

Sinmag Equipment Corporation

**Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinmag Equipment Corporation

Opinion

We have audited the accompanying financial statements of Sinmag Equipment Corporation (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter of the Company's financial statements for the year ended December 31, 2024 is stated as follows:

Due to Sinmag Equipment Corporation being a publicly listed company, it is anticipated that there is pressure on the management to achieve projected financial goals. Among these goals, revenue is considered a key indicator of profitability and operational performance. Additionally, revenue recognition inherently carries higher risks.

Occurrence of Sales Revenue from Major Customers

The Company has thousands of customers. The total revenue of major customers (excluding related parties) accounted for 33% of the total operating revenue. The sales revenue coming from some of the major customers have continued to grow, with a higher level of growth rate in operating revenue than the average level of changes in the Company's overall operating revenue, resulting in a significant impact on the financial performance of the Company. Therefore, we deemed the validity of the occurrence of sales revenue coming from the above customers a key audit matter.

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

In fiscal year 2024, the subsidiary's sales revenue saw a significant increase. Some of the major customers have a higher level of growth rate in operating revenue than the average level of changes in the Group's overall operating revenue, resulting in a significant impact on the financial performance of the Company. Therefore, we deemed the validity of the occurrence of sales revenue coming from the above customers a key audit matter.

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

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

1. We obtained an understanding of the design and implementation of the internal controls related to the recognition of sales revenue, and we designed the appropriate audit procedures of internal controls related to the occurrence of sales revenue and confirmed and evaluated the effectiveness of the design and implementation of the Subsidiaries' internal controls.
2. We selected samples of sales transactions, reviewed sales orders, bills of lading or signed documents, invoices and receipts, and confirmed confirm the occurrence of sales revenue.
3. We compared the changes in sales revenue, gross profit margin, trade receivables turnover days and credit conditions of the abovementioned major customers between the current and the previous year, and we evaluated the reasonableness of the changes.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2025

Notice to Readers

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

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

Sinmag Equipment Corporation

BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

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

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

Sinmag Equipment Corporation

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

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

(Continued)

Sinmag Equipment Corporation

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

	2024		2023	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 776,455	205	\$ 674,381	174
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(93,790)</u>	<u>(25)</u>	<u>(71,344)</u>	<u>(18)</u>
NET PROFIT FOR THE YEAR	<u>682,665</u>	<u>180</u>	<u>603,037</u>	<u>156</u>
OTHER COMPREHENSIVE INCOME/(LOSS) (Notes 4, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	-	-	(411)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>(2,941)</u>	<u>(1)</u>
	<u>-</u>	<u>-</u>	<u>(3,352)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	105,511	28	(38,826)	(10)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(21,102)</u>	<u>(6)</u>	<u>7,765</u>	<u>2</u>
	<u>84,409</u>	<u>22</u>	<u>(31,061)</u>	<u>(8)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>84,409</u>	<u>22</u>	<u>(34,413)</u>	<u>(9)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 767,074</u>	<u>202</u>	<u>\$ 568,624</u>	<u>147</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 13.59</u>		<u>\$ 12.01</u>	
Diluted	<u>\$ 13.56</u>		<u>\$ 11.98</u>	

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

(Concluded)

Sinmag Equipment Corporation

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

			Retained Earnings		Unappropriated Earnings	Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve			
BALANCE AT JANUARY 1, 2023	\$ 502,302	\$ 206,827	\$ 586,956	\$ 191,235	\$ 1,226,352	\$ (124,177)	\$ 2,589,495
Appropriation of 2022 earnings (Note 20)							
Reversal of special reserve	-	-	-	(67,058)	67,058	-	-
Cash dividends distributed by the Company	-	-	-	-	(301,381)	-	(301,381)
Net profit for the year ended December 31, 2023	-	-	-	-	603,037	-	603,037
Other comprehensive loss for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,352)</u>	<u>(31,061)</u>	<u>(34,413)</u>
Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,685</u>	<u>(31,061)</u>	<u>568,624</u>
BALANCE AT DECEMBER 31, 2023	502,302	206,827	586,956	124,177	1,591,714	(155,238)	2,856,738
Appropriation of 2023 earnings (Note 20)							
Special reserve	-	-	-	31,061	(31,061)	-	-
Cash dividends distributed by the Company	-	-	-	-	(452,072)	-	(452,072)
Net profit for the year ended December 31, 2024	-	-	-	-	682,665	-	682,665
Other comprehensive income for the year ended December 31, 2024, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,409</u>	<u>84,409</u>
Total comprehensive income for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682,665</u>	<u>84,409</u>	<u>767,074</u>
BALANCE AT DECEMBER 31, 2024	<u>\$ 502,302</u>	<u>\$ 206,827</u>	<u>\$ 586,956</u>	<u>\$ 155,238</u>	<u>\$ 1,791,246</u>	<u>\$ (70,829)</u>	<u>\$ 3,171,740</u>

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

Sinmag Equipment Corporation

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

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

(Continued)

Sinmag Equipment Corporation

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

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

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

(Concluded)

Sinmag Equipment Corporation

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

1. GENERAL INFORMATION

Sinmag Equipment Corporation (the “Company”) was incorporated in the Republic of China (ROC) in September 1983, and the paid-in capital was \$502,302 thousand as of December 31, 2024. The Company is primarily engaged in the following businesses:

- a. Wholesale of machinery;
- b. Retail sale of machinery and equipment;
- c. Machinery and equipment manufacturing;
- d. International trade; and
- e. All businesses that are not prohibited or restricted by law, except those that are subject to special approval.

The Company’s shares have been listed on mainboard of the Taipei Exchange (TPEX) since December 2007.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 11, 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 Company’s accounting policies.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
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 Company 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 financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company'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 Company 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 Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company 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 Company as a whole, the Company 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 financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended standards and interpretations on the Company’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 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 financial statements shall prevail.

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

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 Company 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. Foreign currencies

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

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

Non-monetary items 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 financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional 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.

e. 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.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of the equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

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.

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

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

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

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 Company 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 any 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are also allocated to the smallest group of 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 Company 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 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, receivable (including related parties and excluding tax refund 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.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company 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 Company 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 Company considers that the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. Financial asset's aging is more than 210 days unless the Company 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 Company 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. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

l. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of bakery equipment. Sales of bakery equipment 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 Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the maintenance services of equipment.

As the Company provides maintenance services, customers simultaneously receive and consume the benefits provided by the Company's performance. Consequently, the related revenue is recognized when services are rendered.

m. Leasing

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

The Company as lessee

The Company 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 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.

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 Company uses the lessee's incremental borrowing rate.

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 Company 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 balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax 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 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 ventures, except where the Company 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 only recognized 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 they 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 Company 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 Company'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 Company considers the possible impact of 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.

The management evaluated that major accounting policies, estimates and basic assumptions applied by the Company had no significant uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 134	\$ 153
Checking accounts	760	824
Demand deposits	64,773	74,772
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>111,000</u>	<u>81,800</u>
	<u>\$ 176,667</u>	<u>\$ 157,549</u>

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

	December 31	
	2024	2023
Bank balance (including time deposits)	0.03%-1.37%	0.001%-1.45%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Non-current</u>		
Restricted assets - time deposits with original maturities of more than 3 months	<u>\$ 50</u>	<u>\$ 50</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.70% and 1.575% per annum as of December 31, 2024 and 2023, respectively.
- b. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- c. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Financial Assets at Amortized Cost

	December 31	
	2024	2023
Gross carrying amount	\$ 50	\$ 50
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 50</u>	<u>\$ 50</u>

The Company only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2024 and 2023, the Company evaluated the expected credit loss rates of its debt instrument investments as 0%.

9. NOTES RECEIVABLE, TRADE RECEIVABLES, OVERDUE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2024	2023
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,016	\$ 6,750
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 1,016</u>	<u>\$ 6,750</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 20,739	\$ 34,266
Less: Allowance for impairment loss	<u>(531)</u>	<u>(1,362)</u>
	<u>\$ 20,208</u>	<u>\$ 32,904</u>
<u>Overdue receivables</u>		
At amortized cost		
Gross carrying amount	\$ 11	\$ 21
Less: Allowance for impairment loss	<u>(11)</u>	<u>(21)</u>
	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>		
Tax refund receivables	\$ 249	\$ -
Interest receivables	95	113
Others	<u>555</u>	<u>542</u>
	<u>\$ 899</u>	<u>\$ 655</u>

a. Notes receivable

The average credit period for notes receivable is 60-120 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company 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 Company's credit risk was significantly reduced.

The Company measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2024 and 2023, the rate of expected credit loss of notes receivable was 0%.

The overdue aging analysis of the Company's notes receivable is as follows:

	December 31	
	2024	2023
Not past due	<u>\$ 1,016</u>	<u>\$ 6,750</u>

b. Trade receivables

The average credit period of sales of goods was 90 days. No interest was charged on trade receivables that were past due. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company 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 Company's credit risk was significantly reduced.

The Company 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 by reference to past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As the Company'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 days from the invoice date is not further distinguished according to the Company's different customer base.

The Company 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 Company 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 Company's provision matrix.

December 31, 2024

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	Over 241 Days	Total
Expected credit loss rate	2.54%	2.68%	3.75%	-	-	
Gross carrying amount	\$ 18,502	\$ 2,104	\$ 133	\$ -	\$ -	\$ 20,739
Loss allowance (Lifetime ECLs)	<u>(470)</u>	<u>(56)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(531)</u>
Amortized cost	<u>\$ 18,032</u>	<u>\$ 2,048</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,208</u>

December 31, 2023

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	Over 241 Days	Total
Expected credit loss rate	3.15%	6.66%	20.89%	92.39%	100%	
Gross carrying amount	\$ 27,746	\$ 6,273	\$ 225	\$ 9	\$ 13	\$ 34,266
Loss allowance (Lifetime ECLs)	<u>(876)</u>	<u>(418)</u>	<u>(47)</u>	<u>(8)</u>	<u>(13)</u>	<u>(1,362)</u>
Amortized cost	<u>\$ 26,870</u>	<u>\$ 5,855</u>	<u>\$ 178</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 32,904</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 1,362	\$ 1,362
Less: Net remeasurement of loss allowance	<u>(831)</u>	<u>-</u>
Balance at December 31	<u>\$ 531</u>	<u>\$ 1,362</u>

c. Overdue receivables

The Company measures the loss allowance for overdue receivables at an amount equal to lifetime ECLs. The expected credit losses on overdue receivable are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2024 and 2023, the rate of expected credit loss of overdue receivables was 100%.

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

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 21	\$ 2,710
Less: Net remeasurement of loss allowance	(10)	(2,618)
Less: Amounts written off	<u>-</u>	<u>(71)</u>
Balance at December 31	<u>\$ 11</u>	<u>\$ 21</u>

d. Other receivables

Other receivables consist of tax refund receivables, Interest receivables, advances to employees, etc. The Company 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 Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company considers the current financial condition of debtors in order to assess, whether there has been a significant increase in credit risk on other receivables since initial recognition and measures the expected credit loss. As of December 31, 2024 and 2023, the rate of expected credit loss of other receivables was 0%.

10. INVENTORIES

	December 31	
	2024	2023
Merchandise	\$ 9,511	\$ 5,546
Finished goods	11,386	20,301
Work in progress	17,580	14,661
Raw materials	20,011	23,401
Inventory in transit	<u>1,349</u>	<u>1,152</u>
	<u>\$ 59,837</u>	<u>\$ 65,061</u>

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

	For the Year Ended December 31	
	2024	2023
Cost of inventories sold	\$ 292,220	\$ 285,700
Inventory write-downs	5,024	2,358
Unallocated production overhead	<u>47</u>	<u>233</u>
	<u>\$ 297,291</u>	<u>\$ 288,291</u>

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2024	2023
Lucky Union Limited	<u>\$ 3,009,309</u>	<u>\$ 2,712,589</u>
	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	2024	2023
Lucky Union Limited	100.00%	100.00%

Refer to Tables 6 and 7 for the details of the subsidiaries indirectly held by the Company.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property Under Construction (Notes 16 and 25)	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 71,915	\$ 50,586	\$ 15,041	\$ -	\$ 1,507	\$ 13,861	\$ 152,910
Additions	-	4,919	675	-	284	2,700	8,578
Disposals	-	(956)	(6,476)	-	(216)	-	(7,648)
Reclassification (Note)	-	2,800	-	-	-	-	2,800
Balance at December 31, 2024	<u>\$ 71,915</u>	<u>\$ 57,349</u>	<u>\$ 9,240</u>	<u>\$ -</u>	<u>\$ 1,575</u>	<u>\$ 16,561</u>	<u>\$ 156,640</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ -	\$ 24,297	\$ 13,117	\$ -	\$ 527	\$ -	\$ 37,941
Disposals	-	(956)	(6,415)	-	(216)	-	(7,587)
Depreciation expense	-	1,980	458	-	273	-	2,711
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 25,321</u>	<u>\$ 7,160</u>	<u>\$ -</u>	<u>\$ 584</u>	<u>\$ -</u>	<u>\$ 33,065</u>
Carrying amount at December 31, 2024	<u>\$ 71,915</u>	<u>\$ 32,028</u>	<u>\$ 2,080</u>	<u>\$ -</u>	<u>\$ 991</u>	<u>\$ 16,561</u>	<u>\$ 123,575</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 71,915	\$ 48,053	\$ 19,663	\$ 428	\$ 2,474	\$ 10,119	\$ 152,652
Additions	-	933	403	-	455	3,742	5,533
Disposals	-	-	(5,325)	(428)	(1,422)	-	(7,175)
Reclassification (Note)	-	1,600	300	-	-	-	1,900
Balance at December 31, 2023	<u>\$ 71,915</u>	<u>\$ 50,586</u>	<u>\$ 15,041</u>	<u>\$ -</u>	<u>\$ 1,507</u>	<u>\$ 13,861</u>	<u>\$ 152,910</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 22,441	\$ 17,195	\$ 428	\$ 1,673	\$ -	\$ 41,737
Disposals	-	-	(5,325)	(428)	(1,422)	-	(7,175)
Depreciation expense	-	1,856	1,247	-	276	-	3,379
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 24,297</u>	<u>\$ 13,117</u>	<u>\$ -</u>	<u>\$ 527</u>	<u>\$ -</u>	<u>\$ 37,941</u>
Carrying amount at December 31, 2023	<u>\$ 71,915</u>	<u>\$ 26,289</u>	<u>\$ 1,924</u>	<u>\$ -</u>	<u>\$ 980</u>	<u>\$ 13,861</u>	<u>\$ 114,969</u>

Note: Reclassified from other non-current assets - prepayments for equipment and inventories to property, plant and equipment.

The property, plant and equipment used by the Company are not leased under operating leases.

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

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	20-39 years
Others	10-15 years
Machinery and equipment	8 years
Transportation equipment	5 years
Office equipment	5 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 29.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
<u>Carrying amount</u>		
Buildings	\$ <u>562</u>	\$ <u>959</u>
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>1,191</u>
<u>Depreciation charge for right-of-use assets</u>		
Buildings	\$ <u>397</u>	\$ <u>390</u>

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	\$ <u>401</u>	\$ <u>394</u>
Non-current	\$ <u>169</u>	\$ <u>570</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Buildings	1.65%	1.65%

c. Material lease-in activities and terms

The Company leases buildings for the use of offices with lease term of 3 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company 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>157</u>	\$ <u>178</u>
Expenses relating to low-value asset leases	\$ <u>252</u>	\$ <u>245</u>
Total cash outflow for leases	\$ <u>(829)</u>	\$ <u>(821)</u>

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

14. INTANGIBLE ASSETS

Computer Software

Cost

Balance at January 1, 2024	\$ 83
Additions	<u>-</u>

Balance at December 31, 2024	<u>\$ 83</u>
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Accumulated amortization and impairment

Balance at January 1, 2024	\$ 52
Amortization expense	<u>17</u>

Balance at December 31, 2024	<u>\$ 69</u>
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Carrying amount at December 31, 2024	<u>\$ 14</u>
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Cost

Balance at January 1, 2023	\$ 1,760
Additions	-
Disposal	<u>(1,677)</u>

Balance at December 31, 2023	<u>\$ 83</u>
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Accumulated amortization and impairment

Balance at January 1, 2023	\$ 1,712
Amortization expense	17
Disposal	<u>(1,677)</u>

Balance at December 31, 2023	<u>\$ 52</u>
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Carrying amount at December 31, 2023	<u>\$ 31</u>
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Computer software is amortized on a straight-line basis over its estimated useful life of 5 years.

15. OTHER ASSETS

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>

Current

Other prepayments		
Prepaid expenses	<u>\$ 1,844</u>	<u>\$ 1,208</u>

(Continued)

	December 31	
	2024	2023
<u>Non-current</u>		
Other assets		
Refundable deposits (Note)	\$ 464	\$ 306
Prepayments for equipment	<u>-</u>	<u>2,800</u>
	<u>\$ 464</u>	<u>\$ 3,106</u>
		(Concluded)

Note: The Company considers the historical default rates of each credit rating supplied by external rating agencies and the current financial condition of debtors to estimate 12-month or lifetime expected credit losses. As of December 31, 2024 and 2023, the Company evaluated the expected credit loss rates of its refundable deposits as 0%.

16. BORROWINGS

Long-term Borrowings

	December 31	
	2024	2023
<u>Secured borrowings (Note 29)</u>		
Long-term borrowings - Urban regeneration (Note 25)	\$ 16,561	\$ 13,861
Less: Current portion	<u>(16,561)</u>	<u>-</u>
Long-term borrowings	<u>\$ -</u>	<u>\$ 13,861</u>

The Company participated in the “Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Urban Renewal Plan” (the “Plan”). The Plan, which was implemented by the original landowner and legal building owner with “Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Association” (the “Association”), was approved by the municipal authority. To assure that the Plan would be carried out as expected, the Association signed the property trust contract with the Trust Department of Hua Nan Commercial Bank (Notes 25 and 29), and the Association applied the property financing arrangement to Hua Nan Commercial Bank which states that the borrowings are managed by the trust account of Hua Nan Commercial Bank. Upon completion of the project, the expense accrued from the project will be allocated proportionately to the original landowner and legal building owner based on the value of the property rights. As of December 31, 2024 and 2023, the expense allocated to the Company was \$16,561 thousand and \$13,861 thousand, and the borrowing rate was 2.83%-2.955% and 2.705%-2.83%, respectively.

17. OTHER PAYABLES

	December 31	
	2024	2023
Payables for salaries or bonuses	\$ 39,736	\$ 38,590
Payables for professional service fees	1,686	1,745
Payables for business tax	-	20
Others	<u>9,334</u>	<u>9,399</u>
	<u>\$ 50,756</u>	<u>\$ 49,754</u>

18. PROVISIONS

	December 31	
	2024	2023
<u>Current</u>		
Warranties	<u>\$ 131</u>	<u>\$ 131</u>
	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 131	\$ 131
Additional provisions recognized	91	85
Amount used	<u>(91)</u>	<u>(85)</u>
Balance at December 31	<u>\$ 131</u>	<u>\$ 131</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties in sale of goods contracts. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company 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.

b. Defined benefit plans

In March 2023, the Company, in accordance with the Labor Standards Act and the LPA, reached a consensus on closing the tenure record in the defined benefit plans with the employees. In May 2023, the account cancellation, in accordance with the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds, was approved by the New Taipei City Government with Letter No. 1120765206, and the remaining \$4,899 thousand in the labor pension reserve account was collected in June 2023.

Movements in net defined benefit assets for the year 2023 were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2023	\$ 32,381	\$ (38,535)	\$ (6,154)
Net interest expense (income)	243	(289)	(46)
Loss on settlements	890	-	890
Recognized in profit or loss	1,133	(289)	844
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(224)	(224)
Actuarial loss - experience adjustments	635	-	635
Recognized in other comprehensive income	635	(224)	411
Benefits paid	(30,071)	30,071	-
Liabilities extinguished on settlement	(4,078)	4,078	-
Refund of overfunding	-	4,899	4,899
Balance at December 31, 2023	\$ -	\$ -	\$ -

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2024	2023
Number of shares authorized (in thousands)	60,000	60,000
Shares authorized	\$ 600,000	\$ 600,000
Number of shares issued and fully paid (in thousands)	50,230	50,230
Shares issued	\$ 502,302	\$ 502,302

The Company reserved 2,100 thousand ordinary shares authorized for employee share options.

b. Capital surplus

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	\$ 74,811	\$ 74,811
Arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	927	927
	75,738	75,738
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	131,089	131,089
	\$ 206,827	\$ 206,827

- 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 arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit after considering taxes expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including the adjustment of unappropriated profit), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with beginning undistributed retained earnings (including the adjustment of unappropriated profit) shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

In the event of a shortfall in "cumulative net increases in fair value measurement of investment properties from the prior period" and "cumulative net debit balance reserves from the prior period" when the Company sets aside a portion of distributable earnings for special reserve, it shall first set aside an equal amount of special reserve from undistributed earnings from the previous period. If any shortfall remains, the Company shall make an allocation from the undistributed earnings of the current period that also take account of net profit plus other items of the current period.

In accordance with Article 240 of the Company Law or Article 241 of the Company Law, if the Company used dividend bonus, legal reserve, capital surplus to distribute as cash dividends, the board of directors shall be authorized to resolve the proposal by the vote of at least half of the directors present, provided the number of directors present shall be at least two-thirds of the entire board of directors, and report the distribution to the shareholders' meeting.

As the Company is in the growing stage, in determining the Company's dividend distribution policy, the Company's board of directors considers the current and future investment environment, capital needs for future expansions, domestic and international competition and capital budget, and also takes into account shareholder's benefits and the balance between dividend distributions and the Company's long-term financial plans. A dividend distribution plan is proposed annually by the board of directors and passed for resolution in the shareholders' meeting.

The Company shall, considering financial, operational and managerial factors, distribute no less than 20% of unappropriated earnings to shareholders as dividends and bonuses, in the form of cash or share dividends, whilst cash dividends should not be lower than 20% of total bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 22(g).

Under Article 237 of the Company Law, an appropriation of 10% of the amount of net income plus the items other than net income are included in the unappropriated earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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
Drawdown (reversal) of the special reserve	\$ <u>31,061</u>	\$ <u>(67,058)</u>
Cash dividends	\$ <u>452,072</u>	\$ <u>301,381</u>
Cash dividends per share (NT\$)	\$ 9	\$ 6

The above appropriations for cash dividends were resolved by the Company's board of directors on March 13, 2024 and March 27, 2023, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 21, 2024 and June 19, 2023, respectively.

The appropriation of earnings for 2024, was proposed by the Company's board of directors on March 11, 2025. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2024
Reversal of the special reserve	\$ <u>(84,409)</u>
Cash dividends	\$ <u>452,072</u>
Cash dividends per share (NT\$)	\$ 9

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 6, 2025.

d. Special reserve

	December 31	
	2024	2023
Appropriation in respect of:		
Debit to other equity items	\$ 100,905	\$ 69,844
First-time adoption of IFRSs	<u>54,333</u>	<u>54,333</u>
	<u>\$ 155,238</u>	<u>\$ 124,177</u>

e. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ <u>(155,238)</u>	\$ <u>(124,177)</u>
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	105,511	(38,826)
Related income tax	<u>(21,102)</u>	<u>7,765</u>
Other comprehensive income recognized for the year	<u>84,409</u>	<u>(31,061)</u>
Balance at December 31	<u>\$ (70,829)</u>	<u>\$ (155,238)</u>

21. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 356,775	\$ 363,633
Revenue from the rendering of services	<u>23,180</u>	<u>23,452</u>
	<u>\$ 379,955</u>	<u>\$ 387,085</u>

a. Contract information

1) Revenue from the sale of goods

The main operating revenue of the Company was from sales of bakery equipment. Goods are sold at their respective fixed amounts as agreed in the contracts.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing the maintenance services of equipment.

b. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable (Note 9)	\$ 1,016	\$ 6,750	\$ 7,654
Trade receivables (Note 9)	20,208	32,904	36,112
Trade receivables from related parties (Note 28)	<u>29,118</u>	<u>8,769</u>	<u>6,154</u>
	<u>\$ 50,342</u>	<u>\$ 48,423</u>	<u>\$ 49,920</u>
Contract liabilities			
Sale of goods	<u>\$ 7,851</u>	<u>\$ 2,585</u>	<u>\$ 4,681</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2024	2023
<u>From contract liabilities at the start of the year</u>		
Sale of goods	<u>\$ 1,465</u>	<u>\$ 4,681</u>

c. Disaggregation of revenue

	Manufacturing and Selling of Bakery Equipment Segment	
	2024	2023
Type of goods or services		
Sale of goods	\$ 356,775	\$ 363,633
Rendering of services	<u>23,180</u>	<u>23,452</u>
	<u>\$ 379,955</u>	<u>\$ 387,085</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ 3,736	\$ 3,290
Financing provided to others (Note 28)	<u>-</u>	<u>16</u>
	<u>\$ 3,736</u>	<u>\$ 3,306</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Income from government subsidies	\$ 9	\$ 23
Others	<u>277</u>	<u>785</u>
	<u>\$ 286</u>	<u>\$ 808</u>

c. Other gains and (losses)

	For the Year Ended December 31	
	2024	2023
Gain on disposal of property, plant and equipment	\$ 46	\$ -
Net foreign exchange gains/(losses)	2,522	(2,872)
Others	<u>(16)</u>	<u>(3,896)</u>
	<u>\$ 2,552</u>	<u>\$ (6,768)</u>

d. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on bank loans	\$ 457	\$ 439
Interest on lease liabilities	12	10
Less: Capitalized interest amount	<u>(447)</u>	<u>(298)</u>
	<u>\$ 22</u>	<u>\$ 151</u>

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2024	2023
Capitalized interest amount	\$ 447	\$ 298
Capitalization rate	2.83%-2.955%	2.705%-2.83%

e. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 1,190	\$ 1,891
Operating expenses	<u>1,918</u>	<u>1,878</u>
	<u>\$ 3,108</u>	<u>\$ 3,769</u>
An analysis of amortization by function		
Selling and marketing expenses	\$ 15	\$ 15
General and administrative expenses	<u>2</u>	<u>2</u>
	<u>\$ 17</u>	<u>\$ 17</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Short-term benefits	\$ 108,101	\$ 107,252
Post-employment benefits		
Defined contribution plans	3,526	3,567
Defined benefit plans (Note 19)	<u>-</u>	<u>844</u>
	<u>3,526</u>	<u>4,411</u>
Total employee benefits expense	<u>\$ 111,627</u>	<u>\$ 111,663</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 35,710	\$ 37,779
Operating expenses	<u>75,917</u>	<u>73,884</u>
	<u>\$ 111,627</u>	<u>\$ 111,663</u>

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues 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 the remuneration of directors. The compensation of employees and the 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 11, 2025, and March 13, 2024, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	2.03%	2.24%
Remuneration of directors	1.38%	1.38%

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Compensation of employees	\$ 16,282	\$ 15,687
Remuneration of directors	11,098	9,683

If there is a change in the amounts after the annual 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 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 in 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	\$ 6,312	\$ 10,456
Foreign exchange losses	<u>(3,790)</u>	<u>(13,328)</u>
Net foreign exchange gains/(losses)	<u>\$ 2,522</u>	<u>\$ (2,872)</u>

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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	\$ 131,314	\$ 95,891
Income tax on unappropriated earnings	5,828	5,389
Adjustments for prior years	6,873	(9,107)
Withholding tax credits from overseas profits of the current year	<u>(67,452)</u>	<u>(44,187)</u>
	<u>76,563</u>	<u>47,986</u>
Deferred tax		
In respect of the current year	<u>17,227</u>	<u>23,358</u>
Income tax expense recognized in profit or loss	<u>\$ 93,790</u>	<u>\$ 71,344</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>\$ 776,455</u>	<u>\$ 674,381</u>
Income tax expense calculated at the statutory rate	\$ 155,291	\$ 134,876
Unrecognized deductible temporary differences - share of profit of subsidiaries accounted for equity method	(17,509)	(29,166)
Nondeductible expenses in determining taxable income	-	1,759
Tax effect of earnings of subsidiaries	10,759	11,780
Income tax on unappropriated earnings	5,828	5,389
Adjustments for prior years' tax	6,873	(9,107)
Withholding tax credits from overseas profits of the current year	<u>(67,452)</u>	<u>(44,187)</u>
Income tax expense recognized in profit or loss	<u>\$ 93,790</u>	<u>\$ 71,344</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
<u>Current tax</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	21,102	(7,765)
Remeasurement of defined benefit plans	<u>-</u>	<u>2,941</u>
Total income tax recognized in other comprehensive income	<u>\$ 21,102</u>	<u>\$ (4,824)</u>

c. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax liabilities		
Income tax payable	<u>\$ 23,871</u>	<u>\$ 56,932</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss on inventories	\$ 6,179	\$ 1,005	\$ -	\$ 7,184
Allowance for impairment loss	196	(170)	-	26
Unrealized gain on the transactions with subsidiaries	768	330	-	1,098
Exchange differences on translating the financial statements of foreign operations	23,589	-	(21,102)	2,487
Others	<u>256</u>	<u>(120)</u>	<u>-</u>	<u>136</u>
	<u>\$ 30,988</u>	<u>\$ 1,045</u>	<u>\$ (21,102)</u>	<u>\$ 10,931</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	\$ 116,455	\$ 18,331	\$ -	\$ 134,786
Others	<u>97</u>	<u>(59)</u>	<u>-</u>	<u>38</u>
	<u>\$ 116,552</u>	<u>\$ 18,272</u>	<u>\$ -</u>	<u>\$ 134,824</u>

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss on inventories	\$ 5,707	\$ 472	\$ -	\$ 6,179
Allowance for impairment loss	725	(529)	-	196
Unrealized gain on the transactions with subsidiaries	879	(111)	-	768
Exchange differences on translating the financial statements of foreign operations	15,824	-	7,765	23,589
Defined benefit obligations	2,941	-	(2,941)	-
Others	<u>144</u>	<u>112</u>	<u>-</u>	<u>256</u>
	<u>\$ 26,220</u>	<u>\$ (56)</u>	<u>\$ 4,824</u>	<u>\$ 30,988</u>

Deferred tax liabilities

Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	\$ 88,162	\$ 28,293	\$ -	\$ 116,455
Pensions	5,088	(5,088)	-	-
Others	<u>-</u>	<u>97</u>	<u>-</u>	<u>97</u>
	<u>\$ 93,250</u>	<u>\$ 23,302</u>	<u>\$ -</u>	<u>\$ 116,552</u>
				(Concluded)

- e. 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 \$1,132,902 thousand and \$1,045,357 thousand, respectively.

- f. Income tax assessments

The tax returns through 2022 have been assessed by the tax authorities, and there is no litigation or claim regarding tax assessments against the Company.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2024	2023
Basic earnings per share		
From continuing operations	<u>\$ 13.59</u>	<u>\$ 12.01</u>
Diluted earnings per share		
From continuing operations	<u>\$ 13.56</u>	<u>\$ 11.98</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

	For the Year Ended December 31	
	2024	2023
Profit for the year attributable to owners of the Company	\$ 682,665	\$ 603,037
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 682,665</u>	<u>\$ 603,037</u>

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	50,230	50,230
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>130</u>	<u>128</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>50,360</u>	<u>50,358</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is 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.

25. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing activities which were not reflected in the statements of cash flows for the years ended December 31, 2024 and 2023:

The Company proportioned and capitalized the construction fees from the urban regeneration project, which was conducted through the Association's application for construction loan to the Hua Nan Commercial Bank. As of December 31, 2024 and 2023, the amounts which were accounted as property under construction and long-term borrowings - Urban regeneration were \$16,561 thousand and \$13,861 thousand, respectively.

b. Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2024

	Opening Balance	Cash Flows		Non-cash Changes		Exchange Differences on Translating the Financial Statements	Closing Balance
		Increase in Principal (Repayment)	Finance Costs	Urban Regeneration /New Leases	Finance Costs		
Long-term borrowings and current portion of long-term borrowings	\$ 13,861	\$ -	\$ -	\$ 2,700	\$ -	\$ -	\$ 16,561
Lease liabilities	964	(394)	(12)	-	12	-	570
	<u>\$ 14,825</u>	<u>\$ (394)</u>	<u>\$ (12)</u>	<u>\$ 2,700</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 17,131</u>

For the year ended December 31, 2023

	Opening Balance	Cash Flows		Non-cash Changes		Exchange Differences on Translating the Financial Statements	Closing Balance
		Increase in Principal (Repayment)	Finance Costs	Urban Regeneration /New Leases	Finance Costs		
Short-term borrowings	\$ 76,500	\$ (76,500)	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	10,119	-	-	3,742	-	-	13,861
Lease liabilities	159	(386)	(10)	1,191	10	-	964
	<u>\$ 86,778</u>	<u>\$ (76,886)</u>	<u>\$ (10)</u>	<u>\$ 4,933</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 14,825</u>

26. CAPITAL MANAGEMENT

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

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

Key management personnel of the Company 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 Company 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.

27. FINANCIAL INSTRUMENTS

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

The management of the Company 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>		
Amortized cost (1)	\$ 228,173	\$ 206,983
<u>Financial liabilities</u>		
Amortized cost (2)	55,771	63,076

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables (including related parties) and other receivables (excluding tax refund receivables) and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise payables (including related parties, excluding payables for salaries or bonuses and payables for business tax), long-term borrowings and current portion of long-term borrowings.

c. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, notes receivable, trade receivables (including related parties) and other receivables (excluding tax refund receivables), debt instruments, payables (including related parties, excluding payables for salaries or bonuses and payables for business tax), long-term borrowings and lease liabilities. Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company'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 Company had foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk. The Company 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 Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Company was mainly exposed to the exchange movements in the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan Dollars (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 below indicates an increase in pre-tax profit and other equity associated with the New Taiwan Dollars weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan Dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2024	2023
Profit or loss	\$ 467	\$ 427

This was mainly attributable to the exposure outstanding on USD cash and cash equivalents, receivables and payables which were not hedged at the end of the reporting period.

The Company's sensitivity to the USD increased during the current year mainly due to a decrease in USD denominated payables.

b) Interest rate risk

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

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

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 111,050	\$ 81,850
Financial liabilities	570	964
Cash flow interest rate risk		
Financial assets	64,773	74,772
Financial liabilities	16,561	13,861

Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 point 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 Company's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$121 thousand and \$152 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposits.

The Company's sensitivity to interest rates decreased during the current period mainly due to the decrease in floating interest rate bank deposits.

2) Credit risk

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

The Company 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 Company 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 Company'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 Company's concentration of credit risk of 75% and 66% in total trade receivables as of December 31, 2024 and 2023, respectively, was related to the Company's ten largest customers.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Company had available unutilized short-term bank loan facilities set out in (b) below.

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

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company 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 this rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2024

	Within 3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	\$ 34,832	\$ 4,378	\$ -
Lease liabilities	102	305	169
Long-term borrowings	<u>16,596</u>	<u>-</u>	<u>-</u>
	<u>\$ 51,530</u>	<u>\$ 4,683</u>	<u>\$ 169</u>

December 31, 2023

	Within 3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	\$ 48,965	\$ 250	\$ -
Lease liabilities	102	305	576
Long-term borrowings	<u>-</u>	<u>-</u>	<u>13,861</u>
	<u>\$ 49,067</u>	<u>\$ 555</u>	<u>\$ 14,437</u>

b) Financing facilities

	December 31	
	2024	2023
Unsecured bank loan facilities, reviewed annually and payable on demand:		
Amount used	\$ -	\$ -
Amount unused	<u>321,963</u>	<u>316,167</u>
	<u>\$ 321,963</u>	<u>\$ 316,167</u>
Secured bank loan facilities:		
Amount used	\$ 16,561	\$ 13,861
Amount unused	<u>140,000</u>	<u>140,000</u>
	<u>\$ 156,561</u>	<u>\$ 153,861</u>

28. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Category</u>
Lucky Union Limited	Subsidiary
Sinmag Limited	Subsidiary
Sinmag Equipment (China) Co., Ltd.	Subsidiary
Sinmag Bakery Equipment Sdn. Bhd.	Subsidiary
Sinmag Equipment (Thailand) Co., Ltd.	Subsidiary
Sinmag Bakery Machine India Private Limited	Subsidiary
Tehmag Foods Corporation	Associate
San Neng Bakeware Corporation	Associate
New Order Enterprise Co., Ltd.	Associate

b. Sales of goods

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2024</u>	<u>2023</u>
Sales	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	\$ 123,853	\$ 50,200
	Others	<u>593</u>	<u>47</u>
		<u>124,446</u>	<u>50,247</u>
	Associates	<u>1,717</u>	<u>1,111</u>
		<u>\$ 126,163</u>	<u>\$ 51,358</u>

The sales prices to related parties were determined based on their costs with a margin and negotiated on a case-by-case basis, and the collection terms to related parties were 60 to 90 days within receiving the bills of lading. The sales prices to third parties were determined in accordance with mutual agreements, and the collection terms to third parties were 90 days.

c. Purchases of goods

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2024</u>	<u>2023</u>
Purchases	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	\$ 172,869	\$ 160,902
	Associates	<u>1,382</u>	<u>2,405</u>
		<u>\$ 174,251</u>	<u>\$ 163,307</u>

The cost of purchases from related parties was determined based on their costs with a margin. The payment terms to related parties were 30 days to 120 days or 45 days within receiving the bills of lading. The cost of purchases from third parties were determined in accordance with mutual agreements, and the payment terms were 90 days.

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

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade receivables	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	\$ 29,118	\$ 8,761
	Associates	<u>-</u>	<u>8</u>
		<u>\$ 29,118</u>	<u>\$ 8,769</u>

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

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

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade payables	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	\$ 11,650	\$ 16,472
	Associates	<u>299</u>	<u>85</u>
		<u>\$ 11,949</u>	<u>\$ 16,557</u>

The outstanding trade payables from related parties are unsecured.

f. The Company received cash dividends from Lucky Union Limited for the years ended December 31, 2024 and 2023, which amounted to \$607,751 thousand and \$395,648 thousand, respectively.

g. Loans to related parties

Interest revenue

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Subsidiaries	<u>\$ -</u>	<u>\$ 16</u>

The Company provided subsidiaries with unsecured short-term loans at an interest rate of 2%. These loans are expected to be recovered within one year; therefore, no expected credit loss was recognized.

h. Other transactions from related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Selling and marketing expenses - other expenses	Associates	<u>\$ -</u>	<u>\$ 1</u>
General and administrative expenses - other expenses	Subsidiaries	<u>\$ 4,884</u>	<u>\$ 4,728</u>

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	<u>\$ 21,805</u>	<u>\$ 19,190</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and the tariffs of imported raw material guarantees:

	December 31	
	2024	2023
Financial assets at amortized cost - non-current		
Pledged time deposits	\$ 50	\$ 50
Others		
Freehold land	58,715	58,715
Building	29,584	23,686
Property under construction	<u>16,561</u>	<u>13,861</u>
	<u>\$ 104,910</u>	<u>\$ 96,312</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,911	32.79 (USD:NTD)	<u>\$ 62,657</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	91,789	32.79 (USD:NTD)	<u>\$ 3,009,309</u>
<u>Financial liabilities</u>			
Monetary items			
USD	488	32.79 (USD:NTD)	<u>\$ 15,993</u>

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,057	30.65 (USD:NTD)	<u>\$ 63,054</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	88,502	30.65 (USD:NTD)	<u>\$ 2,712,589</u>
<u>Financial liabilities</u>			
Monetary items			
USD	663	30.65 (USD:NTD)	<u>\$ 20,330</u>

The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
2024			2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	32.112 (USD:NTD)	<u>\$ 2,585</u>	30.958 (USD:NTD)	<u>\$ (2,908)</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information on 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 (Table 2)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 3)
- 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 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (none)
- b. Information on investees (Table 6)
- 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 period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
 - 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 8):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - 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 period 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 9)

TABLE 1

Sinmag Equipment Corporation

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual 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 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	Sinmag Equipment Corporation	Sinmag Limited	Other receivables from related parties	Yes	\$ 3,934 (US\$ 120)	\$ - (US\$ -)	\$ - (US\$ -)	2	Short-term financing	\$ -	Working capital	\$ -	-	-	\$ 1,268,696	\$ 1,268,696	-

- Note 1:
- a.

For subsidiaries with direct or indirect ownership stakes granting the Company 50% or more of the voting rights and with whom the Company has business dealings, the total amount of loans provided shall not exceed 40% of the Company’s most recent audited or reviewed financial statements’ net worth. Individual loan amounts shall not exceed the total annual business dealings between the parties for the most recent fiscal year. Business dealings refer to the higher of either party’s purchase or sales amount within the past year.
- b.

For subsidiaries with direct or indirect ownership stakes granting the Company 50% or more of the voting rights and requiring short-term financing. Individual financing amounts and total financing amounts shall not exceed 40% of the Company’s most recent audited or reviewed financial statements’ net worth.
- c.

The Company engages in providing funds to foreign subsidiaries in which it holds direct or indirect ownership of 100% of the voting rights. The total amount of such loans shall not exceed 60% of the Company’s most recent audited or reviewed financial statements’ net worth.
- d.

The Company engages in providing funds to foreign subsidiaries, in which it holds direct or indirect ownership of 100% of the voting rights, with the total amount of such loans not exceeding 60% of the Company’s most recent audited or reviewed financial statements’ net worth.

Note 2:

The highest balance for the period, ending balance and actual borrowed amount converted at the spot exchange rate as of December 31, 2024.

TABLE 2

Sinmag Equipment Corporation

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Sinmag Equipment (China) Co., Ltd	Industrial Bank Corporate Finance RMB Structured Deposit Product	Financial assets at fair value through profit or loss	Industrial Bank	-	-	\$ -	-	\$ 1,269,390	-	\$ 1,273,729	\$ 1,269,390	\$ 4,339	-	\$ -

Note: Marketable securities in this table include shares, bonds, beneficiary certificates and securities derived from these items.

TABLE 3

Sinmag Equipment Corporation

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 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	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Sinmag Equipment (China) Co., Ltd.	Building (Entrusted construction project)	2024.11.07	\$ 163,850 (RMB 36,590)	As of December 31, 2024, \$49,155 thousand has been paid (RMB10,977 thousand) (tax included)	Note	None	-	-	-	\$ -	Land lease and build, N/A	For operational use	-

Note: The counterparty is not a related party.

TABLE 4

Sinmag Equipment Corporation

**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)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transactions		Notes/Accounts Receivable (Payable)		Note
			Purchase/ (Sale)	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	Subsidiary	Purchase	\$ 172,869	70	B/L 45 day	Note 1	Note 2	\$ (11,650)	(41)	-
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment Corporation	The ultimate parent company	(Sale)	(172,869)	(4)	B/L 45 day	"	"	11,650	2	-
	Sinmag Equipment Corporation	The ultimate parent company	Purchase	123,853	6	B/L 90 day	"	"	(29,118)	(10)	-
Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	Subsidiary	(Sale)	(123,853)	(35)	B/L 90 day	"	"	29,118	58	-
LBC Bakery Equipment Inc.	Sinmag Equipment (China) Co., Ltd.	Parent company	Purchase	577,942	91	B/L 90 day	"	"	(141,818)	(91)	-
Sinmag Equipment (China) Co., Ltd.	LBC Bakery Equipment Inc.	Subsidiary	(Sale)	(577,942)	(15)	B/L 90 day	"	"	141,818	28	-
	Wuxi New Order Control Co., Ltd.	Subsidiary	Purchase	122,881	6	Monthly payment: 30 days	"	"	(12,639)	(4)	-
Wuxi New Order Control Co., Ltd.	Sinmag Equipment (China) Co., Ltd.	Parent company	(Sale)	(122,881)	(100)	Monthly payment: 30 days	"	"	12,639	100	-

Note 1: Unit prices for related parties were determined based on their costs with a margin or negotiated on a case-by-case basis, unit prices for non-related parties were determined in accordance with mutual agreements.

Note 2: Open account of 90 days for non-related parties.

TABLE 5

Sinmag Equipment Corporation

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note)	Allowance for Impairment Loss
					Amount	Actions Taken		
Sinmag Equipment (China) Co., Ltd	LBC Bakery Equipment Inc.	Subsidiary	Trade receivables \$ 141,818	51.18	\$ -	-	\$ 141,818	\$ -

Note : Amounts collected from January 1 to March 10, 2025.

TABLE 6

Sinmag Equipment Corporation

INFORMATION ON INVESTEEES
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 Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Sinmag Equipment Corporation	Lucky Union Limited	Samoa	Holding company	\$ 88,735	\$ 88,735	-	100.00	\$ 3,009,309	\$ 800,612	\$ 800,612	Note 1
Lucky Union Limited	Sinmag Limited	Samoa	Holding company	103,987	103,987	-	100.00	3,011,453	800,351	800,351	Note 1
Sinmag Limited	Sinmag Bakery Machine India Private Limited	India	Manufacturing and selling of bakery equipment	54,748	54,748	-	100.00	3,390	812	812	Note 1
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment (Thailand) Co., Ltd.	Thailand	Selling of bakery equipment	84,759	84,759	20,600,000	100.00	98,716	13,040	12,570	Note 1
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment	298,686	298,686	910,682	97.33	367,944	120,569	113,112	Note 1
	Sinmag Bakery Equipment Sdn. Bhd.	Malaysia	Selling of bakery equipment	110,297	110,297	300,000	100.00	136,307	19,504	18,800	Note 1

Note 1: The share of profit (loss) was recognized according to the audited financial statements of the investees for the same year.

Note 2: For information on investments in mainland China, refer to Table 7.

TABLE 7

Sinmag Equipment Corporation

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		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)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Sinmag Equipment (China) Co., Ltd. (Note 3)	Manufacturing and selling of bakery equipment	\$ 1,626,034 (RMB 362,055)	c	\$ 349,938 (US\$ 10,594)	\$ -	\$ -	\$ 349,938 (US\$ 10,594)	\$ 893,871	96.39	\$ 860,754 (Note 2 b.(2))	\$ 3,001,984	\$ 5,523,391 (US\$ 179,765)	Note 5
Wuxi New Order Control Co., Ltd.	Manufacturing and selling of control panel and electromechanical control system	4,961 (US\$ 150)	d	3,348 (US\$ 104)	-	-	3,348 (US\$ 104)	20,062	48.20	7,320 (Note 2 b.(2))	9,689	67,543 (US\$ 2,232)	Note 5
Ximai Enterprises Management (Wuxi) Co., Ltd.	Corporate management and investment	1,340 (US\$ 47)	b	1,340 (US\$ 47)	-	-	1,340 (US\$ 47)	85	100.00	85 (Note 2 b.(2))	1,547	- (US\$ -)	-
Qingdao Sheng Mai Enterprises Management Co., Ltd.	Corporate management and investment	- (RMB -)	d	- (US\$ -)	-	-	- (US\$ -)	-	96.39	- (Note 2 a.)	-	- (US\$ -)	Note 6
Xiamen Sinmag Enterprises Management Co., Ltd.	Corporate management and investment	- (RMB -)	d	- (US\$ -)	-	-	- (US\$ -)	-	96.39	- (Note 2 a.)	-	- (US\$ -)	Note 6

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$354,626 (Note 4)	\$1,676,146	\$1,988,220

Note 1: The four 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 (Lucky Union Limited and Sinmag Limited).
- c. Investment in mainland China through an existing company established in a third region (Lucky Union Limited, Sinmag Limited) and a subsidiary established in China (Ximai Enterprises Management (Wuxi) Co., Ltd.).
- d. Investment through a subsidiary established in China (Sinmag Equipment (China) 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: Part of the amount reinvested in a third region.

Note 4: Repatriation of investments of \$5,590,934 thousand was not deducted from the amount.

Note 5: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transaction.

Note 6: The registrations for the establishment of Qingdao Sheng Mai Enterprises Management Co., Ltd. and Xiamen Sinmag Enterprises Management Co., Ltd. were completed in May 2022, but no capital has been injected as of December 31, 2024.

TABLE 8

Sinmag Equipment Corporation

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)

- 1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
- 2. The amount and percentage of sales and the balance and percentage of the related payables at the end of the period:

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
Sinmag Equipment (China) Co., Ltd.	Purchase	\$ 172,869	70	Cost with a margin	B/L 45 days	Note 1	\$ (11,650)	(41)	\$ 11,255	Note 2
	Sales	(123,853)	(35)	Cost with a margin	B/L 90 days	"	29,118	58	5,491	Note 3
	Purchase	51,666	54	Cost with a margin	B/L 60 days	"	-	-	9,742	Note 4
	Purchase	577,942	91	Cost with a margin	B/L 90 days	"	(141,818)	(91)	109,153	Note 5
	Purchase	79,706	80	Cost with a margin	B/L 90 days	"	(8,640)	(69)	16,599	Note 6
	Sales	(122,881)	(100)	Negotiated case by case	Monthly payment: 30 days	"	12,639	100	5,920	Note 7
	Sales	(26,454)	(2)	Negotiated case by case	Monthly payment: 60 days	"	11,767	6	-	Note 8
	Purchase	3	-	Cost with a margin	Payment to be made within one month after the delivery of the equipment.	"	-	-	-	Note 9
Wuxi New Order Control Co., Ltd.	Purchase	122,881	6	Negotiated case by case	Monthly payment: 30 days	"	(12,639)	(4)	-	Note 10
	Sales	(3)	-	Cost with a margin	Payment to be made within one month after the delivery of the equipment.	"	-	-	-	Note 11

- Note 1: The payment terms for non-related parties are negotiated on a case-by-case basis, which is 90 days from end of the month of sale or purchase of goods.
- Note 2: Sinmag Equipment Corporation purchased from Sinmag Equipment (China) Co., Ltd.
- Note 3: Sinmag Equipment Corporation sold to Sinmag Equipment (China) Co., Ltd.
- Note 4: Sinmag Bakery Equipment Sdn. Bhd. purchased from Sinmag Equipment (China) Co., Ltd.
- Note 5: LBC Bakery Equipment Inc. purchased from Sinmag Equipment (China) Co., Ltd.
- Note 6: Sinmag Equipment (Thailand) Co., Ltd. purchased from Sinmag Equipment (China) Co., Ltd.
- Note 7: Wuxi New Order Control Co., Ltd. sold to Sinmag Equipment (China) Co., Ltd.
- Note 8: LBC Bakery Equipment Inc. sold to Sinmag Equipment (China) Co., Ltd.
- Note 9: Wuxi New Order Control Co., Ltd. purchased from Sinmag Equipment (China) Co., Ltd.
- Note 10: Sinmag Equipment (China) Co., Ltd. purchased from Wuxi New Order Control Co., Ltd.
- Note 11: Sinmag Equipment (China) Co., Ltd. sold to Wuxi New Order Control Co., Ltd.
- 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 period and the purposes: None.
 - 5. The highest balance, the end of period 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 period or on the financial position, such as the rendering or receipt of services: Note 28.

TABLE 9**Sinmag Equipment Corporation****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng Chia Investment Co., Ltd.	3,375,545	6.72

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

Sinmag Equipment Corporation

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of notes receivable	2
Statement of trade receivables	3
Statement of other receivables	4
Statement of inventories	5
Statement of prepayments	6
Statement of financial assets at amortized cost - non-current	Note 7
Statement of changes in investments accounted for using the equity method	7
Statement of changes in property, plant and equipment	Note 12
Statement of changes in accumulated depreciation and accumulated impairment of property, plant and equipment	Note 12
Statement of changes in right-of-use assets	8
Statement of changes in accumulated depreciation and accumulated impairment of right-of-use assets	9
Statement of changes in intangible assets	Note 14
Statement of deferred income tax assets	Note 23
Statement of other non-current assets	10
Statement of short-term loans	11
Statement of trade payables	12
Statement of other payables	Note 17
Statement of provisions - current	Note 18
Statement of contract liabilities	13
Statement of long-term borrowings	14
Statement of lease liabilities	15
Statement of deferred income tax liabilities	Note 23
Major Accounting Items in Profit or Loss	
Statement of net revenue	16
Statement of cost of revenue	17
Statement of operating expenses	18
Statement of finance costs	Note 22
Statement of labor, depreciation and amortization by function	19

STATEMENT 1**Sinmag Equipment Corporation****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Amount
Cash		
Petty cash		\$ 134
Cash in banks		
Checking accounts		760
Demand deposits		32,945
Foreign currency deposits	Including US\$968 thousand @32.79	31,828
Cash equivalents		
Time deposits with original maturities of less than 3 months	Including NT\$111,000 thousand	<u>111,000</u>
		<u>\$ 176,667</u>

Sinmag Equipment Corporation**STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Unrelated parties		
Kun Hung Stainless Steel Co., Ltd.	Payments	\$ 235
Liang Sheng Food Co., Ltd.	Payments	157
Fook Shing Development Food Co., Ltd.	Payments	135
Da Wel Long Enterprise Co., Ltd.	Payments	129
Shine House Food Co., Ltd.	Payments	98
Jixiang Food Co., Ltd.	Payments	68
Others (Note)	Payments	194
Less: Allowance for impairment loss		<u>-</u>
		<u>\$ 1,016</u>

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

Sinmag Equipment Corporation**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Related parties		
Sinmag Equipment (China) Co., Ltd.	Payments	<u>\$ 29,118</u>
Unrelated parties		
Vignesh Essential Oils	Payments	\$ 3,129
Taiwan Yamazaki Co., Ltd.	Payments	3,069
Comestibles Master Co., Ltd.	Payments	1,126
Others (Note)	Payments	<u>13,415</u>
		20,739
Less: Allowance for impairment loss		<u>(531)</u>
		<u>\$ 20,208</u>

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

Sinmag Equipment Corporation**STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Unrelated parties		
Advances to employees	Advances to employees	\$ 460
Tax refund receivables	Business tax refund	249
Collections and payments	Collections and payments	95
Interest receivables	Time deposit interest	<u>95</u>
		<u>\$ 899</u>

Sinmag Equipment Corporation**STATEMENT OF INVENTORIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	\$ 43,092	\$ 20,011	Allowance for loss on the decline in inventory value is recognized according to the extent of idleness and valuation at net realizable value.
Work in progress	21,543	17,580	
Finished goods	16,696	11,386	
Merchandise	13,076	9,511	
Inventory in transit	<u>1,349</u>	<u>1,349</u>	
	<u>\$ 95,756</u>	<u>\$ 59,837</u>	

Sinmag Equipment Corporation**STATEMENT OF PREPAYMENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Prepayments	Exhibition booth fees	\$ 516
	Professional service expense	496
	Import expense	239
	Insurance expense	237
	Maintenance expense	236
	Others (Note)	<u>120</u>
		<u>\$ 1,844</u>

Note: The amount from others does not exceed 5% of the account balance.

Sinmag Equipment Corporation

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Balance, January 1, 2024		Additions in Investment		Decrease in Investment		Gain (Losses) on Investments Accounted for Using the Equity Method	Exchange Differences on Translating Foreign Operations	Balance, December 31, 2024			Market Value or Net Asset Value (Note 1)		Collateral	Remarks
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	%	Amount	Unit Price (NT\$)	Total Amount		
Lucky Union Limited	-	\$ 2,716,428	-	\$ -	-	\$ (607,751)	\$ 800,612	\$ (105,511)	-	100	\$ 3,014,800		\$ 3,014,800	Nil	Note 2
Less: Unrealized gain on transactions with subsidiaries		<u>(3,839)</u>		<u>(5,491)</u>		<u>3,839</u>	<u>-</u>	<u>-</u>			<u>(5,491)</u>		<u>-</u>		
		<u>\$ 2,712,589</u>		<u>\$ (5,491)</u>		<u>\$ (603,912)</u>	<u>\$ 800,612</u>	<u>\$ (105,511)</u>			<u>\$ 3,009,309</u>		<u>\$ 3,014,800</u>		

Note 1: Amount was calculated based on the audited financial statements for the year ended December 31, 2024.

Note 2: The decrease of this year was due to cash dividends of \$607,751 thousand distributed by investees.

Sinmag Equipment Corporation**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Balance, January 1, 2024	Additions	Decrease	Balance, December 31, 2024
Buildings	<u>\$ 1,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,191</u>

Sinmag Equipment Corporation**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION AND ACCUMULATED
IMPAIRMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Balance, January 1, 2024	Additions	Decrease	Balance, December 31, 2024
Buildings	<u>\$ 232</u>	<u>\$ 397</u>	<u>\$ -</u>	<u>\$ 629</u>

Sinmag Equipment Corporation**STATEMENT OF OTHER NON-CURRENT ASSETS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Refundable deposits	Deposits for office rental, phone bills and security deposits on performance bonds	\$ 464
Overdue receivables		11
Less: Allowance for impairment loss		<u>(11)</u>
		<u>\$ 464</u>

Sinmag Equipment Corporation

STATEMENT OF SHORT-TERM LOANS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Type	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral	Remark
Secured loans						
Chang Hwa Bank	\$ -	2024.05.20-2025.06.30	-	\$ 140,000	Note 29	The Company's short-term borrowing limit (guarantee and credit) totaled \$461,963 thousand. As of December 31, 2024, the Company's unused balance of its short-term borrowings totaled \$461,963 thousand.
Unsecured loans						
Chang Hwa Bank	-	2024.05.20-2025.06.30	-	139,178	Nil	
E.SUN Bank	<u>-</u>	2024.09.01-2025.08.31	-	<u>182,785</u>	Nil	
	<u>\$ -</u>			<u>\$ 461,963</u>		

Sinmag Equipment Corporation**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Vendor Name	Description	Amount
Related parties		
Sinmag Equipment (China) Co., Ltd.	Payments	\$ 11,650
Others (Note)	Payments	<u>299</u>
		<u>\$ 11,949</u>
Unrelated parties		
Chao Sheng Elect & Mach. Co., Ltd.	Payments	\$ 2,530
Jong Dah Special Steel Corp.	Payments	1,646
Danyao Trading Co., Ltd.	Payments	1,306
Leader Baker Machinery Industry Co., Ltd.	Payments	1,216
Lian Jyi Steel Co., Ltd.	Payments	820
Others (Note)	Payments	<u>8,723</u>
		<u>\$ 16,241</u>

Note: The amount of each individual vendor in others does not exceed 5% of the account balance.

Sinmag Equipment Corporation

STATEMENT OF CONTRACT LIABILITIES

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Contract liabilities	Advance receipts	<u>\$ 7,851</u>

Sinmag Equipment Corporation

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Lender	Description	Borrowing Amount	Contract Term	Interest Rate (%)	Borrowing Facilities,	Pledged or Borrowed	Note
Hua Nan Commercial Bank	Collateral borrowing	<u>\$ 16,561</u>	The term ends at the date when the Plan is finished	2.83-2.955	<u>\$ 16,561</u>	Note 29	The Company participated in the “Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Urban Renewal Plan” (the “Plan”). The Plan was implemented by the original landowner and legal building owner with “Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Association” (the “Association”), was approved by the municipal authority. To assure that the Plan would be carried out as expected, the Association signed the property trust contract with the Trust Department of Hua Nan Commercial Bank, and the Association applied the property financing arrangement to Hua Nan Commercial Bank which states that the borrowings are managed by the trust account of Hua Nan Commercial Bank. Upon completion of the project, the expense accrued from the project will be allocated proportionately to the original landowner and legal building owner based on the value of the property rights within the scope of the area as stated in the Plan. As of December 31, 2024, the expense allocated to the Company was \$16,561 thousand and the borrowing rate was 2.83%-2.955%.

Sinmag Equipment Corporation**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Lease Term	Discount Rate	Balance, December 31, 2024
Buildings	For use as place of business operation	2023.06.20-2026.06.19	1.65%	\$ 570
Less: Lease liabilities due within one year				<u>(401)</u>
				<u>\$ 169</u>

Sinmag Equipment Corporation**STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Quantity (Pieces)	Amount
Sale of goods	602 thousand	\$ 358,119
Sales returns		<u>(1,344)</u>
		356,775
Rendering of services		<u>23,180</u>
		<u>\$ 379,955</u>

Sinmag Equipment Corporation

STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	\$ 45,132
Add: Raw material purchased	89,483
Transferred from work in progress	84,991
Transferred from finished goods	8,962
Transferred from merchandise	4,151
Others	107
Less: Cost of raw materials sold	(36,745)
Transferred to expenses	(3,227)
Scrapped	(656)
Loss from physical count	(181)
Finished goods, end of year	<u>(43,092)</u>
Raw materials used	148,925
Direct labor	19,214
Manufacturing expenses	<u>28,040</u>
Manufacturing cost	196,179
Work in process, beginning of year	18,264
Add: Work in progress purchased	9,169
Less: Transferred to raw materials	(84,991)
Work in progress, end of year	<u>(21,543)</u>
Cost of finished goods	117,078
Finished goods, beginning of year	23,582
Less: Transferred to raw materials	(8,962)
Transferred to merchandise	(9,823)
Transferred to expenses	(34)
Finished goods, end of year	<u>(16,696)</u>
Cost of goods sold - finished goods	<u>105,145</u>
Merchandise (including inventory in transit), beginning of year	8,978
Add: Merchandise purchased	149,413
Transferred from finished goods	9,823
Less: Merchandise (including inventory in transit), end of year	(14,425)
Transferred to raw materials	(4,151)
Loss from physical count	<u>(1)</u>
Cost of merchandise sold	<u>149,637</u>
Cost of raw of materials	36,745
Under-applied manufacturing overhead	47
Scrapped	656
Loss from physical count	182
Inventory write-downs	5,024
Revenue from sale of scraps	<u>(145)</u>
	<u>42,509</u>
Cost of goods sold	297,291
Service cost	<u>3,129</u>
Operating cost	<u>\$ 300,420</u>

Sinmag Equipment Corporation
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Gain
Payroll and related expense	\$ 29,420	\$ 22,887	\$ 4,824	\$ -
Remuneration of directors	-	11,098	-	-
Professional service fees	65	11,945	45	-
Shipping fees	3,581	1	45	-
Insurance expense	2,969	1,734	429	-
Expected credit gain	-	-	-	(841)
Others (Note)	<u>13,599</u>	<u>5,928</u>	<u>863</u>	<u>-</u>
	<u>\$ 49,634</u>	<u>\$ 53,593</u>	<u>\$ 6,206</u>	<u>\$ (841)</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

Sinmag Equipment Corporation

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

Nature \ Function	2024			2023		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Employee benefits expenses						
Salary and bonus	\$ 31,168	\$ 56,321	\$ 87,489	\$ 32,698	\$ 56,129	\$ 88,827
Labor and health insurance	2,488	4,522	7,010	2,619	4,498	7,117
Pension	1,258	2,268	3,526	1,658	2,753	4,411
Remuneration of directors	-	11,908	11,908	-	9,683	9,683
Others	796	898	1,694	804	821	1,625
	<u>\$ 35,710</u>	<u>\$ 75,917</u>	<u>\$ 111,627</u>	<u>\$ 37,779</u>	<u>\$ 73,884</u>	<u>\$ 111,663</u>
Depreciation	<u>\$ 1,190</u>	<u>\$ 1,918</u>	<u>\$ 3,108</u>	<u>\$ 1,891</u>	<u>\$ 1,878</u>	<u>\$ 3,769</u>
Amortization	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 17</u>

Note:

- For the years ended December 31, 2024 and 2023, the average numbers of the Company's employees were 81 and 84, respectively, and the numbers of directors who were not employees were 7 in both years.
- For the year ended December 31, 2024, the Company's average employee benefits was \$1,348 thousand. (The total amount of employee benefits of current year ÷ The total amount of remuneration of directors ÷ The numbers of employees of current year - The numbers of directors who were not employees)

For the year ended December 31, 2023, the Company's average employee benefits was \$1,324 thousand. (The total amount of employee benefits of current year ÷ The total amount of remuneration of directors ÷ The numbers of employees of current year - The numbers of directors who were not employees)

- For the year ended December 31, 2024, the Company's average salaries was \$1,182 thousand. (The total amount of salary expenses of prior year ÷ The numbers of employees of current year - The numbers of directors who were not employees)

For the year ended December 31, 2023, the Company's average salaries was \$1,154 thousand. (The total amount of salary expenses of prior year ÷ The numbers of employees of current year - The numbers of directors who were not employees)

- The percentage change in the average salary expenses was 2 %. (The total amount of average salary expenses of current year ÷ The total amount of average salary expenses of prior year ÷ The total amount of average salary expenses of prior year)
- Remuneration policies

1) Employees' compensation policy

- The Company's compensation of employees mainly includes basic salary (including salary, job bonus, other welfare allowances, etc.), incentive bonus and year-end bonus, etc.

(Continued)

- Salary refers to salary market conditions, company's operating conditions and organizational structure, and sets salary payment standards according to market salary conditions, overall economic and industrial climate changes, and government laws and regulations.
- Employees' salary compensation is determined based on their academic experience, professional knowledge and technology, professional seniority experience and personal performance, and should not be based on their age, gender, race, religion, political stance, marital status, and union.
- Bonuses are issued based on the Company's operating performance and employees' personal performance.
- The salary standard for no work experience complies with government regulations.

2) Directors and managers' salary remuneration policy

- Regularly review the Company's directors and managers' performance evaluation and remuneration policies, systems, standards and structures to ensure that the Company's remuneration arrangements comply with relevant laws and regulations that are sufficient to attract outstanding talents.
- The performance evaluation and remuneration of directors and managers should refer to the usual level of payment in the same industry, and consider the results of individual performance evaluation, the time invested, the responsibilities assumed, the situation of achieving personal goals, the performance of other positions, the Company's salary and remuneration for people in the same position in recent years, the Company's short-term and long-term business goals and the Company's financial status to evaluate the rationality of the relationship between personal performance and company's operating performance and future risks.
- Directors and managers should not be guided to engage in behaviors that exceed the Company's risk appetite in pursuit of salary remuneration.
- The proportion of the short-term performance of directors and senior managers and the payment timing of the variable salary shall be determined in consideration of the characteristics of the industry and the nature of the Company's business.
- The content and amount of remuneration for directors and managers should be determined in consideration of its rationality. The decision on remuneration for directors and managers should not deviate significantly from financial performance.

3) Relationship between operating performance and remuneration

The Company accrues 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 the remuneration of directors, after offsetting accumulated deficits, if any.

(Concluded)