitchen Sugarcraft (Wuxi) Ltd. and increased its continuing interest from 42.857% to 51% and set January 1, 2020 as the base date for shares transfer; therefore Squires Kitchen Sugarcraft (Wuxi) Ltd. became part of the Group. Refer to Notes 12 and 26 for acquisition of subsidiaries.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2020	**2019**
Associate that is not individually material		
Squires Kitchen Sugarcraft (Wuxi) Ltd.	$ -	$ 423

Aggregate information of associate that is not individually material

	For the Year Ended December 31	
	2020	**2019**
The Group's share of:		
Loss from continuing operations	$ -	$ (621)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss) for the year	$ -	$ (621)

In July 2017, the Group entered into an agreement and established a joint venture named Squires Kitchen Sugarcraft (Wuxi) Ltd. ("Squires") in Wuxi City, Jiangsu Province, mainland China. In December 2019, the Group acquired additional 2.857% interest in Squires from other shareholders without consideration, increasing the Group's shareholding percentage in Squires from 40% to 42.857%. The Group recorded the difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method with the amount of $34 thousand. In addition, the Group paid the investment in the amount of $7,109 thousand (RMB1,651 thousand and recorded as prepaid investment in December 31, 2019) to subscribe for additional new shares of Squires and increased its continuing interest from 42.857% to 51% and set January 1, 2020 as the base date for shares transfer; therefore, Squires became part of the Group starting from January 1, 2020. The Group's previously held equity interest in an acquiree was remeasured at fair value on the acquisition date, and it did not result in a disposal gain or loss. Refer to Note 26 for acquisition of subsidiaries.

The investment accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of the investment in the associate were calculated based on financial statements which have been audited.

13. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Equipment under Finance Leases	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost									
Balance at January 1, 2020	$ 235,761	$ 545,987	$ 413,090	$ -	$ 33,065	$ 132,117	$ 22,434	$ 71,663	$ 1,454,117
Additions	-	5,888	11,105	-	2,952	25,272	2,134	4,235	51,586
Disposals	-	-	(1,714)	-	(1,663)	(3,073)	(49)	-	(6,499)
Acquisitions through business combinations (Note 26)	-	-	681	-	-	485	-	-	1,166
Reclassified	-	71,746	-	-	-	-	-	(71,746)	-
Others - reclassified from prepayment for equipment	-	-	9,973	-	-	472	2,124	-	12,569
Effects of foreign currency exchange differences	-	5,471	6,375	-	335	1,853	230	177	14,441
Balance at December 31, 2020	$ 235,761	$ 629,092	$ 439,510	$ -	$ 34,689	$ 157,126	$ 26,873	$ 4,329	$ 1,527,380
Accumulated depreciation and impairment									
Balance at January 1, 2020	$ -	$ 149,140	$ 215,425	$ -	$ 26,593	$ 92,223	$ 16,582	$ -	$ 499,963
Depreciation expense	-	24,856	33,935	-	1,729	12,965	2,881	-	76,366
Disposals	-	-	(1,330)	-	(1,496)	(2,692)	(44)	-	(5,562)
Acquisitions through business combinations (Note 26)	-	-	10	-	-	98	-	-	108
Effects of foreign currency exchange differences	-	1,831	3,503	-	244	1,083	169	-	6,830
Balance at December 31, 2020	$ -	$ 175,827	$ 251,543	$ -	$ 27,070	$ 103,677	$ 19,588	$ -	$ 577,705
Carrying amount at December 31, 2020	$ 235,761	$ 453,265	$ 187,967	$ -	$ 7,619	$ 53,449	$ 7,285	$ 4,329	$ 949,675
Cost									
Balance at January 1, 2019	$ 235,761	$ 497,513	$ 402,283	$ 11,973	$ 34,188	$ 125,668	$ 20,529	$ 9,484	$ 1,337,399
Adjustments on initial application of IFRS 16	-	-	-	(11,973)	-	-	-	-	(11,973)
Balance at January 1, 2019 (restated)	235,761	497,513	402,283	-	34,188	125,668	20,529	9,484	1,325,426
Additions	-	134	14,321	-	1,005	11,625	2,517	64,959	94,561
Disposals	-	-	(5,109)	-	(1,202)	(1,431)	(92)	-	(7,834)
Others - reclassified from prepayment for equipment	-	58,232	15,239	-	-	-	-	-	73,471
Others - reclassified from inventory	-	-	-	-	-	269	-	-	269
Effects of foreign currency exchange differences	-	(9,892)	(13,644)	-	(926)	(4,014)	(520)	(2,780)	(31,776)
Balance at December 31, 2019	$ 235,761	$ 545,987	$ 413,090	$ -	$ 33,065	$ 132,117	$ 22,434	$ 71,663	$ 1,454,117
Accumulated depreciation and impairment									
Balance at January 1, 2019	$ -	$ 132,206	$ 191,278	$ 200	$ 26,009	$ 85,597	$ 14,832	$ -	$ 450,122
Adjustments on initial application of IFRS 16	-	-	-	(200)	-	-	-	-	(200)
Balance at January 1, 2019 (restated)	-	132,206	191,278	-	26,009	85,597	14,832	-	449,922
Depreciation expense	-	20,429	34,518	-	2,405	10,668	2,214	-	70,234
Disposals	-	-	(3,592)	-	(1,082)	(1,227)	(81)	-	(5,982)
Effects of foreign currency exchange differences	-	(3,495)	(6,779)	-	(739)	(2,815)	(383)	-	(14,211)
Balance at December 31, 2019	$ -	$ 149,140	$ 215,425	$ -	$ 26,593	$ 92,223	$ 16,582	$ -	$ 499,963
Carrying amount at December 31, 2019	$ 235,761	$ 396,847	$ 197,665	$ -	$ 6,472	$ 39,894	$ 5,852	$ 71,663	$ 954,154

No impairment assessment was performed for the year ended December 31, 2020 and 2019 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-50 years
Engineering equipment	8-10 years
Others	5-10 years
Machinery and equipment	3-10 years
Transportation equipment	4-6 years
Office equipment	2-10 years
Other equipment	2-8 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land use rights	$ 19,458	$ 19,642
Buildings	1,489	7,381
Machinery	6,836	9,028
Other	190	247
	$ 27,973	$ 36,298

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ -	$ 9,242
Depreciation charge for right-of-use assets		
Land use rights	$ 501	$ 523
Buildings	5,276	4,540
Machinery	2,293	2,395
Other	57	39
	$ 8,127	$ 7,497

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 2,947	$ 4,971
Non-current	$ 4,972	$ 8,271

Range of discount rates for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	1.78%-4.90%	1.78%-4.90%
Machinery	4.90%	4.90%
Other	1.78%	1.78%

c. Material leasing activities and terms

As lessee, the Group leases certain machinery and other equipment for the use of product manufacturing and selling with lease terms of 5 years. The Group will take ownership of the machinery at the end of the lease term.

The Group also leases land use rights and buildings for the use of plants, offices, dormitories and warehouses with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land use rights and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 389	$ 2,396
Expenses relating to low-value asset leases	$ 983	$ 880
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 1,315	$ 1,328
Total cash outflow for leases	$ (8,689)	$ (10,548)

The Group's leases of certain buildings qualify as short-term leases and certain office equipment and other equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2020	2019
Lease commitments	$ 4,567	$ -

15. GOODWILL

	For the Year Ended December 31	
	2020	2019
Cost		
Balance at January 1	$ -	$ -
Additional amounts recognized from business combinations that occurred during the year (Note 26)	442	-
Effects of foreign currency exchange differences	7	-
Balance at December 31	$ 449	$ -
Accumulated impairment losses		
Balance at January 1	$ -	$ -
Impairment losses recognized (Note 23)	440	-
Effects of foreign currency exchange differences	9	-
Balance at December 31	$ 449	$ -
Carrying amount at December 31	$ -	$ -

In December 2019, the Group subscribed for additional new shares of Squires and increased its continuing interest from 42.857% to 51% and set January 1, 2020 as the base date for shares transfer; therefore, Squires became part of the Group starting from January 1, 2020. The goodwill recognized in the acquisitions of Squires mainly represents the control premium included in the cost of the combinations.

The Group recognized $440 thousand of impairment loss on goodwill of Squires after assessing the recoverable amount based on the estimation of future cash flows in 2020. The main reason for the impairment loss was because the overall income and profits of Squires were below expectation.

The recoverable amount of Squires was determined based on a value in use calculation that uses the cash flow projections in the financial budgets approved by management covering a 5-year period; the discount rate was 11.72%. Other key assumptions included estimated revenue and gross profit margin from sales. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

16. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2020	$ 21,283
Additions	1,005
Others - reclassified from prepayment for intangible assets	1,826
Disposals	(5,464)
Effects of foreign currency exchange differences	101
Balance at December 31, 2020	$ 18,751

(Continued)

	Computer Software
Accumulated amortization and impairment	
Balance at January 1, 2020	$ 13,941
Amortization expense	3,499
Disposals	(5,464)
Effects of foreign currency exchange differences	52
Balance at December 31, 2020	$ 12,028
Carrying amount at December 31, 2020	$ 6,723
Cost	
Balance at January 1, 2019	$ 20,545
Additions	1,474
Disposals	(475)
Effects of foreign currency exchange differences	(261)
Balance at December 31, 2019	$ 21,283
Accumulated amortization and impairment	
Balance at January 1, 2019	$ 10,158
Amortization expense	4,377
Disposals	(475)
Effects of foreign currency exchange differences	(119)
Balance at December 31, 2019	$ 13,941
Carrying amount at December 31, 2019	$ 7,342

(Concluded)

Computer software is amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

17. OTHER ASSETS

	December 31	
	2020	2019
Current		
Prepayment for purchase	$ 4,547	$ 4,438
Prepaid expense	19,036	11,136
	$ 23,583	$ 15,574

(Continued)

	December 31	
	2020	2019
Non-current		
Prepayments for equipment	$ 12,833	$ 13,926
Prepayments for intangible assets	-	3,560
Refundable deposits*	4,343	4,129
Prepayments for investment (Notes 12 and 26)	-	7,109
Prepayments - non-current	4,256	7,321
	$ 21,432	$ 36,045

(Concluded)

* The Group only invests in debt instruments that have low credit risk. The Group reviews other public information and makes an assessment whether there has been a significant increase in credit risk since initial recognition.

In order to minimize credit risk, the management of the Group has collected relevant information and makes an assessment for risk of default. The Group uses other publicly available financial information to rate the debtors.

The Group considers the historical default experience, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2020 and 2019, the ratio of allowance for impairment loss of other receivables was 0%.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Secured borrowings		
Bank loans	$ 57,000	$ 74,600

1) The range of weighted average effective interest rates of secured bank loans was 1.15% and 1.30%-1.48% per annum as of December 31, 2020 and 2019, respectively.

2) The collateral of borrowings is set out in Note 32.

b. Long-term borrowings

	December 31	
	2020	2019
Secured borrowings		
Bank loans - First Commercial Bank	$ 147,828	$ 164,507
Bank loans - Mizuho Bank	-	1,210
Unsecured borrowings		
Bank loans - Mizuho Bank	-	1,389
Less: Current portion	(16,874)	(18,543)
Long-term borrowings	$ 130,954	$ 148,563

The long-term borrowings from First Commercial Bank were secured by the Group's freehold land and buildings (see Note 32) and will be repayable on April 21, 2029. As of December 31, 2020 and 2019, the Group used $147,828 thousand and $164,507 thousand of its long-term borrowing facilities, with an annual effective interest rate of 1.28%-1.43% and 1.43%-1.49%, respectively. On April 21, 2016, the Group started to pay interests and principal monthly; the borrowings are payable in a total of 156 installments. The principal was repaid $3,000 thousand in September 2019, and $105,000 thousand in June 2017.

The long-term borrowings from Mizuho Bank were secured by the certificate of time deposit (see Note 32) and will be repayable on February 28, 2022. As of December 31, 2019, the Group used $1,210 thousand of its long-term borrowing facilities, with an annual effective interest rate of 1.775%. On March 31, 2019, the Group started to pay interests and principal monthly; the borrowings are payable in a total of 36 installments. The Group paid in advance in October 2020.

The long-term unsecured borrowings included the following:

			December 31			
			2020		2019	
	Expiration Date	**Repayment**	**Effective Rate**	**Amounts**	**Effective Rate**	**Amounts**
Fixed rate:						
Mizuho Bank	March 31, 2020	On April 30, 2017, the Group started to pay interests and principal monthly; total of 36 installments.	-	$ -	1.775%	$ 693
Mizuho Bank	September 29, 2020	On October 31, 2017, the Group started to pay interests and principal monthly; total of 36 installments.	-	$ -	1.775%	$ 696

19. OTHER LIABILITIES

	December 31	
	2020	2019
Current		
Other payables		
Payables for salaries or bonuses	$ 69,887	$ 60,120
Payables for processing fees	26,359	22,566
Payables for shipping fees	7,099	4,766
Tax payables	6,812	6,410
Property, plant and equipment payables (Note 28)	7,200	1,119
Payables for professional service fees	2,150	2,122
Insurance premium payables	27,079	26,670
Others	22,480	22,203
	$ 169,066	$ 145,976
Non-current		
Guarantee deposit received	$ 526	$ 258

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Sanneng Bakeware Corporation of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in Japan, Indonesia and mainland China are members of a state-managed retirement benefit plan operated by the local governments. The subsidiaries are required to contribute a specified percentages of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

Sanneng Bakeware Corporation of the Group adopted a defined benefit plan, which is in accordance with the Labor Standards Act and operated by the government of the ROC Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

On November 1, 2019, Sanneng Bakeware Corporation, in accordance with the Labor Standards Act and the LPA, reached a consensus on closing the tenure record in the defined benefit plans with the employees. In May 2020, the account cancellation, in accordance with the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds, was approved by the Taichung

City Government in Letter No. 1090093340 and the remaining $7,305 thousand in the labor pension reserve account was collected in the same month. Remeasurement of the return on plan assets, recognized in other comprehensive income and reflected immediately in retained earnings, was $953 thousand in 2020.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plan were as follows:

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ -	$ 5,097
Fair value of plan assets	-	(11,449)
Surplus	-	(6,352)
Asset ceiling	-	-
Net defined benefit assets	$ -	$ (6,352)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2019	$ 42,299	$ (32,133)	$ 10,166
Service cost			
Current service cost	285	-	285
Net interest expense (income)	476	(365)	111
Gain on settlements	(699)	-	(699)
Recognized in profit or loss	62	(365)	(303)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,041)	(1,041)
Actuarial gain			
Experience adjustments	(14,735)	-	(14,735)
Recognized in other comprehensive income	(14,735)	(1,041)	(15,776)
Contributions from the employer	-	(439)	(439)
Benefits paid	(11,741)	11,741	-
Liabilities extinguished on settlement	(10,788)	10,788	-
Balance at December 31, 2019	5,097	(11,449)	(6,352)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(953)	(953)
Actuarial (gain) loss			
Changes in financial assumptions	-	-	-
Experience adjustments	-	-	-
Recognized in other comprehensive income	-	(953)	(953)
Benefits paid	(5,097)	5,097	-
Refund of overfunding	-	7,305	7,305
Balance at December 31, 2020	$ -	$ -	$ -

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	60,750	60,750
Shares issued	$ 607,500	$ 607,500

A holder of issued ordinary shares with par value of NT$10 is entitled to vote and to receive dividends.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 646,722	$ 646,722
May be used to offset a deficit only (2)		
Employee share options	2,093	2,093
Share of change in capital surplus of associate and joint ventures accounted for using the equity method	216	216
	$ 649,031	$ 649,031

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus may be used to offset a deficit only.

c. Retained earnings and dividends policy

In accordance with the Company's Articles of Incorporation, after setting aside a reserve for future operation, remaining profit together with any undistributed retained earnings shall be used as the basis for proposing a distribution plan.

The dividend policy is as follows:

The Company subject to the Law, the Applicable Listing Rules and these Articles and except as otherwise provided by the rights attaching to any Shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total issued capital), and setting aside the Special Reserve (if any), the Company may distribute not less than twenty percent (20%) of the remaining balance (including the amounts reversed from the special reserve) (the "Distributable Profit"), plus undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an Ordinary Resolution passed at an annual general meeting of the Company duly convened and held in accordance with these Articles to the shareholders as dividends/bonuses in proportion to the number of Shares held by them respectively pursuant to these Articles, provided that, cash dividends/bonuses shall not be less than twenty percent (20%) of the total amount of dividends/bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 23(g).

Items referred to under Rule No. 1010012865 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018, which were approved in the shareholders' meetings on June 19, 2020 and June 20, 2019, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	**2018**
Statutory reserve	$ 18,895	$ 17,847
Special reserve	41,565	21,503
Cash dividends	182,250	182,250
Dividends per share (NT$)	3	3

The appropriation of earnings for 2020 was proposed by the Company's board of directors on March 16, 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Statutory reserve	$ 21,921
Special reserve	(16,994)
Cash dividends	182,250
Dividends per share (NT$)	3

The appropriation of earnings for 2020 is subject to the resolution in the shareholders' meeting to be held on June 23, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Beginning at January 1	$ 95,656	$ 74,153
Appropriations in respect of		
Debits to other equity items	41,565	21,503
Balance at December 31	$ 137,221	$ 95,656

e. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 8,552	$ 3,708
Share in loss for the year	(1,702)	(1,147)
Other comprehensive income (loss) during the year		
Exchange difference on translation of the financial statements of the foreign operations	(57)	(112)
Non-controlling interests from acquisition of subsidiaries (Squires) (Note 26)	6,812	-
Non-controlling interests from establishment of subsidiary (Zinneng Bakeware (Wuxi) Co., Ltd.) (Note 27)	-	6,103
Transaction with non-controlling interests	(2,198)	-
Balance at December 31	$ 11,407	$ 8,552

22. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of bakeware	$ 1,885,449	$ 1,866,968
Revenue from sale of food ingredients	27,954	28,435
	$ 1,913,403	$ 1,895,403

a. Contract information

Revenue from sale of goods

The Group sells bakeware and food ingredients to the dealer or directly to customers through internet sales. A volume discount is offered to bakeware buyers whose purchases exceed a specific threshold. The amount of discount and related revenue are estimated using the most likely amount, taking into consideration the buyer's historical purchase records. All other goods are sold at respective fixed amounts as agreed in the contracts.

b. Contact balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (Note 9)	$ 22,165	$ 18,709	$ 26,497
Notes receivable from related parties (Note 31)	32	82	131
Trade receivables (Note 9)	229,964	203,113	217,427
Trade receivables from related parties (Note 31)	4,914	6,135	13,574
	$ 257,075	$ 228,039	$ 257,629
Contract liabilities			
Sale of goods	$ 14,908	$ 18,943	$ 18,986

Revenue of the reporting period recognized from the beginning contract liabilities which were satisfied in the previous periods is as follows:

	For the Year Ended December 31	
	2020	2019
From the beginning contract liabilities		
Sale of goods	$ 15,185	$ 15,421

c. Disaggregation of revenue

Refer to Note 37 for information about disaggregation of revenue.

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2020	2019
Interest income - bank deposits	$ 1,647	$ 1,771
Interest income - financial products	9,433	8,356
	$ 11,080	$ 10,127

b. Other income

	For the Year Ended December 31	
	2020	2019
Income from government subsidies	$ 7,698	$ 18,563
Others	1,261	2,220
	$ 8,959	$ 20,783

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Loss on disposal of property, plant and equipment	$ (744)	$ (1,410)
Net foreign exchange (losses) gains	(4,820)	760
Net loss on goodwill (Note 15)	(440)	-
Others	(1,425)	(795)
	$ (7,429)	$ (1,445)

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 3,093	$ 3,804
Interest on lease liability	463	611
	$ 3,556	$ 4,415

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ 56,934	$ 55,626
Operating expenses	27,559	22,105
	$ 84,493	$ 77,731
An analysis of amortization by function		
Operating costs	$ 682	$ 1,128
Selling and marketing expenses	463	754
General and administrative expenses	1,941	2,048
Research and development expenses	413	447
	$ 3,499	$ 4,377

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Short-term benefits	$ 411,364	$ 391,250
Post-employment benefits		
Defined contribution plans	8,723	30,979
Defined benefit plans (Note 20)	-	(303)
	8,723	30,676
Total employee benefits expense	$ 420,087	$ 421,926

(Continued)

	For the Year Ended December 31	
	2020	2019
An analysis of employee benefits expense by function		
Operating costs	$ 149,465	$ 161,598
Operating expenses	270,622	260,328
	$ 420,087	$ 421,926

(Concluded)

g. Compensation of employees and remuneration of directors

The Company subject to the Law, the Applicable Listing Rules and these Articles, the Company accrued compensation of employees and remuneration of directors at rates of 2%-10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the employees and directors in the proportion set out above. The compensation of employees and remuneration of directors for the years ended December 31, 2020 and 2019, which have been approved by the Company's board of directors on March 16, 2021 and March 17, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	8.35%	8.81%
Remuneration of directors	1.32%	1.30%

Amount

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	$ 20,541	$ 18,519
Remuneration of directors	3,250	2,731

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 5,267	$ 11,011
Foreign exchange losses	(10,087)	(10,251)
Net (losses) gains	$ (4,820)	$ 760

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 59,450	$ 45,889
Adjustments for prior years	2,863	(5,353)
	62,313	40,536
Deferred tax		
In respect of the current year	1,089	4,879
Loss carryforwards	656	(3,033)
	1,745	1,846
Income tax expense recognized in profit or loss	$ 64,058	$ 42,382

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	$ 284,474	$ 230,175
Income tax expense calculated at the statutory rate (20%)	$ 56,895	$ 46,035
Nondeductible expenses in determining taxable income	7,042	4,987
Tax concessions	(40,611)	(38,222)
Effects of different tax rates of entities in the Group operating in other jurisdictions	24,042	20,605
Withholding tax from overseas profits	13,827	14,330
Adjustments for prior years' tax	2,863	(5,353)
Income tax expense recognized in profit or loss	$ 64,058	$ 42,382

Under the Income Tax Act in the ROC, Sanneng Bakeware Corporation applied an income tax rate at 20%.

Under the People's Republic of China (PRC) corporate income tax law, San Neng Bakeware (Wuxi) Co., Ltd. had been qualified as a High Tech Enterprise subject to a 15% corporate income tax rate from 2019 to 2021.

Under the Preferential Income Tax Policies for Small and Low-Profit Enterprises in mainland China, Zinneng Bakeware (Wuxi) Co., Ltd. applied an income tax rate of 20% on taxable income that constituted 25% of its revenue, which was less than RMB1,000 thousand, and 50% of its revenue, which was more than RMB1,000 thousand but less than RMB3,000 thousand.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	**2019**
Current tax		
In respect of the current year	$ (1,461)	$ -
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	-	(2,205)
Total income tax recognized in other comprehensive income	$ (1,461)	$ (2,205)

c. Current tax assets and liabilities

	December 31	
	2020	**2019**
Current tax assets		
Tax refund receivable	$ -	$ 1,495
Current tax liabilities		
Income tax payable	$ 22,966	$ 23,528

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for impairment loss	$ 642	$ -	$ -	$ 10	$ 652
Unrealized loss on inventories	8,631	(933)	-	54	7,752
Unrealized exchange losses	245	(194)	-	-	51
Loss carryforwards	4,865	(656)	-	-	4,209
Others	3,910	38	-	63	4,011
	$ 18,293	$ (1,745)	$ -	$ 127	$ 16,675
Deferred tax liabilities					
Temporary differences					
Others	$ 10,947	$ -	$ -	$ -	$ 10,947

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for impairment loss	$ 666	$ -	$ -	$ (24)	$ 642
Unrealized loss on inventories	8,672	97	-	(138)	8,631
Defined benefit obligations	2,205	-	(2,205)	-	-
Unrealized exchange losses	-	245	-	-	245
Loss carryforwards	1,832	3,033	-	-	4,865
Others	4,017	38	-	(145)	3,910
	$ 17,392	$ 3,413	$ (2,205)	$ (307)	$ 18,293
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gains	$ 69	$ (69)	$ -	$ -	$ -
Others	5,619	5,328	-	-	10,947
	$ 5,688	$ 5,259	$ -	$ -	$ 10,947

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2020 comprised:

Unused Amount	Expiry Year
$ 5,845	2028
15,202	2029
$ 21,047	

f. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $910,838 thousand and $790,322 thousand, respectively.

g. Income tax assessments

As of December 31, 2020, there was no lawsuit or claim regarding tax assessments against the Group.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	**2019**
Basic earnings per share		
From continuing operations	$ 3.66	$ 3.11
Diluted earnings per share		
From continuing operations	$ 3.64	$ 3.10

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2020	**2019**
Profit for the year attributable to owners of the Company	$ 222,118	$ 188,940
Effects of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 222,118	$ 188,940

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares in the computation of basic earnings per share	60,750	60,750
Effects of potentially dilutive ordinary shares		
Compensation of employees	273	251
Weighted average number of ordinary shares used in the computation of diluted earnings per share	61,023	61,001

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potentially dilutive shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares will be included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interest Acquired (%)	Consideration Transferred
Squires	Sales of bakeware, food ingredients, packaging materials and cake decoration	January 31, 2020	51	$ 7,109

Before the acquisition, the Group owned 42.857% of the shares of Squires. Then, the Group paid the investment amount of $7,109 thousand (RMB1,651 thousand); the amount was recorded as prepaid investments in December 31, 2019 for subscription of additional new shares of Squires and for the increase of the Group’s continuing interest from 42.857% to 51%. January 1, 2020 was the base date set for shares transfer. Thus, Squires became a part of the Group starting from January 1, 2020.

b. Consideration transferred

	Squires
Cash	$ 7,109

c. Assets acquired and liabilities assumed at the date of acquisition

	Squires
Current assets	
Cash and cash equivalents	$ 10,860
Trade and other receivables	1,367
Inventories	972
Non-current assets	
Plant and equipment	1,058
Current liabilities	
Trade and other payables	(355)
	$ 13,902

d. Non-controlling interests

The Group's non-controlling interest, 49% ownership interest in Squires, recognized at the acquisition date was measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

e. Goodwill recognized on acquisitions

	Squires
Consideration transferred	$ 7,109
Plus: Fair value of investments previously owned (42.857% ownership interest in Squires)	423
Plus: Non-controlling interests (49% ownership interest of Squires)	6,812
Less: Fair value of acquiring net identifiable assets	(13,902)
Goodwill from acquiring (Note 15)	$ 442

The goodwill recognized in the acquisition of Squires mainly represents the control premium included in the cost of the combination. In addition, the consideration paid for the combination effectively included the amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of Squires. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The total amount of acquired goodwill is not tax-deductible.

f. Net cash inflow on the acquisition of subsidiaries

	Squires
Consideration paid in cash	$ (7,109)
Plus: Recorded as prepaid investments in December 31, 2019 (Note 17)	7,109
Plus: Cash and cash equivalent balances acquired	10,860
	$ 10,860

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Squires
Revenue	$ 71,570
Profit	$ (6,261)

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On August 12, 2020, the board of directors of the Company resolved to acquire 12% of the shares of PT. San Neng Bakeware Indonesia and set October 1, 2020 as the base date for shares transfer. After the completion of the shares transfer, the Company's shareholding percentage in PT. San Neng Bakeware Indonesia increased from 88% to 100%.

The above transaction was accounted for as equity transaction since the Group did not cease to have control over the subsidiary.

	PT. San Neng Bakeware Indonesia
Cash consideration paid	$ (4,598)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	2,198
Differences recognized from equity transaction	$ (2,400)
Line items adjusted for equity transaction	
Retained earnings	$ (2,400)

28. CASH FLOWS INFORMATION

a. Non-cash transaction

In addition to those disclosed in other notes, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2020 and 2019:

1) As of December 31, 2020 and 2019, the amounts unpaid for acquiring property, plant and equipment were $7,200 thousand and $1,119 thousand, respectively, which were included in other payables (refer to Note 19).

2) In December 2019, the Group acquired additional 2.857% interest in Squires from other shareholders without consideration, increasing the Company's shareholding percentage in Squires from 40% to 42.857%. The Group recorded the difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method with the amount of $34 thousand.

b. Changes in liabilities for financing activities

For the year ended December 31, 2020

	Balance at January 1, 2020	Cash Flows		Non-cash Changes				Balance at December 31, 2020
		Principal Addition (Repay)	Finance Costs	New Leases	Finance Costs	Lease Modification	Exchange Differences on Translation of the Financial Statements of Foreign Operations	
Short-term borrowings	$ 74,600	$ (17,690)	$ -	$ -	$ -	$ -	$ 90	$ 57,000
Long-term borrowings	167,106	(19,287)	-	-	-	-	9	147,828
Guarantee deposit received	258	256	-	-	-	-	12	526
Lease liabilities	13,242	(4,968)	(463)	-	463	(481)	126	7,919
	$ 255,206	$ (41,689)	$ (463)	$ -	$ 463	$ (481)	$ 237	$ 213,273

For the year ended December 31, 2019

	Balance at January 1, 2019	Cash Flows		Non-cash Changes				Balance at December 31, 2019
		Principal Addition (Repay)	Finance Costs	New Leases	Finance Costs	Lease Modification	Exchange Differences on Translation of the Financial Statements of Foreign Operations	
Short-term borrowings	$ 76,910	$ (1,815)	$ -	$ -	$ -	$ -	$ (495)	$ 74,600
Long-term borrowings	189,254	(22,197)	-	-	-	-	49	167,106
Guarantee deposit received	269	-	-	-	-	-	(11)	258
Lease liabilities	14,970	(6,585)	(611)	5,384	611	(110)	(417)	13,242
	$ 281,403	$ (30,597)	$ (611)	$ 5,384	$ 611	$ (110)	$ (874)	$ 255,206

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, and the amount of new debt issued or existing debt redeemed.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group considered that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2020	**2019**
<u>Financial assets</u>		
Financial assets at amortized cost (1)	$ 950,470	$ 891,161
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	434,587	424,925

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, receivable and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, payables (excluding payables for salaries or bonuses, payables for business tax and insurance premium payables), long-term borrowings, current portion of long-term borrowings and guarantee deposit received.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets at amortized cost, receivables, refundable deposits, payables, lease liabilities and borrowings. Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. The Group assesses the net risk position of non-functional currency denominated sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated upon consolidation) at the end of the reporting period are set out in Note 35.

<u>Sensitivity analysis</u>

The Group was mainly exposed to exchange fluctuations of the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number on the table below indicates an increase in pre-tax profit and other equity associated with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ 992	$ 1,459

The positive impact was mainly attributable to the exposure outstanding on USD cash and cash equivalents, financial assets at amortized cost, receivables and payables which were not hedged at the end of the reporting period.

The Group's sensitivity to the USD decreased during the current year mainly due to the decrease in USD denominated cash and cash equivalents.

b) Interest rate risk

The Group was exposed to interest rate risk because its deposits and bank loans are at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 120,244	$ 418,379
Financial liabilities	7,919	43,441
Cash flow interest rate risk		
Financial assets	557,865	229,718
Financial liabilities	204,828	211,507

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $883 thousand and $46 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and bank borrowings.

The Group's sensitivity to interest rates was increase during the current period mainly due to the increase in floating interest rate bank deposits.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation, could equal the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group rated its major customers based on the information supplied by independent rating agencies where available and, if not available, other publicly available financial information and its own trading records. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For the Group, bank loans are an important resource of liquidity to the Group. Refer to section (b) below for more information about unused amounts of financing facilities at December 31, 2020 and 2019.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table shows the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2020

	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Short-term borrowings	$ 57,142	$ -	$ -	$ -
Non-interest bearing liabilities	158,607	70,626	526	-
Lease liabilities	855	2,382	5,174	-
Long-term borrowings	4,691	14,074	75,063	62,553
	$ 221,295	$ 87,082	$ 80,763	$ 62,553

Additional information about the maturity analysis of lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 3,237	$ 5,174	$ -

December 31, 2019

	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Short-term borrowings	$ 74,750	$ -	$ -	$ -
Non-interest bearing liabilities	143,356	39,605	258	-
Lease liabilities	428	5,009	8,755	-
Long-term borrowings	5,780	15,028	76,011	81,634
	$ 224,314	$ 59,642	$ 85,024	$ 81,634

Additional information about the maturity analysis of lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 5,437	$ 8,755	$ -

b) Financing facilities

	December 31	
	2020	2019
Unsecured loans, reviewed annually and payable on demand:		
Amount used	$ -	$ 1,389
Amount unused	116,960	119,960
	$ 116,960	$ 121,349
Secured loans:		
Amount used	$ 204,828	$ 240,317
Amount unused	93,000	93,000
	$ 297,828	$ 333,317

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Category
Squires	Associate (the Group has consolidated Squires since January 1, 2020)
Sinmag Equipment Corporation	Other - substantive related party
Sinmag Equipment (China) Co., Ltd.	Other - substantive related party
Sinmag Bakery Equipment Sdn. Bhd.	Other - substantive related party
Sinmag Equipment (Thailand) Co., Ltd.	Other - substantive related party

b. Sales of goods

	For the Year Ended December 31	
Related Party Category/Name	2020	2019
Associate	$ -	$ 1,502
Others - substantive related parties	29,400	33,556
	$ 29,400	$ 35,058

The sales prices to related parties were determined based on mutual agreements, and the collection terms to related parties were 60 days to 90 days. The sales prices to third parties were determined in accordance with mutual agreements, and the collection terms to third parties were receive payment in advance, cash on delivery or 10 days to 180 days.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2020	2019
Associates	$ -	$ 164
Others - substantive related parties	350	109
	$ 350	$ 273

The purchase prices from related parties were determined based on mutual agreements, and the payment terms to related parties were paid within 7 days of delivery or 30 days to 60 days. The purchase prices from third parties were determined in accordance with mutual agreements, and the payment terms to third parties were prepaid, 10 days to 93 days or within 30 days from receiving of invoice.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2020	2019
Notes receivable	Others - substantive related parties	$ 32	$ 82
Trade receivables	Associate	$ -	$ 228
	Others - substantive related parties	4,914	5,907
		$ 4,914	$ 6,135

The outstanding trade receivables from related parties were unsecured. As of December 31, 2020 and 2019, all receivables from related parties were not past due. For the years ended December 31, 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2020	2019
Trade payables	Associate	$ -	$ 46
	Others - substantive related parties	360	119
		$ 360	$ 165

The outstanding trade payables to related parties are unsecured.

f. Compensation of key management personnel

	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 33,622	$ 32,387
Post-employment benefits	1,245	1,324
	$ 34,867	$ 33,711

The remuneration of directors and key executives as determined by the remuneration committee, was based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2020	**2019**
Restricted Pledged deposits (classified as financial assets at amortized cost)	$ -	$ 31,740
Freehold land	235,761	235,761
Buildings, net	221,682	231,937
	$ 457,443	$ 499,438

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant unrecognized commitments of the Group at December 31, 2020 and 2019 were as follows:

Unrecognized commitments were as follows:

	December 31	
	2020	**2019**
Acquisition of property, plant and equipment	$ 6,269	$ 15,842

34. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, there was a substantial decline in operating revenue from January 2020 to March 2020. With the easing of the epidemic and loosening of the government's policies, the Group expects that operations will gradually return to normal, and there is no major impact to the Group's ability to continue as going concern, impairment of assets and financial risks.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,809	28.48 (USD:NTD)	$ 79,998
USD	775	6.51 (USD:RMB)	22,069
USD	6	14,240 (USD:IDR)	182
			$ 102,249
Financial liabilities			
Monetary items			
USD	3	28.48 (USD:NTD)	$ 74
USD	52	6.51 (USD:RMB)	1,489
USD	23	14,240 (USD:IDR)	649
USD	30	103.08 (USD:JPY)	867
			$ 3,079

December 31, 2019

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 4,300	29.98 (USD:NTD)	$ 128,919
USD	687	6.96 (USD:RMB)	20,587
USD	9	13,627.27 (USD:IDR)	267
			$ 149,773
Financial liabilities			
Monetary items			
USD	7	6.96 (USD:RMB)	$ 213
USD	112	13,627.27 (USD:IDR)	3,366
USD	10	108.62 (USD:JPY)	310
			$ 3,889

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were $(4,820) thousand and $760 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (none)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (none)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (none)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (none)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (none)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (none)

9) Trading in derivative instruments (none)

10) Intercompany relationships and significant intercompany transactions (Table 3)

b. Information on investees (Table 4)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

37. SEGMENT INFORMATION

a. Segment revenue and results

The bakeware and food ingredients segment includes a number of sales operations in various countries each of which is considered separate operating segment. For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

1) Similar product characteristics.

2) Similar pricing strategy and sales model.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2020	2019
Sales of bakeware	$ 1,885,449	$ 1,866,968
Sales of food ingredients	27,954	28,435
	$ 1,913,403	$ 1,895,403

c. Geographical information

The Group operates in three principal geographical areas - Taiwan, mainland China and Japan.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Taiwan	$ 375,555	$ 328,592	$ 489,663	$ 508,221
mainland China	1,443,175	1,444,620	511,566	507,858
Japan	72,722	90,197	2,854	6,718
Others	21,951	31,994	1,720	3,933
	$ 1,913,403	$ 1,895,403	$ 1,005,803	$ 1,026,730

Non-current assets exclude prepayments for investments, investments accounted for using the equity method and deferred tax assets.

d. Information about major customers

No single customer contributed 10% or more to the Group's revenue for both 2020 and 2019.

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	San Neng Group Holdings Co., Ltd.	San Neng Japan Bake Ware Corporation	Other receivables from related parties	Yes	$ 31,775 (JPY 115,000)	$ 31,775	$ 31,775	Charged at an monthly interest rate of 1% of annual interest rate	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 667,774	$ 667,774	-

Note 1: The accumulated amount of Company's short-term funds lent to others shall not exceed 40% of the Company's net worth based on its most recent audited financial statements.

Note 2: For each loan, the maximum amount in accordance with the type of the loan shall be conform to the following provisions:

a. For the purpose of conducting business, the amount of individual financing provided is limited to the business and trade amount where the business and trade amount is the higher of the sales amount or purchases amount within recent one year or current year.

b. For the purpose of short-term capital financing, the amount of individual financing shall not exceed 40% of the Company's net worth based on its most recent audited financial statements.

c. When the Company lends funds to a foreign company in which the Company directly and indirectly holds 100% of the voting shares, the amount of the loan, or the sum of the capital loan by a foreign company, in which the Company directly and indirectly holds 100% of the voting shares, to the Company shall not be subject to the restrictions of abovementioned (2), and the accumulated amount shall not exceed 40% of the Company's net worth based on its most recent audited financial statements, with the loan period limited to 1 year.

Note 3: The highest balance for the period and ending balance converted at the spot exchange rate as of December 31, 2020.

Note 4: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation.

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 5)											
0	San Neng Group Holdings Co., Ltd.	San Neng Japan Bake Ware Corporation	b.	Net value 50% $ 834,717	$ 31,775 (JPY 115,000)	$ -	$ -	$ -	-	Net value 50% $ 834,717	Y	-	-	-

Note 1: The total amount of the guarantees provided to others shall not exceed 50% of the Company's net worth based on its most recent audited financial statements.

Note 2: The total amount of the guarantees provided by the Company to any individual entity shall not exceed 50% of the Company's net worth based on its most recent audited financial statements.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation.

Note 4: The maximum amount endorsed/guaranteed during the period was converted at the spot exchange rate as of December 31, 2020.

Note 5: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

a. A company that the Company has business relationship.
b. The Company directly or indirectly holds over 50% ownership of the investee company.
c. A company that directly or indirectly holds over 50% ownership of the Company.
d. Companies where over 90% of voting shares are directly or indirectly held by the Company.
e. The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
f. Shareholder of the investee provides endorsements/guarantees to the Company in proportion to their shareholding percentages.
g. Collateral or performance guarantees from companies in the same industry that entered into pre-construction home sales agreements in accordance with the Consumer Protection Act.

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Detail			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets (Note 3)
0	San Neng Group Holdings Co., Ltd.	San Neng Japan Bake Ware Corporation	a.	Other receivables	$ 31,775 (JPY 115,200)	Financing	1
1	East Gain Investment Limited	San Neng Group Holdings Co., Ltd.	b.	Surplus repatriation	118,181	-	5
2	San Neng Limited	East Gain Investment Limited	c.	Surplus repatriation	118,181	-	5
3	Sanneng Bakeware Corporation	San Neng Japan Bake Ware Corporation	c.	Sales	20,886	Mutual agreements, B/L 90 days	1
				Trade receivables	5,761	-	-
		Sanneng Bakeware (Wuxi) Co., Ltd.	c.	Sales	19,296	Mutual agreements, B/L 90 days	1
				Trade receivables	5,759	-	-
4	Sanneng Bakeware (Wuxi) Co., Ltd.	San Neng Limited	c.	Surplus repatriation	131,313	-	6
		Squires Kitchen Sugarcraft (Wuxi) Ltd.	c.	Investment accounted for using the equity method	7,109	Capital Increased by cash	-
				Sales	58,436	Mutual agreements, 60 days	3
				Trade receivables	37,907	-	2
		San Neng Bakeware Corporation	c.	Sales	23,423	Mutual agreements, B/L 90 days	1
				Trade receivables	5,868	-	-
5	Zinneng Bakeware (Wuxi) Co., Ltd.	Sanneng Bakeware (Wuxi) Co., Ltd.	c.	Sales	20,723	Mutual agreements, 30 days	1
6	Squires Kitchen Sugarcraft (Wuxi) Ltd.	Sanneng Bakeware (Wuxi) Co., Ltd.	c.	Non-operating income	7,214	Service income for maintaining the e-commerce platform	-

Business relationships between parent and subsidiaries:

Sanneng Bakeware Corporation and Sanneng Bakeware (Wuxi) Co., Ltd. are mainly engaged in the research and development, production and sales of bakeware. San Neng Japan Bake Ware are mainly engaged in the sale of bakeware and food ingredients. PT. San Neng Bakeware Indonesia are mainly engaged in the sales of bakeware. San Neng Group Holdings Co., Ltd., East Gain Investment Limited and San Neng Limited are holding companies. Zinneng Bakeware (Wuxi) Co., Ltd. are mainly engaged in production and sales of bakeware. Squires Kitchen Sugarcraft (Wuxi) Ltd. is mainly engaged in the sale of bakeware, food ingredients, packaging materials and cake decorations.

Note 1: Three types of transactions with relationship:

a. From parent to subsidiary
b. From subsidiary to parent
c. Between subsidiaries

Note 2: The above table discloses only one-way transaction information. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation.

Note 3: The calculation of the percentage of the transaction accounts for total consolidated revenue or total assets. For the assets and liabilities, they are calculated by the ending balance divided by the consolidated total assets. For profit and loss, they are calculated by the accumulated amount at the end of period divided by the consolidated total revenue.

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
San Neng Group Holdings Co., Ltd.	East Gain Investment Limited	Samoa	Holding company	$ 34,876	$ 30,720	2,141,000	100	$ 1,611,660	$ 262,666	$ 262,666	Notes 1 and 2
East Gain Investment Limited	San Neng Limited	Hong Kong	Holding company	-	-	-	100	1,185,999	260,558	260,558	Notes 1 and 2
	Sanneng Bakeware Corporation	Taiwan	Research and development, production and sales of bakeware	365,000	365,000	14,600,000	100	419,894	7,536	7,958	Notes 1, 2 and 3
	San Neng Japan Bake Ware Corporation	Japan	Sales of bakeware and food ingredients	23,198	23,198	9,500	100	(13,752)	(3,136)	(3,151)	Notes 1, 2 and 3
	PT. San Neng Bakeware Indonesia	Indonesia	Sales of bakeware	75,458	70,860	2,500,000	100	18,223	(2,980)	(2,592)	Notes 1 and 2

Note 1: The share of profit (loss) was recognized according to the financial statements audited by the accounting firm of the parent company in Taiwan of the investees for the same year.

Note 2: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation.

Note 3: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transactions.

Note 4: For information on investments in mainland China, refer to Table 5.

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note II(b)2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Sanneng Bakeware (Wuxi) Co., Ltd.	Research and development, production and sales of bakeware	$ 541,062 (US$ 17,300)	Note I (b)	$ -	$ -	$ -	$ -	$ 275,023	100	$ 274,383	$ 1,208,686	$ 859,900 (RMB 189,664)	Notes III and IV
Squires Kitchen Sugarcraft (Wuxi) Ltd.	Sale of bakeware, food ingredients, packaging materials and cake decorations	19,329 (RMB 4,490)	Note I (c)	-	-	-	-	(6,261)	51	(3,193)	(1,283)	-	Notes IV, Notes 12 and 26
Zinneng Bakeware (Wuxi) Co., Ltd.	Production and sales of bakeware	13,563 (RMB 3,000)	Note I (c)	-	-	-	-	3,898	55	1,111	8,253	-	Notes III and IV

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
Note	Note	Note

Note: The Company was not established in the Republic of China, so it is not applicable.

Note I: The three methods of investing in mainland China are as follows:

a. Direct investments in mainland China.
b. Investment in mainland China through an existing company established in a third region (San Neng Limited).
c. Investment in mainland China through an existing company established in mainland China (Sanneng Bakeware (Wuxi) Co., Ltd.).

Note II: In the column of investment gain (loss)

a. If the investment is still in preparation and there is no investment gain (loss), it will be specified.

b. The basis for recognizing investment gain (loss) is as follows:

1) Based on financial statements audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
2) Based on financial statements audited by the accounting firm of the parent company in Taiwan.
3) The investees' financial statements have not been audited for the same year.

Note III: The share of profits (losses) of the investee included the effect of realized and unrealized gross profit on intercompany transactions.

Note IV: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation.

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Sanneng Bakeware (Wuxi) Co., Ltd.	(Sales)	$ (19,296)	(5)	Mutual agreement	B/L 90 days	Note 1	$ 5,759	6	$ 431	Notes 2 and 13
	Purchase	23,423	13	Mutual agreement	B/L 90 days	Note 3	(5,868)	(12)	-	Notes 4 and 13
	Purchase	58,436	81	Mutual agreement	60 days	Note 5	(37,907)	(89)	-	Notes 6 and 13
	(Sales)	(20,723)	(100)	Mutual agreement	30 days	Note 7	3,803	100	1,033	Notes 8 and 13
Squires Kitchen Sugarcraft (Wuxi) Ltd.	(Sales)	(58,436)	(4)	Mutual agreement	60 days	Note 9	37,907	18	5,114	Notes 10 and 13
Zinneng Bakeware (Wuxi) Co., Ltd.	Purchase	20,723	4	Mutual agreement	30 days	Note 11	(3,803)	(3)	-	Notes 12and 13

Note 1: The sales prices to third parties were determined in accordance with mutual agreements, and the collection terms from third parties were receive payment in advance, cash on delivery or 15 days to 130 days.

Note 2: Sanneng Bakeware Corporation sold to Sanneng Bakeware (Wuxi) Co., Ltd.

Note 3: The purchase prices from third parties were determined in accordance with mutual agreements, and the payment terms to third parties were 33 days to 93 days.

Note 4: Sanneng Bakeware Corporation purchased from Sanneng Bakeware (Wuxi) Co., Ltd.

Note 5: The purchase prices from third parties were determined in accordance with mutual agreements, and the payment terms to third parties were payment in advance or 10 days to 30 days.

Note 6: Squires Kitchen Sugarcraft (Wuxi) Ltd. purchased from Sanneng Bakeware (Wuxi) Co., Ltd.

Note 7: As of December 31, 2020, no transactions with non-related parties yet.

Note 8: Zinneng Bakeware (Wuxi) Co., Ltd. provided product processing services to Sanneng Bakeware (Wuxi) Co., Ltd.

Note 9: The sales prices to third parties were determined in accordance with mutual agreements, and the collection terms from third parties were cash on delivery or 30 days to 180 days.

Note 10: Sanneng Bakeware (Wuxi) Co., Ltd. sold to Squires Kitchen Sugarcraft (Wuxi) Ltd.

Note 11: The purchase prices from third parties were determined in accordance with mutual agreements, and the payment terms to third parties were 30 days.

(Continued)

Note 12: Sanneng Bakeware (Wuxi) Co., Ltd. paid the processing fee to Zinneng Bakeware (Wuxi) Co., Ltd.

Note 13: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation.

3. The amount of property transactions and the amount of the resultant gains or losses: None.

4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

5. The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: None.

6. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

(Concluded)

TABLE 7

SAN NENG GROUP HOLDINGS CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Greater Win Holdings Limited	4,061,800	6.68
Beauty Joy Holdings Limited	3,795,400	6.24
Great Flyer Offshore Limited	3,638,200	5.98
Jui Jung International Limited	3,603,200	5.93

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.