

**San Neng Group Holdings Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 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, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2024 is described as follows:

Key Audit Matter - Recognition of Revenue from Specific Customers

The Group has a large number of customers, among which the operating revenue fluctuation of specific clients outperforms the average level of the Group's overall operating revenue variation. Besides, the accounts receivable has instances of longer overdue periods, 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 specific customers as a key audit matter. The revenue recognition accounting policy is disclosed in Note 4(k) to the consolidated financial statements.

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

1. We obtained an understanding of the design and implementation of the internal controls related to the recognition of sales revenue, and we 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 specific customers, and we reviewed the 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 specific 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Li-Wei Liu and Jui-Hsuan Ho.

Liu Liwei

Jui-Hsuan Ho

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2025

Notice to Readers

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

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

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 405,842	17	\$ 335,199	15
Financial assets at amortized cost - current (Notes 4, 7 and 28)	202,966	9	249,363	12
Notes receivable (Notes 4, 8 and 19)	13,701	1	12,283	1
Trade receivables (Notes 4, 8 and 19)	190,380	8	198,008	9
Trade receivables from related parties (Notes 4, 19 and 27)	12,607	1	4,679	-
Other receivables (Notes 4 and 8)	10,937	-	22,670	1
Current tax assets (Notes 4 and 21)	383	-	-	-
Inventories (Notes 4 and 9)	298,253	13	291,007	13
Prepayments (Note 14)	34,067	1	46,629	2
Total current assets	<u>1,169,136</u>	<u>50</u>	<u>1,159,838</u>	<u>53</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4 and 7)	255,246	11	160,099	7
Property, plant and equipment (Notes 4, 11 and 28)	852,519	36	818,572	37
Right-of-use assets (Notes 4 and 12)	23,606	1	19,627	1
Other intangible assets (Notes 4 and 13)	2,856	-	2,957	-
Deferred tax assets (Notes 4 and 21)	11,325	1	12,893	1
Other non-current assets (Notes 4 and 14)	24,707	1	28,767	1
Total non-current assets	<u>1,170,259</u>	<u>50</u>	<u>1,042,915</u>	<u>47</u>
TOTAL	<u>\$ 2,339,395</u>	<u>100</u>	<u>\$ 2,202,753</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 78,030	3	\$ 59,978	3
Contract liabilities (Notes 4, 19 and 27)	24,524	1	17,265	1
Trade payables	131,088	6	99,834	4
Trade payables to related parties (Note 27)	1,926	-	1,191	-
Other payables (Notes 16 and 24)	173,082	7	168,397	8
Current tax liabilities (Notes 4 and 21)	34,374	2	32,275	1
Lease liabilities - current (Notes 4 and 12)	2,353	-	1,711	-
Current portion of long-term borrowings (Notes 15 and 28)	17,711	1	17,398	1
Total current liabilities	<u>463,088</u>	<u>20</u>	<u>398,049</u>	<u>18</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 28)	61,762	3	79,434	4
Deferred tax liabilities (Notes 4 and 21)	11,163	-	10,947	-
Lease liabilities - non-current (Notes 4 and 12)	1,277	-	-	-
Other non-current liabilities (Note 16)	538	-	519	-
Total non-current liabilities	<u>74,740</u>	<u>3</u>	<u>90,900</u>	<u>4</u>
Total liabilities	<u>537,828</u>	<u>23</u>	<u>488,949</u>	<u>22</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 18)				
Share capital - ordinary shares	607,500	26	607,500	28
Capital surplus	648,899	28	648,815	29
Retained earnings	624,535	26	583,071	26
Other equity	(94,111)	(4)	(137,333)	(6)
Total equity attributable to owners of the Company	1,786,823	76	1,702,053	77
NON-CONTROLLING INTERESTS (Notes 4 and 18)	<u>14,744</u>	<u>1</u>	<u>11,751</u>	<u>1</u>
Total equity	<u>1,801,567</u>	<u>77</u>	<u>1,713,804</u>	<u>78</u>
TOTAL	<u>\$ 2,339,395</u>	<u>100</u>	<u>\$ 2,202,753</u>	<u>100</u>

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 4, 19 and 27)	\$ 2,039,422	100	\$ 1,905,839	100
OPERATING COSTS				
Cost of goods sold (Notes 9, 20 and 27)	<u>(1,268,217)</u>	<u>(62)</u>	<u>(1,168,835)</u>	<u>(62)</u>
GROSS PROFIT	<u>771,205</u>	<u>38</u>	<u>737,004</u>	<u>38</u>
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	(261,437)	(13)	(251,343)	(13)
General and administrative expenses	(196,527)	(10)	(185,163)	(10)
Research and development expenses	(94,041)	(4)	(85,148)	(4)
Expected credit gain (Notes 4 and 8)	<u>806</u>	<u>-</u>	<u>5,167</u>	<u>-</u>
Total operating expenses	<u>(551,199)</u>	<u>(27)</u>	<u>(516,487)</u>	<u>(27)</u>
PROFIT FROM OPERATIONS	<u>220,006</u>	<u>11</u>	<u>220,517</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 20)				
Interest income	17,775	1	16,775	1
Other income (Note 27)	16,163	1	20,392	1
Other gains and losses	5,703	-	1,728	-
Finance costs	<u>(2,629)</u>	<u>-</u>	<u>(4,251)</u>	<u>-</u>
Total non-operating income and expenses	<u>37,012</u>	<u>2</u>	<u>34,644</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	257,018	13	255,161	13
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(60,120)</u>	<u>(3)</u>	<u>(76,684)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>196,898</u>	<u>10</u>	<u>178,477</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>43,643</u>	<u>2</u>	<u>(29,200)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>43,643</u>	<u>2</u>	<u>(29,200)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 240,541</u>	<u>12</u>	<u>\$ 149,277</u>	<u>8</u>

(Continued)

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

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

	2024		2023	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 193,339	10	\$ 175,605	9
Non-controlling interests	<u>3,559</u>	<u>-</u>	<u>2,872</u>	<u>-</u>
	<u>\$ 196,898</u>	<u>10</u>	<u>\$ 178,477</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 236,561	12	\$ 146,616	8
Non-controlling interests	<u>3,980</u>	<u>-</u>	<u>2,661</u>	<u>-</u>
	<u>\$ 240,541</u>	<u>12</u>	<u>\$ 149,277</u>	<u>8</u>
EARNINGS PER SHARE (Note 22)				
From continuing operations				
Basic	<u>\$ 3.18</u>		<u>\$ 2.89</u>	
Diluted	<u>\$ 3.16</u>		<u>\$ 2.87</u>	

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

	Equity Attributable to Owners of the Company					Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings				
			Legal Reserve	Special Reserve					
BALANCE AT JANUARY 1, 2023	\$ 607,500	\$ 648,815	\$ 104,616	\$ 128,499	\$ 295,851	\$ (108,344)	\$ 1,676,937	\$ 9,686	\$ 1,686,623
Appropriation of 2022 earnings (Note 18)									
Legal reserve	-	-	14,755	-	(14,755)	-	-	-	-
Special reserve	-	-	-	(20,155)	20,155	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(121,500)	-	(121,500)	-	(121,500)
Net profit for the year ended December 31, 2023	-	-	-	-	175,605	-	175,605	2,872	178,477
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(28,989)	(28,989)	(211)	(29,200)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	175,605	(28,989)	146,616	2,661	149,277
Cash dividends distributed by subsidiaries (Note 18)	-	-	-	-	-	-	-	(596)	(596)
BALANCE AT DECEMBER 31, 2023	607,500	648,815	119,371	108,344	355,356	(137,333)	1,702,053	11,751	1,713,804
Appropriation of 2023 earnings (Note 18)									
Legal reserve	-	-	17,560	-	(17,560)	-	-	-	-
Special reserve	-	-	-	28,989	(28,989)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(151,875)	-	(151,875)	-	(151,875)
Net profit for the year ended December 31, 2024	-	-	-	-	193,339	-	193,339	3,559	196,898
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	43,222	43,222	421	43,643
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	193,339	43,222	236,561	3,980	240,541
Actual acquisition of interests in subsidiary (Notes 18 and 23)	-	84	-	-	-	-	84	(987)	(903)
BALANCE AT DECEMBER 31, 2024	\$ 607,500	\$ 648,899	\$ 136,931	\$ 137,333	\$ 350,271	\$ (94,111)	\$ 1,786,823	\$ 14,744	\$ 1,801,567

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 257,018	\$ 255,161
Adjustments for:		
Expected credit reversed recognized on trade receivables	(806)	(5,167)
Depreciation expense	69,804	74,443
Amortization expense	1,861	2,559
Finance costs	2,629	4,251
Interest income	(17,775)	(16,775)
Loss on disposal of property, plant and equipment	470	849
Net gain on foreign currency exchange	(5,288)	(236)
Changes in operating assets and liabilities		
Notes receivable	(1,432)	3,221
Trade receivables	12,539	8,515
Trade receivables from related parties	(7,723)	(2,510)
Other receivables	1,120	(802)
Inventories	230	(25,217)
Prepayments	13,591	(24,650)
Contract liabilities	6,700	(123)
Trade payables	28,792	(6,742)
Trade payables to related parties	689	128
Other payables	<u>224</u>	<u>5,022</u>
Cash generated from operations	362,643	271,927
Income tax paid	<u>(57,041)</u>	<u>(74,144)</u>
Net cash generated from operating activities	<u>305,602</u>	<u>197,783</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(300,117)	(212,319)
Proceeds from sale of financial assets at amortized cost	265,752	258,825
Payments for property, plant and equipment	(68,789)	(12,931)
Proceeds from disposal of property, plant and equipment	63	595
Payments for intangible assets	(1,720)	(2,263)
Increase in other non-current assets	(13,003)	(23,383)
Interest received	<u>28,489</u>	<u>9,101</u>
Net cash (used in) generated from investing activities	<u>(89,325)</u>	<u>17,625</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	96,028	349,385
Repayments of short-term borrowings	(77,951)	(368,981)
Repayments of long-term borrowings	(17,359)	(17,075)
Refund of guarantee deposits	-	(441)
Repayment of the principal portion of lease liabilities	(4,822)	(5,153)
Dividends paid to owners of the Company	(151,875)	(121,500)
Acquisition of additional interests in subsidiary (Note 23)	(903)	-

(Continued)

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

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

	2024	2023
Interest paid	\$ (2,629)	\$ (4,251)
Dividends paid to non-controlling interests	<u>-</u>	<u>(596)</u>
Net cash used in financing activities	<u>(159,511)</u>	<u>(168,612)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>13,877</u>	<u>(8,928)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,643	37,868
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>335,199</u>	<u>297,331</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 405,842</u>	<u>\$ 335,199</u>

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

(Concluded)

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (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 the 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 the 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 12, 2025.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
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 IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 IFRS Accounting Standards 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.

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 the substantial right at the end of the reporting period 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 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 10 and Tables 4 and 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. 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 item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries and branches in other countries or those 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).

f. 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.

g. 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.

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.

h. 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.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, 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.

j. 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.

k. 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.

l. Leases

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. 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.

m. Borrowing costs

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

n. 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.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

o. 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.

p. Taxation

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

1) Current tax

Income tax payable (refundable) 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. MATERIAL 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 on 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.

When developing material accounting estimates, the Group considers the possible impact of climate change and related government policies and regulations and inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 1,825	\$ 1,228
Checking accounts	-	15
Demand deposits	289,125	225,550
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>114,892</u>	<u>108,406</u>
	<u>\$ 405,842</u>	<u>\$ 335,199</u>

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

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Bank balance (including time deposits)	0.0001%-4.38%	0.001%-5.35%

7. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 202,406	\$ 248,803
Restricted certificates of deposit	<u>560</u>	<u>560</u>
	<u>\$ 202,966</u>	<u>\$ 249,363</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 255,246</u>	<u>\$ 160,099</u>

Note 1: The interest rates for time deposits with original maturities of more than 3 months were 1.10%-3.45% and 1.80%-3.85% per annum as of December 31, 2024 and 2023. The annual interest rate of restricted certificates of deposit were 1.285% and 1.575% as of December 31, 2024 and 2023.

Note 2: Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as collateral.

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Notes receivable</u>		
At amortized cost	\$ 13,701	\$ 12,283
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 13,701</u>	<u>\$ 12,283</u>
<u>Trade receivables</u>		
At amortized cost	\$ 192,317	\$ 201,881
Less: Allowance for impairment loss	<u>(1,937)</u>	<u>(3,873)</u>
	<u>\$ 190,380</u>	<u>\$ 198,008</u>

(Continued)

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Other receivables</u>		
Interest receivables	\$ 8,787	\$ 19,501
Others	<u>2,150</u>	<u>3,169</u>
	<u>\$ 10,937</u>	<u>\$ 22,670</u>
		(Concluded)

a. Notes receivable

The average credit period of notes receivable was 30-120 days. 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 notes receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to the past default records of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtor operates. As of December 31, 2024 and 2023, 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 records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates 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, 2024

	Not Past Due	Past Due within 90 Days	Past Due 91 to 180 Days	Past Due over 180 Days	Total
Expected credit loss rate	0.40%	1.60%	22.72%	100%	
Gross carrying amount	\$ 157,650	\$ 33,395	\$ 647	\$ 625	\$ 192,317
Loss allowance (Lifetime ECL)	<u>(631)</u>	<u>(534)</u>	<u>(147)</u>	<u>(625)</u>	<u>(1,937)</u>
Amortized cost	<u>\$ 157,019</u>	<u>\$ 32,861</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 190,380</u>

December 31, 2023

	Not Past Due	Past Due within 90 Days	Past Due 91 to 180 Days	Past Due over 180 Days	Total
Expected credit loss rate	0.14%	0.81%	8.80%	100%	
Gross carrying amount	\$ 174,283	\$ 21,623	\$ 2,761	\$ 3,214	\$ 201,881
Loss allowance (Lifetime ECL)	<u>(241)</u>	<u>(175)</u>	<u>(243)</u>	<u>(3,214)</u>	<u>(3,873)</u>
Amortized cost	<u>\$ 174,042</u>	<u>\$ 21,448</u>	<u>\$ 2,518</u>	<u>\$ -</u>	<u>\$ 198,008</u>

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

	<u>For the Year Ended December 31</u>	
	2024	2023
Balance at January 1	\$ 3,873	\$ 9,554
Less: Amounts written off	(1,224)	(451)
Less: Net remeasurement of loss allowance	(806)	(5,167)
Foreign exchange gains and losses	<u>94</u>	<u>(63)</u>
Balance at December 31	<u>\$ 1,937</u>	<u>\$ 3,873</u>

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, 2024 and 2023, the expected credit loss rate of other receivables is both 0%.

9. INVENTORIES

	December 31	
	2024	2023
Finished goods	\$ 107,419	\$ 120,319
Work in progress	80,458	64,127
Raw materials	52,914	42,877
Merchandise	56,350	57,672
Inventory in transit	<u>1,112</u>	<u>6,012</u>
	<u>\$ 298,253</u>	<u>\$ 291,007</u>

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

	For the Year Ended December 31	
	2024	2023
Cost of inventories sold	<u>\$ 1,268,217</u>	<u>\$ 1,168,835</u>

10. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			2024	2023
San Neng Group Holdings Co., Ltd.	East Gain Investment Limited	Holding company	100.00	100.00
East Gain Investment Limited	Sanneng Bakeware Corporation	Research and development, production and sales of bakeware	100.00	100.00
	San Neng Limited	Holding company	100.00	100.00
	San Neng Japan Bake Ware Corporation	Sales of bakeware and food ingredients	100.00	100.00
	PT. San Neng Bakeware Indonesia	Sales of bakeware	100.00	100.00
	PT. Sanneng Asia Industry Indonesia (Note 1)	Production and sales of bakeware	100.00	-
San Neng Limited	Sanneng Bakeware (Wuxi) Co., Ltd.	Research and development, production and sales of bakeware	100.00	100.00
Sanneng Bakeware (Wuxi) Co., Ltd.	Zinneng Bakeware (Wuxi) Co., Ltd. (Note 2)	Production and sales of bakeware	59.78	55.00
	Wuxi Squires Kitchen Trading Co., Ltd.	Sales of bakeware, food ingredients, packaging materials and cake decoration	52.48	52.48
	Sanneng Bakeware (Guangzhou) Co., Ltd.	Sales of bakeware, food ingredients, packaging materials	100.00	100.00

Note 1: PT. Sanneng Asia Industry Indonesia was established in February 2024. The Group remitted the capital in April 2024 and owned 100% of the total equity.

Note 2: On June 20, 2024, the board of directors of the Group resolved to acquire 4.78% of the shares of Zinneng Bakeware (Wuxi) Co., Ltd. and increased its continuing interest from 55% to 59.78% and set July 1, 2024 as the base date for shares transfer. For equity transactions with noncontrolling interests, refer to Note 23.

11. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 235,761	\$ 632,597	\$ 461,391	\$ 37,681	\$ 178,146	\$ 35,646	\$ 1,581,222
Additions	-	118	40,854	1,144	20,447	7,326	69,889
Disposals	-	-	(2,905)	(766)	(779)	(1,681)	(6,131)
Others - reclassified from prepayment for equipment	-	-	17,939	-	-	-	17,939
Effects of foreign currency exchange differences	-	11,724	14,046	929	4,995	596	32,290
Balance at December 31, 2024	<u>\$ 235,761</u>	<u>\$ 644,439</u>	<u>\$ 531,325</u>	<u>\$ 38,988</u>	<u>\$ 202,809</u>	<u>\$ 41,887</u>	<u>\$ 1,695,209</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2024	\$ -	\$ 245,544	\$ 324,022	\$ 30,267	\$ 136,061	\$ 26,756	\$ 762,650
Depreciation expense	-	22,071	24,275	2,371	13,061	4,655	66,433
Disposals	-	-	(2,611)	(745)	(716)	(1,526)	(5,598)
Effects of foreign currency exchange differences	-	5,173	9,287	722	3,651	372	19,205
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 272,788</u>	<u>\$ 354,973</u>	<u>\$ 32,615</u>	<u>\$ 152,057</u>	<u>\$ 30,257</u>	<u>\$ 842,690</u>
Carrying amount at December 31, 2024	<u>\$ 235,761</u>	<u>\$ 371,651</u>	<u>\$ 176,352</u>	<u>\$ 6,373</u>	<u>\$ 50,752</u>	<u>\$ 11,630</u>	<u>\$ 852,519</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 235,761	\$ 636,971	\$ 451,390	\$ 36,507	\$ 175,552	\$ 35,210	\$ 1,571,391
Additions	-	1,909	8,666	1,263	654	1,543	14,035
Disposals	-	-	(2,457)	(419)	(5,776)	(227)	(8,879)
Others - reclassified from prepayment for equipment	-	-	11,204	918	-	-	12,122
Others - reclassified from inventory	-	-	-	-	10,376	-	10,376
Effects of foreign currency exchange differences	-	(6,283)	(7,412)	(588)	(2,660)	(880)	(17,823)
Balance at December 31, 2023	<u>\$ 235,761</u>	<u>\$ 632,597</u>	<u>\$ 461,391</u>	<u>\$ 37,681</u>	<u>\$ 178,146</u>	<u>\$ 35,646</u>	<u>\$ 1,581,222</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 223,267	\$ 305,829	\$ 28,866	\$ 129,429	\$ 24,047	\$ 711,438
Depreciation expense	-	24,968	24,892	2,240	13,565	3,624	69,289
Disposals	-	-	(1,828)	(377)	(5,008)	(222)	(7,435)
Effects of foreign currency exchange differences	-	(2,691)	(4,871)	(462)	(1,925)	(693)	(10,642)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 245,544</u>	<u>\$ 324,022</u>	<u>\$ 30,267</u>	<u>\$ 136,061</u>	<u>\$ 26,756</u>	<u>\$ 762,650</u>
Carrying amount at December 31, 2023	<u>\$ 235,761</u>	<u>\$ 387,053</u>	<u>\$ 137,369</u>	<u>\$ 7,414</u>	<u>\$ 42,085</u>	<u>\$ 8,890</u>	<u>\$ 818,572</u>

No impairment loss was recognized or reversed for the years ended December 31, 2024 and 2023.

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	2-20 years
Transportation equipment	2-6 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 28.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
<u>Carrying amount</u>		
Land use rights	\$ 17,812	\$ 17,718
Buildings	5,794	1,894
Other	<u>-</u>	<u>15</u>
	<u>\$ 23,606</u>	<u>\$ 19,627</u>
	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 6,770</u>	<u>\$ 4,011</u>
Depreciation charge for right-of-use assets		
Land use rights	\$ 521	\$ 514
Buildings	2,836	2,436
Machinery	-	2,158
Other	<u>14</u>	<u>46</u>
	<u>\$ 3,371</u>	<u>\$ 5,154</u>

No impairment loss was recognized or reversed for the years ended December 31, 2024 and 2023.

As of December 31, 2024, the Group acquired the land use rights certificates, which are for land located in mainland China.

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	<u>\$ 2,353</u>	<u>\$ 1,711</u>
Non-current	<u>\$ 1,277</u>	<u>\$ -</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Buildings	4.35%-12%	2.85%-4.90%
Machinery	-	4.90%
Other	-	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	
	2024	2023
Expenses relating to short-term leases	<u>\$ 2,791</u>	<u>\$ 2,648</u>
Expenses relating to low-value asset leases	<u>\$ 1,138</u>	<u>\$ 1,132</u>
Total cash outflow for leases	<u>\$ (8,983)</u>	<u>\$ (9,133)</u>

The Group's leases of certain buildings qualify as short-term leases and certain office equipment, machinery 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	
	2024	2023
Lease commitments	<u>\$ 1,602</u>	<u>\$ -</u>

13. OTHER INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2024	\$ 10,470
Additions	1,720
Disposals	(2,110)
Effects of foreign currency exchange differences	<u>152</u>
Balance at December 31, 2024	<u>\$ 10,232</u>

(Continued)

	Computer Software
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2024	\$ 7,513
Amortization expense	1,861
Disposals	(2,110)
Effects of foreign currency exchange differences	<u>112</u>
Balance at December 31, 2024	<u>\$ 7,376</u>
Carrying amount at December 31, 2024	<u>\$ 2,856</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 11,887
Additions	2,263
Disposals	(3,577)
Effects of foreign currency exchange differences	<u>(103)</u>
Balance at December 31, 2023	<u>\$ 10,470</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 8,616
Amortization expense	2,559
Disposals	(3,577)
Effects of foreign currency exchange differences	<u>(85)</u>
Balance at December 31, 2023	<u>\$ 7,513</u>
Carrying amount at December 31, 2023	<u>\$ 2,957</u> (Concluded)

No impairment loss was recognized or reversed for the years ended December 31, 2024 and 2023.

Computer software is amortized on a straight-line basis over its estimated useful life of 1 to 10 years.

14. OTHER ASSETS

	<u>December 31</u>	
	2024	2023
<u>Current</u>		
Prepayment for purchase	\$ 17,863	\$ 25,451
Prepaid expense	<u>16,204</u>	<u>21,178</u>
	<u>\$ 34,067</u>	<u>\$ 46,629</u> (Continued)

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 20,198	\$ 25,157
Refundable deposits	4,509	3,553
Prepayments - non-current	<u>-</u>	<u>57</u>
	<u>\$ 24,707</u>	<u>\$ 28,767</u>
		(Concluded)

15. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 78,030</u>	<u>\$ 59,978</u>

The range of weighted average effective interest rates on the line of credit borrowings was 0.50%-0.85% and 0.50%-1.05% per annum as of December 31, 2024 and 2023, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Secured borrowings</u>		
Bank loans	\$ 79,473	\$ 96,832
Less: Current portion	<u>(17,711)</u>	<u>(17,398)</u>
Long-term borrowings	<u>\$ 61,762</u>	<u>\$ 79,434</u>

The long-term secured bank loans were secured by the Group's freehold land and buildings (see Note 28). On April 21, 2016, the Group started to pay interest and principal monthly; the borrowings are payable in a total of 156 installments and will be repayable on April 21, 2029. The range of weighted average effective interest rates of secured bank loans was 1.95%-2.075% and 1.825%-1.95% per annum as of December 31, 2024 and 2023, respectively. \$3,000 thousand of the principal was repaid in September 2019, and \$105,000 thousand of the principal was repaid in June 2017.

16. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 82,988	\$ 87,427
Payables for processing fees	17,526	18,544
Payables for shipping fees	4,787	3,198
Tax payables	13,917	10,076
Property, plant and equipment payables	2,863	1,763
Payables for professional service fees	1,888	1,767
Insurance premium payables	28,602	27,317
Others	<u>20,511</u>	<u>18,305</u>
	<u>\$ 173,082</u>	<u>\$ 168,397</u>
<u>Non-current</u>		
Guarantee deposit received	<u>\$ 538</u>	<u>\$ 519</u>

17. RETIREMENT BENEFIT PLANS

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.

18. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>60,750</u>	<u>60,750</u>
Shares issued	<u>\$ 607,500</u>	<u>\$ 607,500</u>

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

b. Capital surplus

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 646,722	\$ 646,722
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	84	-
<u>May be used to offset a deficit only (2)</u>		
Employee share options	<u>2,093</u>	<u>2,093</u>
	<u>\$ 648,899</u>	<u>\$ 648,815</u>

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

Under the dividends policy as set forth in the Articles, where 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 Legal Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Legal Reserve does not apply if the aggregate amount of the Legal 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. The Company authorizes the board of directors to distribute all or part of the dividends and bonuses in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to the compensation of employees and remuneration of directors in Note 20(g).

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2023 and 2022, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 17,560	\$ 14,755
Provision (reversal) of special reserve	28,989	(20,155)
Cash dividends	151,875	121,500
Dividends per share (NT\$)	2.5	2.0

The above appropriation for cash dividends for 2024 and 2023 was resolved by the Company's board of directors on March 12, 2024 and March 22, 2023; the other proposed appropriations were resolved by the shareholders in their meeting on June 20, 2024 and June 20, 2023.

The appropriation of earnings for 2024 was proposed by the Company's board of directors on March 12, 2025, were as follows:

	For the Year Ended December 31, 2024
Legal reserve	\$ 19,334
Reversal of special reserve	(43,222)
Cash dividends	157,950
Dividends per share (NT\$)	2.6

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 19, 2025.

d. Special reserve

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 108,344	\$ 128,499
Appropriations in respect of		
Debits to other equity items	28,989	-
Reversal:		
Reversal of the debits to other equity items	_____ -	_____ (20,155)
Balance at December 31	<u>\$ 137,333</u>	<u>\$ 108,344</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 11,751	\$ 9,686
Share in income for the year	3,559	2,872
Other comprehensive income (loss) during the year		
Exchange difference on translation of the financial statements of the foreign operations	421	(211)
Acquisition of non-controlling interests in subsidiaries (Note 23)	(987)	-
Cash dividends	<u>-</u>	<u>(596)</u>
Balance at December 31	<u>\$ 14,744</u>	<u>\$ 11,751</u>

19. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Revenue from sale of bakeware	\$ 1,997,693	\$ 1,874,113
Revenue from sale of food ingredients	<u>41,729</u>	<u>31,726</u>
	<u>\$ 2,039,422</u>	<u>\$ 1,905,839</u>

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 their respective fixed amounts as agreed in the contracts.

b. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable	\$ 13,701	\$ 12,283	\$ 15,515
Trade receivables	190,380	198,008	205,001
Trade receivables from related parties	<u>12,607</u>	<u>4,679</u>	<u>2,250</u>
	<u>\$ 216,688</u>	<u>\$ 214,970</u>	<u>\$ 222,766</u>
Contract liabilities			
Sale of goods	<u>\$ 24,524</u>	<u>\$ 17,265</u>	<u>\$ 17,711</u>

Revenue recognized in the current reporting period from contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2024	2023
<u>From contract liabilities at the beginning of the year</u>		
Sale of goods	<u>\$ 9,543</u>	<u>\$ 14,821</u>
c. Disaggregation of revenue		
Refer to Note 32 for information about the disaggregation of revenue.		

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2024	2023
Interest income - bank deposits	<u>\$ 17,775</u>	<u>\$ 16,775</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Income from government subsidies	\$ 7,689	\$ 10,989
Others	<u>8,474</u>	<u>9,403</u>
	<u>\$ 16,163</u>	<u>\$ 20,392</u>

c. Other gains (losses)

	For the Year Ended December 31	
	2024	2023
Loss on disposal of property, plant and equipment	\$ (470)	\$ (849)
Net foreign exchange gain	6,863	2,701
Others	<u>(690)</u>	<u>(124)</u>
	<u>\$ 5,703</u>	<u>\$ 1,728</u>

d. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on bank loans	\$ 2,544	\$ 4,123
Interest on lease liabilities	<u>85</u>	<u>128</u>
	<u>\$ 2,629</u>	<u>\$ 4,251</u>

e. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 43,380	\$ 49,139
Operating expenses	<u>26,424</u>	<u>25,304</u>
	<u>\$ 69,804</u>	<u>\$ 74,443</u>
An analysis of amortization by function		
Operating costs	\$ 305	\$ 646
Selling and marketing expenses	305	331
General and administrative expenses	1,041	1,455
Research and development expenses	<u>210</u>	<u>127</u>
	<u>\$ 1,861</u>	<u>\$ 2,559</u>

f. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2024	2023
Short-term benefits	\$ 473,878	\$ 470,280
Post-employment benefits		
Defined contribution plans	<u>36,277</u>	<u>31,383</u>
Total employee benefits expense	<u>\$ 510,155</u>	<u>\$ 501,663</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 203,376	\$ 186,176
Operating expenses	<u>306,779</u>	<u>315,487</u>
	<u>\$ 510,155</u>	<u>\$ 501,663</u>

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, 2024 and 2023, which have been approved by the Company's board of directors on March 12, 2025 and March 12, 2024, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2024	2023
Compensation of employees	8.46%	8.61%
Remuneration of directors	2.62%	2.71%

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Compensation of employees	\$ 18,394	\$ 17,052
Remuneration of directors	5,700	5,367

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, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2024 and 2023 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	
	2024	2023
Foreign exchange gains	\$ 24,019	\$ 16,792
Foreign exchange losses	<u>(17,156)</u>	<u>(14,091)</u>
Net gains	<u>\$ 6,863</u>	<u>\$ 2,701</u>

21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 57,185	\$ 72,753
Adjustments for prior years	<u>957</u>	<u>1,381</u>
	<u>58,142</u>	<u>74,134</u>
Deferred tax		
In respect of the current year	1,978	3,078
Adjustments for prior years	<u>-</u>	<u>(528)</u>
	<u>1,978</u>	<u>2,550</u>
Income tax expense recognized in profit or loss	<u>\$ 60,120</u>	<u>\$ 76,684</u>

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

	For the Year Ended December 31	
	2024	2023
Profit before tax from continuing operations	\$ <u>257,018</u>	\$ <u>255,161</u>
Income tax expense calculated at the statutory rate (20%)	\$ 51,404	\$ 51,032
Nondeductible expenses in determining taxable income	1,702	3,219
Tax concessions	(38,595)	(36,300)
Effects of different tax rates of entities in the Group operating in other jurisdictions	21,451	19,563
Withholding tax from overseas profits	23,201	38,317
Adjustments for prior years' tax	<u>957</u>	<u>853</u>
Income tax expense recognized in profit or loss	\$ <u>60,120</u>	\$ <u>76,684</u>

Under the Income Tax Act in the ROC, the income tax rate applicable to Sanneng Bakeware Corporation is 20%.

Under the People's Republic of China (PRC) corporate income tax law, San Neng Bakeware (Wuxi) Co., Ltd. qualified as a High Tech Enterprise, and is subject to a 15% corporate income tax rate from 2022 to 2024.

Under the Preferential Income Tax Policies for Small and Low-Profit Enterprises in Mainland China, 25% of the income of Zinneng Bakeware (Wuxi) Co., Ltd. in 2024 and 2023, shall be included in taxable income and subject to the corporate income tax rate of 20%.

b. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax assets		
Income tax receivable	\$ <u>383</u>	\$ <u>-</u>
Current tax liabilities		
Income tax payable	\$ <u>34,374</u>	\$ <u>32,275</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for impairment loss	\$ 464	\$ (365)	\$ 14	\$ 113
Unrealized loss on inventories	7,752	(1,210)	64	6,606
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Loss carryforwards	\$ -	\$ 21	\$ -	\$ 21
Unrealized exchange losses	187	(187)	-	-
Others	<u>4,490</u>	<u>(21)</u>	<u>116</u>	<u>4,585</u>
	<u>\$ 12,893</u>	<u>\$ (1,762)</u>	<u>\$ 194</u>	<u>\$ 11,325</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains	\$ -	\$ 216	\$ -	\$ 216
Others	<u>10,947</u>	<u>-</u>	<u>-</u>	<u>10,947</u>
	<u>\$ 10,947</u>	<u>\$ 216</u>	<u>\$ -</u>	<u>\$ 11,163</u>
				(Concluded)

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for impairment loss	\$ 1,308	\$ (834)	\$ (10)	\$ 464
Unrealized loss on inventories	10,288	(2,397)	(139)	7,752
Unrealized exchange losses	-	187	-	187
Others	<u>4,770</u>	<u>(188)</u>	<u>(92)</u>	<u>4,490</u>
	<u>\$ 16,366</u>	<u>\$ (3,232)</u>	<u>\$ (241)</u>	<u>\$ 12,893</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains	\$ 682	\$ (682)	\$ -	\$ -
Others	<u>10,947</u>	<u>-</u>	<u>-</u>	<u>10,947</u>
	<u>\$ 11,629</u>	<u>\$ (682)</u>	<u>\$ -</u>	<u>\$ 10,947</u>

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

As of December 31, 2024 and 2023, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were \$803,866 thousand and \$800,141 thousand, respectively.

- e. Income tax assessments

As of December 31, 2024, there was no lawsuit or claim regarding tax assessments against the Group.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Basic earnings per share		
From continuing operations	<u>\$ 3.18</u>	<u>\$ 2.89</u>
Diluted earnings per share		
From continuing operations	<u>\$ 3.16</u>	<u>\$ 2.87</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Profit for the year attributable to owners of the Company	\$ 193,339	\$ 175,605
Effects of potentially dilutive ordinary shares		
Compensation of employees of the Company	<u> -</u>	<u> -</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 193,339</u>	<u>\$ 175,605</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
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 of the Company	<u> 520</u>	<u> 498</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u> 61,270</u>	<u> 61,248</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation 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.

23. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On July 2024, the Group acquired 4.78% of its interest in Zinneng Bakeware (Wuxi) Co., Ltd., and increased its continuing interest from 55% to 59.78%.

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

	Zinneng Bakeware (Wuxi) Co., Ltd.
Consideration paid	\$ (903)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>987</u>
Differences recognized from equity transaction	<u>\$ 84</u>
<u>Line items adjusted for equity transaction</u>	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ 84</u>

24. CASH FLOW INFORMATION

a. Partial 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, 2024 and 2023:

As of December 31, 2024 and 2023, the amounts for the purchase of property, plant and equipment that were not yet paid were \$2,863 thousand and \$1,763 thousand, respectively, which were included in other payables.

b. Changes in liabilities for financing activities

For the year ended December 31, 2024

	Cash Flows			Non-cash Changes			Balance at December 31, 2024
	Balance at January 1, 2024	Principal Addition (Repay)	Finance Costs	New Leases	Finance Costs	Exchange Differences on Translation of the Financial Statements of Foreign Operations	
Short-term borrowings	\$ 59,978	\$ 18,077	\$ (738)	\$ -	\$ 738	\$ (25)	\$ 78,030
Long-term borrowings	96,832	(17,359)	(1,806)	-	1,806	-	79,473
Guarantee deposit received	519	-	-	-	-	19	538
Lease liabilities	<u>1,711</u>	<u>(4,822)</u>	<u>(85)</u>	<u>6,770</u>	<u>85</u>	<u>(29)</u>	<u>3,630</u>
	<u>\$ 159,040</u>	<u>\$ (4,104)</u>	<u>\$ (2,629)</u>	<u>\$ 6,770</u>	<u>\$ 2,629</u>	<u>\$ (35)</u>	<u>\$ 161,671</u>

For the year ended December 31, 2023

	Balance at January 1, 2023	Cash Flows			Non-cash Changes		Balance at December 31, 2023
		Principal Addition (Repay)	Finance Costs	New Leases	Finance Costs	Exchange Differences on Translation of the Financial Statements of Foreign Operations	
Short-term borrowings	\$ 81,294	\$ (19,596)	\$ (2,097)	\$ -	\$ 2,097	\$ (1,720)	\$ 59,978
Long-term borrowings	113,907	(17,075)	(2,026)	-	2,026	-	96,832
Guarantee deposit received	970	(441)	-	-	-	(10)	519
Lease liabilities	3,041	(5,153)	(128)	4,011	128	(188)	1,711
	<u>\$ 199,212</u>	<u>\$ (42,265)</u>	<u>\$ (4,251)</u>	<u>\$ 4,011</u>	<u>\$ 4,251</u>	<u>\$ (1,918)</u>	<u>\$ 159,040</u>

25. 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, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

26. 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	
	2024	2023
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,096,188	\$ 985,854
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	338,630	301,931

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, receivables 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 deposits 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 (including foreign 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 on consolidation) at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to exchange rate 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 in 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	
	2024	2023
Profit or loss	\$ 1,607	\$ 645

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

The Group's sensitivity to the USD increased during the current year mainly due to the increase in USD denominated net assets.

b) Interest rate risk

The Group was exposed to interest rate risk because its bank deposits, loans and lease liabilities 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:

	<u>December 31</u>	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 573,104	\$ 517,868
Financial liabilities	81,660	61,689
Cash flow interest rate risk		
Financial assets	289,125	225,550
Financial liabilities	79,473	96,832

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 assets and 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, 2024 and 2023 would have increased by \$524 thousand and \$322 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and bank borrowings.

The increase in the Group's sensitivity to interest rates during the current period is mainly due to the increase in net assets with floating interest rates.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a 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, 2024 and 2023.

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, 2024

	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	5-10 Years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 78,098	\$ -	\$ -	\$ -
Non-interest bearing liabilities	163,940	16,649	538	-
Lease liabilities	1,393	1,093	1,330	-
Long-term borrowings	<u>4,798</u>	<u>14,395</u>	<u>63,976</u>	<u>-</u>
	<u>\$ 248,229</u>	<u>\$ 32,137</u>	<u>\$ 65,844</u>	<u>\$ -</u>

December 31, 2023

	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	5-10 Years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 60,086	\$ -	\$ -	\$ -
Non-interest bearing liabilities	119,407	25,195	519	-
Lease liabilities	272	1,464	-	-
Long-term borrowings	<u>4,783</u>	<u>14,348</u>	<u>76,525</u>	<u>6,377</u>
	<u>\$ 184,548</u>	<u>\$ 41,007</u>	<u>\$ 77,044</u>	<u>\$ 6,377</u>

b) Financing facilities

	December 31	
	2024	2023
Unsecured loans, reviewed annually and payable on demand:		
Amount used	\$ 78,030	\$ 59,978
Amount unused	<u>317,606</u>	<u>280,662</u>
	<u>\$ 395,636</u>	<u>\$ 340,640</u>
Secured loans:		
Amount used	\$ 79,473	\$ 96,832
Amount unused	<u>150,000</u>	<u>150,000</u>
	<u>\$ 229,473</u>	<u>\$ 246,832</u>

27. 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

<u>Related Party Name</u>	<u>Related Party Category</u>
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

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Others - substantive related parties	<u>\$ 67,222</u>	<u>\$ 42,354</u>

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	
	2024	2023
Others - substantive related parties	<u>\$ 14,974</u>	<u>\$ 11,004</u>

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 90 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. Contract liabilities

Related Party Category/Name	December 31	
	2024	2023
Others - substantive related parties	<u>\$ 62</u>	<u>\$ -</u>

e. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade receivables	Others - substantive related parties	<u>\$ 12,607</u>	<u>\$ 4,679</u>

The outstanding trade receivables from related parties were unsecured. As of December 31, 2024 and 2023, all receivables from related parties were not past due. For the years ended December 31, 2024 and 2023, no impairment loss was recognized for trade receivables from related parties.

f. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade payables	Others - substantive related parties	<u>\$ 1,926</u>	<u>\$ 1,191</u>

The outstanding trade payables to related parties are unsecured.

g. Other transactions with related parties

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
<u>Other income</u>		
Others - substantive related parties	<u>\$ 462</u>	<u>\$ -</u>

h. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 34,150	\$ 32,469
Post-employment benefits	<u>1,509</u>	<u>1,319</u>
	<u>\$ 35,659</u>	<u>\$ 33,788</u>

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

28. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for bank loans and the deposit for government grants:

	December 31	
	2024	2023
Freehold land	\$ 235,761	\$ 235,761
Buildings, net	189,652	197,081
Restricted certificates of deposit (recognized as financial assets at amortised cost - current)	<u>560</u>	<u>560</u>
	<u>\$ 425,973</u>	<u>\$ 433,402</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant unrecognized commitments of the Group at December 31, 2024 and 2023 were as follows:

Unrecognized commitments were as follows:

	December 31	
	2024	2023
Acquisition of property, plant and equipment	<u>\$ 3,615</u>	<u>\$ 13,649</u>

30. 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 of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,374	32.79 (USD:NTD)	\$ 45,063
USD	3,474	7.32 (USD:RMB)	113,898
USD	272	16,392.50 (USD:IDR)	<u>8,918</u>
			<u>\$ 167,879</u>
<u>Financial liabilities</u>			
Monetary items			
USD	11	7.32 (USD:RMB)	\$ 355
USD	172	16,392.50 (USD:IDR)	5,649
USD	35	156.19 (USD:JPY)	<u>1,140</u>
			<u>\$ 7,144</u>

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 624	30.71 (USD:NTD)	\$ 19,171
USD	1,773	7.10 (USD:RMB)	54,438
USD	3	15,352.50 (USD:IDR)	<u>96</u>
			<u>\$ 73,705</u>
<u>Financial liabilities</u>			
Monetary items			
USD	11	7.10 (USD:RMB)	\$ 338
USD	236	15,352.50 (USD:IDR)	7,235
USD	54	141.37 (USD:JPY)	<u>1,662</u>
			<u>\$ 9,235</u>

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains were \$6,863 thousand and \$2,701 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.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (none)
- 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 (Table 2)
- 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)

32. SEGMENT INFORMATION

- a. Segment revenue and results

The bakeware and food ingredients segment include a number of sales operations in various countries each of which is considered a separate operating segment by the chief operating decision maker. 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 its major products and services:

	For the Year Ended December 31	
	2024	2023
Sales of bakeware	\$ 1,997,693	\$ 1,874,113
Sales of food ingredients	<u>41,729</u>	<u>31,726</u>
	<u>\$ 2,039,422</u>	<u>\$ 1,905,839</u>

c. Geographical information

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

The Group's revenue 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	
	2024	2023	2024	2023
Taiwan	\$ 300,476	\$ 318,529	\$ 436,436	\$ 441,331
Mainland China	1,591,405	1,470,131	421,622	421,284
Japan	116,282	81,855	3,041	3,349
Others	<u>31,259</u>	<u>35,324</u>	<u>38,080</u>	<u>406</u>
	<u>\$ 2,039,422</u>	<u>\$ 1,905,839</u>	<u>\$ 899,179</u>	<u>\$ 866,370</u>

Non-current assets exclude financial assets at amortized cost, deferred tax assets and refundable deposits.

d. Information about major customers

No single customer contributed 10% or more to the Group's revenue for both 2024 and 2023.

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2024

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	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	\$ 48,277 (JPY 230,000)	\$ 24,139 (JPY 115,000)	\$ 24,139 (JPY 115,000)	Charged at an monthly interest rate of 1.0% of annual interest rate	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 714,729	\$ 714,729	-
		San Neng Indonesia Bakeware Corporation	Other receivables from related parties	Yes	49,178 (US\$ 1,500)	49,178 (US\$ 1,500)	5,901 (US\$ 180)	Annual interest rate of 6.5%	Short-term financing	-	Working capital	-	-	-	714,729	714,729	-

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, ending balance and actual borrowed amount converted at the spot exchange rate on the balance sheet date.

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

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2024

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

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sanneng Bakeware (Wuxi) Co., Ltd.	Sanneng Bakeware (Guangzhou) Co., Ltd.	Investee accounted for using the equity method	(Sales)	\$ (196,533)	(13)	30 days	Note 1	Note 2	\$ 18,725	11	Note 4
Sanneng Bakeware (Guangzhou) Co., Ltd.	Sanneng Bakeware (Wuxi) Co., Ltd.	Parent company of investee accounted for using the equity method	Purchase	196,533	99	30 days	Note 1	Note 3	(18,725)	(97)	Note 4

Note 1: The sales and purchase prices to third parties and related parties were determined in accordance with mutual agreements.

Note 2: The collection terms from third parties were cash on delivery or 30 days to 180 days.

Note 3: The payment terms to third parties were paid after receiving the invoice.

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

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(In Thousands of New Taiwan Dollars and foreign currency, 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	\$ 24,139	Short-term financing	1	
		East Gain Investment Limited	a.	Investments accounted for using equity method	(JPY 115,000) 58,491	Issuance of ordinary shares for cash	3	
1	East Gain Investment Limited	PT. San Neng Asia Industry Indonesia	c.	Investments accounted for using equity method	58,482	Issuance of ordinary shares for cash	2	
		San Neng Group Holdings Co., Ltd.	b.	Retained earnings	203,490 (RMB 45,000)	Surplus repatriation	9	
2	San Neng Limited	East Gain Investment Limited	c.	Retained earnings	203,490 (RMB 45,000)	Surplus repatriation	9	
3	Sanneng Bakeware Corporation	Sanneng Bakeware (Wuxi) Co., Ltd.	c.	Sales	18,047	Mutual agreements, B/L 90 days	1	
		San Neng Japan Bake Ware Corporation	c.	Sales	25,624	Mutual agreements, B/L 90 days	1	
4	Sanneng Bakeware (Wuxi) Co., Ltd.	San Neng Limited	c.	Retained earnings	224,200 (RMB 50,000)	Surplus repatriation	10	
		Wuxi Squires Kitchen Trading Co., Ltd.	c.	Sales	76,994	Mutual agreements, 60 days	4	
					Trade receivables	25,910	-	1
		Sanneng Bakeware (Guangzhou) Co., Ltd.	c.	Sales	196,533	Mutual agreements, 30 days	10	
					Trade receivables	18,725	-	1
		San Neng Bakeware Corporation	c.	Sales	18,572	Mutual agreements, B/L 90 days	1	
5	Zinneng Bakeware (Wuxi) Co., Ltd.	PT. San Neng Bakeware Indonesia	c.	Sales	14,532	Mutual agreements, B/L 90 days	1	
		Sanneng Bakeware (Wuxi) Co., Ltd.	c.	Sales	54,242	Mutual agreements, 30 days	3	
				Trade receivables	10,525	-	-	

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. and PT. Sanneng Asia Industry Indonesia are mainly engaged in production and sales of bakeware. Wuxi Squires Kitchen Trading Co., Ltd. is mainly engaged in the sale of bakeware, food ingredients, packaging materials and cake decorations. Sanneng Bakeware (Guangzhou) Co., Ltd. is mainly engaged in the sale of bakeware, food ingredients and packaging materials.

Note 1: Three types of transactions with relationship:

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

(Continued)

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.

Note 4: This appendix demonstrates that the amount of important transactions exceeds NT\$10,000 thousand or more.

(Concluded)

SAN NENG GROUP HOLDINGS CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(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, 2024			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
San Neng Group Holdings Co., Ltd.	East Gain Investment Limited	Samoa	Holding company	\$ 93,367	\$ 34,876	3,941,000	100	\$ 1,790,482	\$ 230,704	\$ 230,704	Notes 1 and 2
East Gain Investment Limited	San Neng Limited	Hong Kong	Holding company	-	-	-	100	1,266,654	232,488	232,488	Notes 1 and 2
	Sanneng Bakeware Corporation	Taiwan	Research and development, production and sales of bakeware	365,000	365,000	14,600,000	100	463,930	4,078	3,535	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	(2,733)	5,301	5,268	Notes 1, 2 and 3
	PT. San Neng Bakeware Indonesia	Indonesia	Sales of bakeware	75,458	75,458	2,500,000	100	10,445	(5,636)	(5,636)	Notes 1 and 2
	PT. Sanneng Asia Industry Indonesia	Indonesia	Production and sales of bakeware	58,482	-	1,800,000	100	52,053	(4,946)	(4,946)	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, 2024**

(In Thousands of New Taiwan Dollars and foreign currencies, 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, 2024	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2(b)2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Sanneng Bakeware (Wuxi) Co., Ltd.	Research and development, production and sales of bakeware	\$ 541,062 (US\$ 17,300)	Note 1 (b)	\$ -	\$ -	\$ -	\$ -	\$ 255,289	100.00	\$ 254,414	\$ 1,302,359	\$ 1,719,141 (RMB 385,837)	Notes 3 and 4
Wuxi Squires Kitchen Trading Co., Ltd.	Sale of bakeware, food ingredients, packaging materials and cake decorations	32,748 (RMB 7,490)	Note 1 (c)	-	-	-	-	2,767	52.48	1,452	1,403	-	Note 4
Zinneng Bakeware (Wuxi) Co., Ltd.	Production and sales of bakeware	13,563 (RMB 3,000)	Note 1 (c)	-	-	-	-	5,340	59.78	2,899	13,325	-	Notes 3 and 4
Sanneng Bakeware (Guangzhou) Co., Ltd.	Sale of bakeware, food ingredients and packaging material	121,632 (RMB 28,000)	Note 1 (c)	-	-	-	-	(3,938)	100.00	(3,938)	106,541	-	Note 4

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	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 1: 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 2: 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) Others.

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

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

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, 2024
(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.	Purchase	\$ 76,994	75	Mutual agreement	60 days	Note 1	\$ (25,910)	(90)	\$ -	Notes 2 and 18
	Purchase	18,572	14	Mutual agreement	B/L 90 days	Note 3	(3,492)	(11)	-	Notes 4 and 18
	Purchase	196,533	99	Mutual agreement	30 days	Note 5	(18,725)	(97)	-	Notes 6 and 18
	Purchase	14,532	84	Mutual agreement	B/L 90 days	Note 7	(4,918)	(88)	-	Notes 8 and 18
	(Sales)	(18,047)	(5)	Mutual agreement	B/L 90 days	Note 9	4,317	6	678	Notes 10 and 18
	(Sales)	(54,242)	(91)	Mutual agreement	30 days	Note 11	10,525	95	1,112	Notes 12 and 18
Wuxi Squires Kitchen Trading Co., Ltd.	(Sales)	(76,994)	(5)	Mutual agreement	60 days	Note 13	25,910	15	4,126	Notes 14 and 18
Sanneng Bakeware (Guangzhou) Co., Ltd.	(Sales)	(196,533)	(13)	Mutual agreement	30 days	Note 13	18,725	11	2,442	Notes 15 and 18
Zinneng Bakeware (Wuxi) Co., Ltd.	Purchase	54,242	8	Mutual agreement	30 days	Note 16	(10,525)	(10)	-	Notes 17 and 18

Note 1: 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 2: Wuxi Squires Kitchen Trading Co., Ltd. purchased from 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 after receiving the invoice.

Note 6: Sanneng Bakeware (Guangzhou) Co., Ltd. purchased from Sanneng Bakeware (Wuxi) Co., Ltd.

Note 7: The purchase prices from third parties were determined in accordance with mutual agreements, and the payment terms to third parties were payment within 30 days from receiving of invoice.

Note 8: PT. San Neng Bakeware Indonesia purchased from 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 receive payment in advance, cash on delivery or 15 days to 130 days.

Note 10: Sanneng Bakeware Corporation sold to Sanneng Bakeware (Wuxi) Co., Ltd.

(Continued)

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

Note 12: Zinneng Bakeware (Wuxi) Co., Ltd. provided product processing services to Sanneng Bakeware (Wuxi) Co., Ltd.

Note 13: 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 14: Sanneng Bakeware (Wuxi) Co., Ltd. sold to Wuxi Squires Kitchen Trading Co., Ltd.

Note 15: Sanneng Bakeware (Wuxi) Co., Ltd. sold to Sanneng Bakeware (Guangzhou) Co., Ltd.

Note 16: The purchase prices from third parties were determined in accordance with mutual agreements, and the payment terms to third parties were 30 days.

Note 17: Sanneng Bakeware (Wuxi) Co., Ltd. paid the processing fee to Zinneng Bakeware (Wuxi) Co., Ltd.

Note 18: 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.
7. This appendix demonstrates that the amount of important transactions exceeds NT\$10,000 thousand or more.

(Concluded)

TABLE 7**SAN NENG GROUP HOLDINGS CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Greater Win Holdings Limited	4,061,800	6.68
Jui Jung International Limited	3,603,200	5.93
Beauty Joy Holdings Limited	3,501,400	5.76
Great Flyer Offshore Limited	3,494,200	5.75

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 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.